



Measure JJ

Citizens Bond Oversight Committee First Annual Report to the Victor Valley Community College Board of Trustees

MARCH 2010



History of Victor Valley Community College District

The Victor Valley Community College District was created by a vote of the public in 1960, when voters enthusiastically approved the creation of a new community college district to educate local students.

The first classes at the college were held in 1961 on the campus of Victor Valley High School and included a small student body of only 500 students and a 15-member faculty and staff. Construction began in 1963 on the present campus, which encompasses 253 acres.

In 1965, the new Victor Valley College campus opened its doors to students. Throughout the years many buildings have been added to the campus, which once served 500 students in 1961, and now serves nearly 14,000 credit students each semester.



Thank You!

History of Measure JJ

Victor Valley Community College is the primary source of training for many of the highest demand industries in the High Desert and the most accessible path for local students to pursue degree programs. VVCC has served its communities for nearly 50 years and all indications are that surrounding communities will continue to grow, placing higher demands on the college for educational services.

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.

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.

The 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.

The duties of the Citizens Oversight Committee include informing the public, reviewing bond related expenditures, and presenting an annual report to the District's Board of Trustees.

The committee is comprised of eight members: One business representative active in a business organization representing local business; one Senior Citizen Group Representative active in a bona fide senior Citizens 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 three at-large Community Members.

Committee Members

Diana J. O'Malley (Chair)

Active in Organization Support of the College

Jason Barker (Vice-Chair)

Business Representative

Edward Kieffer

Senior Citizen Group Representative

William L. Tuck Jr.

Active in Organization Support of the College

Sheri Schmoll

Student in District and Active in Student Government

Caroll Yule

At-Large Community Member

Rudy Cabriales

At-Large Community Member

Donna Smith

At-Large Community Member



Future Public Safety Training Center

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.

**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 on the web site:

<http://www.vvc.edu/measurejj>

Report from the Bond Committee

By: Diana J. O'Malley, Chair

The Victor Valley College Citizens Bond Oversight Committee, or "CBOC" is comprised of a diverse group of community leaders with multiple areas of expertise and experience. Its sole goal is to inform the District Board of Trustees, other community members, and constituents of the proper use of taxpayer bond funds in completing educational facilities promised to the voters, taxpayers and members of the public of the Victor Valley College District. I have had the opportunity and honor to serve as its initial chair.

In the first fiscal reporting period since the passage of the bonds, the CBOC has been engaged in an educational process, understanding our role with respect to the bond projects and the processes that are in place to complete the bond projects and ensure strict accountability.

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. During this fiscal reporting period, bond sales occurred in May and June of 2009 and garnered over \$136 Million of the \$297 Million total in funds as determined by the voters. 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 current efforts show promise of maximizing the usage of the bond funds as a result of sound management and reflected in a detailed bond budget.

Expenditures

The most essential work of the CBOC is to review bond expenditures and report to the Victor Valley College Board of Trustees and to the public about how the bond revenues are being expended.

In accordance with the Measure JJ requirements, an annual review of all expenditures is conducted. Although funds were received during this reporting period, independent auditing firm, Messner and Hadley LP found no expenditures were made. However, the auditing firm's work in this initial period was substantial as it reviewed and tested all procedures to insure proper checks and balances are in place to govern the expenditure of funds.

A clear understanding of these procedures is essential as the main mechanism to determine that the College District is in compliance with Measure JJ is through 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.

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.

The approved Budget Document, which the CBOC will see at each of its meetings, and the expenditures listed in that document, will always be "ahead" of the actual payment of funds. This is due to the fact that all expenditures will be listed when the obligation is received and logged by the Program Manager and not when the obligation is ultimately paid. 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. Many thanks to the Board of Trustees, the College President and his staff, and our Program Manager, (gkkworks) for presenting a program budget that is understandable, flexible and comprehensive in its presentation.

Local Professional Participation

The CBOC was quite interested in the success of the construction program which encouraged local professional participation in the building of the bond related projects. The committee was pleased to see the initial results of this program and the names of participating individuals and entities. With respect to the projects currently underway, qualified local professionals jointly comprise approximately seventy-six percent (76%) percent of the construction and engineering teams. Each member of the CBOC, as a community leader, remains supportive of the goal of investing of funds in local businesses to support our local economy.

Conclusion

In closing, the Board of Trustees has demonstrated a commitment to maintain the tax rate as described in the Measure JJ bond campaign while maximizing public benefit. Further, as the bond projects begin construction, the CBOC reminds the public that written progress reports are available to the public and provide a complete summary of the efforts, the work and the progress on each project. They are informative and may answer many questions for those anxious to see and use the new facilities. As the CBOC enters its second year, our work will increase and will be more aligned with our committee's purposes and objectives in reviewing and reporting to the public on the expenditure of bond funds. We are prepared and ready to serve with excited anticipation.

Superintendent/President's Greetings Victor Valley Community College General Obligation Bond JJ

Greetings,

Thank you to each and every one of you who are residents within the Victor Valley Community College District. During the November 2008 election, you entrusted the college and the college's partners with an investment in the future. The approval of Measure JJ was a very important endorsement of the college by the residents of the Victor Valley.

The economic downturn has emphasized the need for a strong college with training programs and facilities to ensure the continued development of the local workforce and help people get jobs. Measure JJ was a clear message from the voters that 'jobs and more jobs' are important now and in the future. For the first time in the 40-year history of the college, the community rallied to support their community college by passing a very substantial infusion of capital funding. Personally, I am honored by the trust demonstrated by our community and I will do what it takes to satisfy the needs of the college as defined by the bond language. The college will hold fast to transparency, honesty, and commitment when implementing the Measure JJ goals that you voted to support. We will deliver in a timely and responsible way to ensure accountability for all public funds.



Public Safety Training Center

Overall, the college has overcome significant obstacles to meet the expectations of the community. Energy savings projects have been developed for each site, work is proceeding quickly to achieve center status from the state, and all environmental concerns are being addressed.

The significant progress towards meeting our commitment to the community is due primarily to a strong bond implementation team of college staff, contractors, and consultants. Each and every member of the team is committed to fulfilling our obligation to the community. Our contractors and consultants have made every effort to utilize local sub contractors. To date we have committed 76% of available funds to support the local economy.

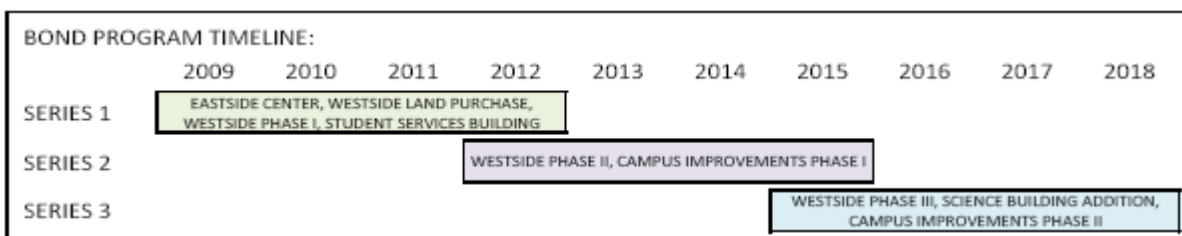
A second very important group of citizens serve on the Bond Oversight Committee. The product of their efforts is summarized in this annual report. They volunteer their time to review the expenditures of bond funds and report to the Board of Trustees. This group has taken their responsibility seriously and I feel that they are doing an excellent job.

The third group which deserves my recognition and gratitude is the VVCCD Board of Trustees. Their vision and commitment is what has made this project possible. They are excellent representatives of the tax payers and constantly maintain the overall project on track.

My thanks, deep appreciation, and recognition to all who are or will be contributing to this effort are to be commended for their dedication to improving the economy of the region and supporting our local business by

building a stronger community college for our region.

My assessment is that the college is delivering what has been requested by the voters. There is transparency and accountability and we are working hard to bring the projects in on time and under budget. Thank you for your trust and commitment. We are off to a great start and I see only good things in the future.



Measure JJ Bond Program Summary & Accomplishments

The passing of the Measure JJ Bond Program in November 2008 gave 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 reaching the four stated goals for the capital projects is well on its way.

Bond Sales & Past Debt

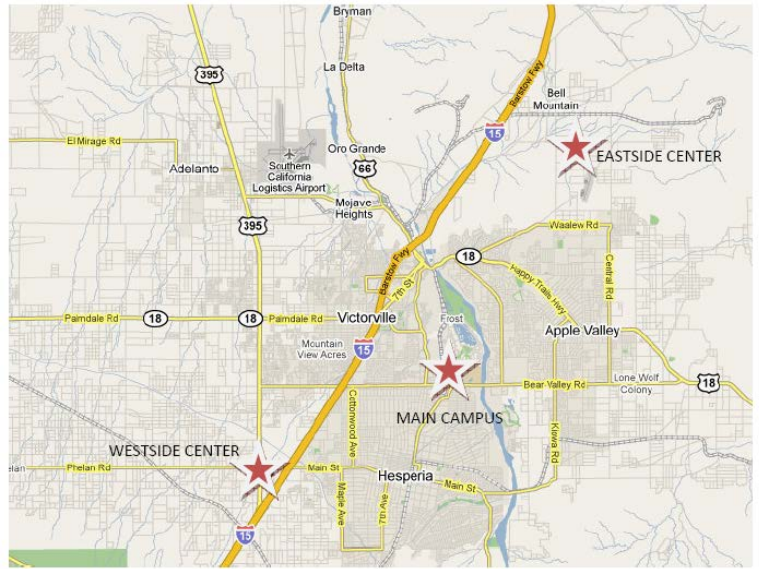
Goal 1 was eliminating existing college debt. The college is now debt free and this goal is complete. Thank you for understanding and supporting our fiscal health.

- ✓ Bond Sale 1 totaling \$136,022,027
- ✓ Paid Certificates of Participation in the amount of \$53,450,000

Public Safety Training Center

Goal 2 was to build a Public Safety Training Facility in Apple Valley using land donated to the Apple Valley Fire Protection District. This project is currently at the Department of State Architecture (DSA) for plan approval. It is ahead of schedule and under budget. We anticipate it will be completed within 18 months after final approval by DSA. This project has been designed to achieve LEED Gold or higher status and is using many local sub-contractors to bring jobs to our own construction industry.

- ✓ Completed Scoping Documents
- ✓ Completed Due Diligence for Memorandum of Understanding and Property Lease with Apple Valley Fire Protection District
- ✓ Design-Build Project Awarded to Highland Partnership
- ✓ Completed Schematic Design
- ✓ Completed Design Development
- ✓ Implementing Process to Obtain Center Status



Distance from Main Campus (via freeway)
Workforce Development Center (Westside) Main St. & 395 = 9.5 miles
Public Safety Training Center (Eastside) Johnson & Navajo Road = 18.5 miles

Workforce Development Center

Goal 3 the Workforce Development Center in Hesperia is currently in the planning and initial design phase. It will move ahead when the economy rebounds and the final series of bonds are able to be sold. In the mean time we have established an outreach center at Hesperia High School to build the enrollment for the Westside Center.

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



Main Campus Upgrades and New Construction

Goal 4 enhance the existing college facility has begun in earnest. Development work on a new Student Services One-Stop Center is well on its way. Improvements to the parking lots, roofs and facility upgrades have been accomplished. A new solar energy field is currently under construction which will save the college millions of dollars in electricity costs. The savings alone will repay the initial bond outlay within 5 years.

- ✓ Solar Generating Facility
- ✓ Student Services One-Stop Center Scoping Documents
- ✓ Science Building Addition

MEASURE JJ BOND PROGRAM BUDGET SUMMARY

INCOME			SERIES 1 REVENUES	EXPENDED TO-DATE	% EXPENDED
Offering 1	Bond Series 1A	May 7, 2009	54,004,963	53,957,551	99.9%
	Bond Series 1B (BABs)	May 7, 2009	12,000,000	3,445,428	28.7%
	Bond Series 1C	June 23, 2009	70,017,085	11,043,116	15.8%
	Bond Interest (Projected)		750,000		
Subtotal			\$ 136,772,028	\$ 68,446,095	22.8%

BUDGET/EXPENSE			SERIES 1 BUDGET	EXPENDED TO-DATE	% COMPLETE
Funds	Bond Related Costs		8/31/2009	Thru 11/30/2009	
1A	1997 Certificates of Participation (COP's)		52,050,000	52,050,000	
1A&B	Reimbursable Bond Related Costs			1,907,551	
1B	Other Consultants		10,000		
1B	Legal Services - Bond Related		-		
1B	Program Management/Project Management		531,259	484,922	
1B	Other Costs		100,000	-	
	Environmental/Traffic Consultants			22,716	
1B	Program Contingency - 2.5% - 5.0%		1,848,051		
	Subtotal Other Bond Costs		\$ 56,439,309	\$ 54,465,189	71.23%
Funds	Eastside Public Safety Training Center				
1B	D-B Scoping Documents		319,816	246,258	
1B&C	D-B Consultant Fee		10,000	6,743	
1B&C	D-B Cost (Design & Construction)		25,000,000	2,019,904	
1B&C	DSA Plan Check Fee		122,589	89,966	
1B&C	Community College Plan Check Fee		66,257	-	
1B&C	Inspection Fees (IOR)		180,000	-	
1B&C	Group II FF&E		1,250,000	-	
1B&C	Other Costs/Project Contingency - 3% of D-B Cost		750,000	-	
1B	Project/Construction Management		1,473,086	492,320	
1B	Labor Compliance		100,000		
1B&C	Environmental Consultant		200,000	53,600	
1B&C	Professional Services - Legal		500,000		
1B&C	Other Costs		20,000	20,000	
	Subtotal Eastside		29,991,729	\$ 2,937,791	9.80%
Funds	Westside Workforce Development Center				
	Phase I				
1C	Land Acquisition Costs		10,800,000	10,800,000	
1C	Appraisal Fees		-	3,500.00	
1C	ALTA Surveying		12,000	11,300	
1C	Professional Services - Legal		1,750,000		
1C	Other Costs		-		
	Design & Construction		30,727,825	-	
	Project/Construction Management		1,654,256	223,386	
	Labor Compliance		113,043		
	Environmental Consultants		600,000	4,930	
	Civil Engineering Consultant		50,000		
1C	Sub-Total Phase I		33,145,125		
	Subtotal Westside (Bond Only)		\$ 45,707,125	\$ 11,043,116	9.56%
Funds	Main Campus				
3	Student Services/Admin Building	Bond Funds	TBD	-	
		Other Funds	15,000,000		
3	Solar Project	Bond Funds	2,500,000		
		Fund 71	1,500,000		
		GIC	1,000,000		
3	Green Technologies Center	Bond Funds	1,000,000		
		Campaign	-		
		Federal & State	-		
	Subtotal Main Campus (Bond Only)		\$ 3,500,000	\$ -	0.00%

TOTALS \$ 135,638,163 \$ 68,446,095 23.66%

FUNDS REMAINING (UNCOMMITTED) \$ 1,133,865

Measure JJ Auditors Statement

"We have examined Victor Valley Community College District's compliance with the performance requirements for the Proposition 39/Measure JJ General Obligation Bonds for the fiscal year ended June 30, 2009, 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.

In our opinion, Victor Valley Community College District complied, in all material respects, with the requirements detailed in Proposition 39/Measure JJ General Obligation Bond for the fiscal year ended June 30, 2009."

~ Messner & Hadley, LLP

PUBLIC SAFETY TRAINING CENTER ARCHITECTURAL RENDERINGS BY: CARRIERJOHNSON ARCHITECTS





Victor Valley Community College District Board of Trustees

Angela Valles
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Chris Mollenkamp
Vice President

Dennis Henderson
Clerk

Don Nelson
Trustee

Joe Range
Trustee

Mary Mazzola
Student Representative

Victor Valley Community College District Administration

Robert M. Silverman
Superintendent / President

Christopher O'Hearn
Deputy Superintendent / Executive Vice President, Instruction & Student Services

GH Javaheripour
Vice President, Administrative Services

Fusako Yokotobi
Vice President, Human Resources