

**Proposition R  
Citizens' Bond Oversight Committee**

**Annual Report  
July 1, 2010 to June 30, 2011  
Fiscal Year**

**Dated: March 16, 2012**

# Prop R Annual Report

## Opening Statement

This is the second annual report of the Proposition R Citizens' Bond Oversight Committee. This report covers the period of the July 1, 2010 to June 30, 2011 fiscal year. This report entails the events and materials that are deemed relevant to this committee and are noteworthy of reporting to the general public for their review and comment. This report is comprised primarily from the information received by us from the staff and District Governing Board. The balance of our data comes from public media information. We did not receive a full disclosure of all events that transpired throughout the year. This report is limited primarily to the financial aspects as reported to the CBOC.

It is the duty of this committee to monitor the events of the Prop R bond monies throughout its entire progress and to call to attention any discrepancies we may discover and report them to you, the public, and any other authority that may be necessary. The rules of this committee are governed by the Brown Act (which may be found on the SCCD web site) which states that our major concern is that the monies from the bond sales be used for construction as stated in the bond language at the time it was voted on and not used for the day to day operation of the college. Our other function is to make sure there is transparency between the college and the public in all matters pertaining to the bond monies and the construction process.

The CBOC members have changed this year, three of the members termed out and were replaced as of June 2011:

### Termed out Members

David Krough	Community member at large
Rebecca Kelley	Taxpayers' Association representative
Joe Casillas	Seniors organization representative

### New members appointed starting June 2011 and continuing on until June of 2013

Matt Kriz	Taxpayers' Association representative
Thomas Davis	Foundation representative
Nicholas Segura	Community member at large
Joe Casillas	Seniors organization representative (reinstated for another term)

## Current Members Remaining thru June 2012

Ditas Yamane	Community Member
David Adams	Business Community
Claudia Duran	Student Member

### **Major Fiscal Year 2010-2011 Events:**

A new Project Manager was put into place by Seville Construction Services, Inc., replacing Henry Amigable with Robert DeLiso.

Some of the infrastructure work has begun on Phase I projects although at a very slow pace. No design work for any major projects has been officially approved. We are awaiting approvals from Department of the State Architect (DSA) for the latest design of the corner lot project. The Architectural design for the corner lot project was submitted to DSA in March 2011, however, they do not reflect potential current SWC planning modifications. The cost analysis run on the Phase I projects have produced an estimate showing that Phase I if built as it is currently designed will be \$10 million over budget. Many changes have been proposed by District staff, and unofficially by the Governing Board that will have a major impact on the projects costs and projected completion dates for the Administration Center (Corner Lot) and Central Plant projects. Major changes in the plans will be required and it will be necessary to redraw and resubmit the plans to DSA causing construction to be delayed until January 2013.

### **Impact of Annual Fiscal Reports:**

The Proposition R financial statements prepared by Caporicci & Larson, Inc. were not available until January 6, 2012, slightly later than the audit for 2010. The availability of a financial audit more that six months after the end of fiscal year has never been explained, but has caused the CBOC annual report to the Governing Board to not be submitted until March. Ordinarily this might not have a material effect on the content of the CBOC annual report, but this year there have not only been major changes in the Phase I projects, there has been a complete cessation of work on the principal major projects, all of the previously selected contractors have either had their contracts voided (General Contractor Echo Pacific) or suspended (Seville Construction Services, Inc. and BCA Architects). In addition, Balfour Beatty Construction was selected by the Governing Board as the Construction Manager-at-risk. This change has a major impact on many aspects of Proposition R projects, most notably, costs and project completion schedules.

### **Transfer of Funds:**

There was a question of \$1,587,263dollars showing "Due from the SCCD". See last year's balance sheet (sheet 4 of report). There is a question of the \$68,730,371 "Due from SCCD. See this year's balance sheet. These were explained as follows: Fiscal Year 2010; \$1.5 million "owed" to Prop R at 6/30/10 on Series A/B from the Prop AA bond account. The Prop R funds of \$100 million were deposited into AA pending the Governing Board resolution and establishment of a new Prop R account. The \$1.5 million was left in AA deposits while \$98 million was sent to PMA, the bond investment vendor. The \$1.5 million was then sent to the new Prop R fund after it was set-up at the County. Fiscal Year 2011; Series C proceeds of \$68.7 million were also deposited into Prop AA account pending new account set-up at the County for the Series C bond funds. The funds were then sent to new Series C account at the County in August 2011.

The \$8,969 that Prop R owes SCCD from last year was paid, that was monies paid by Southwestern on behalf of the Prop R fund for accounting fees have been reimbursed.

### **Timeline of Reports to CBOC:**

The first two annual reports have been delayed due to the lack of timely year end information forthcoming from SCCD office of finance. In light of the number projects under way, issues surrounding construction projects, DA investigations etc. the Prop R CBOC requests the support of the Governing Board to direct the schools finance department and the project managers office to ensure that the 2011-2012 fiscal financials for Prop R projects be presented to the CBOC no later than 90 days after the end of the fiscal year. We would expect to have completed financials and the accounting in our hands no later than October 1, 2012 for the 3<sup>rd</sup> annual report to be delivered in a timely manner back to the Governing Board.

### **Southwestern Internal Review:**

In a January 6, 2012 guest editorial that appeared in that edition of the Star-News, a local Chula Vista newspaper, the President of the Governing Board, Ms Norma Hernandez, stated that in March 2011, the Governing Board instructed SWC legal council to hire an independent forensic auditor to investigate concerns of contract procurement issues and to work with the District Attorney. The identity of this independent audit has not been revealed to the CBOC by the SWC Governing Board, nor have any audit results been forthcoming.

**Closing Remarks:**

It appears that after our review of the material presented to us throughout the year and the review of the financial statement that there were no apparent improprieties in handling of the bond monies.

**Disclosure:**

As of the date of this report the agendas have been altered and the information stated has changed due to alleged criminal activity on all sides, the contracting, the District and the architectural firm are currently under investigation halting the project temporarily until a new team can be put in place. This will most likely result in the District incurring an additional financial impact. Therefore the above information does not necessarily represent the current situation.

**Respectfully submitted by the CBOC members:**

Claudia Duran, Student Body representative  
Ditas Yamane, Community representative  
Joe Casillas, Senior Citizens representative  
Thomas Davis, Foundation representative  
Matt Kriz, Taxpayers' Association representative  
Nicholas Segura, Community representative  
David Adams, Chairman CBOC, Business representative

Signed:

David Adams, Chairman CBOC