

**COUNCIL ON BUDGET AND FACILITIES**  
**May 11, 2020**

**APPROVED SUMMARY**

**Members Present:** Josh Ashenmiller, Pete Christianson, Terry Cox, Christie Diep, Lisa Gaetje, Rodrigo Garcia, Craig Goralski, Cherry Li-Bugg, Tina McClurkin, Melisa McLellan, Kim Orlijan, Jeremy Peters, Alex Porter, Irma Ramos, Pamela Spence, Leslie Tsubaki, Kashu Vyas, and Fred Williams

**Guests Present:** Lisa McPheron, Greg Schulz

**Members Absent:** Jason Thibodeau

**Call to Order:** The meeting was called to order at 2:03.

1. **Summary:** The summary of the April 13, 2020 meeting was approved.
2. **Budget Update** - A multi-page fiscal alert from the Fiscal Crisis & Management Assistance Team (FCMAT) was shared with the committee members.

Fred Williams reported that over a two year period there is a projected \$50 billion shortfall. Details are still unclear at this time. Key components of the report that were highlighted were:

- *Governor's January 10 budget proposal is no longer relevant. Baseline budgets should assume no increase to COLA, no special education funding revisions, and no new one-time programs (COLA will be discussed further below).*
- *At this time, FCMAT believes best case funded COLA could be in the -2% range, and worst case in the -10% range, depending on a multitude of considerations. The answers to these considerations lie partially in financial data and analysis and partially in political decisions. At this time, FCMAT has more confidence in the best case value of -2% than it does in the worst case value of -10%, but -10% is not unrealistic given the economic cliff that is being experienced.*

A summary will be provided to the Committee (sent on May 15, 2020) once the joint analysis of the Governor's May Revision is released. It is anticipated that actual budget numbers will be released in June and a revision will be released in August or September.

**Tentative Budget Assumptions** – A one-page document was shared with the committee summarizing the revised unrestricted general fund on-going budget, excluding categorical programs.

In January, the tentative budget assumptions were presented with the assumption that the District was in better condition than anticipated for 2019-20, due to the hold harmless dollars that were shifted from one-time monies to on-going. For 2020-21, we had \$11.2 million surplus, excluding any negotiations for 2020-21. Negotiations for 2019-20 were concluded for all groups, with the exception of Faculty.

A list of net revenue less expenditures for different COLA scenarios are provided on the document. COLA is presented at a 2.29%, 0.00%, (2.00%), (5.00%), (10.00%), and (15.00%)

and reflects the surplus amount based on the COLA scenarios. The surplus amount ranges from \$11.2 million for a 2.29% COLA all the way to a (\$24.0) million for a (15.00%) COLA, a very sizable difference.

A 1% salary increase is also reflected on the document, including all units, totaling \$1.7 million.

While the Health Insurance Costs are not known at this time, for analysis purposes, an estimated 10% increase at \$1 million is represented on the document.

There are still two concerns: 1. The actual Extended Day salaries costs for the 2018-19 budget show a significant deficit. 2. The IT on-going budget has not been incorporated into the budget assumptions. While the Committee approved a portion of the on-going IT costs on a one-time basis, there is still an estimated \$2 million shortfall.

Questions/Comments:

1. *Is there any additional information on the FEMA reimbursements?* Not at this time. There is a correlation between FEMA and CARES dollars. After attending the FEMA training, it is very restrictive on what can be submitted for reimbursement. As a response to the pandemic, some of the items that the District has incurred may not fall under the FEMA definition as needed expenditures.
2. *Will FEMA reimburse us for PPE? Or any other type of protective equipment for faculty and students?* They are more likely to reimburse for PPE or hazard mitigation, but these would have to fall under FEMA guidelines for appropriate response. If the state or local guidelines require us to do more than what FEMA considers as “needed”, then FEMA may not consider it their obligation to reimburse with FEMA funds.

**2019-20 One-time Funding**

Fred Williams provided a one-page summary of the current 2019-20 One-Time Funding. The updates to the spreadsheet include, a more accurate amount for the IT request, which was slightly lower than projected and backfilling the campuses for the parking and health fees. The salary and benefits and SERP payments remain on the spreadsheet as contractual agreements that the District has an obligation to pay. \$8 million also remained allocated to the District Resource Allocation Model. Per the Chancellor’s request, a major update to the spreadsheet was backing out the 2020-21 hold harmless dollars. Until the District receives the dollars, the Chancellor did not feel comfortable spending or allocating the money at this time.

Questions/Comment:

1. *Could you elaborate more on what the \$8 million for the Resource Allocation Model will be used for? How was the amount determined and what it will be spent on, could you provide specific examples? Have the Vice Presidents provided any input on the amounts?* The amount can be adjusted accordingly, but will be used as a hold harmless for the campuses. For example, if there was a significant drop in enrollment, or a drop in the amounts that the campuses were earning, this hold harmless would provide a cushion so the campuses would not need to make immediate reductions. If the salary increase were significantly above what any particular campuses could cover, this could support the campus. The amount is there to protect the budget centers from having to make any immediate reductions. Each of the Vice Presidents voiced their perspectives and were in agreement that there was no concrete amount

specified. The amount allocated would be used as a contingency, an additional insurance policy to help support the campuses as they transition to the new model during the next couple of years.

2. *There is still \$3 million set aside for salary and benefits. If there are funds being allocated to the Resource Allocation Model for some Salary and benefit, it should be allocated and moved appropriately.*
3. *Based on the signed MOUs, do we know how much has been spent on each of the groups?* The estimate are as follows: Adjunct faculty & full-time faculty – \$1.6 million, manager stipends – \$200,000, telecommuting stipends – \$65,000 (for one month), classified/confidential premium pay – \$80,000, and counselors and librarians – \$17,000.
4. *What managers are included in the manager stipends?* All managers, except the executive officers.
5. *I'd hope that any future expenditures or allocations that came out of that \$8 million would come through this body before it is disbursed or allocated. Similar to the \$2 million that we approved for technology, we should see details before approving.* It is the campuses intent to discuss the need for additional funding locally, at the campus level, prior to bringing the request to CBF.
6. *I'd also hope that anything put into place would be based on any available scientific data (e.g., to what extent do we know that, for example, plexiglass is the best way to prevent spread, etc.). Obviously, there are lots of unknowns, and we are all doing our best to guess what will mitigate spread.*

The one-time funding balance of \$49.5 million, does not include the hold harmless for 2020-21 and/or 2021-22. \$10.5 million is allocated to other COVID-19 expenses. These funds could be used at the campuses to implement PPE, as it may be years before the District sees any money from FEMA. It would be in the District and Campuses best interest not to base any future plans or decisions based on FEMA funding.

Rod Garcia reported that Fullerton College has looked into the possibility of using plexiglass as protective measures at the different work stations across campus, however, the use of plexiglass would be a significant cost to the campus. Fullerton continues to research other safety measures that can be done in preparation of the reopening of the campus. Fullerton is still in the planning phase and does not have a dollar amount to request at this time.

Alex Porter reported that Cypress College is scheduled to meet with the furniture vendors to discuss new safety products that could be integrated with the current work stations. Managers are looking at the governor's plans in trying to return to full function operations and how to develop plans to get to phase 2 and phase 3. The academic Deans are engaged with their faculty to determine technology and equipment needs to continue working remotely. Cypress is also looking into enhancements for restrooms, hand sanitizing stations around the campus, and a number of other items. Cypress is also still in the planning phase and does not have a dollar amount to request at this time. It may take a couple of weeks to create a concrete plan.

As the campuses continue to discuss and plan for the next steps of re-opening and/or bringing staff back to the campuses, it was agreed that each campus would continue to discuss internally and bring back detailed plans to the June 8<sup>th</sup> CBF meeting for discussion.

**Resource Allocation Model Update** – There were no updates at this time. However, a group from the Leadership Academy focused their project on the Resource Allocation Model and provided useful information. The only concern with the information would be the timing of the roll-out. A copy of the report will be shared with the Council on Budget and Facilities Members.

### **Bond Update**

Fred Williams provided an update for the Anaheim Campus – While the campus is closed, it is an opportune time to complete a number of projects. Contractors are replacing the interior and exterior lights to save in utility costs. This project is roughly 60% complete at this time. Another major project that will begin will be updating the campus utility management system. A number of other project will begin, as they relate to the special allocation that was made through CBF. Most contractors continue to work with us with social distancing and other safety measures to move forward with projects.

Alex Porter provided an update for Cypress College – SEM building – most of the concrete decks have been poured, the undercoats are complete and contractors are beginning to hang infrastructure on many of the floors. Framing is also starting on the 1<sup>st</sup> floor. The equipment bidding process has come to a conclusion. Cypress is beginning to put pricing together with the support of the District to help coordinate delivery dates. VRC/SRC – The drywall is nearly complete, with tiling of the interior, and the partition at the front of the facility was just approved by DSA. Pavers also continue to work on the pond and legacy garden space. A walkthrough is scheduled to take place the week of May 11<sup>th</sup> with the VRC Dean and staff. Cypress is waiting for final approval from the state for the Fine Arts project. The next Initial Project Proposal (IPP) will be for Tech 1 and Tech 3, the CTE Building. Currently, Cypress is working with architects to put together an IPP to seek funding for this project.

Additional projects are underway using the scheduled maintenance funds that were allocated to Cypress.

Rod Garcia – The infrastructure of the Humanities Building is almost complete. Contractors will begin pouring slabs within the next few weeks and then will continue working upward. There were some soil issues, due to the moisture from the rain, but crews continued to work around the issue. Before the 300/500 Building project undergoes construction, the 300/500 sewer line project is scheduled to begin in the summer. As a state funded project, Fullerton continues to work with the state Chancellor's Office for the working drawing approval package for the 300/500 Building. For future projects, an FPP was submitted to the state Chancellor's Office for the Performing Arts Building. Fullerton will also begin working on an IPP for the Horticulture Project. As a non-bond project, Fullerton will begin to install additional EV charging stations this summer. This project was scheduled to begin in December, however, there were some issues with DSA.

Additional projects are underway using the scheduled maintenance funds that were allocated to Fullerton. Some of the projects include, safety netting for the athletic fields, additional classroom upgrades, and the security camera installation project.

A portion of the Horticulture project, a new greenhouse, will be funded with Strong Workforce Development funds that the Natural Science Division received. The greenhouse is at about \$1.5 million, which will be awarded to a vendor at the May 26<sup>th</sup> Board meeting. The greenhouse will be removed from the overall bond project to help reserve Bond funds for other projects.

Dr. Cherry Li-Bugg provided an update on the Network Refresh Project – The project is currently in the Implementation phase. To prepare for the new Network, cabling at the campuses is underway. Due to COVID-19, work has been delayed. The original completion date, March 2021, has been pushed back to September 2021.

**2020-21 Meeting Calendar** – The November 9<sup>th</sup> meeting was rescheduled to the first Monday of the month, November 2<sup>nd</sup>. The 2020-21 calendar was approved by the Committee.

**Next meeting:** June 8, 2020

**Meeting was adjourned at 3:06 p.m.**