

**Minutes of the Study Session of the Board of Trustees
San Mateo County Community College District
January 8, 2014, San Mateo, CA**

The meeting was called to order at 6:03 p.m.

Board Members Present: President Karen Schwarz, Vice President Patricia Miljanich, Trustees Richard Holober, Dave Mandelkern and Tom Mohr, Student Trustee David Zay Latt

Others Present: Chancellor Ron Galatolo, Deputy Chancellor Jim Keller, Skyline College Vice President of Student Services Joi Blake, College of San Mateo Vice President of Administrative Services Jan Roecks, Cañada College Vice President of Instruction Gregory Anderson, and District Academic Senate President Diana Bennett

Pledge of Allegiance

President Schwarz announced that Jim Wyatt, who served as a Dean at both Cañada College and Skyline College, as President of Skyline College, and as Vice Chancellor of the District, passed away on January 5. Mr. Wyatt also served on the Bond Oversight Committee and Measure G Oversight Committee and was an active member of the retirees' organization. President Schwarz requested that the Board adjourn this meeting in his memory. All Board members agreed.

DISCUSSION OF THE ORDER OF THE AGENDA

None

MINUTES

It was moved by Vice President Miljanich and seconded by Trustee Holober to approve the minutes of the meeting of December 11, 2013. The motion carried, all members voting "Aye."

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

None

NEW BUSINESS

APPROVAL OF PERSONNEL ACTIONS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (14-1-1A)

It was moved by Vice President Miljanich and seconded by Trustee Holober to approve the actions in Board Report No. 14-1-1A. The motion carried, all members voting "Aye."

Other Recommendations

PUBLIC HEARING ON THE INITIAL STUDY AND PROPOSED MITIGATED NEGATIVE DECLARATION FOR THE SOLAR PHOTOVOLTAIC PROJECT AT CAÑADA COLLEGE; ADOPT THE INITIAL STUDY; ADOPT THE MITIGATED NEGATIVE DECLARATION AND MITIGATION MONITORING PROGRAM; AND APPROVE THE PROJECT (14-1-100B)

It was moved by Vice President Miljanich and seconded by Trustee Mandelkern to conduct the public hearing. The motion carried, all members voting "Aye." President Schwarz declared the public hearing open and called for public questions and comments. Hearing none, President Schwarz declared the public hearing closed.

It was moved by Vice President Miljanich and seconded by Trustee Holober to adopt the Initial Study. Trustee Holober asked if any public comments were received, during or after the public comment period. Barbara Christensen, Director of Community/Government Relations, said no comments were received. The motion carried, all members voting "Aye."

It was moved by Vice President Miljanich and seconded by Trustee Mohr to adopt the Mitigated Negative Declaration and Mitigation Monitoring Program. The motion carried, all members voting “Aye.”

It was moved by Vice President Miljanich and seconded by Trustee Mandelkern to approve the Solar Photovoltaic Project at Cañada College. The motion carried, all members voting “Aye.”

ADOPTION OF RESOLUTION NO. 14-1 EXEMPTING THE DISTRICT FROM DIVISION OF STATE ARCHITECT REQUIREMENTS FOR THE SOLAR PHOTOVOLTAIC PROJECT AT CAÑADA COLLEGE (14-1-101B)

It was moved by Vice President Miljanich and seconded by Trustee Holober to approve the adoption of Resolution No. 14-1. The motion carried, all members voting “Aye.”

APPROVAL OF SOLAR PHOTOVOLTAIC PROJECT AT CAÑADA COLLEGE AND APPROVAL OF CONTRACT AWARD FOR THE PROJECT (14-1-102B)

President Schwarz announced that although the Board approved the project as part of the CEQA process in the earlier item, this project approval and contract award is also required. It was moved by Vice President Miljanich and seconded by Trustee Holober to approve the project and contract award as detailed in the report. Karen Powell, Director of Maintenance and Operations, said this project demonstrates the District’s commitment to the Board goal regarding sustainability; follows the proper loading order as required for Proposition 39 funding; leverages available funding; and uses proven technology. Ms. Powell said an RFP was sent to ten qualified vendors. Four vendors replied with strong proposals and all were interviewed. Two of the vendors – Alana Buick and Bers (ABB) and Cupertino Electric – were asked to provide Best and Final Offer proposals. ABB was selected because the company presented the highest economic value and has strong project experience, a skilled engineering team, and a proven track record of successful projects within the District.

Joe Fullerton, Energy Management Coordinator, reported on the project’s first year financial benefit. He said construction costs, including operations and maintenance costs and a performance guarantee, will total \$4,452,708. The projected electricity costs without solar would be \$583,000. The projected costs with solar will be \$351,000, resulting in a savings of \$232,000. In addition, Proposition 39 funds will provide \$554,000 and the California Solar Initiative (CSI) will provide \$176,150. The total one year offset will be \$962,150. The Proposition 39 funds will be one-time funds for this project; however, additional Proposition 39 funds will be available for future projects. The CSI is a five-year incentive program based on performance. There is a performance guarantee assuring that the vendor will reimburse the District if the performance incentive is not met.

Mr. Fullerton said the payback period for the project is estimated at nine years. Trustee Mandelkern noted that the board report states the estimated payback period as just under 12 years. Mr. Fullerton said the range is 7.5 to 13 years.

Mr. Fullerton discussed the project’s benefit over a 25-year period, comparing the proposals from ABB and Cupertino Electric. He said the total operational savings would be \$9,676,208 with ABB and \$8,727,690 with Cupertino Electric. Board members asked for clarification on how some of the figures were calculated. Mr. Fullerton provided further explanation, e.g. use of an energy inflation rate cumulative over 25 years and the amounts of Proposition 39 and utility rebates (primarily CSI). Vice Chancellor José Nuñez said the professional consultant Newcomb Anderson McCormick helped with the calculations.

Trustee Holober said the project seems to be economical considering issues such as construction costs now vs. later, with projected inflation and utility costs factored in, or investing funds in another revenue-producing manner. Trustee Mandelkern questioned the methodology used to calculate the nine-year payback period, but said he believes it is a good project even if the payback period is 13 years.

In response to a question from Trustee Mohr, Mr. Fullerton said there will be significant greenhouse gas savings. Trustee Mandelkern asked if the District has looked into selling the carbon offset for this project. Mr. Fullerton said the District would first have to benchmark its greenhouse gas production and then sell its credits when production has been reduced.

Mr. Fullerton provided project highlights: more than 4,100 high efficiency panels; 412 string level inverters; poured-in-place concrete drilled piers; high tensile, galvanized steel infrastructure; 20-year operations and maintenance package; and 20-year performance guarantee.

President Schwarz asked when construction will begin if the project is approved. Vice Chancellor Nuñez said it is anticipated that construction would begin in April and that the project would produce electricity by June 30, 2014.

Trustee Mandelkern said the recommendation portion of the board report does not name the vendor that is being recommended; the report will be amended to add this information.

After this discussion, the motion carried, all members voting “Aye.”

STUDY SESSION

DISCUSSION OF SOURCES OF REVENUE (14-1-1C)

Chancellor Galatolo said Executive Vice Chancellor Kathy Blackwood will present the report on sources of revenue in preparation for further discussion at the Board of Trustees Retreat on February 1.

Unrestricted General Fund

Executive Vice Chancellor Blackwood said the District’s Unrestricted General Fund consists primarily of property taxes, including redevelopment funds, and student fees. Formerly, state apportionment accounted for a large portion of the fund; however, the District does not receive apportionment since it achieved community-supported status. The total amount of money in the fund was higher in 2012-13 than in other years because of one-time redevelopment funds that were received.

Measure G

Executive Vice Chancellor Blackwood said the four-year parcel tax brings in approximately \$7 million per year. In the first year – 2010-11 – the Colleges and District spent ± \$4.4 million, leaving a balance of ± \$2.7 million. More of the money was spent in the next two years but there was also carryover in each year. \$8.5 million is budgeted for 2013-14, the final year, but the full amount will not be spent and it is anticipated there will be a carryover of \$2-\$3 million to ease the transition as the parcel tax period ends.

Enterprise Fund

Executive Vice Chancellor Blackwood said revenue from Enterprise Operations – Bookstore, Cafeteria, vending services, and San Mateo Athletic Club – continues to grow each year. The fund balance is primarily in the Bookstore as it is needed there for operations and for a reserve to maintain and replace equipment.

Capital Projects Fund

Executive Vice Chancellor Blackwood said expenditures in the Capital Projects Fund have decreased from ± \$95 million in 2010-11 to ± \$10 million in 2012-13 as the funds are nearing depletion. Some money was put aside for a five-year period to allow replacement and maintenance of equipment that was purchased with bond funds; however, these funds will be fully expended by 2017-18.

Executive Vice Chancellor Blackwood asked for Board questions and discussion. Trustee Mandelkern asked Executive Vice Chancellor Blackwood if she anticipates a negative impact upon the cessation of Measure G funds, or if the funding will be replaced with other sources. Executive Vice Chancellor Blackwood said it is difficult to predict. The assessed valuation of property might not increase as much as anticipated, resulting in a decrease in property tax revenues. However, the District will continue to receive funds, both one-time and ongoing, from the dissolution of redevelopment agencies, as well as an undetermined amount from the Student Support and Success Act. Proposition 30 will provide approximately \$2 million per year for seven years (currently in year two).

Trustee Mohr asked how much more money the District will realize this year due to having achieved community-supported status vs. its revenue limit. Executive Vice Chancellor Blackwood said she will not know until the FTES reports are available showing how many students the District served; however, she believes the District will bring in \$10-\$12 million more than the revenue limit.

Trustee Mohr asked if the Colleges' strategic plans will be studied to analyze the impact of the loss of Measure G funds. Executive Vice Chancellor Blackwood said the District can isolate how Measure G funds have been spent, which is primarily to provide class sections. She said cuts will be made as far away from the classroom as possible and the Colleges' strategic plans, goals and missions will help determine decisions about the cuts.

Trustee Mandelkern asked if some of the increase in ongoing revenue could be set aside to help cover the loss of Measure G funds rather than suffering a \$7 million loss at one time. Executive Vice Chancellor Blackwood said Measure G funds are not separated from other revenue. She added that there will not be a full \$7 million impact because other sources of revenue, e.g. property taxes, redevelopment and Proposition 30, will partially cover the loss. Chancellor Galatolo said that, while much of the \$7 million in Measure G funds will be made up through other sources, there are also operating expenses that must be factored in, such as compensation packages provided to faculty and staff. He said the Board will consider all of the impacts of the loss of Measure G funds when making strategic decisions.

Trustee Mohr said it should be possible to explain to the public what the impact would be if Measure G money were no longer available. Vice President Miljanich said the public understands that there are now other sources of revenue, such as redevelopment funds, and the impact of the loss of Measure G funds must be articulated concretely. President Schwarz said the parcel tax language included specific purposes for which Measure G funds would be used and the conversation should now concern how to maintain what the District and Colleges were able to do to meet the stated needs. Executive Vice Chancellor Blackwood said the economic situation has changed since the passage of Measure G. At the time of passage, the District was State-supported and the State was cutting funding; therefore, the funds allowed the District to maintain rather than expand. Deputy Chancellor Keller said that because of the improving economy of the State and County, the District's community-supported status, and redevelopment monies, Measure G is not a single topic issue like it was when voters approved the measure. He said the Board might want to discuss how it wants the District to grow and how to adjust the resource allocation model to reflect a different way of thinking.

Trustee Mandelkern suggested that the District keep a base level of spending, in line with the funding that would be available under a revenue limit status. In that way, it would not suddenly fall into financial difficulty if it were to revert to being a revenue limit district. Chancellor Galatolo said risk factors have been considered. He pointed to the chart included with the board report which shows historical data regarding property taxes and state apportionment. Executive Vice Chancellor Blackwood said the Board might want to discuss what the appropriate level of reserves should be. She said that to the extent that the District has a variety of reserves, it gives more time to react and deal with issues that might arise.

Trustee Holoher said he looks forward to receiving information on enrollment projections and enrollment management in order to consider both expenses and income. He said there will be decisions that may not be enrollment-driven as a community-funded entity. Trustee Holoher said it is difficult to predict the future and he is weighing what would be the best way to keep faith with the voters. He said the District went to voters a few years ago saying it had a crisis and needed their help now – not forever. He said there may be future funding crises and the Board must weigh the likelihood of needing to go back to the voters for help. Trustee Holoher said a decision must be made about telling voters that help is still needed and a renewal of Measure G would not mean new taxes vs. telling voters that things have improved and the District is honoring the commitment that this was a temporary tax.

Trustee Mohr said he believes the District should be careful about what it spends money on in the hope that it can do unusual things in the County that have never been done before and can be a model for serving people who are not being served well currently. Vice President Miljanich said it is important to be concerned about spending but she believes that the District should, when in a position to do so, fund education the way it should be funded in the County. She said it is important that the District be able to articulate a vision.

President Schwarz said the Board will continue to discuss sources of revenue at the Retreat on February 1.

RECESS TO CLOSED SESSION

President Schwarz said that during Closed Session, the Board will consider the personnel items listed as 1A, 1B and 1C on the printed agenda.

The Board recessed to Closed Session at 7:45 p.m.
The Board reconvened to Open Session at 8:47 p.m.

CLOSED SESSION ACTIONS TAKEN

President Schwarz announced that at the Closed Session just concluded, the Board voted 5-0 to approve the personnel items listed as 1A, 1B and 1C on the printed agenda.

ADJOURNMENT

It was moved by Trustee Mohr and seconded by Trustee Holoher to adjourn the meeting. The motion carried, all members voting "Aye." The meeting was adjourned at 8:50 p.m. in memory of Jim Wyatt.

Submitted by

Ron Galatolo, Secretary

Approved and entered into the proceedings of the January 22, 2014 meeting.

Patricia Miljanich, Vice President-Clerk