

COUNCIL ON BUDGET AND FACILITIES
June 10, 2019
APPROVED SUMMARY

Members Present: Josh Ashenmiller, Terry Cox, Richard Fee, Rodrigo Garcia, Craig Goralski, Melisa, McLellan, Alex Porter, Irma Ramos, Pamela Spence, Leslie Tsubaki, Kashu Vyas, Fred Williams & Marcus Wilson

Members Absent: Pete Christenson, Cherry Li-Bugg, Tina McClurkin, Kim Orlijan & Bryan Seiling

Call to Order: The meeting was called to order at 2:06 p.m.

Summary: The summary of the May 13, 2019 meeting was approved and amended.

I. Budget Update

Tentative Budget Assumptions

The budget assumptions are continuously being updated to incorporate position control and the information provided through the Governor's May Revision.

Handouts summarizing on-going resources were provided to the Committee. The handouts provided the following Information:

- State Revenue
 - A breakdown of estimated funded FTES of 34,374.69.
 - FTES Workload Measure Assumptions:
 - SB361 Based Data from 2004-05 to 2017-18.
 - Estimated earnings from the Student Centered Funding Formula (SCFF) on an on-going basis.
 - An estimated breakdown of paid FTES indicating specific areas and the amounts (Credit FTES, Special Admit, Non-Credit FTES, CDCP).
 - Identifying the Apportionment Base showing the SCFF Earned Allocation based on the presumption that rates are not changing in 2019-20 (70-20-10) rates remain the same plus COLA.
 - Unrestricted lottery is projected at \$151 per FTES and restricted lottery at \$53 per FTES.
 - A 2% fee waiver administration allocation estimate at \$650,602.
- Local Revenue
 - Non-resident tuition for General Fund Ongoing Revenue will continue to be budgeted at \$1,000,000.
- The State applied a Deficit Factor to the system, however the 2018-19 deficit is only being applied to districts that are out of hold harmless.
- Appropriations and Expenditures
 - Personnel costs have been incorporated as an on-going expense.
 - An estimated 1% salary increase breakdown for each job classification was included.

- Salary and Benefits costs are estimated at \$152,079,459, including an average 10% increase in medical. A 2.64% increase to PERS and 0.82 increase to STRS is also included.
- The FON for fall 2019 is estimated at 563.34. Currently have 544 positions filled with 44 pending recruitment. 19 are not creditable towards FON, therefore the District is expected to be 5.66 positions above the FON.
- Operating allocation broken down by campus, totaling \$11,220,997.
- The total OPEB liability is estimated at \$104.4 million based on the 2018 actuarial study.

Questions/Comments:

1. *What makes a position not creditable towards the FON obligation?* The type of position, typically a non-credit position.
2. *How far in advance can faculty request sabbatical? Would that help with estimated costs?* There is a cap based on numbers, however, it is a set amount each year to satisfy the requests versus projecting an amount.

Use of One-time Funding

A recommendation was moved to distribute dollars to campuses to allow them to start their allocation process. The motion was approved to move forward to allocate dollars to the campuses. District-services amounts will be held until future notice.

Questions/Comments:

1. *Previously, questions arose regarding the Pathways support and what it entailed.* The goal is to have District Services support the campuses in implementing the Anaheim Pledge in the North Orange Promise. Initially the temporary Special Projects Director was to be funded out of the District's one-time funding, but shortly after Tina Miller was hired, the District received funding from the Strong Workforce Regional Pathways. Currently, Tina's position is being fully funded through the Regional Strong Workforce, not the District one-time funding. The one-time funding is being used to fund the District Director, Workforce Economic Development.
2. *If we continue to use the extended day model and the campuses are off by millions, why can't we allocate with one-time funds?* Unfortunately, we are not as productive as we would like to be at campus level. The extended day model has been funded sufficiently, but there is still room for improvement. Non-resident tuition dollars are provided to campuses and a portion should be reinvested back into paying for classes.

Schools Services Community College Update – UCLA is predicting a rising risk of a recession and tariffs on imports from Mexico to increase.

II. Bond Update

Cypress College – Alex Porter provided a facilities update for Cypress College. Currently Cypress is undergoing pile driving, roughly 500 in total. The goal is to get away from classrooms as quickly as possible for scheduling purposes and to eliminate any disruptions during summer finals. Noise levels are currently being monitored and have not been reported as disruptive.

The upper-deck at the Student Center, another sizable project, and major pool renovations are anticipated to begin sooner than expected. The Fine Arts building is in the pipeline for funding in next year's budget.

Fullerton College – Rodrigo Garcia provided a facilities update for Fullerton College. Both the Instructional Building and the 300/500 building are with DSA and Fullerton is anticipating a response from DSA in a couple months. The chiller plant expansion is expected to go to DSA at end of July. The target for the Instructional Building to break ground is January 2020. There is possible state funding for the Performing Arts building. An IPP was submitted last year and approved. Currently working on an FPP and will be taken to the Board in July. Anticipating that it will be a potential 80/20 project, in which the state funds 80% of the building. The Facilities Master Plan originally had the Performing Arts building done in two (2) phases, however, the new plan is to try and consolidate the plans into one phase.

Anaheim Campus – Fred Williams provided a facilities update for the Anaheim Campus. All major projects are complete. The next major project will be the Master Plan. Some of the potential areas that will be considered in the Master Plan will be the 1st floor, upper deck parking lot, and solar interests. No further planning will be done until the Master Plan is reviewed.

The District went out to market for a second set of bonds which will be finalized on June 25th in the amount of \$150 million. Rates were very low at this time, approximately 2.81%.

Questions/Comments:

1. *At Cypress, the upper deck has been an on-going project, do we have a solution in mind?* The original proposal was to do patch work, however, that seems to be a temporary solution. The plan is to do destructive testing, similar to the Anaheim parking deck, to formulate a more permanent repair, essentially putting in a new water-proof system in place.
2. *Any concern that the plans for the Fine Arts building are outdated?* Yes, the plans will need to be reviewed. It is for certain that the ADA regulations that have been updated and revised in the plans.
3. *How are sales of the Bonds going?* The goal was to match the market rates to bring our rates down further. There was a lot of interest and we fared better than a lot of the AAA districts.
4. *10 year Master Plan – a suggestion was made for the senate president and the Master Plan contractors to start planning in the summer to help expedite the planning, especially for such a large scale project.* It was acknowledged that the request had been forwarded to upper management for review and consideration. The contractors also attended the management retreat to share information and discuss future plans.

III. Meeting Calendar – At the September 9th meeting, the rescheduling of the November 11th meeting will be discussed.

IV. Other Items – The switch from PERS to SISC. This has been a yearlong process to try and provide better benefits for employees. Currently there is zero flexibility in PERS. The District is required to provide a number of medical plans to everyone. The voting committee, which

consists of four (4) faculty, four (4) classified, two (2) managers, and one (1) confidential member, have been meeting for the past year to discuss the possibility of switching to SISC. It was the committee members' responsibility to communicate to their constituents, but it became apparent that there was no communication. Initially a vote was to take place on June 3rd, however, the Committee decided to push back the voting to June 26th to answer any further questions. In order to switch to SISC, a recommendation must go to board by July 23, 2019 to meet the deadline.

Questions/Comments:

1. *Could you explain the process of how the committee is formed, how the recommendation is made?* The recommendation to Board is made by the voting committee. Union members appoint the representatives who sit on the Committee. The main concern and issue is the timing of the CalPERS rates, which are released in June.
2. *How has a large decision like this not been negotiated?* It has been. It is stated in the contracts that the Committee would vote and make a recommendation to the Board.
3. *What additional information would be beneficial to our employees?* If there is more administrative responsibility at the District level, who will pay for those costs? The difference between the two is that SISC are only schools and PERS are all public entities. SISC is very selective in who they allow, which gives more control of the rates. The rates may fluctuate year to year, and there is no guarantee what the rates will be next year if the switch does not go through.
4. *A main concern was that the District would not be allowed back into PERS after switching to SISC for five (5) years. How are the retirees involved in this?* Dr. Marshall and Irma attended monthly lunch meetings with the retirees. The retirees were also invited and frequently attending meetings to observe and ask questions. Many members felt comfortable after meeting with SISC. SISC and the brokers have noted that not one district has wanted to go back to CalPERS after the five (5) year window approached. The administrative workload questions will be addressed at the next Q&A session.
5. *A recommendation to provide better communication to the unions, in good faith, the District provide a summary after each Committee meeting for the representatives to share with their constituents.*

Adjournment: The meeting was adjourned at 3:59 p.m.

Next Meeting: August 12, 2019