

**CHABOT-LAS POSITAS
COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
WORKSHOP MEETING**

**MINUTES
September 2, 2008**

PLACE

Chabot-Las Positas Community College District, 5020 Franklin Drive, Pleasanton, California 94588.

CALL TO ORDER

The regular meeting was called to order at 5:32 p.m. and adjourned at 6:44 p.m. to a Closed Session. Recording Secretary Beverly Bailey called the roll. Mr. Nicholls was absent at the time of roll.

ATTENDANCE

Members Present: Dr. Arnulfo Cedillo
 Mrs. Isobel F. Dvorsky
 Mr. Donald L. "Dobie" Gelles
 Dr. Hal G. Gin
 Dr. Alison Lewis
 Dr. Barbara F. Mertes
 Mr. Carlo Vecchiarelli
 Ms. Erica Morrissey

Members Absent: Mr. Dayne Nicholls

Managers Present: Dr. Joel L. Kinnamon, Chancellor
 Dr. Celia Barberena, President, Chabot College
 Dr. DeRionne Pollard, President, Las Positas College
 Ms. Rita Brown
 Dr. MaryAnne Gularte
 Ms. Judy Hutchinson
 Dr. Laurel Jones
 Mr. Jeffrey Kingston
 Mr. Lorenzo Legaspi
 Ms. Melinda Matsuda
 Mrs. Jeannine Methe
 Mr. John Nahlen

Recording Secretary: Mrs. Beverly Bailey

Others Present : Ms. Tiffany Breger, President, Associated Students of Las Positas College
Mr. Greg Daubenmire, President, Las Positas College Faculty Senate
Mr. Ming Ho, President, Chabot College Faculty Senate
Mr. Justin Reyes, President, Associated Students of Chabot College
Ms. Rachel Ugale, President, Chabot College Classified Senate

PUBLIC COMMENTS

There were no Public Comments offered at this meeting.

PUBLIC HEARING: 2008-09 BUDGETS – GENERAL FUND, CAFETERIA FUND, CHILD DEVELOPMENT FUND, CAPITAL PROJECTS FUND, SELF-INSURANCE (RUMBL) FUND, AND MEASURE B FUND

President Vecchiarelli opened the Public Hearing for the 2008-09 Budgets at 5:34 p.m. Hearing no comments, President Vecchiarelli closed the Public Hearing at 5:35 p.m.

PRESENTATION: 2008-09 BUDGETS

Mr. Legaspi reported that the Governor and the Legislators in Sacramento are still at an impasse in negotiating the 2008-09 State Budget. He reported that our budgets may be revised based on the outcome of the State Budget. He reported that the State bond for capital projects will not make the November ballot. He also expressed that he is confident that the District has enough funding so we can weather the lack of cash flow to the District. The District can borrow from Measure B funds and will pay it back as soon as we get our State apportionment.

Mr. Legaspi gave a PowerPoint Presentation on the 2008-09 Budgets.

State Budget Proposals

- Governor proposes raising \$15.2 billion deficit through borrowing against future State Lottery revenues.
- If plan to borrow against lottery fails, State would enact a one cent increase in sales tax, lasting until State finances improve, or until 2010-11 at latest.

- Governor proposes fully funding the Proposition 98 minimum guarantee.
- The May Revise still does not provide a cost of living adjustment (COLA). As a point of reference, the statutory COLA is 5.66%.
- The May Revise proposes augmentation of approximately \$75 million to backfill current year property tax shortfall of \$92 million.
- The \$75 million will be made available in the 2008-09 fiscal year on a one-time basis.
- The May Revise proposes to fund an additional \$35.5 million for growth, bringing the total available to \$95.5 million, equal to a 1.67% growth (actual 2% on a systemwide basis).
- The proposal reduces State Categorical Program revenues by an average of 7.30%.
- The proposal includes an augmentation of \$138.7 million to backfill the reduction in estimated property tax revenue.

District Budget

Mr. Legaspi reported that this budget is based on the Governor's May Revision. Mr. Legaspi also reported that in addition to the Governor's May Revise proposal, there are two significant factors in developing the District's budget, enrollment and employee compensation.

- Enrollment
 - Projected at 17,465 FTES; Chabot College – 10,265 and LPC – 7,200
 - Actual Fall Semester Growth – Chabot, 4.0%, LPC 6.9%, Districtwide 5.1%
- Budget Summary
 - General Fund (\$110 million, ending balance \$13,649,755)
 - Chabot College Budget (\$44 million, ending balance 0)
 - Las Positas College Budget (\$28 million, ending balance 0)
 - Self-Insurance Fund (\$3,536,172, ending balance \$3,016,286)
 - Cafeteria Fund (\$49,552, ending balance \$3,598)
 - Child Development Fund (\$1,970,349, ending balance 0)
 - Capital Outlay Projects Fund (\$2,898,048, ending balance \$1,221,902)
 - Property Sale Fund – NIKE Site (\$75,000, ending balance \$3,821,162)
 - Measure B Construction Fund (\$14,807,286, ending balance \$305,840,298)
- District Salary and Benefit Costs (87% of budget)
- SB 361 Funding Formula
- Sound Fiscal Management Checklist

- Looking Ahead
 - The economy and property taxes
 - Accreditation and Board Policy
 - Resources must support our programs
 - Will revisit District Budget Study Group to make budget recommendations
 - Enrollment
 - Other post employment benefits (OPEB)
 - Negotiations

As an important note, Mr. Legaspi reported that in 2006-07 there was \$83 million of growth funds left on the table at the State level. The State gave Districts the opportunity to capture some of this growth funds so the District took advantage of this opportunity and shifted approximately 701 FTES from Summer 2007 to the 2006-07 fiscal year. That brought enrollment total to 17,401. That shift produced approximately \$3 million one-time money.

Mr. Legaspi reported that our unfunded liability for the RUMBL fund is at \$82 million. He noted that there are different ways to address this liability, which will be explored this year.

Mr. Legaspi also reported that the District needs to watch very closely the Child Development Fund. At this time, we are transferring a significant amount (\$330,000) from the Chabot College General Fund to the Child Development Fund. Currently, changes are being discussed.

Mr. Legaspi reported that the District is in good fiscal condition with appropriate reserves.

Board Members thanked Mr. Legaspi for his presentation, noting they appreciate the ease of reading and understanding the document.

Mr. Legaspi responded to questions raised by the Board.

Dr. Mertes reported that she noticed growth in enrollment at some smaller districts are doubling and tripling and wondered what incentives they are using to bring in people (i.e. Sierra College). She commented that this might be interesting to explore. Mr. Legaspi reported that it is likely that this topic will come up at a Chief Business Officers Meeting and he will report back his findings. Ms. Morrissey reported that she has talked with the Student Trustee from Sierra College and will ask.

Mr. Gelles questioned the Cafeteria Fund and why it isn't paying for itself. He also questioned the term "undesignated ending balance." He stressed the importance of making sure all of our constituent groups are aware of the budget and would encourage

reconstituting the District Budget Committee. Mr. Gelles suggested that Mr. Legaspi bring in a retiree as a member of the District Budget Study Group.

In response to Mr. Gelles, Mr. Legaspi reported that in the Cafeteria Fund there is an interfund which transfers from the College Fund approximately \$23,000.

Mr. Gelles also questioned if it is written in the Measure B documentation that we can borrow Measure B Funds. Mr. Legaspi reported that Education Code allows us to borrow internally.

Mrs. Dvorsky questioned how long the District has to repay monies borrowed from Measure B Funds. Mr. Legaspi responded that we would pay back borrowed funds as soon as we receive our State apportionment.

Dr. Gin questioned Mr. Legaspi's meaning of the statement, "if we need more money the money is available." Mr. Legaspi reported that the District is projecting spending approximately \$165 million from the Measure B Fund in the coming fiscal year. If we have to spend more, we have the funds to be able to do that.

Mr. Vecchiarelli questioned growth rates for the District, noting that Las Positas College will be growing significantly and the funding is growing by only 2%. We must address this issue and find ways of getting new faculty, new staff, and new equipment with only 2% growth funds.

Mr. Vecchiarelli reported that the District is not growing at 1.37%. In his District (Sunol, Pleasanton, Dublin) since the last election, population has almost doubled and will continue to grow. In the Hayward area, there are a lot of multi-family homes and that is where the growth is coming from. He voiced that the formula does not make sense.

Mr. Vecchiarelli also noted that the Governor wants to borrow from the lottery, yet what percentage of our funding comes from the lottery? This is a paradox in his opinion.

Mr. Vecchiarelli questioned if we have to carry sick leave on the books as a liability. Mr. Nahlen responded that we do not but earned vacation must be carried on the books as a liability.

Mr. Vecchiarelli also raised the question of outsourcing the cafeteria. In addition, he noted that the situation with Child Development Center bothers him and questioned the feasibility of partnerships with the cities. He stressed that he doesn't want the child centers to affect the educational programs.

ADOPTION OF 2008-09 BUDGETS – GENERAL FUND, CAFETERIA FUND, CHILD DEVELOPMENT FUND, CAPITAL PROJECTS FUND, SELF-INSURANCE (RUMBL) FUND AND MEASURE B FUND

Motion No. 1

Dr. Cedillo made a motion, seconded by Mrs. Dvorsky, to adopt the 2008-09 Budgets for the General Fund, Cafeteria Fund, Child Development Fund, Capital Outlay Fund, Self-Insurance (RUMBL) Fund, and Measure B Fund and authorize the Vice Chancellor, Business Services to file same with the County Superintendent of Schools and California Community College Chancellor's Office as required by law.

Motion carried unanimously, 7-0.

PRESENTATION: DRAFT FIVE-YEAR IMPLEMENTATION PLAN REVIEW AS FUNDED BY MEASURE B

Mr. Kingston reviewed the Draft Five-Year Implementation Plan Review as Funded by Measure B. He reported that this is the first part of a process to understand what projects and funding is left and the prioritization of those projects.

As background, Mr. Kingston reported that when the bond was first passed it was with a ten-year timeline. During those years, there was significant inflation. A second plan came out that had escalated numbers as applied by the inflation over several years, approximately 30%. When he arrived, the Board had decided to accelerate that ten-year plan to a five-year plan. Moving the plan to five years, along with deferral of projects and prioritization of projects and changing of budgets. He moved ahead to get projects designed and bid to outpace inflation. In the meantime, the economy cooled off, which was in our favor.

Mr. Kingston reported that the Legislature has shifted the 2008-09 projects that rely on passage of a bond. The good news is that the Chabot College Math-Science Building made the list for plans and working drawings for \$163,000. The State System Facilities Specialist informed us that this will give us priority on getting construction funding. They have asked us to reprioritize our remaining projects that have been affected. Those projects are getting shifted to 2009-10 and 2010-11. We have been given to the end of this month to resubmit projects. He reported that we may change some projects and perhaps combine one or two projects to make it compete with a higher score.

Mr. Kingston reviewed the Colleges Project Status as follows:

Las Positas College

- 12 major projects planned
- \$173 million in construction value
- 90% complete within the next 36 months
- 4 projects remaining to be designed and constructed

Chabot College

- 35 projects planned
- \$162 million in construction value
- 90% complete within the next 24 months
- 7 small projects remaining to be designed and constructed

Over the next three months, the focus of his team, the Bond Executive Committee, and the College Facilities Committees will be to identify what funding is remaining to determine the remaining projects we should be focusing on. The end result will be the program team will know which projects to design and build.

Mr. Kingston reported that projects were combined for project bid packaging, which resulted in the following:

- Improved schedules, more realistic
- Identified missing components, infrastructure
- More sensible, more efficient bid packages and more attractive to contractors
- Reduced management effort
- Reduced bid costs
- Overall more efficient to plan, design and deliver

Mr. Kingston reviewed the next steps:

- October, 2008 Bring budgets for remaining projects back to College Facilities Committees for input regarding:
- Scope and programs of remaining projects
 - Review of remaining space needs to confirm remaining projects
 - Review remaining projects without functional budgets
 - Discuss the efficacy of “making new or renovating” existing buildings
 - Facilities needs beyond the current Measure B Bond funding

- November, 2008 Program/Project Managers to bring information back to the Bond Executive Committee for final recommendation for scope/projects to complete the Bond Program
- December, 2008 Vice Chancellor of Facilities to bring a finalized Five-Year Implementation Plan and budget back to the Board for approval

Mr. Kingston reviewed the Five-Year Implementation Plan Budget, which included budget totals by College/District. He noted that there is a difference in budget costs in the Plan and the Five-Year Plan for 2008. The difference is expected to come out of the interest earnings from the early sale of the bonds, which was a very effective strategy and critical for allowing some additional projects that will bring great benefit to the District. He gave examples where projects were combined and added projects, causing the change in the total budget.

Mr. Kingston highlighted an additional project for Las Positas College - the EIR and the purchase of the Murray Ranch (\$4 million for the Murray Ranch and \$400,000 for various EIR requirements). He noted that the District needed this permit and mitigated land to proceed with projects; and the result was the District ended up with a nice piece of property that continues to be protected open space.

Dr. Lewis questioned the environmental focus, and asked if the accelerated program has jeopardized the LEED level of certification of buildings. Mr. Kingston responded in the negative, reporting that new buildings will have LEED certified silver and renovations will be LEED equivalent.

Mr. Gelles pointed out that as we build these buildings, it increases the responsibility that we have to maintain them and wants to be sure we accommodate Faculty and Classified Staff with the increased work load. In addition, he would like to see a visual presentation of this document in the future. He also voiced that it is "important to show the community what we have done with the money they made us custodians of." He further stated that he is supportive of acceleration.

Dr. Gin voiced that he likes the "bundle" affect and encourages that at every opportunity we should continue to do that because of the cost savings.

Mr. Vecchiarelli raised the issue of the Murray Ranch and questioned if all the acreage is under easement or can any be developed. Mr. Kinston reported that yes, the District has an obligation to the Fish and Wildlife Service to put an easement on approximately 206 acres of the 400 acres. The remaining acreage is suitable for future easements or can be developed. Of course, we would have to do a mitigation plan and off-set the habitat that we would take from that property.

Mr. Vecchiarelli questioned if we have defined what has to stay in the easement, to which Mr. Kingston reported the northern half. We have the southern half closest to the college. In response to a question raised by Mr. Vecchiarelli, Mr. Kingston reported that we could build on the southern acreage.

Mr. Vecchiarelli questioned if there is occupancy on the property, to which Mr. Kingston responded “not to my knowledge” and reported that there are structures on the property and one of the family members leases the property for grazing, which is a maintenance requirement of the Fish and Wildlife Service.

Dr. Lewis voiced that she would like to make a case that the trade off rights or mitigation rights in the big picture is more valuable to society in general than erecting buildings on the site. The question is what you want to build and what kind of contribution you want to make to life in the Valley and what behavior you want to model for the community at large. It is her opinion that keeping it as open space and allowing others to use it for mitigation might have as much overall societal value as building.

Mr. Gelles voiced that he agrees with Dr. Lewis. It is better for the future to leave it as open space. He believes it was a “smart deal”, which is a compliment to the Management Team.

Mrs. Dvorsky reported that when we agreed to make it a Five-Year Bond Measure rather than a Ten-Year Bond, she wondered if we would reach that Five-Year Bond. She congratulated Mr. Kingston and his team for a terrific job. “Both campuses will be magnificent when we are finished and will be wonderful for our students, faculty and staff.”

Mr. Vecchiarelli commented that the value of environmental easements will increase so rapidly that we would be smart just letting the property sit. As an example, in the Central Valley in 1960, a water fowl easement sold for \$300 an acre, today it is probably \$30,000 an acre. He voiced that he agrees with Dr. Lewis that we don’t want to have a world devoid of those organisms that are endemic to this area.

NEXT MEETING

The next Board of Trustees Meeting is scheduled for Tuesday, September 16, 2008 at the District Office at 6:30 p.m.

ADJOURNMENT

Motion No. 2

Mrs. Dvorsky made a motion, seconded by Dr. Gin, to adjourn the workshop meeting at 6:44 p.m. and readjourn in Closed Session at 7600 Dublin Boulevard, Dublin, California.

Motion carried unanimously, 7-0.

Minutes completed by:

Beverly Bailey

Secretary, Board of Trustees
Chabot-Las Positas Community College District