

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
2323 N. BROADWAY
SANTA ANA, CA 92706**

BOND OVERSIGHT COMMITTEE

**THURSDAY, FEBRUARY 27, 2003, 6:00 P.M.
DISTRICT BOARD ROOM**

MINUTES

Members present: Jim Adams
Tien Tat Chu
Patricia Garcia-Velasquez
Rita Kallas
Russell R. Langenbeck
Larry Means
Robert Odle
Salvador Sarmiento
Jason Strickland
Chongge Vang
Darin Woinarowicz

Members absent: Barbara deBoom Excused
Keith Regan Excused

District staff present: Eddie Hernandez, Jr., Chancellor
Mark Zacovic, Vice Chancellor, Business and Fiscal Services
Rita Cepeda, President, Santa Ana College
Juan Vazquez, President, Santiago Canyon College
Joan Barnes, Executive Director, Public Affairs and Governmental
Relations

1. Call to Order and Introductions

Chairman Woinarowicz called the meeting to order at 6:00 p.m. There were no introductions.

2. Approval of Minutes – January , 2003

A motion was made, seconded and passed to approve the minutes of the January 29, 2003, meeting of the Bond Oversight Committee.

3. Public presentations

There were no presentations made by members of the public.

Dr. Hernandez asked that Ms. Joan Barnes, the district's public affairs and governmental relations executive director, be provided time to inform the committee of the district's communication activities relative to Measure E.

Ms. Barnes thanked the chair and committee for allowing her to present information to the committee. Ms. Barnes reported that the district has two press releases which have been prepared regarding Measure E activity, the latest announcing Measure E projects that are underway. Copies of the press release were provided to the committee.

Ms. Barnes explained that in addition to media contacts, the district uses other means to communicate to the community. One is the *Rancho Visions*, a quarterly community publication. The latest version will contain information related to Measure E and what the neighboring communities may expect once construction begins. She explained that there are two versions of *Rancho Visions*, one for each college. While most of the content is the same for each publication, the covers are different as well as specific Measure E project information as it relates to each college.

Ms. Barnes indicated she is also working on a brochure which has been sent to the printer. The brochure was requested by the District Construction Coordinating Committee which believes the community may benefit from information about Measure E. Ms. Barnes stated that communication efforts regarding Measure E are categorized to include operations, fiscal issues, and governance. The brochure contains information regarding the requirements of Proposition 39, the proposition under which Measure E was passed, information regarding Phase I of the project list, and a list of members of the Bond Oversight Committee and its responsibilities.

Ms. Garcia-Velasquez indicated she was pleased to see the community outreach efforts of the district.

Ms. Barnes indicated the district's website is being redesigned and will include a link to Measure E information. She anticipates the website may be up and running by the next meeting of the committee.

Ms. Barnes provided the committee with a copy of the brochure and a copy of how the website will link to Measure E issues.

Chairman Woinarowicz thanked Ms. Barnes for her report.

4. Distribution of updated membership list

Chairman Woinarowicz indicated an updated membership list was in members' packets of information and asked that any changes or corrections be reported.

5. Attendance guidelines

Mr. Woinarowicz directed members to review the attendance guidelines included in their packet of information. Mr. Strickland asked if there was a maximum/minimum number of allowed excused absences. Mr. Woinarowicz stated the guidelines were excerpted from the by-laws in which there is no mention of a maximum or minimum.

After review of the guidelines, Chairman Woinarowicz excused the absences of Ms. deBoom and Mr. Regan from tonight's meeting.

6. Statement of Economic Interest Form 700

Dr. Mark Zacovic described the need for members to complete the Statement of Economic Interest Form 700 which is also referred to as the Conflict of Interest form. He indicated that as members of a public entity, the Bond Oversight Committee members are required to complete the form. Dr. Zacovic introduced Ellen Matson, the district's contract specialist, who described how to complete the form. She asked that the forms be completed and returned by March 15 to her office at 2323 N. Broadway, Suite 410, Santa Ana, CA 92706.

Mr. Woinarowicz asked if the forms were required annually. Ms. Matson indicated they were.

Dr. Zacovic indicated members may call Ms. Matson at 714. 480.7340 for assistance in completing the forms or to make an appointment to see her for assistance.

7. Project Labor Stabilization Agreement (PLA)

Dr. Hernandez indicated that this item was on the agenda at the request of committee member Barbara deBoom. He informed the committee that they, at any time, may request any item be placed on the agenda for discussion.

Dr. Hernandez referenced articles and letters that have recently appeared in local newspapers regarding the possibility of the district entering into a PLA. He indicated that the district's board of trustees had officially directed him to negotiate a PLA with the trades and carpenters for projects under Measure E. Dr. Hernandez indicated that attendance was high at that board meeting, and many public presentations were made, both in support of a PLA and those against such an agreement. He stated that the board voted 5-2 in favor of negotiating an agreement.

Dr. Hernandez indicated the district has never entered into a PLA in its history, so there is no record of experience. In addition, he indicated he has not had experience with a PLA in any of his previous positions.

Dr. Hernandez indicated that not all PLAs are the same and that is why they are negotiated. He continues to work with staff and legal counsel regarding the district's proposal for a PLA. He indicated it is his intent to bring a recommendation to the board as directed, in the best interests of the district with maximum flexibility, such as easy outs if the agreement does not prove productive and an effective period of less than the 14-year period of the bond.

Dr. Hernandez stated that a PLA will not protect the district against any problems, although working without a PLA will not do that either.

Dr. Hernandez indicated concern that the district may be compared to another local district which has had many problems including buildings that are not being constructed. He indicated that our district is committed and anxious to begin construction, mentioning the fact that

committee members will see heavy equipment already working at the ground breaking ceremony for SCC's student services building on March 11.

Mr. Langenbeck asked for a description of a PLA. Dr. Hernandez indicated there are prevailing wage laws in California which are in place to assure that workers are paid at a certain level. He said that most of the prevailing wages are set at what unions pay their workers. Another California law states that public entities must accept the low bid for any work done. One argument is that if a PLA does not exist, that contractors may pay workers less than prevailing wage and may hire workers who do not meet the requirements of the state to work. This may result in below standard construction. Dr. Hernandez said that the district's PLA would allow the district to hire the low bidder whether the contractor hired union workers or not; however, the PLA would require that workers were paid prevailing wage.

Mr. Langenbeck stated that the agreement, then, is a salary agreement. Dr. Hernandez indicated that it was.

Dr. Hernandez also said that the agreement would provide benefits to the district such as no work stoppage.

Mr. Sarmiento asked if the district was required to negotiate with every union. Dr. Hernandez said it was, but that the district has done so by meeting together with the unions. He added that all parties must come to agreement, or there will be no agreement. He stated his goal is to complete negotiations and have a recommendation to the board of trustees for its March 10 meeting.

Ms. Garcia-Velasquez asked if entering into a PLA will impact anticipated time lines or budget. Dr. Hernandez indicated he couldn't guess whether the budget will be impacted, but the time line would not be, using the SCC student services building as an example. He stated a contractor was hired through the district's bid process. He believes the district was able to hire a good contractor, based in Orange, and without a PLA in place.

Mr. Woinarowicz asked why someone would be opposed to a PLA. Dr. Hernandez stated that there are several arguments on either side. He stated that sometimes people have a personal interest in whether a PLA exists or not. Dr. Hernandez referred to an instructor of a local apprenticeship program who has written letters to the local newspapers against our entering a PLA because he feels his students would be eligible for more work without a PLA. He stated this instructor and others believe that only union contractors will get the work. Dr. Hernandez indicated that the PLA the district is negotiating will have nothing to do with whether a contractor is union or not; it will allow bids from any contractor. Dr. Hernandez restated that the district is required by law to go with lowest bid whether they are union or not.

Mr. Odle asked if the request to negotiate a PLA was staff generated or board generated. Dr. Hernandez indicated the request was made by the board.

Mr. Woinarowicz indicated that Barbara deBoom, absent from this meeting, prepared a statement regarding this issue which he asked be read into the minutes. Her comment was, "At our last meeting, we discussed the district overseeing the entire construction project in house, so to speak. It was discussed getting the best possible prices for the services. I don't believe that always happen when you use only union contractors. However, I would strongly oppose the use

of a PLA for all of our projects.” Mr. Woinarowicz stated he felt it would have been helpful if Ms. deBoom had been in attendance. He felt she would have benefited from Dr. Hernandez’s statement about the PLA not requiring union-only contractors. Dr. Hernandez restated the PLA negotiated by the district will not require that contractors will be union only.

Mr. Woinarowicz asked if the bids the district receives are sealed. Dr. Hernandez indicated they were and reviewed the process.

8. Detailed discussion of bond projects lists

Dr. Zacovic introduced Mr. Bob Partridge, Assistant Vice Chancellor of Facility Planning, who reviewed the distributed list of projects the district intends to fund under the first series of bonds of approximately of \$96,000,000.

Mr. Sarmiento asked if the numbers listed will always be the same, e.g., project 11 on this list is the same as project 11 on the list distributed at the last meeting. Mr. Partridge indicated they should be the same.

Mr. Partridge reviewed each project listed indicating he will provide continuous updates at subsequent meetings.

Mr. Sarmiento asked if the plan for Santa Ana College was to extend to the other side of Washington Street. Mr. Partridge indicated it was not, and that everything will stay to the north of Washington.

Dr. Hernandez indicated that the City of Santa Ana has indicated that once the purchase of all property on College Street has been completed, the city will give the district the street after addressing access issues.

Mr. Woinarowicz asked what determined the priority ranking of projects listed. Mr. Partridge indicated the priorities were determined by the colleges.

Mr. Chu asked about provisions for speakers of English as a second language, specifically, if there are future plans for expansion of facilities for study of their own languages. Dr. Hernandez referred the question to Rita Cepeda, President, Santa Ana College. Ms. Cepeda indicated that this is a primary concern for the college. She indicated that within the renovation of the 14 buildings at SAC are specialized areas for modernized language labs and other student services such as tutoring. Ms. Cepeda spoke about services already available to non-English speaking students, primarily Spanish and Vietnamese.

Mr. Partridge indicated Santa Ana College is the third smallest campus in the state, making it “land poor.” The parking structures will be three-story tiered structures, remaining sensitive to neighbors on Washington St. Mr. Partridge referred to the Chapman University Law School parking structure as a model. Ms. Cepeda said the structure is called a “living wall” that includes plants which hide much of the concrete structure.

Ms. Garcia-Velasquez asked about the time frame for these projects. Mr. Partridge indicated the entire time frame is a 14-year build-out of the projects, and at a later date he will

report more specifically on time frames for phases of the bond funding and construction. Mr. Partridge indicated that projects will be phased to fit the three-year time limit in each phase of bond funding. Dr. Zacovic indicated the handout "Measure E Bond Projects Update" indicates which projects are planned for the first two phases of bond funding. Mr. Langenbeck asked if the parking structure was planned to be able to have additional floors built if the need arose. Mr. Partridge indicated that the intent is to build it out to the college's ultimate need. Because codes change, it's often difficult to add to existing structures.

Mr. Sarmiento suggested the district notify neighbors about what will be happening as far as construction, referring to a local district's inability to begin construction on any of its bond projects in a timely manner. Since much of the district's first phase is renovation and land acquisition, Mr. Sarmiento feels neighboring communities may assume we're not moving forward with promises made. Mr. Partridge indicated the district will be building three or four projects at once. Mr. Woinarowicz stated the Mr. Sarmiento's concern is that the public may not be aware of what's happening behind the scenes. Dr. Hernandez indicated that part of the communications process developed by Ms. Barnes addressed the concern for neighbors at both colleges. Meetings will be scheduled with homeowners' associations in each college service area. Printed materials will be shared and homeowners will be able to ask questions. Dr. Hernandez indicated meetings were held with the associations prior to the election as well.

Mr. Sarmiento asked how many acres the district received on the Tustin base. Mr. Partridge indicated the district received 15 acres on that site.

Dr. Hernandez indicated he has been meeting with City of Garden Grove on the intended facility there. He indicated to them that unless the city donates the land for a facility, the district will not be able to build there. The city has indicated there are 3-8 acres which may be available near its civic center, and a RSCCD facility is in the redevelopment plan.

Mr. Partridge indicated the estimate of \$18,000,000 for purchase of land for SCC was an estimate based on a three-year old appraisal, and the actual price is now \$25,750,000. The increase will be funded by redirecting funds originally allocated for the learning resource center(LRC). The LRC has been funded by the state. Dr. Hernandez provided a history of land acquisition from The Irvine Company that includes an 11-acre donation to SCC in 2001.

Mr. Partridge indicated the district has made an offer on a building in Orange for the proposed continuing education center. The property is a 7-acre lot on Batavia with a 92,000 square foot building and 350 parking spaces. Mr. Woinarowicz asked if the estimated project cost of \$11,000,000 is consistent with the property in question. Mr. Partridge indicated the district's current offer with tenant improvements is consistent.

Mr. Woinarowicz stated on behalf of the committee that the project plans are very exciting and that the renditions were nicely done. Mr. Sarmiento complimented the district on its ability to obtain other monies in addition to the bond to supplement projects.

Mr. Strickland indicated he is on the campus construction meeting which has met twice already and commended the district for moving quickly.

Mr. Woinarowicz thanked Mr. Partridge for his presentation and moved to the next agenda item.

9. Bond Series Schedule

Dr. Zacovic referred the committee to the bond series schedule distributed with the other materials for the meeting. He indicated this agenda item was in response to a question raised by Ms. Garcia-Velasquez at the last meeting. Dr. Zacovic reviewed the figures provided including the pay-back schedule through the year 2040.

Ms. Garcia-Velasquez referred to the home assessed average value at \$172,000. She asked when those numbers were gathered. Dr. Zacovic indicated the figure was the average within the district boundaries, and Dr. Hernandez indicated it includes businesses.

Ms. Kallas asked about a 5-year cap on taxes paid by homeowners. Dr. Zacovic indicated homeowners will pay the taxes until the bond is paid, going to the year 2040. Dr. Hernandez indicated the cap is \$25 per \$100,000 of assessed value.

Mr. Chu referred to the property appreciation averages listed on page 2 of the document, asking if the figures are too conservative. Dr. Zacovic indicated the figures were purposely conservative so that if property appreciates at a higher rate, funds may be generated more quickly, but if not, our estimates are safe. Mr. Chu agreed that using conservative dollars will provide stability. He does feel, though, that the public may not have interest in buying the bonds if they see these figures. Dr. Zacovic indicated the district will continue to seek other sources of money and not rely solely on the bonds.

Ms. Garcia-Velasquez asked why figures were used back to 1995. Dr. Zacovic indicated it was only for an historic reference.

Referring back to Ms. Garcia-Velasquez's question regarding the average property value, Dr. Zacovic indicated he believes that number is for illustrative purpose only. Ms. Garcia-Velasquez asked if this is the date being used to recommend the issuance of the bonds and if it was accurate. Dr. Zacovic indicated it was. Dr. Hernandez indicated this document will be prepared annually and will have the actual figures, and this document was using estimated figures. He stated that if the values increase more quickly than estimated, the second issuance of bonds may be made earlier than projected.

10. District Liaison report to the committee

Dr. Zacovic invited the college presidents to speak about employee forums and other activity on campus regarding the bond.

Ms. Cepeda referenced Mr. Strickland's mention of the campus-wide construction committee, indicating it is the most important communication tool on campus. The committee is chaired by the Vice President of Instruction, Dr. John Nixon, and has representatives from each

college constituency, including students. She indicated that Mr. Partridge also sits on the committee.

Ms. Cepeda indicated employee forums were held on campus regarding issuance of the bond funds. The forums provided employees with valuable information regarding why the \$337,000,000 is issued in phases and why projects were prioritized the way they were. She indicated that some construction is taking place already on the renovation of the Tessman Planetarium. This renovation is being completed with private dollars and, although it is listed on the bond list, the college is still hoping to obtain additional funds to complete the project. Ms. Cepeda mentioned a large NASA grant awarded to the college which provided a new star projector for the facility.

Mr. Vazquez mentioned the facilities committee at each college which contributes to the local planning and passes information on to the district-wide planning committee, the District Construction Coordinating Committee (DCCC), which eventually gets to the oversight committee. The committee on the SCC campus is made up of faculty, students, classified employees, and administrative staff. The college feels that the people who will be “living” in these buildings should provide input regarding development of the buildings. Mr. Vazquez mentioned SCC buildings that already have plans prepared: the student services building scheduled for ground breaking on March 11; the library; and the science building. Other buildings on the list are in the conceptual stage, and employee/student input will be essential to the final decision. He described a process that starts with a dream and then is manipulated to fit space and budget limitations.

Dr. Hernandez commended the college presidents on the work done to date. He referenced the planetarium project mentioned by Ms. Cepeda as an example of a successful partnership the district has with an outside agency. He indicated the district’s partnerships continue to grow. The planetarium project was a result with work with Congressman Dana Rohrbacher, a legislator that does not represent our district, but he does support the only planetarium in Orange County which happens to be at Santa Ana College. He also got support for our project from a congressman from New York.

Dr. Zacovic, referencing the committees at the colleges, mentioned the district-wide committee, the DCCC (District Construction Coordinating Committee) which Dr. Hernandez chairs. The committee consists of college and district staff and keeps all entities informed of current activity district-wide.

Dr. Zacovic updated the committee on the bond rating received after he, the district’s underwriters from RBC Dain Raucher and Kinsell Newcomb and deDios, the district’s bond counsel, board member Ms. Lisa Woolery, and Ms. Noemi Kanouse, Assistant VC for Fiscal Services visited Standard and Poors and Moodys in New York. The presentation included information about the district, the colleges, and Orange County.

Dr. Zacovic indicated the lowest rating is a B rating, A is next, then AA, and highest is AAA. He added that 2/3 of school bonds are rated at the A level. He was very pleased to inform the committee that the district received an AA- rating, placing the district in the top third of bond ratings in the country for this type of project.

Mr. Woinarowicz asked if the district would have to return to New York for a rating each time there is a bond issuance. Dr. Zacovic indicated it would. Dr. Hernandez said the raters will be looking at how the district performed with the first issuance and if the plan and the guidelines of Measure E and Proposition 39 were followed.

Dr. Zacovic indicated the district's board of trustees passed a resolution requesting the Orange County Board of Supervisors approve the bond project. The reason for this is that it is the County of Orange that assesses the taxes which are used to pay off the bond debt. Dr. Zacovic attended the board of supervisors meeting where passed the resolution passed with a unanimous vote.

Mr. Sarmiento asked if the County charged the district an administrative fee. Dr. Zacovic indicated that, as far as he knew, they do not. Mr. Sarmiento was under the impression there would be a fee if the County collected money for you. Dr. Zacovic said he didn't think there was.

Dr. Zacovic indicated Bill Campbell spoke highly of the district at the board of supervisors meeting.

Dr. Zacovic referred to the print-out of the proposed website page which will link to Measure E indicating the district hopes it to be a very informative site for anyone to access.

11. Groundbreaking ceremony: SCC Student Services Building

Dr. Hernandez referred to a flyer distributed in committee member packets announcing the ceremony on March 11 at 11:00 a.m. There will be shovels and hard hats available for committee members who are able to attend.

Mr. Vazquez indicated the Mayor of the City of Orange will be in attendance, and there is a plan B in case of rain to bring the ceremony into the D building.

Mr. Vazquez indicated there will be a tour of the college's art gallery prior to the ceremony and committee members are invited to participate.

Dr. Hernandez reviewed the process which led the college to the point of groundbreaking. He indicated heavy equipment will be on site, but will break for the ceremony.

12. Future meeting dates

Mr. Woinarowicz referred to the calendar provided committee members. He indicated it was previously suggested to hold meetings in March, July, and October. He suggested the last Wednesday of each month.

After discussion, the following two dates were set: April 30, 2003, and July 16, 2003. The meetings will begin at 6:00 p.m. and will be held in the District Board Room.

Mr. Chu asked about the appropriateness of his mentioning activity of the committee in the Vietnamese newspaper and TV station with which he is affiliated. Dr. Hernandez indicated it was very appropriate as part of the mission of the committee is to communicate what the district is doing in relation to the bond and offered assistance from the district's public affairs department.

Dr. Hernandez indicated to the committee that prior to the next meeting they are welcome to place an item on the agenda if they wish discussion to take place.

13. Adjournment

A motion was made, seconded, and passed to adjourn the meeting at 8:00 p.m.