

COUNCIL ON BUDGET AND FACILITIES
February 13, 2017

APPROVED SUMMARY

Members Present: Terry Cox, Karen Cant, Rodrigo Garcia, Adam Gottdank, Jolena Grande, Raine Hambly, Cherry Li-Bugg, Rod Lusch, Sandra Palmer, Irma Ramos, Justin Richardson, Pete Snyder, Tina Johannsen, Kashmira Vyas, and Fred Williams. **Members Absent:** Ian Kolaja, Elaine Loayza, and Tanya Washington.

Guests: Josh Ashenmiller.

Call to Order: The meeting was called to order at 2:07 p.m., by Chair Irma Ramos.

- I. **Summary:** The summary of the January 9, 2017, meeting was accepted as submitted.
- II. **Budget Update:** Mr. Fred Williams noted that in January staff attended the State Budget Workshop which is the basis for the following budget assumptions.

Full-Time Equivalent Students (FTES): 2016-17 P-1 number was 829 FTES short of target. As a starting point for the establishment of FTES targets for 2017-18, the District will use the 2016-17 P-1 numbers as a basis with an increase of 1% for the addition of flex days. The 2017-18 change identifies a 1.31% decrease from 2016-17 or a \$4 million shortfall which means we are going into stability funding for 2016-17. The revenue decrease for 2016-17 is around \$2 million.

Major Revenue Assumptions: The primary revenue sources include a base of \$183.5 million made up of basic allocation and FTES funding of \$175.1 million; COLA of 1.48% or \$2.5 million, and a STRS/PERS contribution of \$5.7 million.

Unrestricted General Fund On-going Revenue Summary: In summary, apportionment is estimated at \$180,927,943, COLA of \$2,592,270; Unrestricted Lottery of \$5,150,631; PT Faculty Office Hours/Benefits \$229,575; PT Faculty Comp \$741,194; Fee Waiver Admin of \$916,677; Non-Resident Tuition of \$1 million; Interest of \$300,000; Miscellaneous Income of \$10,000; and Mandated Block Grant to be funded at \$28/FTES or \$1,001,511, for a total of \$192,869,801.

Major Expenditure Assumptions: Personnel costs include an estimated 4.48% salary increase; benefits costs have been increased 5% for medical, 1.91% for PERS and 1.85% for STRS, and workers' comp has been decreased by 1%.

Unrestricted General Fund On-going Expenditure Summary: In summary, expenditures for Personnel of \$147,396,098, this includes 12 new faculty positions; Retiree Benefits of \$5,116,737; Extended Day Budget of \$22,954,480; Extended Day/Hourly Benefits of \$3,443,172; Operating Allocation of \$10,713,771; Districtwide of \$6,581,521; Sabbatical of \$300,000; Related Activity of \$350,000; Other (Memberships) of \$6,000; On-going Contribution to the Retiree Irrevocable Trust of \$1,077,386 for a total of \$197,939,165.

Districtwide Expenses: Districtwide expenses of \$6,581,521 are the same with the exception of an increase to Hospitality by \$40,000.

Bottom Line: Staff's estimate for 2017-18 is a starting deficit of \$5.1 million.

Handout 2, Push-Out Allocation Model: The Chancellor wants to look at a different allocation model. Currently we use a model based on bringing all the apportionment revenue at the District level then making distribution to the campuses. A new push-out model is being considered; apportionment dollars go where they are earned and there is a charge-back for Districtwide and District Services Expenses. Staff hopes to present both models in March.

Challenges:

- \$5 million deficit.
- How to handle Maintenance & Operations with SCE being located on the campus.
- Determination of Districtwide and District Services Expenses.

III. Bond Update:

Anaheim Campus

- First Floor Warehouse project high density storage shelving project is complete; move-in phase planning in progress.
- Design service fees proposals for the conversion of the fifth floor CTE lab at the Anaheim Campus received today.

Cypress College

- SEM nearing completion of schematic design.
- The Veterans Center program validation is complete.
- The Assistant Project Manager hiring committee has been formed and are waiting on training before reviewing the job assignment and flying the position.

Fullerton College

- EIR progress: We are considering separating the Sherbeck Field campus project from the overall Master Plan EIR. The benefit is that we can explain the Sherbeck Field project in much more detail, hopefully addressing concerns of the community.
- Next week District & campus staff will meet with City representatives to discuss historical issues and how the EIR how will address issues with the Newell-Chapman project.
- The new Project Manager, Oscar Saghieh, started at Fullerton College February 1.
- Still under discussion is the project priority of the instructional classroom building. The other major projects are the parking garage and the M & O building. We hope to have the final priority of those three projects by the next meeting.

IV. Other Items: March 13, 2017, is the next meeting.

Adjournment: The meeting was adjourned at 3:24 p.m.