

North Orange County Community College District
Citizen's Oversight Committee

APPROVED MINUTES

April 14, 2004 - 7 p.m.

Anaheim Campus Board Conference Room

Committee Members Present: Tatyana Alvarez, Don Baldwin, Mary Bouas, Darrell Essex, and Chris Lowe

Absent: Ray Estrella, Rowland Hill, Sonya Servin, and George Tsuda

District Staff: Jerome Hunter, Rod Fleeman, Donna Hatchett and Sandy Cotter

Visitors: Ed Fitzgerald and Al Schafer, FLCM

Committee Chair Darrell Essex called the meeting to order at 7:15 p.m.

1. Call to Order:

Chairman Darrell Essex called the meeting to order and noted there was a quorum in attendance.

2. Introduction of New Student Member:

Chancellor Hunter introduced Tatyana Alvarez, who has been approved as a new student representative member to the Committee. Ms. Alvarez described her educational and career history, and stated that she is currently attending Cypress College to complete her degree.

3. Approval of January 14, 2004 Meeting Minutes:

MSP to approve the minutes.

4. Report to the Community:

Donna Hatchett distributed drafts of the 2004 Report to the Community, which is produced annually and distributed to schools and businesses inside of the district boundaries, as well as this committee, Measure X supporters and current vendors. After a final draft is completed, a copy of the report will also be placed on the Facilities Bond web page.

5. Project Cost Inflation Issues:

Rod Fleeman explained that a significant new issue is the rising cost of construction materials, particularly steel related. He shared some recent industry journal articles dealing with the impact of inflated steel prices on contractors. Estimates quoted a 20-60% increase. Dr. Fleeman explained that this will, in turn, impact the bond fund construction projects in several ways, including the ability to obtain needed materials and their rising costs, as well as limit the pool of contractors who are willing to bid on fixed price contracts. Al Schafer and Ed Fitzgerald from FLCM also spoke to this issue, noting the difficulties with contractors who fail to complete projects within the contract budget due to material or labor costs. Mr. Fitzgerald explained several factors he believes are contributing to the difficulty in obtaining materials at a reasonable cost, including the Iraq War, the abundance of school facilities construction projects, and a construction boom in China.

Don Baldwin, noting he is on both the Anaheim City and High School Oversight Committees stated that these two districts are experiencing the same problems related to inflated construction costs and the inability to obtain project bids. Mr. Schafer explained that they are exploring several strategies to deal with this issue, including over estimating and indexing the bids without fixed pricing, use of alternate materials when appropriate, and the redesign of some projects.

6. Update on Projects:

Mr. Fitzgerald distributed a spreadsheet comparing each campus project's current cost forecast to the original funding allocation, and explained changes to the projects or the budget allocation.

Cypress College:

The Campus Child Development Center has been eliminated from the project list, allowing the \$4.8 million to be used for other projects. The School of Continuing Education Project has a current cost forecast \$2.3 million lower than the original allocation, which will allow extra funds to be reallocated to other projects such as the LLRC and the Campus Student Center. The total \$62 million originally allocated for campus projects is now forecast at \$64.6 million, however \$2.5 of the variance will be offset with bond interest, and the remaining amount eliminated by reducing the scope of the Campus Remodel for Efficiency projects. Many Remodel for Efficiency projects on hold until critical programming decisions have been made by the campus. The Piazza Repair and LLRC projects will be supplemented by additional state funding.

Fullerton College:

The LLRC is well under construction and anticipated to be completed in January. The Child Development Center and Temporary Structures projects have been eliminated from the list, allowing \$26.5 million to be redistributed to other projects. The Classroom and Faculty Office Building and Campus Commons projects are on hold until programming decisions are made by the campus, and

the East Parking Structure design has not yet begun. The West Parking Structure is scheduled to begin construction phase next October. The Fullerton School of Continuing Education project is on hold pending completion of an EIR and further evaluation of the issues surrounding the Historical Landmark designation. The total projects cost variance is \$22.7 million, however \$2.5 million will be offset with bond interest and the remaining variance will be eliminated by reducing the scope of several identified projects.

Dr. Fleeman also noted that available redevelopment funds and additional revenue from parking fees might be used to cover the cost variances where appropriate. Mr. Baldwin asked if the District would receive any Prop 55 or 56 funding. Dr. Fleeman explained that we are not anticipating any funds from that source. However the Fullerton Classroom and Faculty Office Building will be built with state funding and bond funds would be used to enhance the basic building.

7. Other:

A concern was raised regarding the expiration of terms for members appointed in June, 2002. Dr. Hunter will contact those members whose terms expire and are not present tonight, to determine their interest, and will seek Board of Trustee approval for reappointment.

The meeting was adjourned at 8:25 p.m. Next regular meeting: **July 14, 2004.**

Respectfully submitted,
Sandy Cotter
Executive Assistant, Chancellor's Office