

## MINUTES

### **BOARD OF TRUSTEES FEATHER RIVER COMMUNITY COLLEGE DISTRICT**

President Elliott called the special meeting of the Feather River Community College District Board of Trustees to order at 4:03 p.m. on Thursday, June 23, 2011 at Feather River College, Learning Resource Center Building Room #105, 570 Golden Eagle Avenue, Quincy, California.

*Trustees present:* Elliott, Schramel, Shamberger (Via Teleconference), Sheehan, West

*Trustees absent:* Student Trustee Burfeind

The agenda for the special meeting of June 23, 2011 at Feather River College, Learning Resource Center Room #105, 570 Golden Eagle Avenue, Quincy, California was approved as presented, (West/Sheehan) unanimous.

#### **A. ITEMS FROM THE PUBLIC**

None

#### **B. REGULAR AGENDA**

a) Ron Taylor, Superintendent/President, requested Approval of Allocation from Secure Rural Schools "Forest Reserve" Funds. He stated that although the agenda reflected that he would be addressing the request, Jim Scoubes, Chief Financial Officer, would be leading the discussion as he was in possession of current numbers on the issue and had distributed handouts regarding what would be discussed. Dr. Taylor also stated that the Board is taking up an item that has been previously considered and he added that it is apparent that the request and the amount involved carries with it a serious budget context. Jim Scoubes referred to the handouts while reporting that the Learning Resource Center (LRC) Construction Project began in 2007 and that every invoice and transaction paid by the District through Monday, June 20, 2011 totaling \$9,688,537.75 was reflected in the handout documentation. He additionally reported that the one-page handout with, "ASF" in the left hand corner was obtained directly from the fusion software system that keeps track of projects in the Chancellor's Office and reflected an encumbered amount of \$8,459,000 and also documented the monthly reimbursements requested by the District for expenditures as well as the remaining balance after reimbursements had been processed. Mr. Scoubes also reviewed information that indicated that excluding furniture and equipment, the State-approved Budget sub-total for the project amounted to \$9,232,000 and that the adjusted total including furniture and equipment was reflected at \$9,955,001. He added that the document also reflected a revised budget total that included projected

cost overages as of June 23, 2011 totaling \$820,798 comprised of unreimbursed expenditures totaling \$313,515, unpaid construction billing of \$77,688, a remaining AV contract totaling \$93,213, and retention amounting to \$336,383. Nick Boyd, Director of Facilities, at the request of Trustee Sheehan, summarized the unreimbursed expenditure amounts as general condition responsibilities expected of someone acting as a general contractor such as supplies relating to dewatering the site, propane relating to temporary heating of the building, supplies relating to relocating the backup air conditioning unit for the computer server room, and office supplies for the job site trailer that exceeded allocation amounts. He also stated that larger amounts reflected on the detail included May 2011 payroll requests for the construction phase that exceeded the total State budget allocation.

Jim Scoubes continued his review of the handout information by explaining the unpaid construction billings that are currently due to contractors in the amount of \$77,687.57, the remaining audio visual (AV) contract in the amount of \$93,213, and the retention amount totaling \$336,382.51. He also covered estimated potential recoveries as of June 23, 2011 in the amount of \$320,475 which he stated was comprised of liquidated damages due to lack of a superintendent on the construction site, additional and third party delays, soil engineer issues, and civil engineer and mechanical costs which could be deducted from the contractor retention amounts. There was further discussion regarding the merit of litigating such potential recoveries and whether or not it would be worth doing so in the long-term scope of the issue. Mr. Scoubes also reported that if the potential recoveries actually materialized, the revised total estimated project overruns would be reduced from \$820,798 to \$500,323.

Trustee Sheehan stated that it would be useful to have an allocation amount before discussion continued and Dr. Taylor responded that he would recommend that the allocation request amount be up to \$820,798 while recovery is being explored.

Trustee West stated that it appears very often that the Secure Rural Schools Reserve Fund is targeted for certain types of District situations when she believes that it's important to preserve the fund and build it up. She questioned whether or not there were other resources that could be tapped by the District and she recalled a conversation regarding funding for remodeling the area of the vacated library space and she asked if this funding might be available to use. Nick Boyd replied that there is a \$50,000 deferred one-time maintenance block grant that was received in 2009 that was set aside for remodeling the vacated space and Trustee Sheehan asked if it could be re-allocated for the LRC overage. Dr. Taylor replied that he would need to check on the legality of the issue, but that his guess would be that some of it could be utilized. After further discussion regarding additional or other options and resources and other reserve amounts, Nick Boyd provided justification for the recent purchase of a dump truck on behalf of the District. After this discussion and there being no objection, a motion was made to approve an allocation of up to \$770,798 from the Secure Rural Schools Fund to cover overages associated with the LRC Construction Project assuming that the \$50,000

difference could be utilized from the maintenance block grant funding, (Sheehan/Schramel) unanimous. President Elliott also requested that an additional report on other funding resources be provided at the July 2011 Board meeting. Nick Boyd added that contractually the District has the right to assess and pursue liquidated damages due to delays on the project and he requested guidance from the Board of Trustees as to whether or not they supported such action. Trustee Sheehan indicated and the Board of Trustees directed administration to report back concerning all of the possibilities regarding reduction in capital improvement and budgets in the upcoming fiscal year and beyond to be applied to this overage. Trustee Sheehan also stated that the highest priority moving forward would be to identify the potential recoveries and begin work on potential recoveries through the assertion of the liquidated damages. He stated that the second priority would be the unreimbursed expenditures, the third priority would be the unpaid and currently due construction billings, the fourth priority would be the remaining unpaid audio visual, and the fifth priority would be the retention which should not be expended until due and payable and there was consensus by members of the Board and they so directed Dr. Taylor in this regard.

There being no further business, the meeting was adjourned at 4:50 p.m.