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**Mono County Grand Jury 2013
Final Report Regarding Measure C
Case #1213.02**

Summary:

The 2012/2013 Mono County Grand Jury initiated an inquiry into the status of funds for Measure C, a school bond measure approved by the voters of Mono County in 2000. Because more than twelve years had elapsed since the bond measure had passed, the Grand Jury wished to know the status of the funds and what had been accomplished to date. On May 21, 2013, the Grand Jury concluded its investigation.

The Grand Jury finds that the status of Measure C funds is tracked and monitored by the Kern Community College District (KCCD) and Kern County. The fund balance as of 6/30/12 was over \$8,000,000, with \$4,000,000 remaining bonds to be issued. Three studies have been completed since the passage of the bond measure in 2000, addressing facilities and programming needs. In accordance with facilities noted in the bond measure, Measure C funding has leveraged other funding in the construction of the Dave McCoy College Center, which contains a science lab and a studio arts classroom, and the Library. The (Performing) Arts facility and astronomy center have not been constructed, and because there is no degree program for theater arts or astronomy, these facilities remain conceptual. The Director of the Eastern Sierra College Center (ESCC), working with the KCCD Chief Financial Officer and the Facilities Committee determine facilities priorities appropriate for Measure C funding. The ESCC Director works very closely with the Executive Director of the Mammoth Lakes Foundation (MLF) to gain community input and financial support for the Mammoth Campus of the ESCC.

The Grand Jury recommends that the ESCC incorporate a brief Measure C status report in its annual report to the community, noting facilities and improvements made possible by Measure C. It also recommends that a maintenance category be added to the Measure C spreadsheet, as structural maintenance becomes more common.

The Inquiry:

The inquiry into the status of Measure C was initiated by the Mono County Grand Jury itself. Measure C was a Special School Bond election of 26 September, 2000, which was passed by the voters in 2000, and authorized the State of California to issue \$15,000,000 of bonds. The proceeds could only be used to improve the Mammoth Lakes campus of Cerro Coso College, a college of the Kern Community College District. The ballot language stated:

In order to expand and improve the Mammoth Campus of the Cerro Coso College, build additional classrooms and labs, construct an astronomy center, a new college library and an arts center, shall the Mammoth Campus, Kern Community College School Facilities Improvement District issue \$15 million of bonds at an interest rate below the legal limit to acquire, construct, and improve facilities?

As there was no recent information available to the public concerning the status of the remaining funds, the Grand Jury felt that the public and the college would benefit by a status update. At the

September meeting of the 2013 Grand Jury, the Jury decided to undertake an investigation of the status of the funds.

The Method:

The investigative committee identified potential contacts to be interviewed.

- The Director of the Eastern Sierra College Center (ESCC).
- The Chief Financial Officer of the Kern Community College District (KCCD).
- The Executive Director of the Mammoth Lakes Foundation (MLF).

The Investigation:

The ESCC Director was contacted for an appointment, but first referred the committee to meet with the Chief Financial Officer of the Kern Community College District, whose office is in Bakersfield, California. When the investigative committee contacted the CFO, the CFO requested a letter from the Grand Jury. The Grand Jury Foreman sent a letter to the CFO on 18 January, asking for past and current information concerning the status of Measure C funds. The CFO sent an electronic summary spreadsheet and itemized spreadsheet to the committee. The itemized spreadsheet was a detailed year by year accounting of all charges against the fund. The CFO also sent the most recent planning document (2013) for the college.

The investigative committee reviewed the spreadsheets and the 2013 planning document, and formulated questions for the CFO. The 2013 planning document gave the committee a good background of the Mammoth Lakes Campus history and its projected needs through the year 2025.

On Monday, 11 March, 2013 the investigative committee held a video conference interview with the CFO of the Kern Community College District in the Mammoth campus conference room. The summary spreadsheet and detailed spreadsheet were the main topics of discussion, and the CFO explained both in detail, as well as giving a general background of economic and social changes since the passage of the measure in 2000. At that time economic conditions and projections for college enrollment were positive, and State of CA funds were available. As the decade began, conditions changed: a construction boom in China caused building costs to increase dramatically, college enrollment decreased, and a drop in state funding caused the KCCD to “step back to reassess” its needs. Two studies were completed: one in 2004 by consultant MGT, titled “Program Needs and Delivery Methodology”, and a second was done internally in 2005, “Master Plan for Services”. The most recent study of the KCCD (2013) indicates that the student population of both the Mammoth Lakes and Bishop campuses did not grow as predicted in 2000, and will grow slowly. The report notes that the existing facilities are sufficient for the student population until 2025, but some need to be “repurposed” for better usage.

Facts learned via the interview:

- School Bond process: the community college district sells the bonds (using the services of a financial advisor), and the bond revenue is placed in a restricted Kern County construction fund for the Mammoth Lakes Campus of the KCCD. Kern County also maintains a separate debt service fund for the bonds. Mono County sends the special tax proceeds to Kern County, and Kern County pays the debt service on the bonds
- The financials are tracked by both Kern County and the Kern Community College District. The CFO is able to track these accounts daily, as spreadsheets are available on line
- Funds are audited annually by an external auditor
- The original school bond authorized by the voters was \$15,000,000
- In December, 2000, bonds were issued in the amount of \$7,474,413.70
- In December 2002, bonds were issued in the amount of \$3,999,979.40
- The principle was refinanced in September, 2011 at a lower rate, and the principle debt balance is \$8,060,000.
- The fund balance at 6/30/12 was \$8,034,036.99, with approximately \$4,000,000 in bonds remaining to be issued
- The Dave and Roma McCoy College Center was constructed from 2002 through 2004 with \$3,719,464.84 in Measure C funds; the remainder of the construction was funded by the State of California.
- The College District and Mono County Office of Education entered into an agreement by which the college district funded \$2,309,682.88 of the library's construction cost through Measure C. The library was completed in 2008. The agreement specifies that the library is to serve the needs of the college's students, and also includes a long-term lease for a specified room in the library. It clearly specified that no operating funds were committed
- Scheduled and deferred maintenance projects are included in Measure C "construction" expenditures (e.g. resealing of rock work, parking lot, walkways)
- The KCCD will do a joint venture with partners (MLF, TOML, others) to craft an agreement (e.g. Performing Arts Center or other structures), if three criteria are satisfied:
 1. The structure must be used for an educational component
 2. There must be contributed resources to build it
 3. There must be guaranteed operating costs in any agreement
- Edison Hall and the college's student housing are owned by the Mammoth Lakes Foundation, including additional land
- Parking for the student housing complex is covered by an agreement between MLF and the college

The committee inquired about the status of the (Performing) Arts Center, noting that it was part of the original bond measure, as was the Astronomy Lab. The CFO stated that these are not in the plans for the future, unless partners step forward and can satisfy the three criteria.

After the video conference, the CFO sent two additional planning documents (2004, 2005) for the team's review. The three planning documents gave a historical background of the KCCD, including detailed information on the Mammoth campus of Cerro Coso College, and aided the committee in its understanding of the financial documents.

The committee met with and interviewed the Director of the Eastern Sierra College Center

(ESCC), Mammoth Campus, in her office on 4/29/13. The Director took the committee on a tour of the facility after the interview. The Kern Community College District has three colleges (Porterville, Bakersfield, and Cerro Coso), and Cerro Coso has five campuses plus on-line learning. The on-line enrollment totals 50% of the enrollment. The Director has been in her current position approximately seven years as the Director of the ESCC, which includes the Mammoth and Bishop campuses. Her primary role concerns educational programming and management of the two facilities.

The Center Director has no direct financial decision-making authority concerning construction or maintenance, whether Measure C or General Funds. She has input into programs, and if those programs have special facility's needs (e.g. technical courses such as nursing, welding, etc.), she works with the facilities committee and the CFO, and perhaps an external partner. Examples of the latter are the partnership with Mono County Office of Education (MCOE) in the construction of the library, and also with the Mammoth Lakes Foundation (MLF) in the construction of necessary facilities to support the main facility, including the parking lots and lighting. Currently they are working with the MLF for a future monument sign for the college entrance. A minor amount of Measure C will be used this year, plus donations from the MLF, to enlarge the studio arts classroom by expanding it into the adjoining classroom, replacing carpet with tile, enlarging the sink area, and other minor improvements. Studio Arts is a transfer degree, and the current single classroom is too small for the enrollment. The science laboratory will also be upgraded in the future, to accommodate inorganic chemistry, which is a requirement for the nursing degree. A science lab and an arts facility were both included in the bond measure language, and were constructed as part of the Dave and Roma McCoy College Center.

Facility maintenance needs (e.g. roof replacement, lighting, regulatory issues, and health and safety) are added into the facilities priority list, which the Director sends to the facilities committee of CCC, and to the college district facilities committee. The CFO is involved with the facilities committee, as all colleges except for Bishop have bond measure funding as well as General Funds. The Director notes which projects might fit with Measure C, her priorities for funding, and the CFO and facilities committee make the final decision as to which to fund and how.

The Director of the ESCC gave additional background concerning the drop in enrollment and funding since the passage of Measure C in 2000, and program changes since 2009. These changes, along with the reduced State funding, led to more programs leading to degrees and certificates, and fewer community education classes, such as chorale and orchestra, which cannot be funded by State General Funds. These classes are currently offered as a community service, but do not lead to a degree.

The investigative committee inquired about the status of a Performing Arts facility. The Director noted that there is no Performing Arts program at Mammoth, or any CCC campus. Ridgecrest had a program, but no student ever completed the program, and therefore it was discontinued several years ago. The MLF Edison Theater offers the possibility of theater arts classes which could lead to a future program (e.g. Theater 101 on M/W), but no theater arts class is currently offered. The Director noted that a dedicated Performing Arts facility, as a part of an educational program, is currently not feasible as there is no Performing Arts degree offered at present, nor is one envisioned. She noted that a Performing Arts facility could be justified as a multipurpose facility, subject to the educational (programming) requirement and participation of a funding entity

for operational costs. She stated that operational costs for the main facility are large, with utilities alone more than \$100,000 per year.

The Director noted that an astronomy lab was also included in the bond language, but no astronomy facility is envisioned currently, as there are no astronomy classes offered, and no degree program in astronomy. General education classes in physical sciences are offered at present, none of which require a specialized facility.

A College Library was in the bond language, and is an example of partnership with Mono County Office of Education (MCOE). There is a dedicated room in the library, and the lease is in perpetuity. Mammoth Library has an integrated collection and full library services, but more and more students are doing on-line research. The dedicated room was meant to serve as a Learning Resource Center, but it was not heavily used, and therefore the LRC was moved to the main college building. It was improved without using additional Measure C funding, and is used by students and faculty two days per week, plus two additional days on-line. CCC can rent out the room at the library, or donate it for community events, etc. The college connector path, from the library to the college, the dorms, and the main town path, will be completed this summer.

The director noted that MLF funds support students, but not the college. MLF donates space, money for refreshments for graduation, scholarships, etc. MLF scholarships are given to Mono County residents on a first-come, first-served basis, approximately 30 each semester. Students in MLF housing are not eligible for scholarships.

Additional notes from the interview:

- The 2013 Plan is conceptual. The Center Director uses it to choose projects that fit the college priorities and make good sense.
- There are five full-time faculty, plus 20 adjunct professors. Adjuncts are approved by professors holding an MA or equivalent
- There are two ways to count students: by "head count" or by full time equivalent (FTE). An FTE takes 5 classes (or 12 units). Both campuses have approximately 300 FTEs (or about 500 "head counts"), with Bishop a few more than Mammoth. On-line/Interactive students are counted at 50% of an FTE
- Mammoth has 10% of CCC enrollment; class target size is 35 students for this year
- Interactive learning is used to build up programs until they are more sustainable. Example: a professor has class one day in Bishop, with Mammoth class as interactive, and the second day in Mammoth, with Bishop as interactive. There are two interactive classrooms, with very high tech equipment, valued at \$100,000 each
- IT introduces programs, and gets students into traditional classes. One IT maintenance person serves both campuses.
- Adult Education classes are currently being offered by MCOE; under currently proposed legislation these may transition back to the community colleges.
- The Center Director is putting together an electronic list of links to educational classes being offered through MCOE, other organizations, and private individuals so that potential students can be better served.
- The computer labs have their software upgraded every year, and hardware every few years

The investigative committee interviewed the Executive Director of the Mammoth Lakes Foundation on 5/8/2013. As background, of the original 86 acres in the land exchange, MLF retains 40 acres, the college (KCCD) has 27 acres which was given to them by MLF, MUSD has 14 acres, and MCOE has 6 acres. The colleges (Mammoth and Bishop) were annexed in 1990's to KCCD, with approvals from K-12 school districts in Inyo and Mono counties. A 1994/95 EIR, certified by KCCD, identified 400,000 square feet of buildings for the Mammoth campus. In that EIR was a 500 square foot Performing Arts Center. Both campuses (ESCCC) received \$15,000,000 from state funding to construct facilities. Measure C was passed in 2000, and used for roads, parking lots, and lighting, as state funding could not be used for those facilities. Measure C was also used to leverage the funding of the library and the Dave and Roma McCoy learning center.

The MLF and CCC are separate entities, with MLF serving as an advisory and support group to CCC, including potential Measure C uses. MLF assists the KCCD with public scoping on projects, and has helped with three strategic planning sessions involving the local community, such as the "South Gateway Partners" ten years ago. Another strategic planning session will be held in September, consisting of two Boards (MUSD, MLF), plus invited personnel from the KCCD (President, Center Director), and others. That session will focus upon future uses of the forty MLF acres, future uses of the Edison building, and the future of the dorms, all owned by MLF.

The investigative committee asked the MLF Executive Director his thoughts as to how a Performing Arts facility could be achieved. A few years ago, MLF contracted for a feasibility study for a cultural arts center. This document went to the ESCC Director and to the college president for review and comment. The first requirement is to demonstrate the need for programming (the educational component). A culinary/hospitality curriculum was also a part of this, and a curriculum was written, but there were not enough students to justify the demand for classes. The MLF is considering a pilot project ("teaching kitchen") for the middle room of the Edison building.

The MLF has taken steps to create demand for theater arts by the Edison Theater conversion. The former ski museum was converted into a 100 seat theater, and with Measure U funding now has a full-time artistic director, resulting in more theater offerings. The objective is to create more demand for a larger facility, but smaller than 500 seats. As yet there is no theater arts program or classes offered in theater arts, but the MLF would work with the college if the CCC so desired. For the summer of 2013, a hard-sided large-capacity structure is being rented by four entities for six weeks to test out and drive demand for additional cultural events, as well as accommodate current demand. If successful, season length could be lengthened annually, and additional events added. Eventually, if demand and educational programming requirements can be developed (e.g. theater arts classes offered leading to a degree), a cultural arts facility could be feasible. The ED noted that plans for governance by other than the CCC (e.g. operated by MLF or other entity), must be in place before considering implementation of the facility. The plan for governance, outside operational funding and meeting the educational criteria are all necessary to justify using Measure C funding to leverage other funding to construct the facility.

Additional notes from the interview:

- The MLF was founded by Dave McCoy in 1989
- The Executive Director of the MLF has been in that position since 1998

- KCCD suggested the bond to MLF as a “schools facilities improvement district” for the Mammoth campus
- “South Gateway Partners” was never adopted as a Town plan, though it was presented
- MLF-owned student housing facility has 59 beds; there are usually 45-50 are students, plus 4-5 advisors
- MLF pays for snow removal for college: originally this was in exchange for the use of 2 college classrooms, now it’s for the Felici Trio’s use of the lobby for concerts, and for classrooms for that group to teach music
- MLF gave fifty scholarships this year over two semester to approximately 30 students
- CCC does not have a recruiter, so MLF sends a MLF “recruiter” to college fairs to make potential students aware of student housing, opportunities in Mammoth
- Most community colleges have some sort of a foundation to support their college
- The MLF would like to see a culinary facility similar to that in the College of the Desert that was proposed in the feasibility study.

Additional background information/changes over time

- Before annexation into the KCCD, the biggest growth curve came from the local community through community education classes (“pay for play”) rather than any credit courses
- These community education/general interest classes helped pave the way for annexation, as the FTE’s were then counted fully (as head counts)
- At that time (1990’s), 1,000 FTE’s were required for a college district; 500 FTE’s for a district. Mammoth & Bishop had approximately 500, and therefore the annexation qualified as a “Center”
- Smaller, rural schools having “Center” status had a higher formula for obtaining operating costs from the State General Fund
- Dual enrollment classes (high school and college) counted as separate FTE’s; currently they do not. This resulted in a change that showed a drop in enrollment
- The Library was envisioned as an integral part of a college campus with a dedicated room, resources, and an agreement in perpetuity. It was a key to accreditation and viewed as an integral part of a college campus. On-line technology has lowered student demand for this resource.
- On-line learning was originally included as a full FTE count; the formula is different now, less credit is given and therefore it also shows a drop in enrollment
- Since the KCCD annexation, there have been four chancellors, four to five presidents (in Ridgecrest), and eleven Center Directors. The current Director has the longest tenure
- Before the current Director, classes were regularly scheduled without considering demand, and routinely cancelled. The current Director changed this so that if offered, few are cancelled
- The Director also made changes to the programs ensure that more led to degrees (e.g. the nursing program is licensed for fifteen students, leading to a one year LVN certificate. If a student wishes to transfer to Ridgecrest, a higher degree is possible
- Originally, a five hundred seat cultural arts center was envisioned, at a cost of \$15-20 million to construct, and \$500,000 annual operating costs.
- MLF sees the Performing Arts center as a free-standing building; also sees the library as a part of the greater campus. The current (2013) facilities plan shows the facility as an extension of the main college building.

Findings and Recommendations:

The Grand Jury issues the following findings and recommendations as a result of this investigation.

1. Finding: the status of Measure C funds is tracked and monitored by the Kern Community College District (KCCD) and Kern County. The fund balance as of 6/30/12 was over \$8,000,000, with \$4,000,000 remaining bonds to be issued. The account is audited annually by an external auditor.
 - **Recommendation: none**
2. Finding: the summary spreadsheet and detailed spreadsheet track Measure C expenditures over the years very clearly. Due to the length of time since initial construction, the main facility will need structural maintenance in the future. Currently this is not tracked separately from construction.
 - **Recommendation: Set up a new separate category in the detail spreadsheet to track Measure C used for maintenance.**
3. Finding: three studies have been completed since the passage of the bond measure in 2000, addressing facilities and programming needs. The Director of the Eastern Sierra College Center (ESCC), working with the KCCD Chief Financial Officer and the Facilities Committee determine facilities priorities appropriate for Measure C funding.
 - **Recommendation: none**
4. Finding: the ESCC Director works very closely with the Executive Director of the Mammoth Lakes Foundation (MLF) to gain community input and financial support for the Mammoth Campus of the ESCC.
 - **Recommendation: none**
5. Finding: enrollment growth projections dropped dramatically after passage of the bond, and as a result the current facility is now underutilized. Some of the classrooms are being “repurposed” and improved, and as appropriate, some Measure C funding may be used.
 - **Recommendation: none**
6. Finding: Facilities’ planning is current and takes into account the drop in enrollment projections over the past twelve years.
 - **Recommendation: none**
7. Finding: the first ESCC “2011 Report to the Community” does not contain information concerning Measure C and what has been constructed as a result of the bond measure.
 - **Recommendation: in the next and subsequent “Report to the Community”, incorporate a brief Measure C status report, noting facilities and improvements made possible by Measure C.**

The Mono County Grand Jury closed the investigation of this matter on May 21, 2013.