



LOS ANGELES COMMUNITY COLLEGE DISTRICT

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OFFICE OF THE CHANCELLOR

TO: Members of the Board of Trustees
FROM: Dr. Francisco Rodriguez, Chancellor

DATE: March 30, 2017

SUBJECT: BOARD LETTER FOR APRIL 5, 2017 MEETING

Board Meeting Location

Next week's Board meeting will be held at **Los Angeles Harbor College**. The meeting times and locations are as follows:

<u>Meetings</u>	<u>Time</u>	<u>Location</u>
Legislative & Public Affairs	3:00	Student Services and Administration Bldg., 2 nd Floor, Room 219
Convene for Public Session	4:30 p.m.	Music Building, Music Recital Hall, Room 101
Convene for Closed Session	4:30 p.m. – 6:30 p.m.	Student Services and Administration Bldg., 2 nd Floor, Room 214
Reconvene for Public Session	6:30 p.m.	Music Building, Music Recital Hall, Room 101

Parking

Parking for Board Members and Chancellor will be located in the **Parking Lot 9**. A campus map has been included for your convenience.

Legislative & Public Affairs Committee (Fong, Chair; Eng, Vice Chair; Kamlager, Member)

The committee will meet from 3:00 p.m. to 4:15 p.m. in the **Student Services and Administration Bldg., 2nd Floor, Room 219**. The agenda may be viewed by clicking on the following link:

https://spdev.laccd.edu/Board/StandingCommittees/Documents/2016-2017StandingCommitteeAgendas/20170405_cmm-legislative%20public%20affairs%20committee.pdf

Included in this letter is explanatory information related to an agenda Item:

Enclosed for your information is a memo from John Dacey, Lead Construction Counsel, regarding FPD1, Item IV, Authorize Additional Funding for Construction Bench, which will be presented for Board approval at the April 5th Board meeting. **(Refer to Attachment A)**

Enclosed for your information is a memo from Paul Steinke, BuildLACCD Program Director, regarding FPD3, Adopt a Resolution Authorizing Agreement for the Early Buyout Provisions of the Three Photovoltaic Systems Located at Los Angeles Pierce College, Los Angeles Valley College, and the Van de Kamp Innovation Center, which will be presented for Board approval at the April 5th Board meeting. **(Refer to Attachment B)**

Confidential Matters

The attached correspondence is confidential and should not be shared with other persons.

• **Office of General Counsel**

- Enclosed for your review is the Bond-related litigation report.
- **(Refer to Attachment C)**
- Enclosed for your review is the District-related litigation report. **(Refer to Attachment D)**
- Enclosed for your review is background information regarding pending litigation cases. **(Refer to Attachment E)**
- Enclosed for your review is an update report pertaining to complaints of discrimination/harassment. **(Refer to Attachment F)**
- Enclosed for your review is an update report pertaining to the status of personnel actions. **(Refer to Attachment G)**

Other Matters

- **Chancellor's Office** – Enclosed for your review is the schedule for the proposed Board Meeting dates for 2017-2018. Please check the proposed dates for any conflicts with your calendar, as these dates will be noticed during the May 10th Board meeting. **(Refer to Attachment H)**

Let me know should you have any questions regarding next week's meeting.



Los Angeles Harbor College

1111 Figueroa Place Wilmington, CA 90744

District Administration,
Presidents and
Board Secretaries
Reserved Parking

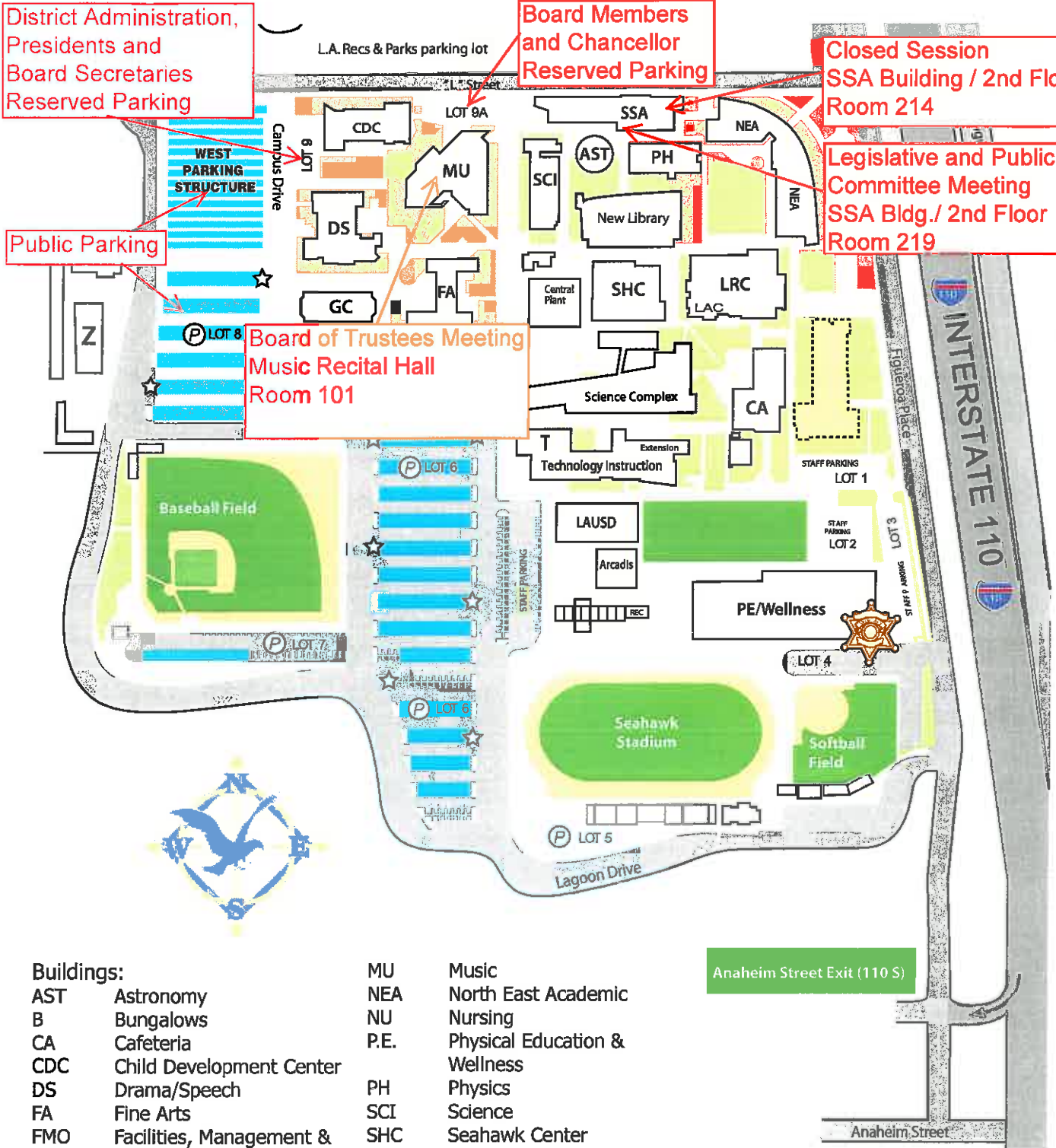
Board Members
and Chancellor
Reserved Parking

Closed Session
SSA Building / 2nd Floor
Room 214

Legislative and Public Affairs
Committee Meeting
SSA Bldg./ 2nd Floor
Room 219

Public Parking

Board of Trustees Meeting
Music Recital Hall
Room 101



Anaheim Street Exit (110 S)

Buildings:

- AST Astronomy
- B Bungalows
- CA Cafeteria
- CDC Child Development Center
- DS Drama/Speech
- FA Fine Arts
- FMO Facilities, Management & Operations
- GC General Classrooms
- LRC Learning Resource Center

- MU Music
- NEA North East Academic
- NU Nursing
- P.E. Physical Education & Wellness
- PH Physics
- SCI Science
- SHC Seahawk Center
- SSA Student Services & Administration
- T Technology





Board of Trustees

LOS ANGELES COMMUNITY COLLEGE DISTRICT
770 Wilshire Boulevard, Los Angeles, CA 90017 213/891-2000

AGENDA

**LOS ANGELES COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
LEGISLATIVE & PUBLIC AFFAIRS COMMITTEE MEETING
Los Angeles Harbor College
Student Services and Administration Building
2nd Floor, Room 219
1111 Figueroa Place
Wilmington, CA 90744
Wednesday, April 5, 2017
3:00 p.m. – 4:15 p.m.**

Committee Members

Mike Fong, Chair
Mike Eng, Vice Chair
Sydney K. Kamlager, Member
Robert B. Miller, Staff Liaison
Marvin Martinez, College President Liaison
Laurence B. Frank, College President Liaison Alternate

Agenda

(Items may be taken out of order)

- I. ROLL CALL
- II. PUBLIC SPEAKERS*
- III. NEW BUSINESS
 - A. Federal Update
 - B. State Update
 - C. SB769 – Baccalaureate Degree Pilot Program
 - D. AB-618 – Local Agency Public Construction Act: Job Order Contracting at Community College Districts
- IV. OLD BUSINESS
- V. DISCUSSION
- VI. SUMMARY- NEXT MEETING Mike Fong
- VII. ADJOURNMENT

*Members of the public are allotted three minutes time to address the agenda issues.

If requested, the agenda shall be made available in appropriate alternate formats to persons with a disability, as required by Section 202 of the American with Disabilities Act of 1990 (42 U.S.C. Section 12132), and the rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, for whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting. To make such a request, please contact the Executive Secretary to the Board of Trustees at 213/891-2044 no later than 12 p.m. (noon) on the Tuesday prior to the Committee meeting.



IN BRIEF

Expands and modifies the existing SB 850 (Block, 2014) Community College Baccalaureate Degree pilot program:

- Expands from 15 to 30 programs to give LAO a larger sample size for the 2022 study.
- Removes the pilot program sunset of 2023.
- Removes the “one program per district” limitation
- Instead of preventing a community college from offering a baccalaureate program already at a UC or CSU, the bill allows it as long as the community college is at least 100 miles away from a UC/CSU.

THE ISSUE

Only 206 students statewide are currently enrolled in the first 10 community college baccalaureate programs around the state. When five more districts begin their programs this year that number will only increase to around 300 students.

The pilot program needs to be expanded so the LAO can have a larger sample size to review program success and so more community college students can have access to baccalaureate programs.

36 community college districts applied for the 15 pilot program slots. There’s a clear need and desire for more districts and students to participate in an expanded pilot program.

In 2030, if current trends persist, 38 percent of jobs will require at least a bachelor’s degree. But population and education trends suggest that only 33 percent of working-age adults in California will have bachelor’s degrees by 2030—a shortfall of 1.1 million college graduates.

Community colleges account for more than half of undergraduate enrollment in California—open access, wide geographic distribution, and relatively low fees make them especially popular; however, only one in ten community college students transfer to a four-year university.

College completion rates have been improving, but not fast enough. And there will not be enough highly educated newcomers to California—from abroad or from other states—to close the skills gap.

EXISTING PILOT PROGRAM

Of the 206 students enrolled in 10 pilot programs statewide, 57 percent are from underserved ethnic groups and 72 percent are female. The other 5 colleges in the pilot program are currently recruiting students and expect to launch programs this fall.

Students participating in the baccalaureate pilot program pay approximately \$10,560 in fees and tuition for their four-year degree, a fraction of the cost of private and other public universities. On average, California State University in-state students will pay \$27,036 for four years of study.

Colleges participating in the pilot program include:

1. Antelope Valley College - airframe manufacturing technology (Lackey, Wilk)
2. Bakersfield College - industrial automation (Fong, Fuller)
3. Cypress College - mortuary science (Quirk Silva, Newman)
4. Feather River College - equine industry (Dahle, Gaines)
5. Foothill College - dental hygiene (Berman, Hill)
6. Mesa College - health information management (Maienschein, Weber, Atkins)
7. Mira Costa College – biomanufacturing (Chavez, Bates)
8. Modesto Junior College - respiratory care (Gray, Galgiani)
9. Rio Hondo College - automotive technology (Calderon, Mendoza)
10. Santa Ana College - occupational studies (Daly, Nguyen)
11. Santa Monica College - interaction design (Bloom, Allen)
12. Shasta College - health information management (Dahle, Gaines)
13. Solano Community College - biotechnology (Frazier, Dodd)
14. Skyline College - respiratory care (Mullin, Hill)
15. West Los Angeles College - dental hygiene (Ridley Thomas, Mitchell)

There are a total of 206 students enrolled in 10 pilot programs, with data disaggregated as follows:

Female – 148
Male – 58

African American – 12
Asian – 41
Caucasian – 80
Hispanic – 50
Mixed – 12
Other – 11

Age 30 and under – 125
Age 31-50 – 66
Age 50 and over – 15

Colleges have been filing quarterly reports with the Community Colleges Chancellor's Office with data that is required in the SB 850 bill language. These reports will be expanded to include more data points as the programs reach the one year mark, and as the new programs launch in 2017. Colleges are undergoing accreditation by the ACCJC, and curriculum approved through the CCCCO. The standards are very high to operate the programs.

PILOT SUNSET IS A PROBLEM

The challenge with the sunset is that the colleges are working with local high schools, current and prospective students on recruiting efforts. Additionally, a large part of those efforts are focused on working with local industries to identify incumbent workers who can move into these programs. If the sunset remains, colleges will not be able to recruit past spring of 2018, (one year from now). Students who begin fall 2018 would graduate in Spring 2022. Measuring the success of the program would mean that only 2 full four year cohorts could move through the program, 2017-2021, 2018-2022. By the time the LAO report is released, the impact of the sunset would then be impacting the measures of success that were set out in the law. Students are unlikely to choose programs that have no guarantee of continuing, thus program viability would be in jeopardy.

BACKGROUND

On September 28, 2014, California Governor Jerry Brown signed SB 850 (Block) authorizing the Board of Governors of California's Community Colleges (BOG), in consultation with representatives of the California State University (CSU) and University of California (UC), to establish a statewide baccalaureate degree pilot program at no more than 15 California Colleges. The Board of Governors was charged to develop a process for selection of the pilot programs.

SB 850 contained the following requirements:

- Community College Districts were limited to one pilot program offering at one campus within the district.
- Community College Districts couldn't offer a baccalaureate program already offered by a UC or CSU.
- Requires the LAO to conduct interim and final evaluations of the pilot program and report to the Legislature and the Governor. The interim evaluation is due July 1, 2018, and the final evaluation is due by July 1, 2022.
- The pilot program sunsets on January 1, 2024.

SUPPORT

Chabot-Las Positas Community College District
Community College League of California
Foothill-De Anza Community College District
Kern Community College District
Los Angeles Community College District
Los Rios Community College District
Rio Hondo Community College
San Diego Community College District
San Mateo County Community College District
Santa Clarita Community College District
West Los Angeles Community College

FOR MORE INFORMATION

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OFFICE OF ASSEMBLYMEMBER
Evan Low
TWENTY-EIGHTH ASSEMBLY DISTRICT

E-MAIL
Assemblymember.Low@assembly.ca.gov

ASSEMBLY BILL 618: Job Order Contracting at CA Community Colleges

SUMMARY

AB 618 would authorize Job Order Contracting (JOC), an alternative and optional contracting procedure for a catalog of smaller construction projects, at California Community Colleges (CCC) that have entered into a Project Labor Agreement (PLA). Currently, school districts have the ability to use JOC and this bill extends the authority to CCC.

Additionally, AB 618 provides flexibility to school districts and community college districts when designing their local PLA.

BACKGROUND

Job Order Contracting is an alternative and optional contracting procedure used at school districts. JOC is a project delivery method designed to accelerate the completion of smaller projects at lower costs by streamlining some of the requirements of the contracting process. Under JOC, the contractor agrees to a catalog of construction tasks for a fixed period of time. A catalog contains specific construction tasks with fixed unit prices that are based on generally-accepted industry standards, inclusive of the cost of materials, labor, and equipment for performing the construction tasks.

In 2003, AB 14 (Horton) authorized a JOC pilot program at Los Angeles Unified School District from January 1, 2004 until December 1, 2007. This bill protected the competitive bidding process and other procurement laws. In 2006, AB 2362 (Horton) extended the sunset date to December 1, 2012. In 2012, AB 2580 (Furutani), extended the sunset date to December 31, 2020.

JOC is a cost-effective and efficient contracting method. In the LAUSD pilot program's report to the Legislature, project costs were approximately 9.3% lower than the estimates. The report also stated that JOC reduced the total procurement time by more than half.

Due to the success of the LAUSD pilot, AB 1431 (Gomez, 2015) authorized all school districts that have entered into a PLA to utilize JOC. It established a procedure to review and penalize violations of the program, required notifications of the scope of work to ensure the appropriate workers and apprentices were utilized, and required reports to the Legislature.

PROBLEM

Community Colleges are able to use a variety of contracting methods, including "design-bid-build", where an entity would hire an architect to design the project, open a request for proposals, and award the contracts; design-build, where an entity issues a bid for design and construction; and best value, where an entity considers factors other than cost. These methods may not be the most efficient and/or cost-effective for the Community College. JOC provides Community Colleges with current PLA's an alternative, optional, proven cost-effective method for contracting.

SOLUTION

AB 618 authorizes California's Community Colleges who have entered into project labor agreement(s) to utilize Job Order Contracting until January 1, 2022. This bill will improve the cost-effectiveness and efficiency of smaller construction tasks at our Community Colleges without forgoing quality, the integrity of the bidding process, and compliance with labor laws.

The bill also provides more flexibility to local governing boards by ensuring negotiations on the threshold amount for the workforce agreement are between the local board and local Building Trades representatives.

SUPPORT

State Building & Construction Trades Council of CA (Sponsor)

MEMORANDUM

Date: March 27, 2017

To: Francisco C. Rodriguez, Chancellor
Tom Hall, Interim Chief Facilities Executive

From: Bryan Payne
Director, Contract Administration
LACCD Program Management Office

Subject: Request to Authorize Additional Funding for Prequalified Construction Service Providers Bench, Item IV of Com. No. FPD1 for April 5, 2017 and Report of Increased LSEDEV Participation.

ATTACHMENT "A"

This Memorandum: 1) Details the April 5, 2017 request to the Board of Trustees in Item IV. of Com. No. FPD1 "Authorize Additional Funding for Construction Bench" in the amount of \$15,000,000 which, if approved, will allow the Program Manager to continue issuance of construction Task Orders to contractors on the established Prequalified Construction Service Providers Bench ("PQSP Bench") for smaller construction projects each valued up to \$2,500,000 and anticipated Districtwide through March 2018; and 2) Reports the success of the PQSP Bench including increased participation by Local, Small, Emerging, and Disabled Veteran-owned construction contractors in the Bond Program.

Request for Additional Funding Authority for Continued Issuance of Construction Task Orders

On April 13, 2016 (Com. No. FPD1) and September 7, 2016, as the result of competitive Request for Qualifications processes, the Board of Trustees authorized the establishment of Task Order based agreements with 50 Local, Small, Emerging, and Disabled Veteran-owned ("LSEDEV") construction contractors. The agreements became collectively known as the Prequalified Service Providers Bench ("PQSP Bench"). The Program Manager implements the PQSP Bench through the issuance of Task Orders as the result of a competitive Invitation for Bids (IFB) selection process for each project, and memorializes this activity via Memorandum to the Board of Trustees. This Memorandum also memorializes any change orders issued to each Task Order to provide the Board additional transparency. Such changes to Task Orders are subject to the same requirements as other construction contracts.

When the Board first established the PQSP Bench, the initial funding authority of \$25,000,000 was portioned as \$19,600,000 for 23 defined construction projects and \$5,400,000 for potential projects not yet defined. The Board's direction to add 30 specialty construction contractors increased the total number of PQSP's to 50 with payment also authorized to be from the previously established \$25,000,000 fund.

The Program Manager has issued 33 Invitations for Bids (IFBs) since April 2017 to those PQSP's with specialty licenses appropriate to each project's scope of work and with sufficient bonding capacity to perform that work resulting in 29 Task Orders issued to the lowest responsive and responsible bidders and totaling \$12,506,221.63. Attachment 1 shows Providers that were issued Task Orders.

Of the 29 Task Orders issued:

- 14 Task Orders were issued for projects on the list of 23 original defined projects (shown on the next page) associated with the Board action of April 13, 2016 and had a total cost of \$9,696,494.63 reducing the starting fund balance of \$19,600,000 for the original defined projects down to \$9,903,505.37:

Initial Funding Authorization:	\$	25,000,000.00
Portion for 23 Original Defined Projects:	\$	(19,600,000.00)
14 Original Defined Projects Awarded:	\$	(9,696,494.63)
Balance for Original Defined Projects	\$	9,903,505.37

Note: There are nine original defined construction projects remaining for Task Orders to be issued with a total estimated cost of \$7,100,000. IFB's for these projects are anticipated this year and the work can be paid out of the \$9,903,505.37 balance that's available for this purpose. This will leave a remainder balance of \$2,803,505.37.

Original List of Defined Projects (Strike-out indicates Task Order issued)		
LACC	Demo Men's Gym	\$900,000
LACC	TAI and Storm Water Upgrade	\$2,300,000
LACC	M&O Electric Car Stations	\$300,000
LAMC	Parking Lot D (40J)	\$100,000
LAMC	Zone 4 Storm Water Chamber Retention	\$1,200,000
LAMC	Barrier Removal	\$1,900,000
LAMC	Traffic Mitigation Off Site	\$2,000,000
LAPC	Horticulture Demolition	\$800,000
LAPC	PE Facilities General	\$200,000
LAPC	EEC Swale Fence Relocation	\$100,000
LAPC	M&O Demolition	\$1,100,000
LAPC	LLCB (RFID Gate) at Students' Terrace	\$100,000
LAPC	PAB Cheek Walls	\$100,000
LAPC	SLE-Center for the Sciences Tech Upgrade	\$500,000
LAPC	PE Facilities Improvements	\$600,000
LASC	Phase 1 and Phase 2 TAI	\$600,000
LATTC	CDC Weather Proofing	\$1,300,000
LAVG	Storm Water Upgrade	\$1,600,000
LAVG	Allied Health and Science	\$1,500,000
LAVC	Bungalow 83-85	\$300,000
WLAC	Physical Education Resource Center (Dance Floor)	\$300,000
WLAG	Performing Arts Amphitheater	\$700,000
WLAG	Central Plant Phase II	\$1,100,000
Total Original Defined Projects to be Awarded		\$7,100,000

- 15 Task Orders issued were for projects not on the list of 23 original defined projects (as shown in the table below) with a total cost of \$2,809,727 and were paid from the \$5,400,000 portion for projects not yet defined reducing its fund balance to \$2,590,273:

Set-Aside for potential not yet defined Projects	\$	5,400,000.00
15 Non-listed Projects Awarded	\$	(2,809,727.00)
Balance for potential not yet defined Projects	\$	2,590,273.00

New Projects to be Awarded Q2-2017 to Q2-2018		
ELAC	ADA Compliance Phase 2 – Exterior	\$2,500,000
ELAC	ADA Compliance Phase 2 – Interior	\$2,500,000
LAHC	Storm Water Student Services & Science Lateral –Harbor	\$30,000
LAHC	Harbor Stormwater - Pre-Treatment	\$36,000
LAHC	Harbor Stormwater Location #2 Basin Bioretention	\$62,000
LAHC	Harbor Stormwater-Location #1 City Outfall	\$175,000
LAPC	SLE - Center for the Sciences Technology Upgrades (additional authority requested)	\$492,000
LAPC	P.E. Facilities – Improvements (additional authority requested)	\$727,000
LATTC	Temporary Restrooms 1	\$160,000
LATTC	Temporary Restrooms 2	\$160,000
LATTC	Storm Water - North Quad and Grand Avenue	\$2,470,000
WLAC	West ADA (Balance of Priority 1 and 2 Items)	\$1,750,000
Total New Projects to be Awarded		\$11,062,000

The remaining total combined-portion balances from the original \$25,000,000 funding authorization is \$9,903,505.37 + \$2,590,273.00 = \$12,493,778.37. The total cost of both originally defined projects and new previously undefined projects which have not been awarded is \$7,100,000 + \$11,062,000 = \$18,162,000. Consistent with the Board’s original direction for the establishment of the fund, the remainder amount of the total requested will be available for future projects that are currently not identified. Such remainder funds would be accessed to issue Task Orders consistent with the previously established process identified in this request. Any Task Order activity accessing these remainder funds will be memorialized via Memorandum to the Board of Trustees.

Because the available balance of funds is less than the total cost of Task Orders to be issued to the PQSP Bench for small construction projects consistent with the spirit and intent of the Board Actions of April 13, 2016 and September 8, 2016, Item IV of Com. No. FPD1 for April 5, 2017 requests that the Board of Trustees authorize additional funding of \$15,000,000.

Success of the PQSP Bench including increased participation by Local, Small, Emerging, and Disabled Veteran-owned construction contractors

The PQSP bench has been a success in increasing the participation of LSEDEV firms in the Bond Program. The 50 construction firms and specialty service providers approved by the Board of Trustees on April 13, 2016 and September 8, 2016 to receive agreements through the PQSP Bench showcase the District's continuing commitment to the LSEDEV community:

- Fifty (50) out of sixty-eight (68) small contractors who submitted qualifications for the Prequalified Service Providers (PQSP) bench were awarded contracts. This is a 74% success rate.
- Twenty-nine (29) projects totaling \$12,506,221.63 have been awarded to these small contractors since April 2016.

However, some challenges to opening additional access to the District's LSEDEV community have been encountered.

- Five (5) out of one hundred eighteen (118) Small Business Boot Camp graduates have been awarded work through separate contracts. This is only 4.2%.

When this disparity was discovered, participants were surveyed to identify why the Small Business Boot Camp graduates were not being awarded contracts as expected:

- 60% of Small Business Boot Camp graduates who responded to our query did not participate in the PQSP Request for Qualifications (RFQ).
- These LSEDEV Small Business Boot Camp graduates stated that they did not submit qualifications because they ***could not obtain bonding due to lack of personal credit and business capital***. Some informed us they are still recovering from the past economic downturn.

Steps to alleviate these barriers to LSEDEV participation have been taken:

- To **reduce bonding and capital barriers**, the PMO Community Economic Development Small Business Coordinator meets with contractors and reviews their current bonding and financial standing. Based on their need, small contractors are referred to partners such as PACE, SBA Surety Bond Guarantee Program, and Small Business Development Centers for additional assistance.
- PMO Contracts has conducted four (4) workshops designed to assist small firms to complete the prequalification documents.

Attachment 1

	Firm Name	Task Orders
Awarded April 13, 2016	Access Pacific	4
	Alameda Construction	
	CWS Systems, Inc.	
	D. John Roser	
	Fast-Track Construction	
	Frederick Towers	1
	GMZ Engineering	7
	Griffith	
	Ian Thomas	
	Icon West	
	IPI Construction	1
	Masters Contracting Corp.	4
	Menco Pacific	
	MZN	
	Nazerian Group	1
	New Creation	
	NSA Construction Group, inc.	
	TIS, Inc.	4
	United Mechanical	1
	Valle Grande	4

Awarded September 7, 2016	A-1 Electric Service Company, Inc.	
	Clay Reed (DBA Aaxis Construction)	1
	Advanced Cable Solutions, Inc.	
	Allegiance Global Construction, LLC	
	Athena Engineering, Inc.	
	Baker Electric, Inc.	
	Best Contracting Services, Inc.	
	Brascia Builders, Inc.	
	California Certified Construction and Electrical Inc	
	California Technology Services Inc	
	Carol Electric Company Inc	
	Computer Network Support & Service Inc	
	Extend Networks Inc.	
	Fix Painting Company	
	Golden Sun Firm & Co, Inc.	
	HCI Systems, Inc.	
	Cambrian Corporation	
	KEMCORP Construction Inc.	
	Omega Construction Co Inc	
	Parker Brown, Inc.	
	Pars Arvin Construction Inc.	
	Plyco Corp.	
	Pro - Craft Construction, Inc.	
	Reliable Floor Covering, Inc.	
	Schmitt Drywall Contracting	
	South Coast Mechanical, Inc.	
	Sunbelt Electrical Company Inc.	
	Tecta America Southern California Inc.	
	TELACU Construction Management Inc.	
	World Wide Construction & Engineering	

MEMORANDUM

Date: March 28, 2017 **ATTACHMENT B**

To: Francisco C. Rodriguez, Chancellor
Tom Hall, Interim Chief Facilities Executive

From: Paul Steinke, BuildLACCD Program Director

Subject: Com. No. FPD3 Adopt Resolution Authorizing Agreement for the Early Buyout Provisions of the Three Photovoltaic Systems Located at Los Angeles Pierce College, Los Angeles Valley College, and the Van de Kamp Innovation Center.

On March 22, 2017, the Facilities Master Planning and Oversight Committee ("FMP&OC") adopted a motion recommending this matter be considered and approved by the Board of Trustees on April 5, 2017 and directed staff to respond to several questions. This Memorandum provides responses to the questions.

Question 1. Is there risk associated with buying the systems?

Response:

There are no financial or operational risks associated with the early buyout of the systems:

- The financial cost benefit analyses of net present value (NPV), future market value (FMV) and return on investment (ROI) of the three contractually dictated options supports the early buy out.
- The least expensive contractual option is also the early buyout and it is within the Escrow account available funds.
- All three systems are operating at a higher level (creating more energy) than contractually guaranteed
- The current maintenance contracts for these systems can be maintained as-is.

There is financial risk associated with *not* exercising the early buyout since the costs of buying the systems at the FMV (option 2) or dismantling and returning them (option 3) exceeds the funds set aside in the escrow account.

Question 2. What are the down sides of buying the systems now?

Response:

There are no disadvantages associated with exercising the early buyouts of the systems.

Question 3. What if there is a change in the political scenario?

Response:

If the political scenario moves away from sustainable energy it might have a negative impact on the FMV of the systems. That would not impact the decision to exercise the early buyout since the fair market value would have to go to zero (i.e. no salvage value and no continuation of energy savings) before option 2 would become viable. With a useful life of 30 years (10 years beyond the end of the lease) these system will produce energy savings that would keep the FMV from going to zero.

Based on the following reputable documents published by the U. S. Department of Energy and the U. S. Energy Information Administration, the price of electricity will continue to increase in the range of 1.9 – 3.4% per year:

- Pacific Northwest National Laboratory – Projecting Electricity Demand in 2050;
- Energy Information Administration – Annual Energy Outlook 2017 with projections to 2050; and
- The Future of Electricity Prices in California, UC Davis, Energy Efficiency Center.

Question 4. What if there is a change in technology?

Response:

Even if there is a change of technology or advances in solar panel efficiency the existing system will continue to produce energy savings that far exceed the cost of their operations and maintenance. At the end of the useful life of the existing PV panels, the existing steel framing could be retrofitted to accommodate new technologically advanced equipment.

Question 5. What if electricity from the grid becomes less expensive with the switch to fossil fuels like oil and coal?

Response:

The District must exercise one of the three options. These are sunk costs and early buyout is the least expensive option. As a result, even if the cost of purchasing energy drops dramatically because of a switch to fossil fuels, it will not be lower than the cost of energy production by these PV systems.

The following relevant facts from the Annual Energy Outlook 2017 report (Catalog No. AE02017) with projections to 2050 as published by the U. S. Energy Information Administration are also helpful to explain why electricity from the grid will not become less expensive:

- About 60% of the electricity consumed in California is generated by Natural Gas;
- The upward trend in average retail electricity prices for residential, commercial and industrial sectors will continue;
- The cost to replace and upgrade California's aging electric infrastructure is anticipated to further increase electric rates as utilities seek to recoup their capital investments.

DRAFT 2017 – 2018 BOARD MEETING AND BOARD COMMITTEE MEETING DATES

Board Meetings

Wednesday, July 5, 2017 (Annual Organizational Meeting)
Wednesday, August 2, 2017
Wednesday, September 6, 2017
Wednesday, October 4, 2017
Wednesday, November 1, 2017
Wednesday, December 6, 2017
Wednesday, January 10, 2018
Wednesday, February 7, 2018
Wednesday, March 7, 2018
Wednesday, April 4, 2018
Wednesday, May 9, 2018
Wednesday, June 6, 2018
Wednesday, July 11, 2018 (Annual Organizational Meeting)

ATTACHMENT H

Board Committee Meetings

Wednesday, July 19, 2017
Wednesday, August 16, 2017
Wednesday, September 20, 2017
Wednesday, October 18, 2017
Wednesday, November 15, 2017
Wednesday, December 13, 2017
Wednesday, January 24, 2018
Wednesday, February 21, 2018
Wednesday, March 21, 2018
Wednesday, April 18, 2018
Wednesday, May 23, 2018
Wednesday, June 20, 2018
Wednesday, July 25, 2018

Background: The proposed dates reflect the consideration of such factors as legal holidays, District holidays, religious holidays, Budget calendar, staff preparation time frames, and applicable Board Rules. The location sites will be determined and announced at a date in the future.