



**MEASURE H
CITIZENS' BOND OVERSIGHT COMMITTEE
SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT**

**ANNUAL REPORT
JANUARY 1-DECEMBER 31, 2019**

MEMBERSHIP

The Governing Board of the Shasta-Tehama-Trinity Joint Community College District appointed or reappointed the following members of the Measure H Citizens' Bond Oversight Committee (CBOC) during the 2019 year:

Committee Member Name	Area of Representation	Initial Term	Subsequent Term	Term Expiration
Joe Ayer, Chair	Taxpayers' Association	2 Years	2 Years	6/30/2021
Rick Fauss	Business Organization	2 Years	2 years	6/30/2021
Steve Hosler, Vice Chair	Senior Citizens' Organization	1 Year	2 Years	6/30/2020
Hana Lynn	SC Student Representative	2 Years		10/15/2021
Robbie Middleton	College Support Organization	1 Year	2 Years	6/30/2020
Paula Percy	At-Large Representative	2 Years	2 Years	6/30/2021
Dr. Fabio Robles	At-Large Representative (Trinity County)	2 Years		10/15/2021
Robert Steinacher	At-Large Representative (Tehama County)	2 Years		10/15/2021

Former members Milagros Israel, SC Student Representative and Lawrence Russell, At-Large Representative both resigned for purposes of employment with the District. It was also approved by the CBOC to add one additional At-Large Representative member for the purpose of achieving geographic representation for the District's three largest counties.

Reappointments made by the Board of Trustees at its June 12, 2019 regular meeting were:

COMMITTEE MEMBER NAME	AREA OF REPRESENTATION
Joe Ayer	Taxpayers' Association
Rick Fauss	Business Organization
Milagros Israel	SC Student Representative
Paula Percy	At-Large Representative
Lawrence Russell	At-Large Representative

New appointments made by the Board of Trustees at its October 16, 2019 regular meeting were:

NOMINEE	AREA OF REPRESENTATION	TERM ENDING DATE
Dr. Fabio Robles (Trinity County)	At-Large Representative	October 15, 2021
Robert Steinacher (Tehama County)	At-Large Representative	October 15, 2021
Hana Lynn	SC Student Representative	October 15, 2021

The appointment of Dr. Fabio Robles (representing Trinity County) replaced Lawrence Russell's At-Large Representative position. The appointment of Robert Steinacher (representing Tehama County) is a newly appointed At-Large Representative position. The appointment of Hana Lynn replaced Milagros Israel's SC Student Representative position.

In accordance with Education Code Section 15280, the following report is the fulfillment of the CBOC's annual requirement.

The CBOC met at the Shasta College main campus board room four times in 2019:

- January 22, 2019
- April 23, 2019
- July 23, 2019
- October 22, 2019

January 22, 2019 Meeting

A review of the CBOC's responsibilities was presented with the review of expenditures, the annual report, and keeping the public informed as topics of discussion. A review of the financial audit which is focused on the financial aspects of bond income and expenditures as they relate to generally accepted accounting principles, as well as the performance audit which focuses on whether the bond dollars are spent appropriately, were reviewed. It was noted that both audits had no findings; therefore, bond income, expenditures and use of funds were in compliance with all requirements.

The Annual Report for the year ended December 31, 2018 was developed and approved by the CBOC members. The current and proposed bond projects were reviewed, and the Bond Financial Overview was presented and explained. Escalating costs of construction projects potentially reaching 30-38% was discussed, as well as efforts to mitigate these additional costs through design decisions (such as reducing desired square footages, but allowing for potential future development), value engineering (removing or refining items listed in the bid requirements to achieve construction cost reductions), and pushing back on expenses for every project. The District is also pursuing potential state funding through the submission of project proposals to the Chancellor's Office. State funding typically provides a 50% match of project funding, and sometimes a greater percentage.

April 23, 2019 Meeting

A request for continuance to serve on the CBOC was made by members Joe Ayer, Rick Fauss, Milagros Israel, Paula Percy and Lawrence Russell whose terms were to expire on June 30, 2019. The election by unanimous vote of the Chair and Vice Chair of the committee for 2019-2020 (July 1, 2019 through June 30, 2020) took place, with Joe Ayer remaining as Chair and Steve Hosler as Vice Chair. This was followed by a discussion of the cost of construction based upon recent bids for which a handout was provided. There was discussion regarding construction project change orders, site preparation costs, and that all bids reflect prevailing wage. A Cost-Savings Measure handout was also provided that outlined cost saving strategies employed by the District to ensure the bond dollars are being spent prudently.

Prior to the update on bond projects, Pat Frost, Trinity County community member and part-time instructor for Shasta College, spoke to the committee regarding the need for better

communication to that area. The Trinity County residents are inquiring about what bond dollars will be spent on in that community, and suggested holding a meeting at the Trinity Campus so local residents can attend. Mr. Frost also suggested the Trinity Journal weekly newspaper as a source for disseminating information.

An update on bond projects was provided via a PowerPoint presentation, as well as the Bond Financial Overview. There was a handout provided showing the bond architect agreements to provide transparency for when additional items are added to the initial architect contract. It was mentioned that the Measure H web pages have been updated to add a separate page for each bond project.

July 23, 2019 Meeting

A PowerPoint presentation providing an update on bond projects was given which included mention of the Final Project Proposal (FPP) for a renovation to the 200 Building (Library) having been submitted to the Chancellor's Office on July 11, 2019. The resulting funds match in the FPP was a split of 27% Bond funds and 83% State funds. Approval of the FPP will not be known until November 2019. The bond financial overview was presented with mention that the total of expenses and encumbrances to date reflect that we will meet the requirement to spend 85% of the first issuance proceeds within the required three-year timeframe. District administration is exploring another bond issuance to take place this fall. The handout listing cost of construction for recently awarded bids was provided, with a subsequent discussion regarding increased materials costs of 35-40%. At this meeting, it was announced that Milagros Israel could no longer serve as the SC Student Representative as the Board of Trustees approved her permanent employee status.

At the adjournment of the meeting, a tour of the following project sites commenced:

- Veterans Center Building
- Campus Safety Renovation (Building 6500)
- Solar Project – East Parking Lot
- CTE Building
- Athletic Fieldhouse
- RPSTC Classroom Buildings
- Campus Wide Infrastructure

October 22, 2019 Meeting

The following new members were welcomed at the October 22nd meeting:

- Hana Lynn – Shasta College Student Representative
- Fabio Robles – At-Large Representative (Trinity County)
- Robert Steinacher – At Large Representative (Tehama County)

The bond financial overview was provided, and the interest collected of \$935,311 to date on the funds not yet spent was discussed. The interest earned is accumulated until we are close to the end of the bond projects, at which time it will be applied where needed. The CBOC members asked about the difference between the \$3.2 million estimated cost of the Tehama SS Building Project and the construction bid award of \$4.9 million. 30% escalation in construction costs being experienced throughout the state was the underlying cause.

Furniture, Fixtures and Equipment (FFE) was also discussed with 10% of the construction contract amount as the typical budget for FFE. When the actual bid award is made, the FFE budget for the project is adjusted accordingly.

The Series B issuance of \$40,000,000 received on October 3, 2019 was discussed. \$20,000,000 of the issuance is tax exempt, and the remaining \$20,000,000 is taxable. The taxable portion does not have the same requirement to spend 85% of the funds within three years of the issuance date, and there are other advantages with regard to leasing of space that were advantageous with the taxable structure. The interest rate for both types of funding was very close, and averaged 3.26%. The taxable funds are earmarked for the downtown Redding Office Building project.

A new member training was provided via a PowerPoint presentation that outlined the purpose of the CBOC, the definition of proper expenditures, and committee responsibilities. Following was a discussion of the downtown Redding Office Building project, and the redevelopment plans for the downtown area involving The McConnell Foundation and K2 Development Company. The District plans on purchasing three floors of the five story structure, with an option to purchase a fourth floor. A new parking structure will be built adjacent to the building with 75 spaces designated for Shasta College. Anticipated completion of this project is 2022-2023.

Events Attended by CBOC Members

- Regional Public Safety Training Center-Phase One Ribbon Cutting Ceremony held on March 14, 2019
- Veterans Support and Success Center Groundbreaking Ceremony held on April 29, 2019.
- Tehama Campus Student Services Building Groundbreaking Ceremony held on October 23, 2019.

The Citizens' Bond Oversight Committee verified, by this report, its activities as outlined above. This year-end report will be presented to the Governing Board of the Shasta-Tehama-Trinity Joint Community College District at a regularly scheduled meeting. It will be posted on the Measure H website at ShastaCollege.edu/About SC/Bond Information. Copies of the report are available to the public by accessing the posted document, or by contacting:

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Approved by the Measure H Citizens' Bond Oversight Committee for the Shasta-Tehama-Trinity Joint Community College District on January 28, 2019.

Joe Ayer, Chairperson
Measure H Citizens' Bond Oversight Committee