

District Citizens' Oversight Committee (DCOC)
Meeting Minutes

ATTACHMENT "A"

Date February 21, 2014 Prepared By Laurie Green Agency LACCD Location West Los Angeles College

Attended By	
Committee Members:	
Daniel Swartz, Taxpayer Representative, Chair	Richard Slawson, Senior Representative, Vice Chair
Elliot Axelband, At-Large Representative	David Gomez, Labor Representative
Stuart Laff, Foundation Representative	Lanny Nelms, College Representative
Absent:	
LaMont G. Jackson, Student Representative	David Rattray, Business Representative
Mark Wilson, College Representative	
Other Attendees:	
Erika Alvord, KPMG	Adriana D. Barrera, LACCD
Mona Field, LACCD Board of Trustees	Camille Goulet, LACCD
Thomas Hall, LACCD	Tracy Hensley, KPMG
Coby King, High Point Strategies	Terry Mestas, Build—LACCD
Dan Minkoff, Build—LACCD	James O'Reilly, LACCD
Monte E. Perez, LAMC	Steve Springer, LACCD
Pamela Stowers, KPMG	

Opening Introductions and Announcements

Mr. Daniel Swartz, DCOC Chair, called the meeting to order at 12:05 p.m. A quorum was present.

Mr. Swartz welcomed back returning DCOC members Dr. Axelband and Mr. Slawson.

Public Speakers

Ms. Eva Holmes expressed her appreciation to the DCOC members for their efforts in overseeing the bond construction projects, specifically at Los Angeles Southwest College. She stated that she learned a lot during her service as a member of the DCOC.

Interim Chancellor Barrera stated that one of the reasons there is not a representative for LAVC is that the College Presidents are in the process of holding discussions with their College Citizens' Oversight Committees regarding the DCOC membership. She stated that the Board of Trustees voted for a change in the composition of the DCOC.

Mr. Swartz stated that Mr. Slawson has been asked to serve as Vice Chair of the DCOC and has accepted the position.

Approval of Minutes

- November 15, 2013

Mr. Swartz entertained a motion to approve the DCOC minutes of November 15, 2013.

Motion by Mr. Nelms, seconded by Mr. Gomez, to approve the DCOC minutes of November 15, 2013 as presented.

APPROVED: 6 Ayes

Audits

- Performance Audit

Ms. Tracy Hensley, Partner, KPMG LLP, introduced Ms. Erika Alvord, Director, KPMG LLP, and Ms. Pamela Stowers, Manager, KPMG LLP.

A document entitled "Performance Audit of Los Angeles Community College District Proposition A, Proposition AA, and Measure J Bond Programs" was distributed.

Ms. Hensley stated that the performance audit was conducted as a requirement for construction bond programs under Proposition 39. She reported that KPMG issued unmodified opinions, which means that the financial statements as prepared presented fairly the expenditures of each of the three bond programs for the year ended June 30, 2013. She stated that there were no deficiencies or significant audit adjustments to present. She reported that a sample of four projects—two each at LAPC and LAVC—were selected for testing of the overall program oversight, project management, and administration of construction projects under the bond program. She stated that the projects selected included the Theater/Performing Arts Building at LAPC, the new Library/Learning Crossroads Building at LAPC, the Library and Learning Resource Center at LAVC, and the Monarch Center – Student Union at LAVC. She discussed the document with respect to the audit results for ten projects for which close-out was taking place or which had recently been completed.

Mr. Slawson inquired if there was a structure change where the CPMs are now more closely aligned or directly reporting to the overall project manager.

Mr. James O'Reilly responded that the CPMs are directly reporting to the overall project manager, AECOM. He stated that there was a Board resolution in the fall of 2013 that provided him with the oversight of the entire program. He stated that the idea was to be able to provide the College Presidents with more technical support as opposed to relying on the individual CPMs at each of the campuses. He stated that he is looking into regionalizing many of the functions so that there is cost control of the projects. He stated that the goal is to hire the best people, not the best firms, which will allow for more flexibility as the programs are shut down.

Ms. Hensley discussed the document with respect to the high priority, medium priority, and low priority items (Page 5), which are as follows:

High Priority

1. Project budgets and budget transfers are not consistently supported by fully documented assumptions and justifications. (partial repeat observation)
2. The Project close-out process needs improvement: (a) Closed project reports are incomplete and contain outdated project data; (b) required project close-out documentation is incomplete or incorrectly filed; and (c) there are delays in obtaining Division of the State Architect (DSA) certification for closed projects. (partial repeat observation)
3. Project schedule delays are not consistently supported by underlying documentation or evaluated on a contemporaneous basis by the Program Manager. (repeat observation)

Medium Priority

Project change order mark-ups and field orders do not consistently contain adequate supporting documentation and/or are not always executed in accordance with District requirements. (repeat observation)

Low Priority

Certain invoiced amounts do not comply with the contractual terms and conditions, or do not contain adequate documentation to support the charges. (partial repeat observation)

Mr. O'Reilly stated that there has been a large amount of user-initiated changes. He stated that there is an effort to use a different system that would allow the user groups to get a full and final signoff prior to construction.

Ms. Hensley stated that with the assistance of the Bond Counsel, the DCOC members would be able to identify other items that they would like the performance auditor to look at.

Ms. Camille Goulet stated that the Board Rule, a copy of which the DCOC receives along with the memo about it, provides that a majority of the Board of Trustees or a majority of the board of the DCOC can call for a special audit of some kind on any particular aspect of the program and if it passes, then "we have to work to find a way to provide that." She stated that typically activities for the benefit of this committee cannot be bond funded because it is one of the provisions of the law. She stated that "we can pay for the regular audit out of the bond money, but sometimes special audits fall outside the scope."

Mr. Slawson inquired as to what the financial cost might be if items are not being submitted properly along with the process.

Ms. Hensley responded that there are certain performance audits that would require proof of a projection that in turn would require a specific sample, which is difficult to do when dealing with processes as opposed to individual transactions.

Motion by Mr. Slawson, seconded by Dr. Axelband, that the DCOC received the report, reviewed the report at the DCOC meeting, and that the DCOC respond to the report in writing on the discussion it had and to the pros and cons of what was found.

Mr. Slawson requested that a formal recognition be sent to the Board of Trustees that the DCOC made this motion and that the members spent the time reviewing the Performance Audit.

APPROVED: 6 Ayes

- Financial Audit

A document entitled "Los Angeles Community College District Bond Construction Programs: Proposition A, Proposition AA, Measure J – Statements of Expenditures of Bond Proceeds and Supplementary Schedules Year ended June 30, 2013" was distributed.

There was no discussion regarding this document.

Construction Updates

- Victories and Challenges

Mr. O'Reilly reported the following facts:

- \$4.9 billion of the District's bond has been contracted with \$1.4 billion remaining to be contracted.
- \$4.2 billion has been expended in the bond program so far.
- The District has completed 203 of the 379 projects and 561 of the 804 sub-projects with a total of \$3.6 billion.
- In construction, there are currently 42 projects along with 54 sub-projects.
- In design, there are 35 projects and 49 sub-projects.

Mr. O'Reilly stated that there is an effort to identify at each of the campuses what they have enough money to build. He stated that this information has been received from five or six campuses and the remaining campuses are still working on their plans. With respect to the process schedules, he stated that his goal is to reduce the soft costs as much as possible and have the funds go towards brick and mortar as opposed to paying for services. He stated that money has been saved with the restructuring of the CPMs.

Mr. O'Reilly reported that there are currently many procurements taking place with the bond program. He stated that several of these procurements are currently being competed for and these include the OCIP carrier, the multiple award task order contracts, a lease-leaseback contract for LAVC for an athletic training facility, the laboratory of records, and the inspector of records. He stated that upcoming contracts include the LAPC North of Mall architect of record and general contractor, and the ELAC Mathematics and Science project. He stated that projects with challenges include the LAPC North of Mall project, the LAMC Media Arts Center, the LAHC Library and Learning Resource Center, and the LACC Clausen Hall modernization project. He reported that the Physical Education building at LACC, which was another difficult project, was completed in December 2013. He stated that the LASC Fitness and Wellness Center had its dedication and reopening ceremony on February 14, 2014.

Chancellor's Report

- Update on District Projects/Activities

Interim Chancellor Barrera reported that the Bond Program Monitor RFP review process is currently taking place. She stated that there is not yet a final selection, but the process is close to being completed. She stated that two or three weeks ago, she and Board of Trustees member Nancy Pearlman attended the ribbon-cutting ceremony for the bus turnaround at WLAC. She stated that the buses now drive onto the campus, which is of great benefit to the students. She stated that she also attended the ribbon-cutting ceremony at LASC on February 14, 2014. She reported that on January 29, 2014, the Board of Trustees approved the Subsequent Environmental Impact Report for the Van de Kamp Innovation Center.

Interim Chancellor Barrera stated that both ELAC and LACC are offering instruction on evenings and weekends at the Van de Kamp Innovation Center.

Old Business

None.

New Business

None.

Adjournment

There being no objection, the meeting was adjourned at 1:55 p.m.