

Citizen's Bond Oversight Committee

July 21, 2015

*This presentation is based on a template and specific request for topics provided by the CBOC Chairperson

Follow-up presentations are available at the request of the CBOC Chairperson

Presentation Items

1. Basics of Bond Finance - Yulian Ligioso
2. Bond Spending & Implementation Plan - Leigh Sata (LS)
3. Bond Spending Plan - Project Initiation Forms (LS)
4. Project Delivery Methods (LS)
5. Program & Project Input - Approvals Process (LS)
6. Role of CBOC (LS)

BASICS Of Bond Finance

Yulian Ligioso
Vice President, Business and Finance
Solano Community College District

Specific Questions from CBOC

- ▶ How does SCCD work with the County Treasurer's Office on holding and distribution of funds?
- ▶ How are Assessments calculated and what are the limits?
- ▶ How much interest does the District receive; how often and at what rate?
- ▶ How are the funds invested?

Bonding Capacity Analysis

Solano Community College District	
Fiscal Year	2010-11
District Assessed Valuation	\$38,312,706,730
Maximum Legal Bonding Capacity <i>(as % of Assessed Valuation)</i>	2.500%
Gross Bonding Capacity	\$957,817,668
Outstanding General Obligation Bonds⁽¹⁾	
2005 Refunding	\$62,539,812
Election of 2002, Series 2006B	\$41,905,279
Total Bonds Outstanding:	\$104,445,091
Total Net Bonding Capacity <i>(Gross Bonding Capacity Less Bonds Outstanding)</i>	\$853,372,577

⁽¹⁾ Bonds Outstanding as of October 3, 2011

Legislative Changes to Education Bond Issuance Provisions

Current Parameter
Maximum Bond Repayment Term = 40
Years

1. Bond Series Maximum Repayment Term

Proposed Parameter
Maximum Bond Repayment Term = 40/25
Years

Original Measure Q Plan
Maximum Bond Repayment Term = 35
Years

Current Parameter
Maximum Bond Interest Rate = 12%

2. Bond Maximum Interest Rate

Proposed Parameter
Maximum Bond Interest Rate = 8%

Original Measure Q Plan
Assumed Interest Rates = 4.5%-6.5%

Current Parameter
Maximum Repayment Ratio = None

3. Bond Maximum Repayment Ratio

Proposed Parameter
Maximum Repayment Ratio = 4:1

Original Measure Q Plan
Repayment Ratio = 2.97 : 1

4. Call Feature for Capital Appreciation Bonds (CABs)

Current Parameter
None Required

Proposed Parameter
Required for CABs Maturing after 10
Years

Original Measure Q Plan
Call Feature for CABs

5. Consents Needed to Exceed Parameters

Current Parameter
None Required

Proposed Parameter
1. County Board of Supervisors; or
2. County Superintendent of Schools

Original Measure Q Plan
Not Applicable

Sample Updated Measure Q Bond Option

**\$18.99 Tax Rate
Funding \$348 Million of Projects over 22 Years**

Total Bond Authorization

\$348,000,000

Issue Summary

Series A
Series B
Series C
Series D

<u>Issue Date</u>	<u>Term</u>	<u>Issue Size</u>	<u>Payback Ratio</u>
April 2013	35-Years	\$120,000,000	2.35 : 1
August 2018	25-Years	\$70,000,000	1.76 : 1
August 2026	25-Years	\$70,000,000	2.78 : 1
August 2035	25-Years	\$88,000,000	3.29 : 1
Total Program		\$348,000,000	2.55 : 1

Total Length of Tax

47 Years

Total Payback Ratio

2.55 : 1

Assumed Assessed Valuation Growth Rate

Fiscal Year 2012-13 (Actual)
Fiscal Year 2013-14
Fiscal Year 2014-15
Fiscal Year 2015-16
Fiscal Year 2016-17 and After

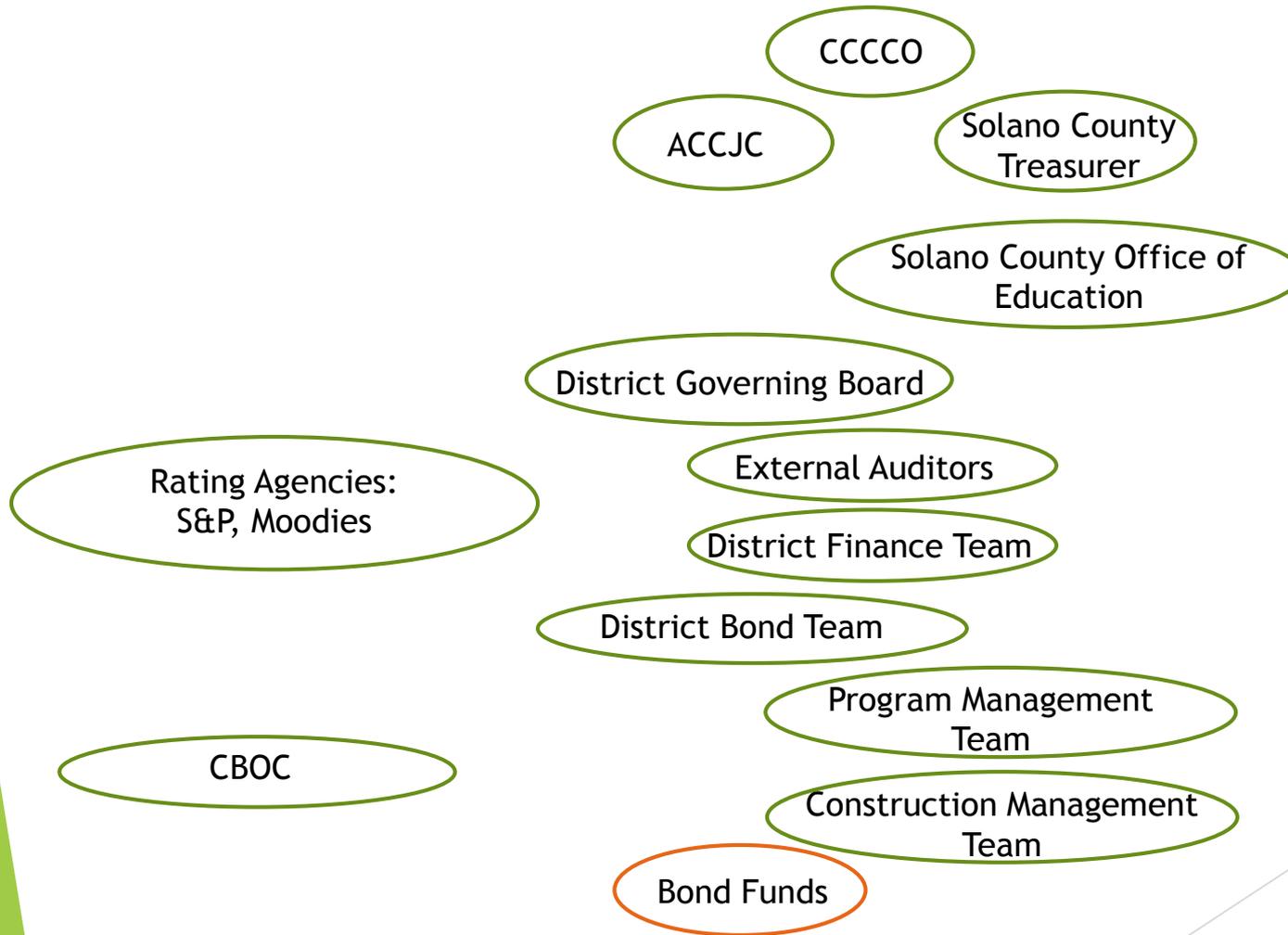
-0.16%
1.00%
2.00%
3.00%
4.00%

Projected Tax Rate

\$18.99

(Per \$100,000 Assessed Valuation)

Bond Funds - Oversight Diagram



BOND SPENDING PLAN (IMPLEMENTATION PLAN)

Bond Spending Plan (Implementation Plan)

Project Summary

First Tier Project List

Bond Spending Plan (BSP or Implementation Plan)

- ▶ Board approved BSP - August 20, 2014
- ▶ All approved projects are found in the Ballot Language and/or Election Resolution

PROJECT NAME	08/20/14 PROPOSED MEASURE Q BOND SPENDING PLAN	BOND FUNDS BALANCE SUMMARY	
		\$ 348,000,000	
FF CAMPUS		FF Subtotal	\$ 87,800,000
Library/Learning Resource Center	\$ 21,800,000	\$ 326,200,000	
Performing Arts Building (Phase 1 B1200 Renovation)	\$ 6,200,000	\$ 320,000,000	
Performing Arts Building (Phase 2)	\$ 13,700,000	\$ 306,300,000	
Science Building (Phase I)	\$ 33,100,000	\$ 273,200,000	
Science & Math Building (Phase 2)	\$ 8,000,000	\$ 265,200,000	
Career Technology Building (CTE)	\$ 3,000,000	\$ 262,200,000	
Agriculture (Horticulture)	\$ 2,000,000	\$ 260,200,000	
VV CAMPUS		VV Subtotal	\$ 80,200,000
VV Classroom Building Purchase & Renovation	\$ 8,200,000	\$ 252,000,000	
Biotechnology & Science Building	\$ 28,000,000	\$ 224,000,000	
Aeronautics & Workforce Development Building	\$ 15,000,000	\$ 209,000,000	
Student Success Center/LRC	\$ 22,000,000	\$ 187,000,000	
Fire Training	\$ 7,000,000	\$ 180,000,000	
Agriculture Building	\$ -	\$ -	
VJ CAMPUS		VJ Subtotal	\$ 80,200,000
Vallejo Prop Purchase Belvedere	\$ 4,800,000	\$ 175,200,000	
Vallejo Prop Purchase Northgate	\$ 6,800,000	\$ 168,400,000	
Site Improvements	\$ 5,100,000	\$ 163,300,000	
Autotechnology Building	\$ 19,600,000	\$ 143,700,000	
Student Success Center/LRC	\$ 22,000,000	\$ 121,700,000	
Career Technology Building	\$ 21,900,000	\$ 99,800,000	
INFRASTRUCTURE IMPROVEMENTS		Infrast. Subtotal	\$ 37,800,000
IT Infrastructure Improvements	\$ 14,000,000	\$ 85,800,000	
Utility Infrastructure Upgrade (Energy)	\$ 23,800,000	\$ 62,000,000	
ADA & CLASSROOM IMPROVEMENTS		Improv. Subtotal	\$ 19,200,000
Small Capital Projects	\$ 8,300,000	\$ 53,700,000	
ADA Improvements	\$ 10,900,000	\$ 42,800,000	
PLANNING, ASSESSMENTS & PROGRAM MANAGEMENT		Prog. Subtotal	\$ 25,400,000
Program Management, District Support and Planning	\$ 25,400,000	\$ 17,400,000	
RESERVE & INTEREST*		Reserve Subtotal	\$ 17,400,000
Program Reserve & Interest	\$ 17,400,000	\$ -	
TOTAL BOND SPENDING PLAN	\$ 348,000,000		

First Tier Building Projects

Project list includes both infrastructure and building construction projects

All projects are acknowledged with a “project initiation form” (PIF) which is also board approved

Bond Spending Plan

- ▶ Board approved specific projects - September 17, 2014
- ▶ Project List includes:
 - ▶ Bio-Technology and Science
 - ▶ Vacaville Annex Structural Upgrade
 - ▶ Auto Technology
 - ▶ Science and Veteran's Building
 - ▶ Performing Arts Phase 1
 - ▶ Agriculture Program (Horticulture)
 - ▶ Small Capital Projects
 - ▶ IT Infrastructure Improvements
 - ▶ Utility Infrastructure Upgrade (Energy)
- ▶ Project Initiation Forms

Project Initiation Form (PIF)

- ▶ A PIF is Board approved and includes the following:
 - ▶ Project Scope of Work
 - ▶ Project Schedule
 - ▶ Total Project Cost
 - ▶ Delivery Method
 - ▶ Other project information
- ▶ Project Initiation Forms

How are components of the PIF Developed?

- ▶ Scope
- ▶ Schedule
- ▶ Budget
- ▶ Delivery Method

Scope:

- ▶ Develop scope based on needs assessment and examination of existing space requirements
- ▶ Consider age and condition of building, classroom & lab space, and equipment
- ▶ Does it meet conditions of bond language?

Schedule:

- ▶ Develop schedule based on size and technical complexity of project
 - ▶ Highly technical program?
 - ▶ System complexity?
- ▶ Cash flow considerations are important
 - ▶ Don't start project that can't be finished
 - ▶ Consider timing of bond sales and Assessed Values (AV) in County

Budget:

- ▶ Program Manager develops budget level estimate for cost of project
- ▶ Construction Manager affirms budget once scope is signed off by users
- ▶ Architect also provides cost estimate of project
- ▶ Reconciliation process



**SOLANO CCD CAPITAL IMPROVEMENT PROGRAM
Project Initiation Form**

Campus:	<u>Fairfield Campus</u>	Date:	<u>09/17/14</u>
Building Name(s):	<u>Building 1200 Theater</u>	Project No.:	<u>42101.821210.</u>
Project Name:	<u>Performing Arts Building (Phase 1, B1200 Renovation)</u>		
Project Scope:	<u>Renovation of Building 1200 Theater to provide theater arts and music programs instructional and student support spaces. The project will include the following components: planning, assessments, surveys, design, abatement and renovation of Building 1200 and associated site work; furniture, fixtures and equipment; project/construction management and swing space during building renovation.</u>		
Project Cost Estimate:	<u>\$ 19,960,000</u>	Building Square Footage:	<u>26,000</u>
Construction Cost Estimate:	<u>\$ 14,400,000</u>	Construction Cost/Sq. Ft.:	<u>\$554</u>
Funding Source(s):	<u>State Funded and Measure Q Bond Funds</u>		
Design Consultant:	<u>LPAS</u>		
Design Start Date:	<u>December, 2013</u>		
Construction Start/End Schedule:	<u>June, 2015 / December, 2016</u>		
Delivery Method:	<u>Design Bid Build</u>		
Comments:	<u>Due to State funding allocation timeline, project design commenced in 2013.</u>		
KCEM Design Manager	<u>Mike Dossa</u>		
Submitted by:	<u>Mike Dossa</u> Design Manager, Kitchell CEM		
PROJECT AUTHORIZATION			
	<u>Ines Zildzic</u> Program Manager Kitchell CEM		<u>Leigh Sata</u> Executive Bonds Manager Solano Community College District

Project Delivery Methods

Design-Bid-Build

Design-Build

Other

Three Project Delivery Methods Under Consideration:

- ▶ Design-Bid-Build
- ▶ Design-Bid
- ▶ Lease-Lease-Back*

*new information to share

► Design-Bid-Build Methodology:

- Most common (time tested) delivery methodology
- Lowest Cost
- Architect is selected on qualifications
- Design process allows users input far into development of project
- Architect is responsible for Department of the State Architect (DSA) approval process
- Builder is procured by low bid with limited time to review drawings
- Change Orders are part of process & managed by Construction Manager; Budgets include 10% construction contingency
- Claims (& settlements) are part of the process

Design-Bid-Build

Based on presentation on August 20, 2014 to
Measure Q Steering Committee

▶ Measure Q Project Utilizing Design-Bid-Build Methodology:

- Fairfield Performing Arts Modernization (Building 1200)
- Why? When the District submitted the “Final Project Proposal” (FPP) to the State, the delivery methodology was defined and cannot be changed without risk to funding.

▶ Projects under consideration for Design-Bid-Build

- Fairfield Library & Learning Resource Center
- Why? The FPP was submitted with this project delivery methodology

▶ Issues and challenges:

- Lowest bid requires experienced Construction Manager
- Change Order management - change orders will occur

Design-Bid-Build

Based on presentation on August 20, 2014 to
Measure Q Steering Committee

► Design-Build Methodology

- Built for Speed
- Criteria Architect selected based on qualifications
- Criteria Architect works with users to create a criteria document describing the project requirements
- Design-Build Entity (DBE) provides a design and guaranteed maximum price (GMP) based on criteria the documents
- DBE is responsible for DSA process
- User input occurs early in the process with development of criteria
- DBE is single point of responsibility during construction; Criteria Architect provides quality control for owner
- Tested in CA Community College system
- Project minimum size is \$2.5M construction cost
- Not for inexperienced owner

Design-Build

Based on presentation on August 20, 2014 to
Measure Q Steering Committee

▶ Measure Q Projects Utilizing Design-Build Methodology:

- Biotechnology & Science Building - Vacaville Center
- Automotive Technology Building - Vallejo Center
- Utility Infrastructure Upgrade (Energy) - ESCO & Solar Projects

▶ Projects under consideration for Design-Build

- Fairfield Science & Veteran's Center Building
- Vacaville Annex Structural Upgrade

▶ Issues and challenges:

- Later stages of design do not allow for substantial user input (high value user input occurs early in process)
- Negotiated bid process - but change orders are still possible
- Established track record of on time and higher quality delivery

Design-Build

Based on presentation on August 20, 2014 to
Measure Q Steering Committee

▶ New Information: Lease-Lease-Back (LLB) Methodology

- LLB was challenged and recent rulings state that a “lease” must look like a lease; meaning that it should include financing and interest payments beyond the construction period.
- The question for the District is whether the benefits of LLB outweigh the cost of the lease, when bond funding is available.

▶ Projects previously under consideration for LLB include:

- Fairfield Science & Veteran’s Center Building
- Changing delivery method for FF Science project to Design-Build is modification of architect’s contract and issuing new RFP for CM services.

Lease-Lease-Back

New Information

Internal Approvals Process

Shared Governance

Shared Governance:

- ▶ Legal authority for the institution rests with the Governing Board
- ▶ The Board may delegate authority to the Superintendent/President for the day to day operations of the institution
- ▶ Shared Governance provides internal constituents an opportunity to express their opinion about a project or initiative
- ▶ Shared Governance does not mean that there is no one in charge

Internal Constituents include:

- ▶ Faculty - Faculty is represented by SCFA/CTA
- ▶ Staff - Staff is represented by CSEA and Local 39
- ▶ Administration - includes the management team for the academic and operational sides of the house

Shared Governance meetings may include:

- ▶ Associated Students of SCCD
- ▶ All-Department faculty meeting
- ▶ Project-champion faculty meeting
- ▶ All-Section Dean's meeting
- ▶ All-Deans meeting
- ▶ Bargaining Unit meeting
- ▶ Executive Management Team meeting
- ▶ Shared Governance Meeting

External Constituent Meetings may include:

- ▶ Measure Q Steering Committee

- ▶ CBOC

- ▶ Previous presentations to external groups have included:

- ▶ SCCD Foundation

- ▶ Vaca Select Committee

- ▶ Vacaville Chamber of Commerce

- ▶ Central Solano Taxpayer Association

- ▶ Fairfield City Council, Suisun City Manager & Vallejo City Staff

- ▶ Vallejo/Benicia Community & Business Leaders Workshops

- ▶ Rotary Clubs - Cordelia, Fairfield, Winters, Vallejo

Input is considered,
consolidated & presented to
the Governing Board:

- ▶ The Governing Board decides
- ▶ Check SCCD website for Board
Agenda

Role of the CBOC

Roles & Responsibilities
Revised Bylaws

Role of CBOC:

- ▶ Ensure that the District is spending Measure Q dollars as specified in the bond language
- ▶ Staff will continue to provide information and data as needed
- ▶ At minimum, provide an annual report to the Board

Revised Bylaws:

- ▶ The Board is reviewing the revised Bylaws
- ▶ The matter will be considered on August 5, 2015

Questions?