



SAN MATEO COUNTY
COMMUNITY
COLLEGE DISTRICT

Cañada College • College of San Mateo • Skyline College

Bond Oversight Committee

2017 Annual Report to the Community



BACKGROUND

Voters in San Mateo County generously approved a bond measure (Measure A in 2005) which provided \$468 million in funding for updating, modernizing, and retrofitting the three community colleges serving County residents: Cañada College, College of San Mateo and Skyline College. In November 2014, San Mateo County voters approved Measure H, a \$388 million bond measure that will allow the District to complete the modernization, construction and reconstruction projects as envisioned in the 2015 Facilities Master Plan Amendment. The 2015 Facilities Plan Amendment, which was approved by the District's Board of Trustees in 2015, includes all projects that the District envisions for the future. These projects are funded by a variety of revenue sources in addition to the bond measures, including State funding, energy rebates, Proposition 39 funds and former redevelopment agency revenues.

As required by law, the District Board of Trustees established a Bond Oversight Committee composed of community leaders with expertise in finance, accounting, education, construction, sustainability and local government. The Committee is charged with the responsibility to assure voters that bond proceeds are expended only for construction, reconstruction, rehabilitation or replacement of College facilities in compliance with the ballot language approved by voters, and that no funds are used for teacher or administrator salaries.

During the past year, the Bond Oversight Committee met to review the District's bond project plans, timelines and proposed expenditures. At each meeting, the Committee was provided financial reports and project plan updates describing the bond-related activities undertaken by the District.

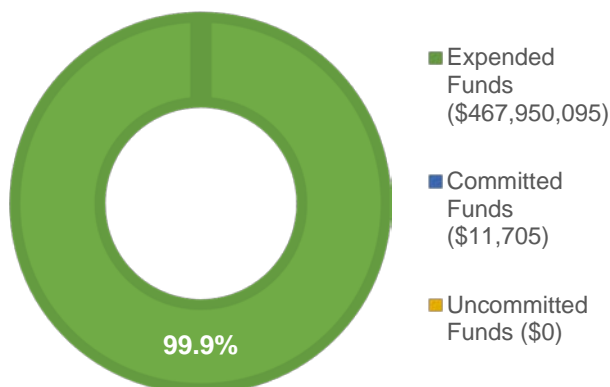
STATEMENT OF COMPLIANCE

The Bond Oversight Committee advises that, to the best of its knowledge, the San Mateo County Community College District is in compliance with the requirements in Article XIII A, Section 1(b)(3) of the California Constitution. In particular, bond revenue has been expended only for the purposes so described in Measures A and H, and no funds were used for any teacher or administrative salaries or other operating expenses as prohibited by Article XIII A, Section 1(b)(3)(a) of the California Constitution.

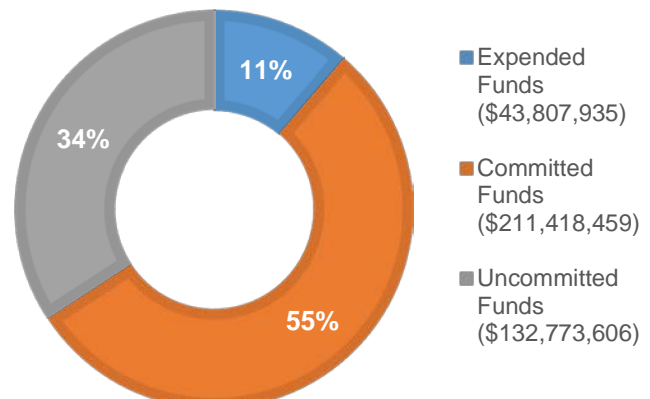
FINANCIAL INFORMATION

Voters approved general obligation bonds through Measure A totaling \$468,000,000. As of December 31, 2017, the District has expended \$ 467,950,095 and committed \$11,705 of Measure A funds – 99.9% of the total authorization. Voters approved general obligation bonds through Measure H totaling \$388,000,000. As of December 31, 2017, the District has also expended \$43,807,935 and committed \$211,418,459 of Measure H funds – 66% of the total authorization.

Measure A Fund Expenditures





Measure H Fund Expenditures



ANNUAL AUDIT REPORTS

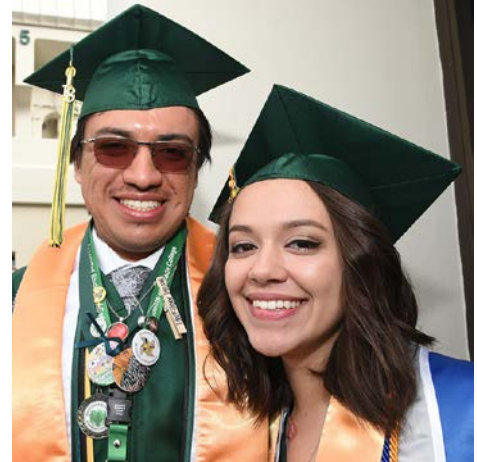
Included in this Report is a Summary of the results of the Auditors Financial and Performance Audits. In the performance audit, the Auditors reviewed 10% of Measure A and 29% of Measure H's expenditures and made no findings.

 <p>To the Board of Trustees San Mateo County Community College District San Mateo, California</p> <p>We have conducted a performance audit of the San Mateo County Community College District (the "District"), Measure A General Obligation Bond funds for the year ended June 30, 2017.</p> <p>We conducted our performance audit in accordance with <i>Government Auditing Standards</i> issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.</p> <p>Our audit was limited to the objectives listed on page 3 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure A General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for San Mateo County Community College District's compliance with those requirements.</p> <p>Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of San Mateo County Community College District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal controls.</p> <p>The results of our tests indicated that, in all significant respects, San Mateo County Community College District expended Measure A General Obligation Bond funds for the year ended June 30, 2017 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.</p> <p><i>Crowe Horwath LLP</i> Crowe Horwath LLP</p> <p>Sacramento, California December 8, 2017</p>	 <p style="text-align: right;">Crowe Horwath LLP Independent Member Crowe Horwath International</p> <p style="text-align: center;">INDEPENDENT AUDITOR'S REPORT</p> <p>To the Board of Trustees San Mateo County Community College District San Mateo, California</p> <p>We have conducted a performance audit of the San Mateo County Community College District (the "District"), Measure H General Obligation Bond funds for the year ended June 30, 2017.</p> <p>We conducted our performance audit in accordance with <i>Government Auditing Standards</i> issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.</p> <p>Our audit was limited to the objectives listed on page 3 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure H General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. 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THE DISTRICT'S APPROACH

The Facilities Planning and Operations Team focused its efforts over the past year on comprehensive planning for the implementation of Measure H, from programming to initiating the Design Build process, approved by the Board of Trustees for some of the major construction projects.

In the Design Build procurement process, the District uses a two-step Request for Statement of Qualifications and Request for Proposal process. The two steps are: (1) a Request for Statement of Qualifications (RFSOQ) is issued and Statement of Qualifications are reviewed and shortlisted to three Design-Build Entities (DBE), and then (2) a Request for Proposals (RFP) is issued to the three shortlisted entities. The three shortlisted firms submit proposals with both technical and fee components. The successful firm is selected based on a combination of their qualifications, technical response and overall fee. The Design Build delivery method facilitates an integrated design process with input from the College and District, identifies and mitigates financial risks, and improves speed to market.



The Facilities team and College administration continued their collaboration in planning and scheduling construction projects to minimize the impact on the campus communities and to ensure that bond project funds are efficiently and effectively expended on College improvements that will benefit students for generations to come.

District staff continues its work to secure additional state, local and private funding to supplement bond funds. In previous years, community colleges in California have experienced a significant decline in State Capital Outlay funds. The District is hopeful that with a statewide ballot measure (Proposition 51) was approved by voters in November 2016, approximately \$30 million in State Capital Outlay funds could be available to supplement Measure H funds for modernization of three academic facilities.

THE DISTRICT IS A LEADER IN SUSTAINABILITY

San Mateo County Community College District is a leader in the state and nation in sustainability. Along with a variety of programs that support academic enhancements, Sustainability is a core principle of the District Facilities Master Plan. SMCCCD requires the integration of sustainable strategies in all projects and requires that Capital Improvement Program 3 (CIP) projects be constructed to Leadership in Energy & Environmental Design (LEED) Gold standards. The District prioritizes sustainable solutions in many areas including energy, waste, and water conservation. In addition, the District's Best Management Practices require strategic investments that synergistically balance economic, ecologic and societal interests. This promises benefit not only for the District, but our extended global community.



Beyond efficiency, sustainability at SMCCCD includes the use of renewable energy, sustainable design and construction methods, as well as material selections that support the local economy. Since 2001, the District has received more than \$4 million in energy rebates, which have been reinvested to support other sustainability initiatives. The District also estimates annual energy savings, due to increased mechanical system efficiencies, photovoltaics, reduction in watering, upgraded infrastructure, etc.—to be in excess of \$2.6 million. District Facilities staff track this data carefully and manage the day-to-day operations to continuously improve. Additional information about the District's sustainability initiatives is available at <http://www.smccd.edu/sustainability/index.php>.

PROJECT HIGHLIGHTS

The projects undertaken by the San Mateo County Community College District provide conducive environments that facilitate world-class teaching and learning, which in turn is a benefit to students, their families, our community and our economy. These state of the art facilities are academic spaces that are utilized not only by faculty, staff and students, but also by the greater San Mateo County community. These premier learning spaces prepare students for the jobs of today and careers of tomorrow and enable them to enter the workforce or transfer to a four-year college or university.

- **Kinesiology and Wellness Building – Cañada College**

Ground was broken for the construction of this new 84,500 gross square feet facility which will provide state-of-the-art kinesiology learning spaces, dance studios, instructional swimming pools, team facilities and competition space, and wellness spaces and equipment for students, faculty, staff and members of the community. Additional information about this new facility can be found at <http://www.smccd.edu/facilities/projects/can/CANB1KinWell.php>.



Kinesiology and Wellness Building Rendering (described above)



Math and Science Building Rendering (described below)

- **Math and Science Building – Cañada College**

Planning concluded for the development of this new 50,000 gross square feet Math and Science Building which will provide innovative and world-class classrooms, laboratories, lecture halls, common spaces and faculty offices. Additional information about this new facility can be found at <http://www.smccd.edu/facilities/projects/can/canb23.php>.

- **Social Science and Creative Arts Building – Skyline College**

Planning concluded for the demolition of the existing Social Science and Creative Arts Building and a new, 115,000 gross square feet learning and performance space will be constructed in its place that will include a 520 seat theater with an orchestra pit, a gallery, choral music performance space, concert band room, music labs, recording rooms, and sculpture workspace, along with digital arts, design and photography work areas, as well as Social Science classrooms and learning spaces. Additional information about this new facility can be found at <http://www.smccd.edu/facilities/projects/sky/skyb1nsoscicreatarts.php>.



Social Science and Creative Arts Building Rendering (above)



Environmental Studies Building Rendering (below)

- **Environmental Studies Building – Skyline College**

Ground was broken for the construction of this new, 21,000 gross square feet Environmental Studies Building, which will include classrooms, lecture halls, faculty offices, college and community event space, and an outdoor lab. Additional information about this new facility can be found at <http://www.smccd.edu/facilities/projects/sky/skyb12nenviroscibldg.php>.

- **Student Life & Learning Communities Modernization – College of San Mateo**
Interior modernization of Building 17 will create dynamic student support areas housing several Learning Communities adjacent with the existing Student Life and Student Government areas. Additional information about this renovated facility can be found at <http://smccd.edu/facilities/projects/csm/csmb17learningcommunities.php>.



Learning Communities Renderings (described above)

CONCLUSION

The Bond Oversight Committee continues to be satisfied with the results of the District's modernization and new construction efforts. The Bond Oversight Committee welcomes members of the community to its meetings. More detailed information about the Bond Oversight Committee, including meeting information, agendas, projects, timelines, and expenditures-to-date is available online at <http://smccd.edu/bondoversight/index.php>.

SUBMITTED BY BOND OVERSIGHT COMMITTEE MEMBERS (2017)

James Ruigomez, Chair | Gino Gasparini | Vijay Gupta | Shelley Kessler | Frank Pagliaro | Bill Rundberg | Dennis Zheng

ADDITIONAL QUESTIONS/INFORMATION

Additional questions can be addressed to the Bond Oversight Committee in care of Mitchell Bailey, Chief of Staff, Office of the Chancellor, at baileym@smccd.edu. Further information about specific projects, including photos of project progress and information about facilities can be found at <http://www.smccd.edu/facilities/community/>.

