NAPA VALLEY COMMUNITY COLLEGE

MEASURE N

CITIZENS’ BOND OVERSIGHT COMMITTEE

ANNUAL REPORT

To the Public

and

To the Napa Valley Community College District Board of Trustees

For the Period

April 2007 through March 2008

Measure N Citizens’ Bond Oversight Committee

Gregory Rodeno, Chair
Heather Stanton, Vice Chair

Audrey Amundsen                      Jarrod Denton
Gregory Evans                        Brian Kearney
Skip Keyser                          Dr. Denys Michaud
Richard Walton                       Rick Whatley

2277 Napa-Vallejo Highway, Napa CA 94558
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STATEMENT OF COMPLIANCE

This Annual Report is submitted to the Public and to the College District Board of Trustees by the Napa Valley Community College District Measure N Citizens' Bond Oversight Committee in partial fulfillment of the Committee's responsibilities as set forth in Article XIII A, Section 1 of the State of California Constitution and Sections 15278 through 15282 of the State of California Education Code.

[Signature]
Gregory Rodeno, Chair

Date

HOW TO CONTACT THE BOND OVERSIGHT COMMITTEE
or
ATTEND MEETINGS OF THE BOND OVERSIGHT COMMITTEE

The Napa Valley Community College District Measure N Citizens' Bond Oversight Committee can be contacted by any interested citizen through it's Chair, Gregory Rodeno, Measure N Oversight Committee, care of Napa Valley College, 2277 Napa-Vallejo Highway, Napa CA 94558.

The Napa Valley Community College District Measure N Citizens' Bond Oversight Committee meets in Room 1340 of the McPherson Administration Building on the Napa Valley College campus, 2277 Napa-Vallejo Highway, Napa California. Meetings are held in the evening approximately every third month (March, June, September and December) and - in accordance with the Ralph M. Brown Act ("Brown Act") - are publicly noticed in advance and open to the public.

WHERE TO GET MORE INFORMATION ON MEASURE N OR THE OVERSIGHT COMMITTEE

Additional information on the Measure N projects or the Measure N Citizens' Bond Oversight Committee can be obtained online at the following URL: www.napavalley.edu. Right-click on the internal jumps (either “Measure N – Bond Dollars at Work” or “Measure N – Oversight Committee”) for further information.
REPORT OF THE MEASURE N CITIZENS' BOND OVERSIGHT COMMITTEE

Note: all amounts contained in this report, unless otherwise noted, are as of the end of the April 2007 through March 2008 reporting period, i.e., as of March 31, 2008.

Background: On November 5, 2002, voters in the Napa Valley Community College District approved Proposition N, entitled the “Napa Valley Community College District Bond Measure.” Proposition N (hereinafter “Measure N”) provided for the issuance of $133,800,000 in general obligation bonds to:

"...prepare students for four-year colleges and jobs including nursing, law enforcement and business, retrain workers, and qualify for state matching funds [by allowing the College to] repair, acquire, equip, [and] construct classrooms, buildings, libraries, and labs; restore deteriorating roofs and grounds; improve disabled access; upgrade outdated technology, lighting, wiring, fire safety systems, plumbing and ventilation by issuing $133.8 million in bonds at legal rates, with annual financial audits, Citizens' Oversight Committee, and no money for administrator salaries."

The full text of Measure N is attached hereto as Appendix A.

A discussion of bond revenues and an overview of current and anticipated Measure N finances are contained in Appendices B-1 and B-2.

Measure N was enacted under the legislation allowing passage by 55% of the voters (instead of a 2/3’s majority). This legislation mandated establishment of a Citizen’s Oversight Committee within 60 days of the District’s entering the election results into its minutes. The Napa Valley Community College District Measure N Citizens’ Bond Oversight Committee was established on January 24, 2003.

Responsibilities of the Oversight Committee: In accordance with State of California Constitution, Article XIII A, Section 1 and the State of California Education Code, Sections 15278 through 15282 (attached hereto as Appendix C and Appendix D, respectively) the Citizens’ Bond Oversight Committee shall provide oversight for, but its activities are not limited to, the following:

• Informing the public concerning the expenditure of bond revenues;

• Actively reviewing and reporting on the proper expenditure of taxpayer’s money for school construction;

• Ensuring that no bond funds are used for any teacher or administrative salaries or other school operating expenses; and

• Advising the public as to whether the District is in compliance with the
requirements of the State Constitution Article XIII A, Section 1(b)(3), which provides that:

1. The proceeds from the sale of the bonds be used only for construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of such facilities or the acquisition or lease of real property for such facilities;

2. There be a listing of the specific school facilities projects to be funded, together with certification that the community college board has evaluated safety, class size reduction, and information technology needs in developing such a list.

3. The community college board conduct an annual, independent, performance audit of the proceeds from the sale of the bonds; and

4. The community college board conduct an annual, independent financial audit of the proceeds from the sale of the bonds.

Further detail on activities the Committee may engage in and the requirement for the District to fund such activities without expending bond funds are contained in Appendix D. Appendix E contains minutes of the Measure N Citizens' Bond Oversight Committee meetings held during the period covered by this report (April 2007 through March 2008).

**General Comments of the Committee:** The Napa Valley Community College District Citizens' Bond Oversight Committee makes the following general comments concerning Measure N bond activities for the period April 2007 through March 2008:

1. **Purpose:** It is the purpose of this report to satisfy the requirement to inform the public about the expenditure of bond revenues.

2. **Approach:** The Committee actively reviewed the expenditure of bond revenues by the use of reports prepared by or at the direction of Napa Valley College staff and by in-situ inspection of the college physical plant, and finds that the taxpayer's money was spent on school construction.

3. **Use of Funds:** Based on reports submitted to the committee, no bond funds were used for any teacher or administrative salaries or other school operating expenses.

4. **Funded Projects List:** There exists a listing of the specific school facilities projects funded (or to be funded) from bond revenues and such listing is available to the public.

5. **Safety, Class Size Reduction & IT Needs:** In developing the listing of specific school facilities projects funded from bond revenues, the Napa Valley Community College District Board of Trustees has certified that such projects have been evaluated for safety, class size reduction, and information technology needs.
6. **Performance Audit:** As concerns an independent performance audit, the purpose of such an audit is to ensure that bond funds have been expended only on the specific projects publicized by the Napa Valley Community College District. An independent performance audit for the period July 1, 2006 through June 30, 2007 has not, as of the date of this report, been completed, although Napa Valley College staff reported to the Oversight Committee that such an audit is in progress by the accounting firm of Matson and Isom. The most recent independent performance audit of the proceeds from the sale of Measure N bonds [technically an audit of Proposition 39 and Measure N bonds] was completed on February 20, 2007 and covered the period July 1, 2005 through June 30, 2006. Performance audits are available for public review by contacting the Office of the President, Napa Valley Community College District, 2277 Napa-Vallejo Highway, Napa CA 94558. [Note: Staff and the Committee subsequently received the FY 2006-2007 performance audit from the auditors with an issue date of February 8, 2008.]

7. **Financial Audit:** As concerns an independent financial audit, the purpose of such an audit is to give an opinion on whether the Measure N bond financial statements issued by the Napa Valley Community College District are reasonably free of material misstatement, and to make an assessment of the accounting principles used and significant estimates made by the District. An independent financial audit for the period July 1, 2006 through June 30, 2007 has not, as of the date of this report, been completed, although Napa Valley College staff reported to the Oversight Committee that such an audit is in progress by the accounting firm of Matson and Isom. The most recent independent financial audit of the proceeds from the sale of bonds was completed on February 20, 2007 and covered the period July 1, 2005 through June 30, 2006. Financial audits are available for public review by contacting the Office of the President, Napa Valley Community College District, 2277 Napa-Vallejo Highway, Napa CA 94558.

**Specific Comments of the Committee:** In addition to the general comments made above, the Napa Valley Community College District Citizens’ Bond Oversight Committee makes the following specific comments concerning Measure N bond activities from April 2007 through March 2008:

1. Funding and revenues for Measure N projects is currently estimated at $177,984,686 and is summarized in Appendix B-1.

2. Expenditures and major project category amounts for Measure N projects are summarized in Appendix B-2.

3. The original $133,800,000 Measure N Bond scope of work is now estimated to cost $285,644,391 (a 113% growth in cost). Of this $285,644,391, $74,935,797 has been eliminated by dropping projects from the Measure N scope of work and $23,325,133 has been eliminated by reducing the scope of surviving projects.
4. Reducing the $285,644,391 current “cost” of the original Measure N projects (as outlined in 3 above) by the $74,935,797 worth of dropped projects and the $23,325,133 for scope reduction of surviving projects, results in a $187,383,461 cost for the current reduced-scope Measure N projects. Inasmuch as the current estimated Measure N revenues, including matching funds from the State, are $177,984,686, this leaves a current Measure N reduced project shortfall of $187,383,461 - $177,984,686 = $9,398,775. This shortfall is in addition to the $74,935,797 in unfunded (eliminated) projects and $23,235,133 in underfunded (reduced scope) projects discussed below.

5. The original scope of Measure N projects (including any projects added after the passage of Measure N) has therefore been (or, in the case of the Current Funding Shortfall, may be) reduced by $107,659,705 as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dropped (&quot;unfunded&quot;) projects</td>
<td>$74,935,797</td>
</tr>
<tr>
<td>Reduced scope (&quot;underfunded&quot;) projects</td>
<td>$23,325,133</td>
</tr>
<tr>
<td>Current funding shortfall</td>
<td>$9,398,755</td>
</tr>
<tr>
<td>Total Measure N reduction/shortfall</td>
<td>$107,659,705</td>
</tr>
</tbody>
</table>

* Excess of estimated costs of remaining projects less anticipated revenues

6. As of March 24, 2008, the total amounts committed (spent and/or encumbered, including State matching funds actually received) are as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>$78,185,547</td>
</tr>
<tr>
<td>Modernization</td>
<td>$7,658,006</td>
</tr>
<tr>
<td>Infrastructure Development</td>
<td>$11,767,782</td>
</tr>
<tr>
<td>Other</td>
<td>$7,349,715</td>
</tr>
<tr>
<td>Total</td>
<td>$104,961,050</td>
</tr>
</tbody>
</table>

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Appendix A – Full Text of Measure N Ballot Proposition

EXHIBIT A

"To prepare students for four-year colleges and jobs including nursing, law enforcement and business, retrain workers, and qualify for state matching funds, shall Napa Valley Community College District repair, acquire, equip, construct classrooms, buildings, libraries, and labs; restore deteriorating roofs and grounds; improve disabled access; upgrade outdated technology, lighting, wiring, fire safety systems, plumbing and ventilation by issuing $133.8 million in bonds at legal rates, with annual financial audits, Citizens' Oversight Committee, and no money for administrator salaries?"

Bonds –Yes
Bonds –No

EXHIBIT B

FULL TEXT BALLOT PROPOSITION OF THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT BOND MEASURE ELECTION NOVEMBER 5, 2002

The following is the full proposition of the Napa Valley College Repair and Safety Measure presented to the voters by the Napa Valley Community College District.

"To prepare students for four-year colleges and jobs including nursing, law enforcement and business, retrain workers, and qualify for state matching funds, shall Napa Valley Community College District repair, acquire, equip and construct classrooms, buildings, libraries, and labs; restore deteriorating roofs and grounds; improve disabled access; upgrade outdated technology, lighting, wiring, fire safety systems, plumbing and ventilation by issuing $133.8 million in bonds at legal rates, with annual financial audits, Citizens' Oversight Committee, and no money for administrator salaries?"

INTRODUCTION

The last time a Napa Valley College bond measure was approved by the voters was 1962. Those bonds built the current campus, making most of the buildings approximately 40 years old. The college needs to make critical repairs and renovations and improvements to continue to meet the modern higher education needs of the community and to serve future generations of students. Bond funds will also strengthen the college's ability to secure state matching funds.

The Board of Trustees of the Napa Valley Community College District has evaluated safety, class size reduction, and information technology needs in developing the scope of school facility projects to be funded as outlined in the District's Bond Implementation Plan, on file in the office of the President of Napa Valley College, and as shall be amended from time to time, including the following projects:
BOND PROJECTS LIST

(A) RENOVATION AND REPAIR OF DETERIORATING, OUTDATED FACILITIES.

Specific Repair Projects: Repair, remodel, and upgrade buildings to restore and extend the useful life of the instructional and support buildings and grounds. Projects include: the restoration of exterior walls and roofs, doors and windows; replacing outdated HVAC equipment with new energy efficient equipment compatible with the campus wide central heating/cooling plants systems; increasing capacity for power, data, and communications; replacing old lighting with new energy efficient fixtures; repairing and replacing damaged and outdated interior finishes including ceilings, floors and walls; improving disabled accessibility throughout the campus; moving interior non-bearing walls to create appropriate sized classrooms; correcting any deficiencies in the building structures; correcting health and safety problems; replacing worn out furniture, fixtures and equipment; removing asbestos; upgrading fire alarm and life safety equipment, and providing instructional and non-instructional equipment to equip and maintain renovated college facilities.

1. Renovate Building 500 for workforce training.
2. Renovate Building 600 for general classrooms.
3. Modernize Building 700 for science classrooms and laboratories to meet changing instructional needs and new laboratory safety standards.
4. Renovate Building 800 for computer labs and general classrooms.
5. Remodel Building 900 into a lecture hall and general classrooms.
6. Renovate Building 1000 A & B for nursing and other health occupations programs and police training facilities.
7. Renovate Building 1100 for physical education and repair athletic facilities.
8. Renovate Building 200 for student service to include admissions, student records, counseling, career advising, transfer assistance and other student services.
9. Relocate business and instructional support to Building 300 to make room for student services expansion.
10. Renovate and expand Building 400 for fine arts instructional programs.
11. Remove outdated temporary facilities.
12. Upgrade and recondition all facilities and restrooms for disabled access.
13. Increase kitchen capacity and storage for culinary and other programs at the Upper Valley Campus.
14. Expand classroom space into the American Canyon area for general education.

(B) INFRASTRUCTURE UPGRADES.

1. Install new heating and cooling pipe lines.
2. Expand the utility tunnels to accommodate new heating, cooling, data, communications, and energy management systems.
3. Install energy efficient equipment including site lighting, direct digital controls for all HVAC, solar collectors for hot water heating, and photovoltaic and co-
4. Replace damaged walkways, stairs, and other safety hazards.
5. Replace the deteriorating and outdated central plant with energy efficient systems.
6. Repair and/or replace irrigation systems, restore damaged landscaping, and prune and cable mature native oaks for safety and preservation.
7. Upgrade and extend computer access to each building.
8. Upgrade college computer systems.
9. Reclaim storm drainage ponds and restore drainage channels/culverts.
10. Repair roads and parking areas, and increase parking capacity.

(C) REPLACEMENT FACILITIES.

1. Expand police and law enforcement training facilities.
2. Replace the outdated and undersized library with an expanded library and learning resource center.
3. Replace outdated and inadequate laboratories and classrooms by constructing a new technology center.
4. Replace the undersized performing arts classrooms with a new facility to support instructional programs in drama, music and dance.
5. Refurbish and expand building 100 for student services including financial aid/EOPS, student activities, and student government.

Listed repairs, rehabilitation projects and upgrades will be completed as needed at each particular site. Each project is assumed to include its share of equipment, architectural, engineering, and similar planning costs, construction management, and a customary contingency for unforeseen design and construction costs. The allocation of bond proceeds will be affected by the District's receipt of State matching funds and the final costs of each project. The budget for each project is an estimate and may be affected by factors beyond the District's control. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed.

ACCOUNTABILITY

Audits. The expenditure of bond money on these projects is subject to stringent financial accountability requirements. Performance and financial audits will be performed annually.

Citizens' Oversight Committee. All bond expenditures will be monitored by an independent Citizens' Oversight Committee to ensure that funds are spent as promised and specified.

No Administrator Salaries. Proceeds from the sale of the bonds authorized by this proposition shall be used only for the construction, reconstruction, rehabilitation or replacement of college facilities, including the furnishing and equipping of college facilities, and not for any other purpose, including teacher and administrator salaries and other operating expenses. By law, all funds can only be spent on the repair and improvement projects specified.
Appendix B-1 – Measure N Bond Revenues and Finances

Measure N bonds in the voter-approved amount of $133,800,000 have been issued in three series as follows:

<table>
<thead>
<tr>
<th>Series</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series A</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>Series B</td>
<td>$65,000,000</td>
</tr>
<tr>
<td>Series C</td>
<td>$43,800,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$133,800,000</strong></td>
</tr>
</tbody>
</table>

Based on the most recent report by Napa Valley College staff to the Measure N Citizens' Bond Oversight Committee, dated March 24, 2008, the total funding available for Measure N projects is $177,984,686 as follows:

**Bond Revenues:**
- **Approved Project List**: $113,414,000
- **Contingency**: $20,386,000
- **Subtotal-Bond Revenues**: $133,800,000
- **Interest Income (est.)**: $15,133,250

**Other Funds:**
- **Anticipated State Matching Funds**: $19,868,507
- **Funds From NVC Scheduled Maint.**: $341,000
- **Miscellaneous**: $0
- **Subtotal-Other Funds**: $20,209,507
- **Refinancing Series A & B Bonds**: $8,841,929
- **Total**: $177,984,686

**Note 1:** Interest earned on bond revenues prior to expenditure. Interest revenue is shown at 4.5% and is subject to adjustment as rates fluctuate.

**Note 2:** These funds are subject to availability and competition from other districts and are not guaranteed.

**Note 3:** In March through June of 2005, $25,000,000 in Series A general obligation bonds were advance-refunded and replaced by $21,473,116 of general obligation bonds. In November 2006 the $65,000,000 in Series B bonds was similarly "refinanced," resulting in a savings (for both series of bonds) of approximately $17.6M, of which approximately half was used to reduce bond obligation and half was made available for Measure N projects.

Appendix B-2 – Measure N Bond Expenditures and Projects

Note to the Reader: At best, the following discussion is difficult to follow for the uninitiated. Attached at the end of Appendix B-2, as an aid to understanding this appendix, is a spreadsheet labeled “Supplement to Appendix B-2, Measure N Bond Project Cost Estimate History (3/24/08)” showing the 2002, 2004 and Revised 2004 estimates of Measure N project costs, including a summary (“Current Total Reductions in Original Measure N Scope”) showing the total scope reduction (in dollars) of the original Measure N Bond Project.

Measure N projects are divided into four broad categories: New Construction, Modernization, Infrastructure Development, and Other. The current estimated total Capital Improvement Fund (the funds currently available - or anticipated to be available - for Measure N projects) is $177,984,686, as detailed in Appendix B-1.

Originally, the Measure N project list approved in 2002 provided for $133,800,000 ($113,414,000 in Project Costs plus an additional $20,386,000 for Cost Escalation, Project Management and Contingency funding) divided among the four project categories as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>$62,666,000</td>
</tr>
<tr>
<td>Modernization</td>
<td>$43,397,000</td>
</tr>
<tr>
<td>Infrastructure Development</td>
<td>$7,351,000</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
</tr>
<tr>
<td>Escalation, Project Management &amp; Contingency</td>
<td>$20,386,000</td>
</tr>
<tr>
<td><strong>Subtotal Measure N</strong></td>
<td><strong>$133,800,000</strong></td>
</tr>
</tbody>
</table>

At that time (2002), cost escalation was estimated at 3% per year for the duration of the Measure N construction period. Estimated Interest Income (on bond revenues received but not yet spent) amounted to an additional $5,000,000 which, together with anticipated State Matching Funds of $16,397,507, brought the total estimated Capital Improvement Fund for accomplishing Measure N projects to $155,197,507.

Currently, after accounting for reduced scope ("underfunded") and eliminated ("unfunded") Measure N projects, the cost of the remaining Measure N projects is $187,383,461, comprised of $167,173,954 for Measure N Project Costs + $20,209,507 for Additional State-Funded Project Costs. This $187,383,461 consists of actual expenditures (for completed and in-progress projects) plus encumbered funds (funds already obligated) plus estimated costs to complete in-progress projects or costs for projects yet to be bid (now escalated at 10% per year through 2014) as shown below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>$118,909,756</td>
</tr>
<tr>
<td>Modernization</td>
<td>$36,976,045</td>
</tr>
<tr>
<td>Infrastructure Development</td>
<td>$20,602,793</td>
</tr>
<tr>
<td>Other</td>
<td>$3,564,867</td>
</tr>
<tr>
<td>Escalation, Project Management &amp; Contingency</td>
<td>$7,330,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$187,383,461</strong></td>
</tr>
</tbody>
</table>
Note that – as mentioned above - this $187,383,461 figure does not include $23,325,133 of underfunded scope for the above projects (i.e., funding shortfall for projects still included in the downsized scope of Measure N projects) nor does it include the $74,935,797 in projects that have been eliminated (dropped) from the original scope of Measure N projects.

Put differently, the cost of the original scope of the Measure N Bond Projects, including underfunded (reduced scope) and unfunded (eliminated) projects as well as anticipated additional State funding, is $167,173,954 + $23,325,133 + $74,935,797 + $20,209,507 = $285,644,391 as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>$144,069,013</td>
</tr>
<tr>
<td>Modernization</td>
<td>$85,439,108</td>
</tr>
<tr>
<td>Infrastructure Development</td>
<td>$33,256,263</td>
</tr>
<tr>
<td>Other</td>
<td>$5,950,773</td>
</tr>
<tr>
<td>Escalation, Project Management &amp; Contingency</td>
<td>$16,929,234</td>
</tr>
<tr>
<td>Total</td>
<td>$285,644,391</td>
</tr>
</tbody>
</table>

Based on the current cost of this reduced scope of Measure N projects ($187,383,461, including additional State funding) this represents, not including the Other and Escalation, Project Management & Contingency categories, a reduction of:

17.5% in New Construction projects;
56.7% in Modernization projects;
38.1% in Infrastructure Development projects.

In other words, the current $187,383,461 Measure N project scope represents a $107,659,705 reduction/shortfall in the original Measure N scope as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dropped (&quot;unfunded&quot;) projects</td>
<td>$74,935,797</td>
</tr>
<tr>
<td>Reduced scope (&quot;underfunded&quot;) projects</td>
<td>$23,325,133</td>
</tr>
<tr>
<td>Current funding shortfall</td>
<td>$9,398,775</td>
</tr>
<tr>
<td>Total Measure N project reduction/shortfall</td>
<td>$107,659,705</td>
</tr>
</tbody>
</table>

* Excess of $187,383,461 in reduced-scope Measure N project estimated costs over $177,984,686 in anticipated revenues

While, insofar as the Committee is aware, no decisions have been made concerning how – in the absence of additional funding or construction cost savings – the Current Funding Shortfall of $9,398,775 will be bridged, preliminary indications from staff are that projects scheduled to be started later in the Measure N construction cycle will be reduced in scope (moved to the "underfunded" projects category) or cancelled (moved to the "unfunded" projects category).
## Supplement to Appendix B-2
### Measure N Bond Project Cost Estimate History (3/24/08)

<table>
<thead>
<tr>
<th>Measure N Project Costs:</th>
<th>2002 Estimate</th>
<th>2004 Estimate</th>
<th>Revised 2004 Est *</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>$ 62,666,000</td>
<td>$ 77,286,693</td>
<td>$ 102,512,249</td>
</tr>
<tr>
<td>Modernization</td>
<td>$ 43,397,000</td>
<td>$ 54,915,407</td>
<td>$ 33,164,045</td>
</tr>
<tr>
<td>Infrastructure Development</td>
<td>$ 7,351,000</td>
<td>$ 15,304,054</td>
<td>$ 20,602,793</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
<td>$</td>
<td>$ 3,564,867</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$ 113,414,000</td>
<td>$ 147,506,154</td>
<td>$ 159,843,954</td>
</tr>
<tr>
<td>Escalation, Project Management &amp; Contingency</td>
<td>$ 20,386,000</td>
<td>$</td>
<td>$ 7,330,000</td>
</tr>
<tr>
<td><strong>Subtotal - Measure N</strong></td>
<td>$ 133,800,000</td>
<td>$ 147,506,154</td>
<td>$ 167,173,954</td>
</tr>
</tbody>
</table>

### Additional State-Funded Project Costs:

| New Construction                              | $             | $             | $ 16,397,507       |
| Modernization                                 | $             | $             | $ 3,812,000        |
| Infrastructure Development                    | $             | $             | $             |
| Other                                         | $             | $             | $             |
| **Subtotal - Additional State Funding**       | $             | $             | $ 20,209,507      |

### Underfunded (Reduced Scope) Projects:

| New Construction                              | $             | $             | $             |
| Modernization                                 | $             | $             | $ 23,325,133    |
| Infrastructure Development                    | $             | $             | $             |
| Other                                         | $             | $             | $             |
| Escalation, Project Management & Contingency  | $             | $             | $             |
| **Subtotal - Underfunding of Projects**       | $             | $             | $ 23,325,133    |

### Unfunded (Dropped) Projects:

| New Construction                              | $             | $             | $ 25,159,257      |
| Modernization                                 | $             | $             | $ 25,137,930      |
| Infrastructure Development                    | $             | $             | $ 12,653,470      |
| Other                                         | $             | $             | $ 2,385,906       |
| Escalation, Project Management & Contingency  | $             | $             | $ 9,599,234       |
| **Subtotal - Dropped Projects**               | $             | $             | $ 74,935,797      |

### Grand Total Measure N Projects

| $ 133,800,000 | $ 147,506,154 | $ 285,644,391 |

* With 10%/year escalation through project completion in 2014 and no additional state funding.

## Current Total Reductions in Original Measure N Scope:

| 2004 Revised Measure N Project Costs | $ 167,173,954 |
| 2004 Additional State-Funded Project Costs | $ 20,209,507 |

**Subtotal** $ 187,383,461

Less Current Measure N Anticipated Revenue (see Appendix B-1) $ 177,984,686

Current Shortfall Based on Reduced Measure N Scope $ 9,398,775

Underfunded (Reduced Scope) Projects (not included in above) $ 23,325,133

Unfunded (Dropped) Projects (not included in above) $ 74,935,797

Total Reduction in Original Measure N Scope if Current Shortfall is not Madeup $ 107,659,705

Total Reduction in Original Measure N Scope if Current Shortfall is Madeup $ 98,260,930

Page 14 of 28 pages
Appendix C – State of California Constitution, Article XIII A, Section 1

Section 1. (a) The maximum amount of any ad valorem tax on real property shall not exceed One percent (1%) of the full cash value of such property. The one percent (1%) tax is to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any of the following:

1. Indebtedness approved by the voters prior to July 1, 1978.
2. Bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.
3. Bonded indebtedness incurred by a school district, community college district, or county office of education for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters of the district or county, as appropriate, voting on the proposition on or after the effective date of the measure adding this paragraph. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements:
   A. A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b) (3), and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
   B. A list of the specific school facilities projects to be funded and certification that the school district board, community college board, or county office of education has evaluated safety, class size reduction, and information technology needs in developing that list.
   C. A requirement that the school district board, community college board, or county office of education conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed.
   D. A requirement that the school district board, community college board, or county office of education conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.

(c) Notwithstanding any other provisions of law or of this Constitution, school districts, community college districts, and county offices of education may levy a 55 percent vote ad valorem tax pursuant to subdivision (b).
Appendix D – State of California Education Code, Sections 15278 through 15282

15278. (a) If a bond measure authorized pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIIIA of the California Constitution and subdivision (b) of Section 18 of Article XVI of the California Constitution is approved, the governing board of the school district or community college shall establish and appoint members to an independent citizens' oversight committee, pursuant to Section 15282, within 60 days of the date that the governing board enters the election results on its minutes pursuant to Section 15274.

(b) The purpose of the citizens' oversight committee shall be to inform the public concerning the expenditure of bond revenues. The citizens' oversight committee shall actively review and report on the proper expenditure of taxpayers' money for school construction. The citizens' oversight committee shall advise the public as to whether a school district or community college district is in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIIIA of the California Constitution. The citizens' oversight committee shall convene to provide oversight for, but not be limited to, both of the following:

(1) Ensuring that bond revenues are expended only for the purposes described in paragraph (3) of subdivision (b) of Section 1 of Article XIIIA of the California Constitution.

(2) Ensuring that, as prohibited by subparagraph (A) of paragraph (3) of subdivision (b) of Section 1 of Article XIIIA of the California Constitution, no funds are used for any teacher or administrative salaries or other school operating expenses.

(c) In furtherance of its purpose, the citizens' oversight committee may engage in any of the following activities:

(1) Receiving and reviewing copies of the annual, independent performance audit required by subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIIIA of the California Constitution.

(2) Receiving and reviewing copies of the annual, independent financial audit required by subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIIIA of the California Constitution.

(3) Inspecting school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIIIA of the California Constitution.

(4) Receiving and reviewing copies of any deferred maintenance proposals or plans developed by a school district or community college district, including any reports required by Section 17584.1 [of the Education Code].

(5) Reviewing efforts by the school district or community college district to maximize bond revenues by implementing cost-saving measures, including, but not limited to, all of the following:

(A) Mechanisms designed to reduce the costs of professional fees.

(B) Mechanisms designed to reduce the costs of site preparation.

(C) Recommendations regarding the joint use of core facilities.
(D) Mechanisms designed to reduce costs by incorporating efficiencies in schoolsite design.

(E) Recommendations regarding the use of cost-effective and efficient reusable facility plans.

15280. (a) The governing board of the district shall, without expending bond funds, provide the citizens' oversight committee with any necessary technical assistance and shall provide administrative assistance in furtherance of its purpose and sufficient resources to publicize the conclusions of the citizens' oversight committee.

(b) All committee proceedings shall be open to the public and notice to the public shall be provided in the same manner as the proceedings of the governing board. The citizens' oversight committee shall issue regular reports on the results of its activities. A report shall be issued at least once a year. Minutes of the proceedings of the citizens' oversight committee and all documents received and reports issued shall be a matter of public record and be made available on an Internet website maintained by the governing board.

15282. (a) The citizens' oversight committee shall consist of at least seven members to serve for a term of two years without compensation and for no more than two consecutive terms. While consisting of a minimum of at least seven members, the citizens' oversight committee shall be comprised, as follows:

(1) One member shall be active in a business organization representing the business community located within the district.

(2) One member shall be active in a senior citizens' organization.

(3) One member shall be active in a bona fide taxpayers' organization.

(4) For a school district, one member shall be the parent or guardian of a child enrolled in the district. For a community college district, one member shall be a student who is both currently enrolled in the district and active in a community college group, such as student government. The community college student member may, at the discretion of the board, serve up to six months after his or her graduation.

(5) For a school district, one member shall be both a parent or guardian of a child enrolled in the district and active in a parent-teacher organization, such as the Parent Teacher Association or schoolsite council. For a community college district, one member shall be active in the support and organization of a community college or the community colleges of the district, such as a member of an advisory council or foundation.

(b) No employee or official of the district shall be appointed to the citizens' oversight committee. No vendor, contractor, or consultant of the district shall be appointed to the citizens' oversight committee. Members of the citizens' oversight committee shall, pursuant to Sections 35233 and 72533, abide by the prohibitions contained in Article 4 (commencing with Section 1090) and Article 4.7 (commencing with Section 1125) of Division 4 of Title 1 of the Government Code.
Appendix E – Minutes of Committee Meetings for:
June 4, 2007
September 10, 2007
December 3, 2007
March 31, 2008.

MINUTES OF THE MEETING OF THE INDEPENDENT CITIZENS’ BOND OVERSIGHT COMMITTEE

June 4, 2007 6:30 p.m.
Room 1340, McPherson Administration Building
Napa Valley College, Napa, California

Members Present: Greg Rodeno, Jarrod Denton, Greg Evans, Audrey Amundsen, Heather Stanton, Skip Keyser, Brian Kearney, Dr. Denys Michaud

Members Absent: Joe Tagliaboschi, Richard Walton, Rick Whatley

Staff Present: Dr. Chris McCarthy, Scott Miller, Dan TerAvest, Carollee Cattolica, Susan Callahan

Guests: David Casnocha, bond attorney; Nic Heuer, intern

1.0 Campus Tour of Bond Facilities Project Dan TerAvest, Director, Campus Planning and Construction, gave the committee a tour of campus facilities projects funded by Measure N.

2.0 Welcome and Introductions Six members of the Independent Citizens’ Oversight Committee completed their maximum service on the committee at the March 5, 2007 meeting. The college advertised for new members; three were approved at the May 10, 2007 regular meeting of the Board of Trustees, and additional new members were approved at the May 31, 2007 Special Meeting. The following new members were introduced and welcomed to the Independent Citizens’ Oversight Committee: Brian Kearney, Audrey Amundsen, Greg Evans, Skip Keyser. Richard Walton and Rick Whatley, two new members unable to attend the meeting, will be introduced at the September meeting.

3.0 Purposes, Duties, and Authorized Activities of the Citizens’ Bond Oversight Committee; Review of Ethics Policy Statement Mr. David Casnocha, municipal bond attorney from the firm of Stradling, Yocca, Carlson and Rauth, was present at the meeting. He explained that he represents public agencies as they buy and sell bonds and provides legal options when agencies make investment decisions.

Mr. Casnocha reviewed that passing bond initiatives was once more difficult, as a two-thirds vote was required for passage. In 2005, the law was changed such that bond initiatives now pass with a 55% majority, with the following limitations: a) projects must be specified in the ballot language; b) appropriate financial audits must be performed; and c) a Citizens’ Oversight Committee must oversee bond expenditures to ensure
funds are spent only on projects outlined in the ballot language. Mr. Casnocha explained that Ed. Code does not give remedy to the Oversight Committee. If a problem were identified by the committee, it would bring the information to the Napa Valley College Board of Trustees.

Mr. Casnocha reviewed Exhibit A on the Measure N ballot, the short statement that outline how bond funds would be used. He explained that whatever appears in that ballot language must also appear in Exhibit B, the full text of the ballot proposition that outlines the bond projects in more detail. He explained that bond funds can be used on furniture and equipment, and if an employee’s services are strictly bond-related duties, that position can also be funded through bond monies. It is the committee’s responsibility to exercise due diligence to maximize bond proceeds. It is not, however, the responsibility of the committee to prioritize bond projects, as that responsibility belongs to the Board of Trustees.

Dr. Denys Michaud asked Mr. Casnocha if committee members could be held liable. Mr. Casnocha suggested that Dan TerAvest, in his capacity as college risk manager, ensure that insurance coverage is extended to oversight committee members in the same way that trustees are covered.

It was agreed that minutes from the last year’s meetings would be mailed to committee members. The Measure N Audit for last year would also be mailed to the committee, along with the updated list of Measure N Citizens’ Oversight Committee members.

The committee agreed that it was important that the community be kept informed of the work of the committee through articles, editorials, and inserts in the local newspapers. There must also be a yearly presentation to the Board of Trustees.

4.0 Review of the Ralph M. Brown Public Meetings Act The Citizens’ Bond Oversight Committee states: “The Committee shall be deemed to be subject to the Ralph M. Brown Public Meetings Act of the State of California and shall conduct its meetings in accordance with the provisions thereof,” the assumption being that transparent government is better government.

Mr. Casnocha explained that all meetings must be properly noticed and all actions must be taken in public. If unable to attend a meeting, a committee member could participate via a conference call, if appropriately noticed. The business of the committee should not be discussed outside the quarterly meetings. It was noted that agendas should include an item dedicated to public comments.

5.0 Availability to Serve as Committee Chair The Board, upon the recommendation of the Superintendent/President shall appoint the Chair of the Committee. The vice-chair shall act as chair only when the chair is absent. Committee members interested in serving as committee chair or vice-chair will volunteer at this time.

M/S/C (Michaud/Evans) to approve Greg Rodeno to serve as chair of the committee and Heather Stanton to serve as vice-chair of the committee.

6.0 Approval of Minutes of March 5, 2007 M/S/C (Stanton/Rodeno) to approve the minutes as presented.
7.0 Bond Implementation Plan Update Dan TerAvest provided the committee a PowerPoint update and summary of the status of bond projects currently underway. He reviewed how projects are ordered, based on the critical path method of planning and scheduling. He stressed that the sequence is not determined by need, but by logical sequences and inter-relationships.

He said the new library would have 500 seats, as opposed to the current 150 seats. He explained that all projects must go through the State architect, a process that takes between six and eight months. He reviewed the progress on the Life Sciences Building and the North Site Development Project. He said Napa Valley College would have use of three classrooms in the new American Canyon High School; plans for early college high school are already underway.

8.0 Master Budget Dan TerAvest reviewed the Master Budget. The document divides facilities projects into four categories: new construction, modernization, infrastructure, and "other;" the report is designed to track the scope of ongoing projects. He reported that most infrastructure projects were now complete. He said the District engaged in "value engineering" practices in order to most efficiently use bond funds. Due to the budget shortfall, not all projects currently planned can be completed with the funding from Measure N bonds. The Board of Trustees has re-prioritized projects.

9.0 Review of Expenditure Report for the Period Ending March 31, 2007 Scott Miller reviewed this report covering the quarter ending March 31, 2007. This financial document is prepared in accordance with the State Accounting Manual. He said the board is now evaluating the possibility of going out for another bond to address uncompleted projects and emerging needs. February and November 2008 elections are under consideration. He explained that a tax extension would generate only $80 million, so the larger bond is currently under consideration. He reported that Series A has been fully expended.

10.0 Adjournment The meeting adjourned at 9:00 p.m.


MINUTES OF THE MEETING OF THE INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE

September 09, 2007 7:00 p.m.
Room 1340, McPherson Administration Building
Napa Valley College, Napa, California

Members Present: Chair, Greg Rodeno, Greg Evans, Brian Kearney, Audrey Amundsen

Members Absent: Dr. Denys Michaud, Rich Whatley, Richard Walton, Skip Keyser, Heather Stanton, Jarrod Denton

Staff Present: Dr. Chris McCarthy, Dan TerAvest, Carollee Cartolica, Scott Miller,
Susan Callahan

1.0 Call to Order  Chair Greg Rodeno called the meeting to order at 7:00 p.m. Though there was not a quorum, Greg Rodeno noted that a quorum is required only for action items. As there were no action items on the agenda, the committee agreed to proceed with the meeting.

2.0 Welcome and Introductions  No new members of the Measure N Citizens' Oversight Committee were in attendance.

3.0 Public Comments  There were no public comments.

4.0 Approval of Minutes of June 4, 2007  Chair Greg Rodeno postponed approval of the minutes of June 4, 2007, to the December meeting due to lack of a quorum at this evening's meeting.

5.0 Extension of Insurance Coverage to Oversight Committee Members  At the previous meeting on June 4, 2007, committee members discussed their professional liability as members of the Measure N Citizens' Bond Oversight Committee. Chair Greg Rodeno had asked college staff to determine whether or not committee members are extended insurance coverage.

Mr. TerAvest, in his capacity as risk manager, conveyed information supplied by SWACC, the Statewide Association of Community College. SWACC provides the District's property and liability coverage to 15M, with purchased excess insurance above that. As appointed officials, members of the Measure N Independent Citizens' Oversight Committee are therefore covered for errors or omissions. (Mr. TerAvest had also communicated this information to the committee via mail after its last meeting.)

6.0 Bond Implementation Plan Update  Dan TerAvest provided an update and summary of the status of bond projects currently underway. He reported that programming for the Library and Learning Resource Center has been completed and design development is underway. The new Life Sciences Building is under construction. It will house new science labs critical to our sciences courses. He explained that the American Canyon Early College High School will have three classrooms, able to accommodate 40 to 45 students each. All classrooms on the American Canyon High School campus will be available for Napa Valley College use for evening classes. The Educational Center for the Performing Arts will include a 500-seat theater, 2'/4" times the seating available in the current, outdated theater.

Mr. TerAvest reviewed the status of the Magnolia Project and explained that it will allow closure of the hook ramp, an unsafe condition. He reviewed improvements to the auxiliary gymnasium and athletic field. Seats have already been replaced in the old Little Theater and restroom renovation and upgrade will be completed this fall. Construction of the Central Chiller Plant is underway, and it includes new thermal storage (ice) units to be used in cooling the majority of the campus. The new Ceramics Building will include 24 kick wheels to address the severe shortage in the current ceramics space. The Wine Storage Building is near completion and will support the Viticulture and Winery Technology Program, allowing the district to store the wine that it will sell, once licensing and bonding has been completed.
Mr. TerAvest reviewed the stages that every project must go through: the
programming stage establishes what is needed. The next stage includes schematic
drawings, sketches of what the project might become. In the design development stage,
problems are solved. The next stage focuses on working drawings, which are then sent
to the Department of the State Architect for approval of safety and ADA compliance.
Then the project goes to bid. The lowest responsible bid is accepted.

7.0 Master Budget Dan TerAvest reviewed this document with committee
members. The document divides facilities projects into four categories: new
construction, modernization, infrastructure, and other. For each project, the following
information is provided: funds committed to date; estimated total project cost, adjusted;
balance to finish, adjusted; district funds (from bond), committed, and state funds (state
contribution).

Greg Evans clarified that the Measure N Independent Citizens’ Oversight
Committee does not make decisions regarding how bond funds are invested. Scott Miller
affirmed the accuracy of that statement and provided information regarding some rules
regarding investment of bond funds.

Dan TerAvest noted that large projects are coming on line, and there will be greatly
increased activity in spending. Scott Miller said that Series C has been sold since the
committee’s last meeting, and we anticipate seeing a drop in the amount for assessed
valuation per $100,000.

8.0 Review of Expenditure Report for the Period Ending June 30, 2007 Scott
Miller reviewed this report covering the quarter ending June 30, 2007. This financial
document is prepared in accordance with the State Accounting Manual.

9.0 Measure N Bonds Funds Audit for 2005 – 2006 Scott Miller reviewed the
three documents prepared by Matson & Isom, District auditors for the Measure N bond
funds. The three documents are the Measure N Funds Report to the board of Trustees,
the Measure N Bond Funds Financial Statements with Independent Auditors Report, and
the Proposition 39 and Measure N General Obligation Bonds Performance Audit. These
documents were mailed to the committee this summer.

Scott Miller called the committee’s attention to the critical statement in the
Independent Auditors’ Report: “In our opinion, the financial statements referred to
above present fairly, in all material respects, the financial position of the Measure as of
June 30, 2006, and the results of its operations and its cash flows for the year ended in
conformity with accounting principles generally accepted in the United States of
America.” Mr. Miller also noted that this information was also provided to the Napa
Valley College Board of Trustees.

Brian Kearney asked when figures for 2007 would be available, and Scott Miller
said he anticipated that information would be reported in January/February.

10.0 Other Dr. McCarthy reported to the committee that the Napa Valley College
Board of Trustees has discussed how best to address the shortfall to complete the bond
projects originally outlined in Measure N. A new bond measure is under consideration,
and polling has been completed to assess viability of a bond. He said that 600 homes
had been polled with 64% stating support for a second bond. He noted that the board
will have a retreat on September 29, 2007, to discuss estimated costs of various projects
and the board's assessment of the priority of projects. The District's bond analysts have recommended a February or November date, with preference for a February election date. The Board of Trustees must announce its decision 88 days prior to an election.

11.0 Future Meetings: December 3, 2007

The meeting was adjourned at 8:05 p.m.

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MINUTES OF THE MEETING OF THE INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE

December 3, 2007 7:00 p.m.
Room 1340, McPherson Administration Building
Napa Valley College, Napa, California

Members Present: Greg Rodeno, Heather Stanton, Jarrod Denton, Skip Keyser, Dr. Denys Michaud, Rick Whatley

Staff Present: Dr. Chris McCarthy, Scott Miller, Dan TerAvest, Carolle Cattollica

1.0 Call to Order Greg Rodeno called the meeting to order at 7:00 p.m.

2.0 Welcome and Introductions Greg Rodeno greeted committee members. Rick Whatley was introduced and welcomed to the committee. He is a manager at AAA and an active member of Rotary, International.

3.0 Public Comments There were no public comments.

4.0 Approval of Minutes M/S/C (Michaud, Stanton) to approve the minutes of June 4, 2007 (no action was taken at the September meeting) and September 7, 2007. Dr. Michaud abstained from voting on the September 7 meeting, as he was not present at that meeting.

5.0 Bond Implementation Plan Update Dan TerAvest provided an update and summary of the status of bond projects currently underway. He reviewed progress on the Library and Learning Resource Center, which will seat 500 students and have 250 computer stations. He said the Parking Parking Lot and Transit Mall Project would replace parking that has been lost to new facilities projects and would also add spaces to accommodate enrollment growth. The improvements will help students find parking more easily, particularly at the beginning of a new semester. The Life Sciences Project will be completed in April, and classes will be scheduled for Summer Session. It will enable the college to continue to address the nursing shortage by doubling the size of our nursing program. The renovation of physical sciences building will include expansion of chemistry labs and make mandated ADA accommodations. Napa Valley College will receive three classrooms in the new American Canyon High School, and those construction documents are nearly complete. North Campus Site Development is progressing, with lighting to be completed in approximately one week. He said the Imola Station would get new paint and a new roof. Programming has been completed
in the auxiliary gymnasium, which will house Adaptive PE, a weight room, and a CJTC mat room.

Skip Keyser asked if there could be an easier way to identify and correlate projects from one report to another. Dan noted that there is a job number on the green-bar, and that could be used on other reports.

6.0 Master Budget Dan TerAvest reviewed this document with committee members. The document divides facilities projects into four categories: new construction, modernization, infrastructure, and other. Projects that are currently unfunded appear on pages 5 and 6.

Heather Stanton said she felt it was important to be able to compare the original engineer’s estimate with the current projected cost of each project. She said it was understandable that adjustments occurred to original estimates, but she said more information was necessary to be able to adequately explain the shortfall that prompted the college to go out for another bond. In reference to Measure L, she noted that a second bond attempt is always more difficult. She stressed the importance of being clear about what would be included in Measure L and said voters would have to be reassured that the same funding shortfall for Measure N projects would not re-emerge with Measure L projects. Various potential adjustments in the format of the reports presented to the committee were discussed. The purpose of the potential changes in the reports would be to be able to better track construction costs and facilitate the explanation for those changes.

Dan TerAvest reviewed the various factors that increased the cost of construction since the bond passed in 2002. He said that a different set of assumptions was used to estimate the cost of projects that would be paid by Measure L funds. He also explained the process and rules regarding applying for state matching funds.

7.0 Expenditure Report for the Period Ending September 30, 2007 This report covers the quarter ending September 30, 2007 and is prepared in accordance with the State Accounting Manual. The report was mailed to committee members and was not available for review at this meeting.

8.0 Facilities Master Plan/Bond Implementation Projects Scope Descriptions Dan TerAvest explained that this document provides descriptions and rationale for the projects that would be completed as part of the Measure L. Projects are divided into new buildings, modernizations, and infrastructure.

He focused the committee on the Facilities Master Plan Worksheet that appears at the end of the document. The categories of new buildings, modernizations, and infrastructure are divided into “funded (by Measure N)” and “unfunded.” Dan TerAvest clarified that initial project estimates do not go through all the programming, but Dr. McCarthy provided an update on Measure L: Napa Valley College Higher Education/Career Training that will come before the voters at the primary election to be held on February 5, 2008. A question and answer sheet on Measure L was also provided to committee members. (Skip Keyser suggested a change in language “an independent citizens’ oversight committee will review all spending to ensure that bond funds are spent wisely,” as the committee’s charge is ensure the bond funds are spent only on projects included in the original ballot language.)
Dr. Denys Michaud suggested that the committee needs another meeting before the bond election in order to review new documents that clarified projects and costs.

9.0 Other

10.0 2008 meetings: March 3, June 2, September 8, and December 1

The meeting was adjourned at 9:00 p.m.

MINUTES OF THE RESCHEDULED MEETING OF THE INDEPENDENT CITIZENS’ BOND OVERSIGHT COMMITTEE

March 31, 2008 7:00 p.m.
Room 1340, McPherson Administration Building
Napa Valley College, Napa, California

Members Present: Greg Rodeno, Heather Stanton, Audrey Amundsen, Jarrod Denton, Richard Walton, Skip Keyser

Members Absent: Greg Evans; Brian Kearney, Dr. Denys Michaud, Rick Whatley

1.0 Call to Order Chair Greg Rodeno called the meeting to order at 7:00 p.m.

2.0 Tour of Measure N Facilities Projects: Central Chiller Plant and Life Sciences Building This item was continued to the summer meeting, so that the weather would be warmer. It would also allow more time for review of the new report format (see agenda item 8.0 below) requested by the committee at its December, 2007 meeting.

3.0 Introduction and Welcome of New Members Chair Greg Rodeno introduced and welcomed Richard Walton to the committee. He also acknowledged the presence of board president Bruce Ketron.

4.0 Public Comments There were no public comments.

5.0 Approval of Minutes of December 3, 2007. M/S/C (Stanton/Denton) to approve the minutes of December 3, 2007. Mr. Walton abstained, as he was not in attendance at the December, 2007 meeting.

6.0 Bond Implementation Plan Update Dan TerAvest provided the committee an update and summary of the status of bond projects currently underway. He said the Library-Learning Resource Center was currently out to bid, to be opened on April 29, 2009. He said the Parking Lot B & Transit Mall would be completed by Fall. The Life Sciences Building, which will allow the District to help address the nursing shortage, will be ready for some classes in summer session and fully open in Fall, 2008. The Physical Sciences renovation awaits $3.6 million approved but unfunded from the State, and construction documents for three classrooms at the new American Canyon High School will support a partnership with Napa Valley Unified School District for an early college high school. North Campus Site Development is nearing completion. The bid
for the Instructional Center for the Performing Arts has been awarded, and construction begins early April. The bid for the Auxiliary Gymnasium will be awarded in Jly. The restroom renovation for the Little Theater (bldg 1200) has been completed, as has the storefront replacement. The Central Chiller Plant has been completed, and construction documents for the ceramics building are currently under review at DSA.

7.0 Master Budget The document divides facilities projects into four categories: new construction, modernization, infrastructure, and other. The document was reviewed only briefly, as the committee focused its attention on the newly designed document, “Bond Project Evolution Summary” (agenda item 8.0 below). Regarding the refinancing of bond monies, the District decided to put one-half of the proceeds towards retiring the bond debt (shortening by seven years) and one-half back into the bond projects.

Dr. McCarthy explained that decision was made by the District in order to give something back to the voters in the refinancing process.

8.0 Bond Project Evolution Summary
Based on comments and suggestions from the committee at its December 3, 2007 meeting, Dan TerAvest and his staff have prepared a new document, the Bond Project Evolution Summary Report.

Mr. TerAvest walked the committee through the new document. He explained that the original Bond Implementation Plan had “concept estimates” that were completed prior to the Final Facilities Master Plan, Environmental Impact Report, and the sequencing calendar. Those estimates did not reflect project programming, schematic design and line item estimates. He outlined the timeline for the development of projected expenses, including: a) The Bond Implementation Plan rough concept estimates were completed in 2002. b) Saylor, Inc. made professional line item estimates in 2004, based on more exact planning; c) Actual bid results were received between 2004 and 2006; d) Project expenses were re-evaluated, based on actual costs of completed projects, specific construction cost estimates for projects in the design phase, and a re-evaluation of priorities and possible scope reductions.

Mr. TerAvest explained that, in 2002 (prior to the passage of Measure N), there were no District funds available to carefully estimate building projects over a ten-year cycle. That would have required extensive and expensive analyses of projects than could be undertaken without the Measure N funding. The planning at that stage was focused on developing an appropriate list of facilities projects to be included in the Measure N bond, as no project could be undertaken that was not included in the original ballot language that the voters would approve.

Dan TerAvest reviewed reasons for the unexpected sharp escalation of construction costs. He explained that the CCCI (California Construction Cost Index) is maintained by the California Department of Finance to estimate projected construction costs for public facilities. (Public facilities must meet stringent building requirements for public education facilities and therefore far more expensive to build than other structures. Building in the Bay Area is another additional cost.) He reported that the 2002 index was 4109, and the current index is 4842, with an additional 30% market condition added by the State Chancellor’s Office. This represents a nearly 57% increase between 2002 and 2008.
Dr. McCarthy said that a significant contributing factor in the marked cost escalation was attributable to the fact that the architect that provided initial estimates severely underestimated project costs. Dr. McCarthy noted that the architect had been recommended by the Chancellor’s Office. Factors such as Hurricane Katrina and the building boom in China further added to the cost escalation of critical building materials because we had to compete on the world market for these materials.

Dr. McCarthy clarified the distinction among projects that are either funded, unfunded, or under-funded. The sum of the current budget deficit for approved projects, unfunded project amounts, and underfunded (reduced in scope) projects is $107,659. The $107 shortfall reflects project spending through 2012 and is based on 10% annual cost escalation and no additional State funding. A reduction in the cost escalation and/or the addition of State money ($15 – 25M) for which the college is eligible but for which the State has not yet committed could reduce that shortfall. Bids on projects on the approved project list could further reduce the deficit, if the bids come in lower than estimated.

Skip Keyser said that he appreciated the effort of staff members to devise the new report, the Bond Project Evolution Summary Report. He said the new report made the escalation in costs for specific projects over time easier to understand. He noted that former members of the Measure N Independent Citizens’ had the benefit of four years of experience, so he felt the new report was particularly helpful for new members because it provided history. Heather Stanton agreed that the new report helped clarify the reasons changes occurred. Jarrod Denton also stated that he appreciated the new format.

Dan TerAvest said that now some projects are coming in under budget. The money that is saved will address the “deficit.” He also clarified that the word “deficit” does not mean that the District would ever “deficit-spend.” Rather, the “deficit” is a floating number and does not imply that the District would overspend available funds.

Dan TerAvest and Dr. McCarthy said that the District developed standards whenever possible in order to keep costs down. Mr. TerAvest again explained the critical path calendar that was followed to create vacancies and swing space to minimize the need for more modulars.

Audrey Amundsen asked whether or not the District expected to go out for another bond. Dr. McCarthy said the board would discuss that at its April meeting.

In Scott Miller’s absence, Dr. McCarthy reviewed this report covering the quarter ending December 31, 2007. This financial document is prepared in accordance with the State Accounting Manual, and this is the document that is filed with the State.
He said that Series A had been spent, and Series B is being spent now and $70 to $80 million will be encumbered soon. Series C has been issued, and it was invested to take advantage of favorable rates.

10.0 Measure N Citizens’ Bond Oversight Committee Annual Report The committee is required to prepare an annual report to the Napa Valley College Board of Trustees, and Dr. McCarthy asked for the committee’s preferences regarding content and format of its report for the last year. A sample copy of what had been prepared by the committee in previous years was included in the packet.
Skip Keyser clarified that the job of the committee was to ensure that all funds are spent in accordance with the intent of Measure N. Heather Stanton discussed referencing the shortfall in the report, and Dr. McCarthy explained that last year’s report did reference the shortfall. The committee agreed that minutes should be included in the report as more descriptive than the agendas. Heather Stanton stated she preferred a short (one-page), concise executive summary, with minutes included as attachments.

The committee agreed that a draft report would be distributed to the members of the Measure N Independent Oversight Committee for its approval. Skip Keyser volunteered to write a draft and distribute it to the committee members for editing.

11.0 **Measure N Bond Funds Audit for 2006 – 2007** This item was postponed, along with agenda item 2.0, to the next meeting.

12.0 **Future Meetings:** June 2, 2008 (this meeting was changed to June 16, as a number of committee members could not attend on June 2), September 8, 2008, December 1, 2008