



Measure JJ
Citizens' Bond Oversight Committee

Second Annual Report to the
Victor Valley College Board of Trustees
& the Public



March 2011



Years
1961-2011

Measure JJ

Citizens' Bond Oversight Committee

SECOND ANNUAL REPORT TO THE VICTOR VALLEY COLLEGE BOARD OF TRUSTEES
& THE PUBLIC – March 2011



Measure JJ

In November 2008, a general obligation bond proposition Measure JJ of the Victor Valley Community College District was approved by more than fifty-five percent of voters in the District. The Election of 2008 authorized the District to issue up to \$297,500,000 of general obligation bonds to upgrade, expand, and construct school facilities. The passing of this bond will enable the college to meet the needs of its growing community.

Role of the Oversight Committee

On October 14, 2008 the Victor Valley Community College District's Board of Trustees adopted Resolution 08-07, establishing a Citizens' Bond Oversight Committee.

The purposes and functions of the Citizens' Bond Oversight Committee are set forth in Proposition 39, codified at section 15264 of the California Education Code. Consistent with the stated policy of the state of California, this District undertakes vigorous efforts to ensure that the expenditure of bond measures are in strict conformity with the law; that taxpayers directly participate in the oversight of bond expenditures; and, that the members of the oversight committee promptly alert the public to any waste or improper expenditure of school construction bond money. (Cal. Educ. Code section 15264.)

This document represents the Committee's second annual report to the District Board of Trustees and the public on its review and findings of the expenditures of bond funds.

A Message from the Citizens' Bond Oversight Committee

The Citizens' Bond Oversight Committee is pleased to present our 2009 – 2010 Annual Report

As Chair of the Bond Oversight Committee, I am pleased to report significant progress on many of the bond construction projects. This fiscal year, July 1, 2009 to June 30, 2010 recorded the expenditure of over \$17 million in bond funds, in projects available for all to see, touch, feel, and visit. The following pages outline the progress on each of these projects including the completion of the Solar Generating Facility, main campus projects, the Eastside Public Safety Training Center, the Westside Workforce Development Center, and the efforts to achieve the coveted designation of "Center Status". Center Status for our Eastside and Westside outreach centers allow us to qualify for additional State funding. I urge you to read the following pages in detail and if time permits, take a trip around campus or to the Eastside Safety Center site. It is nice to see funds at work for the community.

I want to thank all committee members for their vigilant oversight. Each committee member participated with probing and detailed inquiry into fund expenditures, questioned the proper use of funds on campus and brought to District staff, cogent inquiries from the community, demands for accountability and justification for their actions.

The year was not without its challenges. Efforts at the Westside Center were deferred due to the inability to sell more bonds under the requirements of the law. The loss of value of properties in

our region has temporarily suspended our ability to raise more funds in bond sales. That also translated into a higher assessment per \$100,000 of property value, due to the need to assess sufficient tax to pay the annual debt service. The Committee requested and received from staff and legal counsel the appropriate legal support for these actions.

Construction efforts were diverted to the on-campus projects which caused the Committee to question the propriety of the projects selected. The committee sought legal justification of the projects under the language of the bond documents to insure all were proper for funding from bond proceeds.

The Committee continues to question the process and procedures of the Auditor assigned to review the bond expenditures. The committee goal is to provide more transparency to the public through thorough explanation of work performed and findings made, in easily comprehensible terms.

We, on the Citizens' Bond Oversight Committee have approached our charge diligently and with the public's interest always in mind. We hope each reader will find this report informative and complete, and an answer to any questions that may have arisen during the past year.

Respectfully submitted,
DIANA J. O'MALLEY, CHAIR
CITIZENS' BOND OVERSIGHT
COMMITTEE

Your 2009 – 2010 Oversight Committee Members

Diana J. O'Malley (Chair)

Active in Organization Support of the College

Jason Barker (Vice-Chair)

Business Representative

Rudy Cabriales

At-Large Community Member

Edward Kieffer

Senior Citizen Group Representative

Sheri Schmoll

Student in District and Active in Student Government

William L. Tuck Jr.

Active in a Taxpayers Organization

Diane Uli

At-Large Community Member

Caroll Yule

At-Large Community Member

Statement of Purpose/Responsibilities of the Citizens' Bond Oversight Committee

The Measure JJ Citizens' Bond Oversight Committee serves as representatives of local residents, businesses and community organizations, to monitor the expenditures of Measure JJ funds.

The Committee reviews the progress and expenditure reports to ensure bond proceeds were expended only for the purposes set forth in the Measure JJ bond, and reports their findings annually to the Victor Valley Community College Board of Trustees via this report.

1 MegaWatt Solar Generating Facility

Cutting Edge Technology

| | |
|---------------------------------|---------------|
| Project Awarded: | December 2009 |
| Project Budget: | \$4,662,840 |
| Bond Funded: | \$2,557,322 |
| Amount Expended as of 06/30/10: | \$2,557,322 |
| Percentage Complete: | 100% |
| Completion Date: | May 2010 |

Throughout the planning of bond and non-bond related projects on the campus, energy conservation and renewable energy projects have been identified as very high priorities.

On November 10, 2009, the Victor Valley College Board of Trustees approved moving forward to select a firm to install a 1 MegaWatt Solar Generating Facility that would offer the best value to the District. SolFocus, Inc. was selected based on their proposal which provided the District with the latest advanced technology, coupled with the best price/performance ratio and the lowest install cost.

This 1 MegaWatt solar generating facility is the largest single system of Concentrating Photovoltaic (CPV) technology in North America serving a college. The system uses large area lenses to focus sunlight on small areas of photovoltaic cells, creating a high concentration of direct sunlight and higher efficiency. The system consists of a 122 panel array that covers approximately 6 acres of the lower campus. Each array is 18 feet tall by 26 feet wide.

The system tracks the sun independently throughout the day and will produce roughly 30 percent of the college's electricity demand. This equals approximately \$20 million in savings over the next 25 years, which includes nearly \$4 million in incentives from the California Solar Initiative and an additional \$2 million in avoided cost, tariff and renewable energy credit savings in the first 5 years.

On May 25, 2010, a Grand Opening of the facility was held with California Lieutenant Governor Abel Maldonado giving the keynote address.



Main Campus Projects

Creating an Improved Campus for Students

Main Gymnasium H.V.A.C. Upgrade

| | |
|--------------------------|--------------------|
| Project Awarded: | September 14, 2010 |
| Project Budget: | \$ 618,500 |
| Expended as of 06/30/10: | \$ 0 |
| Percentage Complete: | 100 % |
| Completion Date: | February 2011 |

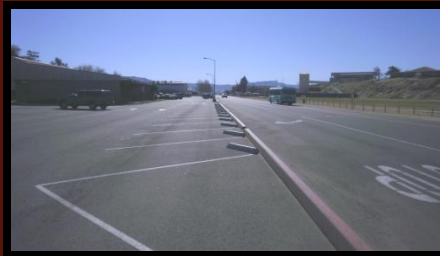
The current evaporative cooling system in the Main Gymnasium has been outdated and unreliable for years. In June, 2010, the Board approved a contract with Carrier Johnson Architects to design a new system that will make the HVAC system reliable, efficient and have the capabilities to cool the gym even on humid summer days. With the design portion complete the project was publically bid and awarded to Air-Ex Air Conditioning by the Board of Trustees on September 14, 2010. Construction of the project began in December 2010 and was completed at the end of February 2011.



Main Gymnasium



New Cooling System



Completed Parking Lot Replacement (Lots 18 & 19)

Need for Roadway Removal and Replacement



Boiler Replacement

| | |
|--------------------------|---|
| Project Awarded: | Purchased equipment and completing in house |
| Project Budget: | \$100,000 |
| Expended as of 06/30/10: | \$0 |
| Percentage Complete: | 20 % (equipment purchased) |
| Completion Date: | Summer 2011 |

The heating systems in both Student Services buildings 1 & 2 currently rely on hot water boilers that are over 45 years old. These boilers are beyond their life expectancy and grossly inefficient. New gas fired energy efficient boilers have been purchased and were installed by the District's Maintenance staff in January 2011. These new boilers will be controlled by the District's energy management system, adding to the energy savings and increasing reliability while reducing operating costs.

Campus Wide Roadway Replacement and Parking Lot Repair

| | |
|---------------------------|---------------------------------|
| Project Awarded: | First Phase: September 14, 2010 |
| Estimated Project Budget: | \$ 4,000,000 |
| Expended as of 06/30/10: | \$14,875 |
| Percentage Complete: | Approximately 15 % |
| Est. Completion Date: | TBD |

During the summer of 2010, seven parking lots were removed and replaced due to deterioration that was beyond routine maintenance and patching.

The college continues these efforts to make the campus a safer place by moving forward with repairs to more parking lots and campus-wide roadways. You can expect more parking lot and roadway construction in the summer of 2011.



Student Services 1 Building

Eastside Public Safety Training Center

| | |
|--------------------------------------|-----------------|
| Project Awarded: | August 11, 2009 |
| Project Budget: | \$33,082,235 |
| Amount Expended as of June 30, 2010: | \$3,908,629 |
| Percentage Complete as of 2/1/11: | 37 % |
| Anticipated Completion Date: | December 2011 |

In May 2009, scoping documents for the Eastside Public Safety Training Center were completed which incorporated District Design Standards and identified general design parameters providing specific programmatic and functional requirements for the project.

The district chose to use the Design-Build project delivery method for construction rather than the traditional competitive Bid-Build method because it is more cost effective, faster and it establishes a firm price with emphasis on cost control.

Interviews for a Design-Build firm were conducted on July 8, 2009, and a contract with Highland Partnership, Inc. was approved by the Board on August 11, 2009.

Highland Partnership Inc. submitted the site and building design packages in March 2010 to the Division of State Architects (DSA) for its required approval before construction could begin.



Confined Space Prop



Building B Firing Range



Building B Utilities

In the spring of 2010, the following required environmental reports were completed and approved:

- Biological assessment
- Cultural resources review of previously-prepared documents
- Phase I Environmental Site Assessment
- Air quality impact analysis
- Mojave Ground Squirrel (MGS) survey

During the same time period, a traffic study for the project was completed.

A Mitigated Negative Declaration (MND), which is the environmental document needed to fulfill the District's obligation under the California Environmental Quality Act (CEQA), was completed and released for public review on March 8, 2010. On May 11, 2010, the VVCCD Board adopted the MND in compliance with the California Environmental Quality Act which allowed them to proceed with construction, subject to environmental monitoring.



Building A Floor Slab

Measure JJ set an ambitious goal of 85% local participation. We are pleased to announce that we have approximately 83% local labor participation and 71% overall (labor, material and equipment) on this project.

Work started on site in July 2010. The photos shown are of the progress since that time through January 2011.

Westside Workforce Development Center

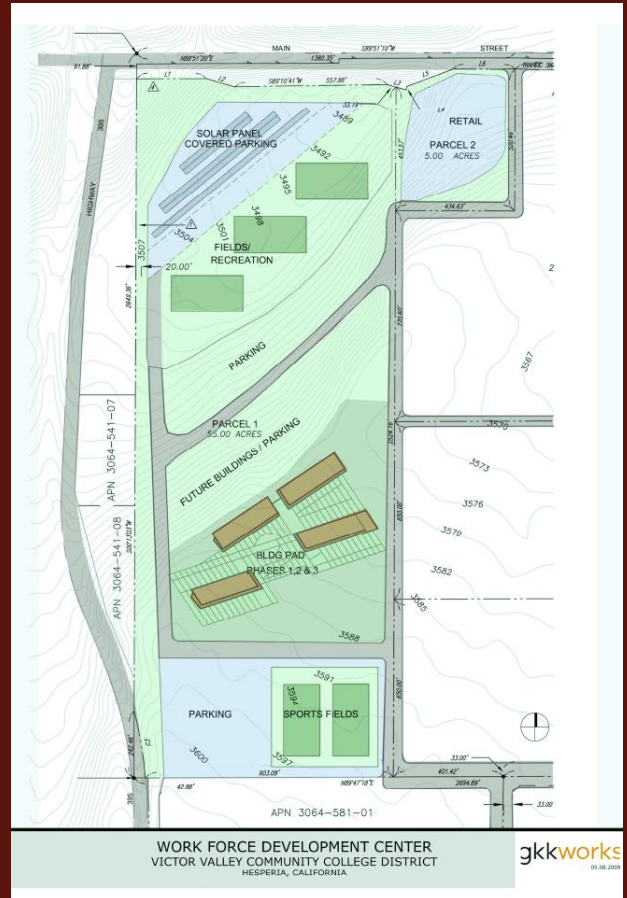
Current Proposed Plan

| | |
|--------------------------------------|------------------|
| Land Acquisition: | May 2009 |
| Proposed Project Budget: | \$ 12,327,827.00 |
| Amount Expended as of June 30, 2010: | \$ 10,798,870 |
| Percentage Complete: | 5 % |
| Anticipated Completion Date: | To be determined |

Planning for the Westside Workforce Development Center continued during the fiscal year of 2009 - 2010.

The professional environmental consulting team and project engineers worked on developing the project description and preliminary biological field work was scheduled to begin in late December 2009, early January 2010.

Several planning meetings were held to develop a site hydrology and drainage plan. The California Environmental Quality Act (CEQA) process for the Westside Center was scheduled to commence once the project description had been developed in sufficient detail. Discussions with the City of Hesperia helped define and clarify the CEQA process.



However, as real estate valuation decreased drastically, the balance of the outstanding bond could not be issued. Since the balance of the bond funds did not meet the budget required to construct the Westside Center project, the focus of the bond related projects were realigned to the Main Campus.

This project is currently suspended pending improvement of the bond market and economy, but remains in a state of readiness to proceed.

The Pursuit of "Center Status"

WHAT IS CENTER STATUS?

It is a formal educational center, a Commission-approved off-campus operation, owned or leased by the parent district and administered by a parent community college. It offers instructional programs leading to certificates or degrees conferred by the parent institution. The Commission recognizes, as does the Chancellor's Office, that educational centers are a cost-effective alternative to building full-service campus. They can increase learning productivity, promote local economic development and help community college districts to serve rural and remote areas.



Rendering of the Public Safety Training Center

HOW TO ACHIEVE CENTER STATUS

Center Status provides the following benefits that outreach centers are not eligible for:

- Eligibility for State Capital Outlay funds.
- Maintenance Costs are allocated separately from other campuses.
- Each Commission approved center that reaches the goal of 1,000 Full Time Equivalent Students (FTES) would receive a base allocation of \$1,000,000.

Other photos on this page are of ongoing construction at the Eastside project.

The average community college district spends approximately 2-3 years obtaining formal educational center approval for an outreach site. The California Postsecondary Education Commission (CPEC) Guidelines outline the necessary steps to gain this formal status. Included in the process is a mandatory outreach effort to neighboring institutions to determine the potential impact of a new center on their institution. Furthermore, documents must be created that outline the future of the educational center and demonstrate the need for a center in the proposed location.

These documents include a formal Letter of Intent, enrollment and financial projections for submittal to the Department of Finance, a Needs Analysis that will ultimately be approved by the Board of Governors, and an Environmental Impact Report. To complete these documents and move them through the process, a large amount of coordination with various agencies, as well as with neighboring institutions, is required.

VVC PROGRESS TO DATE

In November 2009, the District awarded a contract to gkkworks, as part of the Program Management responsibilities, to guide the District through the State process for obtaining formal educational status for the Eastside Center, and for completion of the Letter of Intent for the Westside Center.

The Preliminary Notices for the Eastside Center and Westside Center were completed in January 2010. The Letter of Intent for Eastside Center was completed in March 2010. The Westside Letter of Intent has not been completed due to the change in status of the Westside planning effort.



Apparatus Bay



CERT City Foundations



Trench Prop



Building B Admin Area

Budget Recap for 2009 – 2010 Fiscal Year Annual Performance Audit

| Bond Project or Expenditure | Expended 2009 – 2010 Fiscal Year |
|--|----------------------------------|
| Main Campus | |
| Solar | \$ 2,557,322 |
| Other Main Campus Projects | \$ 14,875 |
| Eastside Public Safety Training Center | \$ 3,908,235 |
| Westside Workforce Development Center | \$ 10,798,870 |
| Other Expenses <i>(Legal, Design, Program Management)</i> | \$ 487,663 |

All projects were accomplished within the new construction, building upgrades and infrastructure repair that is specifically allowed under Measure JJ.

Measure JJ Auditors Statement

“We have examined Victor Valley Community College District’s compliance with the performance requirements for the Proposition / Measure JJ General Obligation Bonds for the fiscal year ended June 30, 2010, under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the Bonds and the net proceeds thereof. Management is responsible for the District’s compliance with those requirements. Our responsibility is to express an opinion on the District’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District’s compliance with specified requirements.

In our opinion, Victor Valley Community College District complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2010.”

Messner & Hadley, LLP
Certified Public Accountants

The Committee meets quarterly,
each March, June, September and December
The agenda, minutes, and all reports for Measure JJ Citizens’
Bond Oversight Committee meetings are posted at the web site:
<http://www.vvc.edu/measurejj>



Years
1961-2011

Victor Valley Community College Board of Trustees



Dennis Henderson – President
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Michael Krause – Trustee
Joseph W. Brady – Trustee
Judy Schmoll – Student Trustee