



LOS ANGELES COMMUNITY COLLEGE DISTRICT

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MINUTES

Bond Steering Committee

8:30 a.m. on January 5, 2016

Committee members present:

1. PMO Director: Tom Donovan, LACCD PMO
2. College President: Dr. Erika Endrijonas, Valley College
3. Academic Senate: Don Gauthier, LACCD
4. Faculty Guild: Carole Anderson, Trade-Tech
5. Deputy chancellor: Dr. Adriana Barrera
6. Chief Financial Officer: Jeanette Gordon, LACCD

Committee members absent:

1. Chief Facilities Executive: James O'Reilly, LACCD (committee chair)
2. Faculty Guild: Joanne Waddell, Valley College
3. College President: Dr. Linda Rose, Southwest College
4. College President (interim): Bob Sprague, West L.A. College
5. Academic Senate: vacant

Guests and staff resource persons in attendance: Tom Hall (LACCD), Dan Minkoff (LACCD PMO), Coby King (High Point Strategies), Amir Hashemi (KPMG), Bryan Payne (LACCD PMO), Johannes Masehi (LACCD PMO), Daraius Tarapore (LACCD PMO), Kelly Cauvel (LACCD PMO), Tracy Hensley (KPMG).

Meeting began at 8:39 AM.

1) Approval of minutes

a. December BSC meeting. Action needed: committee vote.

Mr. Gauthier moved to approve the minutes as amended. President Endrijonas seconded the motion. The committee approved the motion.

2) KPMG bond program performance audit report

a. Overview of the FY 2014-15 performance audit report. No committee action required.

Mr. Hall said the audit reports have been presented to the District Citizens' Oversight Committee, the Facilities Master Planning and Oversight Committee, the Budget and Finance Committee and have received approval by the board.

Ms. Hensley presented the audit report findings. She said the performance audit focused on areas of risk. She said this year, KPMG looked at the bond program budgeting process, including the estimating process, background documentation and the costs to complete.

3) KPMG bond program financial audit report
a. Overview of the FY 2014-15 financial audit report. No committee action required.

Ms. Hensley said results of the financial audit included no adjustments and no deficiencies. She said the financial statements were unmodified opinions. Ms. Hensley said the only comment regarding budgeting is that the program should complete the budgeting process for low priority projects. She also said the scheduling process has improved, but the reporting process could include some additional information, such as schedule variance reporting and substantial completion dates.

Mr. Donovan said there is a need for program definition of “substantial completion” and the PMO is working to modify our reporting to address the audit.

Ms. Hensley said the plan is for the next audit is to review the budget process, the procurement and contracting process, and a third area yet to be identified based on financial risk to the program.

Mr. Gauthier asked how expenditures are tracking towards completion. Mr. Donovan said monthly detailed forecasting for all aspects of the program will be an area of focus.

4) Cost estimating overview
a. Overview of the standardized cost estimating process. No committee action required.

Mr. Donovan said it is difficult to put a number on how much the cost estimating process is contributing.

Mr. Hall said AECOM’s contract included a more centralized process, so changes made were a result of being able to standardize the estimating process.

Mr. Donovan reviewed change order cost savings.

Mr. Donovan reviewed the cost estimating iterative process. In response to a question from Ms. Gordon about what happens if an estimate is lower than the lowest bid, Mr. Donovan explained the reconciliation and negotiation process with the contractor.

Ms. Gordon asked if there are any projects without change orders. Mr. Donovan said it varies according to technical, legal and construction circumstances, but if you use a lump-sum contract, you pay for increased risk and uncertainty with a higher price.

Mr. Hall said change orders for renovation projects are higher than for new construction because they include more unforeseen circumstances. Mr. Hall said one of the goals of the program is to build a better document database.

5) KPI report update

a. Update on status of KPI revision. No committee action required.

Mr. Donovan said we need to go back and revisit the KPIs for the college project teams. He said the elements of measurement are there, but the definitions and how we are reporting them needs to be revised.

6) Risk management program/fund report

a. Update on the status of the current risk and cost modeling process. No committee action required.

Mr. Hall said we still are in the middle of the risk management process, so it is not complete.

Ms. Cauvel reviewed the risk management process and the definition of “risk.”

Ms. Gordon said in some cases, the risk exceeds the remaining college budget, and asked what the remedy is. Mr. Donovan said lower priority projects would be cut. President Endrijonas explained the difficulty of managing expectations within the college bond working group.

Ms. Anderson said she understood that all projects went through a risk management process and now we have to start making cutbacks. Ms. Cauvel said there is no silver bullet, but it helps to better manage projects based on our experience and an analysis of potential impacts.

Dr. Barrera asked how periodic assessments are reported to the colleges. Ms. Cauvel said when latest round of cost workshops are complete the risk models have been run, she and her team will meet with the college presidents and the college project directors to examine the risk exposure and the causes.

Ms. Gordon asked how an estimate of contingency for the entire program was developed. Mr. Hall explained the Golder report and when the first programwide risk estimate was considered. Mr. Donovan said risk management is a dynamic process and the strategic execution plans are dynamic, as well.

Mr. Gauthier asked for the risk management presentation to be delivered to the faculty groups at each college.

Ms. Gordon asked how much is left in the risk fund. Mr. Hall said about \$135 million.

Ms. Cauvel said the highest level risks districtwide include unforeseen conditions, market conditions, delays with outside agencies and outstanding claims and litigation matters.

Mr. Hall said Ms. Cauvel will be back to the committee after she has completed her assessments.

- 7) **2014-15 committee self-evaluation / review of committee charter**
 - a. **Annual committee self-evaluation process and evaluation of committee charge/charter. Possible committee action: vote to accept subcommittee recommendations.**

Not discussed.

- 8) **New business**

None.

- 9) **Adjourn**

Meeting adjourned at 10:08 AM.

*Upcoming Bond Steering Committee meetings: **February 2, March 1, April 5 and May 3.** All meetings will be held at 8:30 a.m. in the Educational Services Center first-floor board hearing room unless otherwise noted.*