

District Citizens' Oversight Committee (DCOC) Meeting Minutes

<u>Date</u>	<u>Prepared By</u>	<u>Agency</u>	<u>Location</u>
January 30, 2015	Laurie Green	LACCD	Los Angeles Southwest College

Attended By	
Committee Members:	
Daniel Swartz, Taxpayer Representative, Chair	Elliot Axelband, At-Large Representative
J. Eric Bubbers, Foundation Representative	David Morin, College Representative
Lanny Nelms, College Representative	Donna "Obie" Slamon, College Representative
Absent:	
David Gomez, Labor Representative	Michael Griggs, Student Representative
David Rattray, Business Representative	Richard Slawson, Senior Representative
Other Attendees:	
Adriana D. Barrera, LACCD	Camille Goulet, LACCD
Thomas Hall, LACCD	Tracy Hensley, KPMG
Coby King, High Point Strategies, LLC	Terri Mestas, AECOM
Dan Minkoff, Build—LACCD	James D. O'Reilly, LACCD
Frank Padilla, LACCD	
Francisco C. Rodriguez, Chancellor, LACCD	Linda D. Rose, President, LASC
Steve Springer, LACCD	Ferris Trimble, LASC
Absent:	
Mona Field, Board of Trustees, LACCD	Monte E. Perez, President, LAMC

Due to the absence of Mr. Daniel Swartz, Chair, and Mr. Richard Slawson, Vice Chair, Chancellor Francisco C. Rodriguez called the meeting to order at 12:16 p.m. A quorum was present.

Opening Introductions and Announcements

The participants introduced themselves.

Recess to Tour College Bond Projects

The DCOC meeting recessed to a tour of the College bond projects at 12:19 p.m.

(Mr. Swartz arrived at 12:30 p.m.)

The DCOC meeting reconvened at 12:50 p.m.

Mr. Swartz introduced Chancellor Rodriguez.

Chancellor Rodriguez indicated that he read the DCOC 2013-2014 Annual Report and was impressed by the document itself and by the description of the projects. He expressed his appreciation to the members of the DCOC for the expertise they provide to the Committee.

Public Speakers

None.

Approval of Minutes

Mr. Swartz entertained a motion to approve the DCOC minutes of November 21, 2014 as presented.

Motion by Ms. Slamon, seconded by Mr. Morin, to approve the DCOC minutes of November 21, 2014 as presented.

APPROVED: 6 Ayes

Annual Audits of the Bond Program

Mr. James D. O'Reilly indicated that two audits are performed by KPMG. One is the Financial Audit, which includes the practices for managing the bond program funds. The second audit is the Performance Audit, which looks at policies and procedures, best management practices, and how the District performs as a whole.

- Financial Audit

A document entitled "Bond Construction Programs: Proposition A Proposition AA Measure J Statements of Expenditures of Bond Proceeds and Supplementary Schedules" was distributed.

Ms. Tracy Hensley indicated that this is a financial statement audit of the expenditures of each of the programs. She stated that the total amount of expenditures for the year ending on June 30, 2014 was \$274 million. She indicated that KPMG is auditing for proper accounting and disclosure of expenditures to ensure that they are in accordance with United States generally accepted accounting principles, that they meet the criteria of the bond program, that they are made on approved and document projects, that they are in accordance with the LACCD's published cost principles, and that they reconcile to the financial statements of the District.

- Performance Audit

A document entitled "Performance Audit of Los Angeles Community College District Proposition A, Proposition AA, and Measure J Bond Programs Year ended June 30, 2014" was distributed.

Ms. Hensley indicated that the Performance Audit is focused on understanding the effectiveness and the efficiencies of the processes and the administration of the funds. She indicated that in the construction process, if the estimating of the budget is not done properly, this could result in the loss of funds or a loss of effectiveness or efficiencies.

Mr. James D. O'Reilly indicated that the policies and procedures are the foundation of any large program. He stated that the bond program policies and procedures are posted online and are updated regularly.

Ms. Hensley reported that this is the fourth committee to which this audit report has been presented. She indicated that this is the fourth time this audit has been performed. She indicated that it was determined that the error rate in every area was lower. She stated that KPMG did not find any expenditures that were inappropriately charged to the bond program.

Ms. Hensley indicated that KPMG has conducted preliminary discussions regarding what they will be looking at in next year's audit and that the budget will be at the top of the list.

Construction Updates

Mr. James D. O'Reilly reported the following District bond program facts:

Currently, \$5 billion of the \$6.2 billion bond program total has been contracted. \$1.2 billion is remaining to be contracted and \$4.4 billion has been spent.

215 of 381 planned projects and 588 of 807 sub-projects have been completed so far.

Currently under construction are 43 ongoing projects and 48 sub-projects associated with these projects.

In design are 32 projects and 43 sub-projects.

Mr. O'Reilly indicated that procurements include the demolition of the old Firestone Building in South Gate and the construction of a new 100,000 square foot building. He indicated that the demolition cost will be between \$20 million and \$30 million. He stated that shortly after the demolition, a design assist will be done for the new building through a lease-lease back.

Mr. O'Reilly reported that another large design project is the Los Angeles Trade-Technical College (LATTC) Culinary Arts building. In the initial interests of the SOQ, 26 responses have been received from designers. This number will be reduced to five for the interview process.

Mr. O'Reilly reported that the last project Los Angeles Mission College (LAMC) has to complete, which is not under contract, is the Central Energy Plant. There is now an agreement with all stakeholders and this project is moving forward. The RFQ was issued on January 22, 2015 and proposals will be due on March 3, 2015.

Mr. O'Reilly reported that there is an MTA Transit Center design-bid-build project at Los Angeles Southwest College (LASC), which will go out for bid on March 4, 2015.

With respect to the Media and Performing Arts Center project at Los Angeles Valley College (LAVC), Mr. O'Reilly reported that this building needs more flexibility so that it can hold more classes and will not be dedicated only to media and performing arts.

Mr. O'Reilly reported that in early December 2014, Standard & Poor's upgraded the LACCD's credit rating from AA to AA plus. He stated that this says a lot about the way the entire District is being managed financially, about the District's leadership, and the way the programs have been managed. He indicated that the District has refunded more than \$4 billion.

Chancellor Rodriguez indicated that this has resulted in lower payments for taxpayers.

Mr. O'Reilly reported the following highlights of 2014:

The District had six audits from various organizations and the feedback was positive for all of the audits.

The District awarded 25 design construction permits for approximately \$150 million.

The District closed and certified 65 projects with the Division of the State Architect (DSA).

The District processed more than \$225 million in bidder payments and closed out another 26 projects.

A document entitled "College Strategic Execution Plan Updates" was distributed.

Mr. O'Reilly indicated that this document contains lists of the projects at each college that are prioritized based on the anticipated completion date.

Mr. O'Reilly announced that the LACCD has been named the winner of the "Program of the Year" award by the Construction Management Association of America and will be receiving this award in March 2015.

Mr. O'Reilly discussed the following projects with challenges:

Los Angeles City College (LACC) Clausen Hall Modernization
Los Angeles Valley College (LAVC) Monarch Parking Structure
East Los Angeles College (ELAC) Student Success and Retention Center
Los Angeles Mission College (LAMC) Media Arts Center

Chancellor's Report

Chancellor Rodriguez introduced Dr. Linda D. Rose, President, Los Angeles Southwest College.

Chancellor Rodriguez indicated that he has been meeting with Mr. O'Reilly on a weekly basis to discuss the status of the building program and to ensure that the District delivers the highest quality product utilizing the resources that have been provided by the public.

Chancellor Rodriguez reported that the District is 60 percent full-time faculty and 40 percent part-time faculty and is moving towards its goal of 75 percent full-time tenured faculty.

Chancellor Rodriguez reported that during the weekend of January 24, 2015, he, along with two Board of Trustees members and six College Presidents, attended a series of meetings with state legislators in Sacramento. During these meetings, they deconstructed Governor Brown's initial proposal for the state and, in turn, the California Community College proposal, which would add approximately \$1 billion to the system. The amount that the LACCD were to receive would assist them to increase the capacity to serve more students, to increase the capacity to provide support services, and to improve the success rates.

Chancellor Rodriguez indicated that there is a growth target for this year of a 4.75 percent enrollment increase between the Fall 2014 and Fall 2015 semesters.

Chancellor Rodriguez asked those he was addressing to spread his message.

Old Business

None.

New Business

None.

Adjournment

There being no objection, the meeting was adjourned at 2:08 p.m.