

BOND MEASURE JJ
FOURTH ANNUAL REPORT
For the 2011 – 2012 Fiscal Year
VICTOR VALLEY COMMUNITY COLLEGE



**RESPECTFULLY SUBMITTED TO THE BOARD OF TRUSTEES
AND THE VICTOR VALLEY COMMUNITY
BY THE
CITIZENS' BOND OVERSIGHT COMMITTEE**

Diana J. O'Malley (Chair)
Michael Brewer (Vice-Chair)
Jeremiah Brosowske
Rudy Cabriaes
Richard Greenwood
Tosca Lars
Edward Rodarte
Diane Uli
Caroll Yule

MARCH 2013



CITIZENS' BOND OVERSIGHT COMMITTEE ANNUAL REPORT

Statement of Purpose/Responsibilities of the Citizens' Bond 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.

Purposes of this committee are set forth in Proposition 39, being chartered as the Strict Accountability in Local School Construction Bonds Act of 2000, at Section 15264 et seq. of the Education Code of the State. 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.)

The members of the Measure JJ Citizens' Bond Oversight Committee serve 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.

Members of the Citizens' Oversight Committee are appointed for two-year terms and may not serve more than two consecutive terms. Members serve on the committee without compensation. The committee is an advisory committee, and does not have a legal capacity independent from the District.

Eight members comprise the committee: one business representative, active in a business organization representing local business; one Senior Citizen Group Representative active in a bona fide senior citizen organization; one Taxpayer Organization Member active in a bona fide taxpayer's association; one Student active in Student Government; one representative active in an organization that is supportive of the college; and at least two "at-large" Community Members.

Additional information specific to Bond Measure JJ and the Citizens' Bond Oversight Committee, to include agendas, minutes and reports is available at: <http://www.vvc.edu/measurejj/>. The Committee meets quarterly: March, June, September and December.

Support Organization: **Diana O'Malley**

Business Organization: **Tosca Lars**

Senior Citizens' Organization: **Richard Greenwood**

Taxpayers Association: **Michael Brewer**

Student Government: **Jeremiah Brosowske**

Community At-Large Members: **Rudy Cabriales, Edward Rodarte, Diane Uli, and Caroll Yule**

Citizens' Bond Oversight Committee Activity Report

for year ended June 30, 2012

Diana J. O'Malley, Chair



It is with mixed emotions that I prepare and present this year's annual report on behalf of the committee. Since its inception and for the last four years I have had the opportunity to serve this community as the committee's chair. I want to thank all of the committee members with whom I have served for their participation, insight and commitment to our charge. I want to thank President Christopher O'Hearn and all VVC staff, especially GH Javaheripour, Steve Garcia, Michelle Messer, and Shirley Snell-Gonzalez for their extreme patience in responding to our requests for information, to our questions, and in always providing us the information we needed. I am now "termed out" and pass the gavel to my colleagues who, I am certain, will continue the excellent work of this committee with the same critical eye and inquiring minds to insure solid oversight of the expenditure of bond funds.

The greatest bond program accomplishment for the year ended June 30, 2012 was the grand opening of the Regional Public Safety Training Center with classes in full swing for the spring semester. The project was delivered at just under budget and boasts state-of-the-art training in all areas of public safety. The facility's LEED GOLD environmental rating demonstrates how our building funds were placed to their highest and best use. The center presents nationwide opportunities for contract services to public safety agencies, the benefit of which contributes to offset the cost of maintenance and upkeep.

The balance of the year was dedicated to much needed main campus improvements. Traffic circulation on campus has been vastly improved; energy efficient lighting has both improved safety and reduced energy costs, a long term benefit for the campus. Solar covered parking will complement the previously completed one megawatt system that operates on the lower campus. Mechanical systems upgrades in several of the campus buildings have been completed and will also bring long term benefits in lower operating and utility costs.

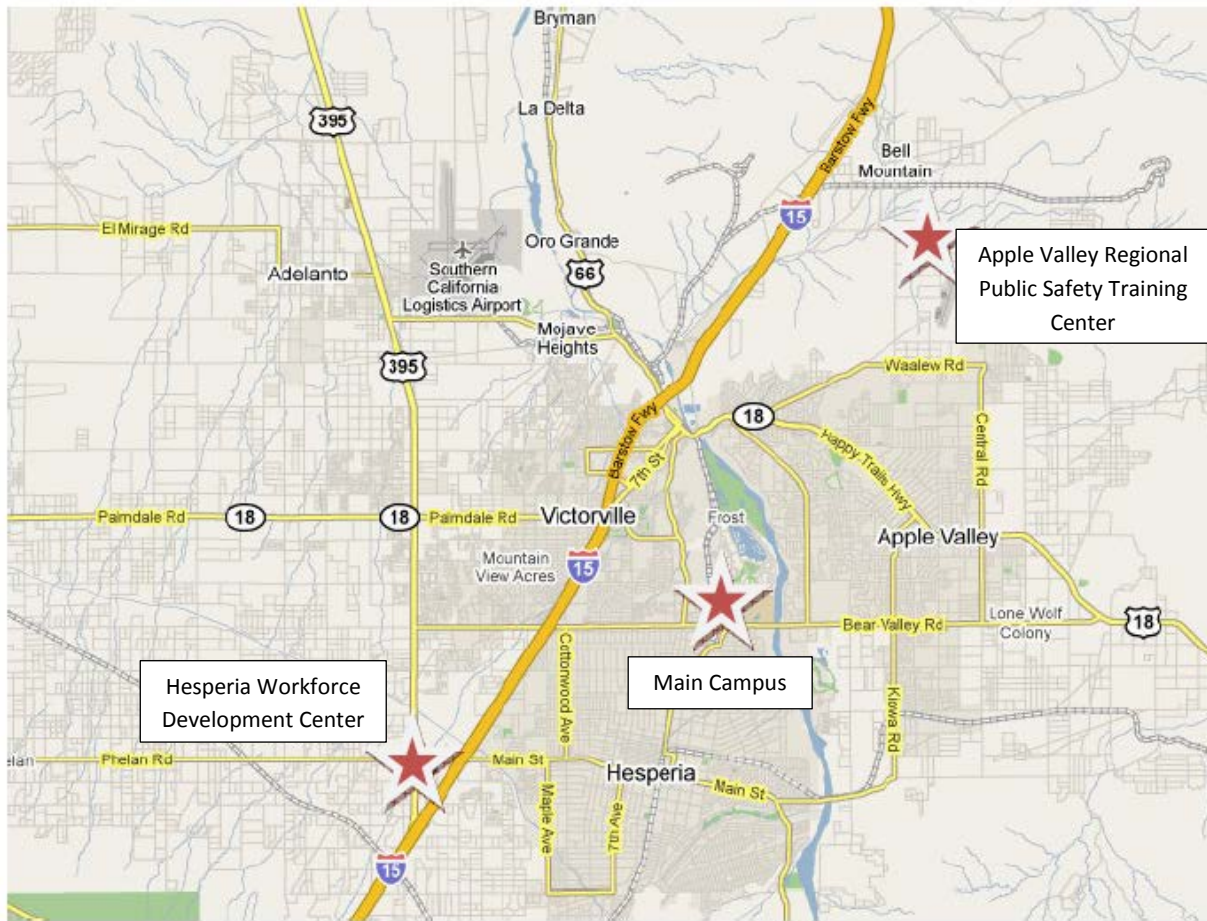
The college continues to work with existing bond funding as the economy and recovery of property values remains slow. The requirements of Measure JJ prohibit the release and sale of bonds in the current market, due to the tax rate commitments required at time of sale. As a result, progress on the anticipated Hesperia Workforce Development Center is limited to site development/planning activities. Bond funds, however, continue to be allocated to additional main campus improvements and soon there will be "bond benefits" visible in the upgrade/renovation of the Music and Vocational Arts buildings, along with construction of a new Science/Health building. The projected expenditures are contained in the Measure JJ Program Budget that forms a part of this report. Congratulations to Steve Garcia and the facilities department in their commitment and planning to maximize the benefits of the bond funds.

The committee as a whole has always been dedicated to supporting our local economy and has insisted on the opportunity for local professionals to participate in the college construction projects. We are pleased to announce that local professionals comprised sixty-five percent (65%) of the construction and engineering teams. The committee remains committed to creating opportunities for local businesses with respect to future bond projects.

The annual audit for year ended June 30, 2012 contained no audit exceptions, a testimony to the vigilant financial procedures in place to insure compliance with Measure JJ spending restrictions. The annual audit is available, on the internet and in hard copy, upon request, at the President's office.

In closing, I urge the committee and its new members to continue to act with vigilance, to require accountability, to be inquisitive and persistent in securing explanations and answers. To the citizens of our community at large, and to the students and faculty, I urge increased interest and participation in the work of the committee, as it helps it to shape the inquiry and analysis in review of the bond expenditures. Lastly, to the Board of Trustees, administration and staff, please continue to look to the future and anticipate not only the needs of the campus, but to those improvements that will raise the quality of our educational facilities.

Respectfully submitted,
DIANA J. O'MALLEY
Committee Chair



Distance from Main Campus (via freeway)
 Hesperia Workforce Development Center (Main Street & 395) = 9.5 miles
 Apple Valley Regional Public Safety Training Center (Johnson & Navajo Road) = 18.5 miles

Measure JJ Bond Program Accomplishments

The passing of the Measure JJ Bond Program in November 2008 gave the Victor Valley Community College District the needed funds to pay off existing certificates of participation and plan for two new centers as well as upgrades and new construction on the main campus. Overall progress on the four stated goals for the capital projects are in various stages of completion. The College has accomplished several objectives:

Goal # 1: Bond Sales & Past Debt

- ✓ Bond Sales totaling \$136,772,028
- ✓ Paid Certificates of Participation in the amount of \$53,450,000
- ✓ Purchased land for Hesperia Workforce Development Center for \$11,324,985



Regional Public Safety Training Center

Goal #2: The Regional Public Safety Training Center in Apple Valley is now complete. It opened its doors to students February 13, 2012 for the spring semester.

Construction was completed February 8, 2012, less than two years from commencement. Work was completed on time and under budget utilizing many local contractors bolstering the local construction industry. All props and the training yard are functional and are utilized daily in this state-of-the-art facility.

This facility is truly one-of-a-kind, combining educational training for Fire, EMT, and Administration of Justice classes housed in this LEED GOLD certified facility that uses 250 kW of self-generated solar power incorporated into covered parking. LEED GOLD is an environmental scorecard of achievement in which facilities are gauged and awarded various levels of outstanding achievement.

The facility has ultramodern smart classrooms, conference rooms, and computer labs that provide exceptional educational opportunities for students. The Administration of Justice program uses the tactical firing range that incorporates three dimensional scenarios with life-like video for the latest in police training.

Students in the EMT program train on computerized mannequins, incorporating video monitoring to better evaluate their progress.

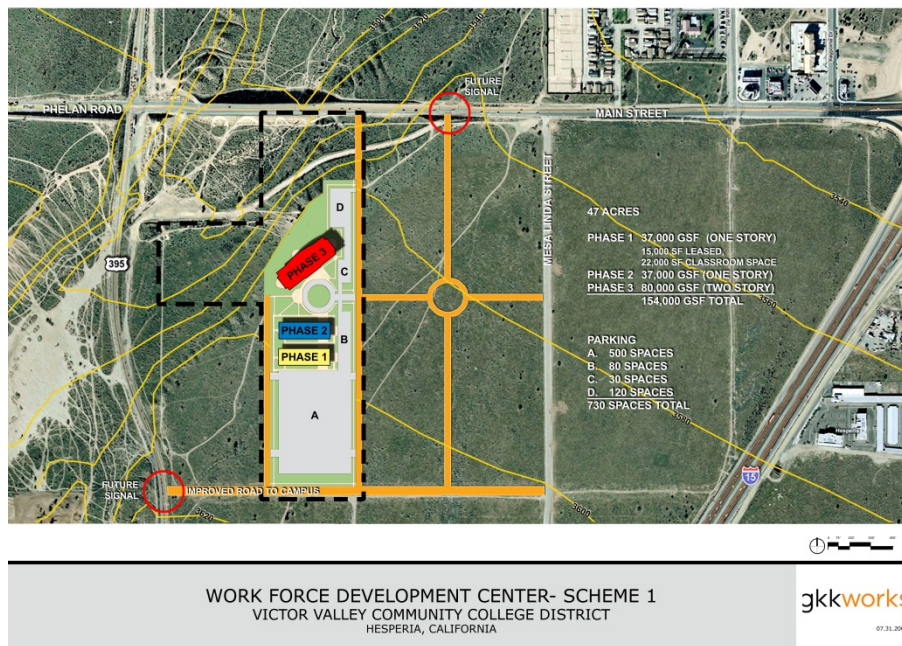
Fire Technology students receive the best training available in the new fire tower, and use props for rescue training such as rail cars, confined space rescues, collapsed buildings and much more.



Hesperia Workforce Development Center

Goal #3: The planning and design phase of the Hesperia Workforce Development Center is currently on hold, pending the sale of bonds when the local economy improves.

- ✓ Completed Due Diligence
- ✓ Purchased Land
- ✓ Developing Site Plan





Main Campus Upgrades and New Construction

Goal #4: Enhancements to the existing Victorville Campus continue in earnest with many projects completed and others in the planning and design phase. Solar covered parking has been approved and will soon complement the existing one Megawatt system currently in operation on the lower campus. Other energy efficiency projects have also been completed such as complete campus lighting upgrades as well as a new energy management system supporting the campus operations.

Soon construction will be in full swing on campus as the Facilities department is in the design phase of both the Music modernization and a new Science/Health building. A summary of accomplishments to date include:

- ✓ One Megawatt Solar Generating Facility**
- ✓ Solar covered parking**
- ✓ Campus energy efficacy projects (lighting, EMS)**
- ✓ Science Building Addition**
- ✓ Music Building upgrade & renovation**
- ✓ Vocational complex expansion & renovation**
- ✓ Roadways and Parking lots**
- ✓ Student Services One-Stop Center Scoping Documents**



Bond Sales:

An important aspect of administering multiple projects, the expenses of which will be paid by bond proceeds, is astute financial management to maximize the return of proceeds on Bond Sales. This includes determining the correct timing to sell bonds at the best rates, or determining not to sell, waiting for more favorable conditions. Efforts by the College President, staff, financial advisors, and legal counsel resulted in favorable sales, in a very tough market. The college received an impressive AA bond rating. The bond proceeds held by the college are restricted for the approved bond projects and are invested pending their actual use. Without vision and vigilant financial management, our projects might experience shortfalls of funds or a reduction of amenities. The completed bond projects demonstrate how the college has maximized the use of the bond funds with sound financial management.

Audit Report:

In accordance with the Measure JJ requirements, an annual review of all expenditures is conducted. The College District is in compliance with Measure JJ as evidenced by the annual audit completed by the external auditing firm. Any findings of irregularities, lax controls or policies or procedures that are not working properly are identified and set forth in the "audit findings", with recommendations for correction. If such findings occur in future audits, there will also be a section where the College will respond to the audit findings and describe the action taken to correct or improve the policy or procedure. The objective is that the deficiency will be cured and the same audit finding will not reappear in a future audit report. This is normal business practice for governmental agencies. The current audit report is available and contains no exceptions. Each year's audit is available online or upon request.

The Budget:

The approved Bond Budget is the guiding document for the CBOC relating to the financial issues. The Budget contains a projected, or set aside, amount for various tasks. As an obligation is incurred, the amount is deducted and placed in the "Expended to Date" column by the Program Manager (gkkworks). The obligation, and its supporting material, is then forwarded to the College Finance Department where it is scrutinized and subjected to the policies, procedures, controls and procurement analysis, as a check and balance for its correctness. The College, after approval, sends the obligation to the County for issuance of a warrant for payment. As is the case with most long-term capital improvement plans, the budget document is flexible, with the ability to respond to changes. It is conservative, making allowances for contingencies. It is visionary, calculating how the dollars may be maximized to complete smaller needed construction items, thereby expanding the benefits of the bond measure.

Mesure JJ Bond Program Reconciled Budget Summary Report

As of 07/30/2012

INCOME		SERIES 1 REVENUES		EXPENDED	TO-	%
				DATE		EXPENDED
1	Offering 1	Bond Series 1A	May 7, 2009	\$ 54,004,963		
2		Bond Series B (BABS)	May 7, 2009	\$ 12,000,000		
3		Bond Series 1C	June 23, 2009	\$ 70,017,065		
4		Bond Interest (Projected)		\$ 750,000		
5		Subtotal		\$ 136,772,028	\$105,075,282	76.83%
BUDGET/EXPENSE		SERIES 1 BUDGET		EXPENDED	TO-	%
				DATE		EXPENDED
				7/30/2012		
6		Available Program Contingency		\$ 260,246	\$ -	0.00%
7	Bond Related Costs					
8		Total Bond Related Costs		\$ 54,702,857	\$ 54,702,857	100.00%
9	Victor Valley College Regional Public Safety Training Center					
10		Total RPSTC		\$ 31,836,050	\$ 31,211,724	98.04%
11	Victor Valley College Workforce Development Center - Phase 1					
12		Total Workforce Development Center		\$ 11,324,985	\$ 11,324,985	100.00%
13	Main Campus					
14		Music Building Code Compliance & Renovation		\$ 3,800,000		0.04%
15		- Architectural				
16		- Fiber Survey and relocation				
17		- Abatement			\$ 1,490	
18		- Construction				
19		- DSA Plan Check Fees				
20		- Soils Engineering				
21		- Other				
22		Health Science Building Expansion		\$ 14,400,000	\$ -	0.00%
23		- Architectural				
24		- Soils Engineering				
25		- Construction				
26		- DSA Plan Check Fees				
27		- Other				
28		Vocational Complex Expansion/Renovation		\$ 6,500,000	\$ -	0.00%
29		- Architectural				
30		- Soils Engineering				
31		- Construction				
32		- DSA Plan Check Fees				
33		- Other				
34		Solar Covered Parking		\$ 3,140,615	\$ -	0.00%
35		Campus Wide Key Card Access		\$ 1,000,000	\$ -	0.00%
36		Campus Wide Surveillance Systems		\$ 245,000	\$ -	0.00%
37		Program Soils Testing & Engineering		\$ 39,000	\$ -	0.00%
38		Program Consultants		\$ 175,000	\$ 17,250	9.86%
39		Program Manager		\$ 500,000	\$ -	0.00%
40		Energy Projects		\$ 1,868,547	\$ 1,576,451	84.37%
41		Subtotal Solar Project (Bond Only)		\$ 2,557,322	\$ 2,557,322	100.00%
42		Campus Roadway & Parking Lot Improvements		\$ 2,791,836	\$ 2,833,125	101.48%
43		Gymnasium HVAC Upgrades		\$ 630,570	\$ 630,570	100.00%
44		Campus I.T. Upgrades		\$ 1,000,000	\$ 219,508	21.95%
45		BOND JJ FUND TOTALS		\$ 136,772,028	\$ 105,075,282	76.83%
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