MIRACOSTA COMMUNITY COLLEGE DISTRICT
ONE BARNARD DRIVE — OCEANSIDE, CA

MINUTES OF REGULAR MEETING/WORKSHOP **FEBRUARY 4, 2015**

(Approved February 18, 2015)

I. CALL TO ORDER

The Board of Trustees of the MiraCosta Community College District met in a regular meeting/workshop on Wednesday, February 4, 2015, in the John MacDonald Board Room, Building 1000, Oceanside Campus. Board President Jeanne Shannon called the meeting to order at 3 p.m.

II. FLAG SALUTE / ROLL CALL

Board members present:

David Broad	Leon Page (absent)
Rick Cassar	Jeanne Shannon
William Fischer	Jacqueline Simon
George McNeil	Antoine Stevens-Phillips, Student Trustee

Administrators present:
Superintendent/President Sunny Cooke
Vice President Mary Benard
Vice President Charlie Ng
Vice President Dick Robertson

III. PUBLIC COMMENTS ON ITEMS ON AND NOT ON THE AGENDA

None.

IV. WORKSHOP: 2015/16 Preliminary Budget

Vice President Charlie Ng presented the district's FY15 year-to-date budget performance, a facilities plan update, a synopsis of the Governor's proposed FY16 budget, the current statewide political landscape, and the MiraCosta College fiscal landscape. The board's previous budget directions were reviewed, and the next steps in this year's budgeting process were outlined.

V. ADJOURNMENT

The regular meeting/workshop adjourned at 4:35 p.m.

MINUTES APPROVAL:

Jeanne Shannon
Board President

Sunita V. Cooke, Ph.D.
Superintendent/President

MIRACOSTA COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES

REGULAR MEETING/WORKSHOP
3 P.M. – WEDNESDAY – FEBRUARY 4, 2015
JOHN MACDONALD BOARD ROOM – BUILDING 1000
OCEANSIDE CAMPUS

AGENDA

I. CALL TO ORDER

II. FLAG SALUTE / ROLL CALL

III. PUBLIC COMMENT ON ITEMS ON AND NOT ON THE AGENDA

ITEMS ON THE AGENDA: Members of the audience may address the Board of Trustees on any item listed on the agenda when that agenda item comes up for discussion and/or action. Comments will be limited to three (3) minutes per agenda item and a total of fifteen (15) minutes of public comment on an item, unless waived by the board. Consent items are considered routine and customary district business, and are voted on in one vote; however, a board member or a member of the audience may request that an item listed on the consent items be removed and considered individually.

ITEMS NOT ON THE AGENDA: Members of the audience may address the Board of Trustees on any topic not on the agenda so long as the topic is within the jurisdiction of the district. Under the Brown Act, the board is not permitted to engage in public discussion or take any action on an agenda item not on the agenda, except that members of the board may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Government Code §54954.3. In addition, on their own initiative, or in response to questions posed by the public, a member of the board may ask a question for clarification. A member of the board or the board itself may provide a reference to staff (superintendent/president) or other resources for factual information, request staff (superintendent/president) to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff (superintendent/president) to place a matter of business on a future agenda. Comments from visitors shall not exceed three (3) minutes unless the board waives the time limit. The board may also limit the total amount of time for speakers on a particular topic to fifteen (15) minutes.

IV. WORKSHOP: 2015/16 Preliminary Budget

V. ADJOURNMENT

MIRACOSTA COMMUNITY COLLEGE DISTRICT

Agenda Item IV
February 4, 2015

Subject: **2015/16 Preliminary Budget**	**Attachment:** **None**
Category: **Workshop**	**Type of Board Consideration:** ✔ **Information** **Consent** **Action**
Recommended: **Charlie Ng, Vice President** **Business and Administrative Services**	**Approved for Consideration:** **Sunita V. Cooke, Ph.D.** **Superintendent/President**

BACKGROUND

The discussion surrounding the budget workshop, including budget directions from the Board of Trustees, helps shape the tentative budget, which is presented to the board for approval each June.

STATUS

In the workshop, the superintendent/president and vice president, Business and Administrative Services, will discuss the district's FY15 year-to-date budget performance, a facilities plan update, the Governor's proposed budget for FY16, the statewide political landscape, the MiraCosta College landscape, Board of Trustees budget directions, and the next steps for the budgeting process.

Following are the budget direction recommendations that will be presented by staff at the workshop:

- Allocate funding to satisfy the district's highest-priority goals and objectives (enrollment, programs, and services) consistent with the MiraCosta Community College District *2011 Comprehensive Master Plan*, Strategic Plan, and institutional program review activities
- Increase support for student success and student-equity initiatives
- Invest in a biomanufacturing baccalaureate
- Increase investments into capital outlay
  - Infrastructure
  - Classroom and other facility improvements
  - Space needs
- Maintain a minimum 10.0 percent total fund balance for the 2015/16 budget
- Make progress in the board's goal to fund the district's GASB 45 obligation by 2020
- Maintain competitive salaries and benefits to recruit and retain a quality workforce
- Increase full-time faculty to increase the full-time/part-time faculty ratio in support of student success

RECOMMENDATION

For information only.

MiraCosta Community College District

Budget Workshop
February 4, 2015

Agenda

- Plan for 2014-15
- Facilities Plan Update
- 2014-15 General Fund Unrestricted Revenues
- 2014-15 General Fund Unrestricted Expenditures
- 2014-15 General Fund Unrestricted Fund Balance
- Governor's 2015-16 Budget

Agenda

- State-wide Political Landscape
- MiraCosta College Landscape
- Board of Trustees 2015-16 Budget Directions
- Budget Process and Next Steps
- Questions

Plan for 2014-15

- Provide instruction for approximately 10,500 full-time-equivalent students in 3,300 courses
- Invest in student success initiatives and DSPS (General Fund-Restricted)
- Open the science building at the San Elijo Campus September 2, 2014
- Open the Vets Center in T-100 at the Oceanside Campus September/October
- Hire nine (9) new full-time faculty and backfill fifteen (15) vacant PT/FT classified positions from "hiring frost"

Plan for 2014-15

- Maintain technology funding at $1.5M
- $500K increase in retiree benefits contributions for GASB 45 from $1.6M to $2.1M
- $200K increase in program review recommendations funding from $500K to $700K
- Provide competitive salaries and benefits for faculty, staff, and administrators
- Implement first year of the 2015-19 Facilities Implementation Plan

Facilities Plan Update

Projects, Costs & Schedules

The following facilities plan assumes that the Instructional Building #1 (Allied Health) is funded by the state beginning 2015-16 and that the district is interested in using long-term financing to fund some portion, or all, of the implementation plan. Approximately $35.9 million in projects has been scheduled to require a steadily increasing amount of cash flow throughout the implementation plan. If projects are funded with a combination of district funding and long-term financing, the schedule allows for expected increases in district revenues to offset the cash flow and financial performance requirements of the plan.

FACILITIES PLAN

	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	TOTAL PROJECT COST
Relocate Community Services and SBDC	$800,000	--	--	--	--	$800,000
Renovate 1/5 of All Classrooms Each Year	$800,000	$800,000	$800,000	$800,000	$800,000	$4,000,000
Instructional Building #1 (Allied Health)* Demo TBDC	--	1,000,000	7,000,000	4,800,000	--	$12,800,000
New Student Center/Arts Annex	--	--	--	750,000	2,750,000	$3,500,000
Renovate Gym	1,500,000	1,500,000	--	--	--	$3,000,000
Provide Storage for Art/Music	500,000	--	--	--	--	$500,000
Repair Parking Lots	500,000	500,000	--	--	--	$1,000,000
Replace Sewer Lines	--	1,000,000	--	--	--	$1,000,000
Replace IT Underground Lines	--	--	--	1,000,000	1,000,000	$2,000,000
New Space for Theatre/Film and Dance	--	--	--	500,000	2,500,000	$3,000,000
Renovate Offices and Restrooms	--	--	--	750,000	750,000	$1,500,000
Replace Temporary Modular Facilities	--	--	--	500,000	2,500,000	$3,000,000
CASH FLOW TOTALS	**4,100,000**	**4,800,000**	**7,800,000**	**8,900,000**	**10,300,000**	**35,900,000**

*Total project cost for the Allied Health Building is $25 million which includes state support of $12.5 million

PROJECTS, COSTS & SCHEDULES NOTES

- The existing Veterans Lounge moves to T-300 fall 2014
- For every year the state does not fund the Allied Health Building, the district could fund up to $3 million of projects
- Scheduled Maintenance funding from the state can fund renovating the gym, classrooms, offices, and restrooms, and replacing sewer and IT underground lines. Proposed funding in the Governor's Budget for 2014-15 is $2 million. Scheduled Maintenance funding varies from year-to-year
- If the district pursues the use of long-term financing, current interest rates indicate the district can fund up $15 million of projects for every $1 million the district commits in annual payments. The timing of the financing can vary depending on the priorities of the district and the scheduling of the projects
- Over a 5-year period, preliminary estimates indicate the district can fund approximately $15 million of projects without the use of long-term financing. Projects exceeding this cost may need long-term financing to fund them
- Depending on available funding, projects may be reprioritized or rescheduled. The district will need to evaluate the progress of the plan, annual and long-range budgets, and make recommendations to the Board of Trustees regarding which projects to approve using available funding. The pace by which the plan is completely realized will be determined by the amount of funding identified each year throughout the life of the plan. Depending on the financial conditions of the district each year, adjustments may need to be made accordingly

Facilities Plan Update

- Kitchell was hired to provide program/construction management staff augmentation services
- The initial Lease Revenue Bond allocation is scheduled to be presented to the Board of Trustees for approval February 18, 2015
- Construction is roughly 50 percent complete on the Carlsbad Technology Career Institute and is on schedule for a March 2015 move-in
- Mosher Drew Architects were hired and have completed initial planning, budgeting, and schedule development services for:
  - Classroom/Office/Restrooms Renovations
  - Gym Renovation
  - Storage for Art/Music
  - New Space for Theatre/Dance

Facilities Plan Update

- Classroom Renovations – Oceanside Campus Buildings 3500 A&B, 3600 and 4800. Summer 2015 construction coordination has been finalized with campus operations.
- Instructional Building #1 (Allied Health) – HMC Architects were hired and are in the final stages of completing a re-programming exercise.
- Repair Parking Lots – Work on hold pending potential direction to revise schedule for new space for Theatre/Film and Dance.
- Replace Sewer Lines - A detailed survey and analysis is being finalized to determine the existing conditions at all campuses, which will aid in determining costs and phasing for the sewer line replacements.
- Strategic planning discussions including scope, budget, and schedule, have taken place for future projects including new office space for faculty and staff.
- A revised Five-Year Implementation Plan will be submitted for approval to the Board of Trustees in May 2015.

Comprehensive Master Plan Projects Not Included in the Five-Year Facilities Implementation Plan

Renovations, Replacements, and Upgrades

- Site ADA improvements outside scope of work identified to be completed.
- Utility infrastructure replacement – domestic water, electrical, irrigation, storm drain, gas, AIS/IT infrastructure.
- Modernization or renovation of remaining facilities including offices and other non-classroom facilities and grounds.
- Phase 2 and 3 of parking lot repairs.
- Hardscape/sidewalk/walkway replacement.
- Roadway realignment and parking lot relocation.

New Construction

- Construction of new parking lots.
- Campus-wide green/sustainability projects (i.e. student plaza, rain barrels, photovoltaic energy/parking structures, wind energy, green technologies).
- New buildings for Maintenance and Operations, Purchasing, Gymnasium, CLC Student Services, San Elijo Campus Science Labs Phase 2, and San Elijo Campus Student Services.

General Fund
Unrestricted Revenues

Revenue Source	Budget 2015	As of 12/31/14	% Received (50% TTY)	Projected 6/30/15	Over/ (Under) Budget
State	$3,549,847	$768,426	21.65%	$3,549,847	$0
Property Taxes	$82,137,861	$33,353,718	40.61%	$82,137,861	$0
Enrollment Fees	$6,900,000	$5,608,911	81.29%	$5,900,000	($1,000,000)
Other Local Revenues	$4,827,040	$3,589,897	74.37%	$5,627,040	$800,000
Total Revenue	$97,414,748	$43,320,952	44.47%	$97,214,748	($200,000)

TTY-Through the Year

General Fund
Unrestricted Expenditures

Expense Type	Budget 2015	As of 12/31/14	% Expensed (50%TTY)	Projected 6/30/15	Under/ (Over) Budget
Academic	$38,410,096	$18,941,290	49.31%	$38,410,096	$0
Classified	$22,944,917	$10,653,368	46.43%	$22,944,917	$0
Benefits	$18,952,988	$8,587,415	45.31%	$18,952,988	$0
Supplies	$1,830,790	$641,672	35.05%	$1,830,790	$0
Other Operating Expenses	$8,848,487	$4,384,079	49.55%	$8,848,487	$0
Capital Outlay	$2,875,131	$613,181	21.33%	$2,875,131	$0
Other Outgo	$6,930,005	$419,276	6.05%	$6,930,005	$0
Total Expenses	$100,792,414	$44,240,280	43.89%	$100,972,414	$0

TTY-Through the Year

General Fund
Unrestricted Fund Balance

	Budget 2015	Projected 6/30/15	Variance
Revenues	$97,414,748	$97,214,748	($200,000)
Expenditures	$100,792,414	$100,792,414	$0
Revenues Less Expenditures	($3,377,666)	($3,577,666)	($200,000)
Beginning Fund Balance	$17,485,733	$17,485,733	$0
Revenue Less Expenses	($3,377,666)	($3,577,666)	($200,000)
Ending Fund Balance	$14,108,067	$13,908,067	($200,000)
% Fund Balance	14.00%	13.80%	(.20%)

Governor's 2015-16 Budget

- Proposal – First step in state's budgeting process, many more developments to take place between now and June

- State General Fund – Community colleges to receive approximately $1.1 billion in additional funding
  - $600 million in ongoing
  - $500 million in one-time funding

Governor's 2015-16 Budget *(continued)*

ONGOING FUNDS

- Student Success – $200 million increase; $100 million for student success and support programs (SSSP) and $100 million to strengthen student equity
  - MiraCosta: Potentially up to $1.6M increase or more over the $2.3M 2014-15 budget (using last year's formula, which will not be used; the new formula is complex; it depends on August 2015 data, and starts as a baseline at 80 percent of a district's previous allocation)
    - $1M for student success and support
    - $600K for student equity

Governor's 2015-16 Budget *(continued)*

ONGOING FUNDS

- Base Funding – $125 million to increase constrained discretionary funding, can be used to offset expected CalSTRS and CalPERS increased contributions rates, for example
  - MiraCosta: $0
- Access – $106.9 million to fund 2% growth
  - MiraCosta: $0
- COLA - $92.4 million to fund a statutory COLA of 1.58%
  - MiraCosta: $0

Governor's 2015-16 Budget *(continued)*

ONGOING FUNDS

- CDCP Equalization - $49 million to fully equalizing CDCP noncredit courses
  - MiraCosta: $0
- Prop 39 – $39.6 million for Prop 39 energy-efficiency projects
  - MiraCosta: Up to $200K
- Apprenticeships - $29.1 million to grow existing and create innovative apprenticeship programs
  - MiraCosta: $0

Governor's 2015-16 Budget *(continued)*

ONE-TIME FUNDS

- Pay Down of Mandated Claims – $353.3 million to pay down outstanding mandate claims (includes claims for health fees, enrollment fees, and other mandated reporting, plus instructional equipment and deferred maintenance)
  - MiraCosta: up to $3.6M
- Deferrals – $94.5 million to completely eliminate the system's inter-year deferrals
  - MiraCosta: $0
- Career Technical Education – $48 million to support SB 1070 Career Education Pathways Program
  - MiraCosta: $0

Governor's 2015-16 Budget *(continued)*

- Adult Education – $500 million to fund plans being developed by regional adult education consortia (to be split throughout the state, formula unknown at this time)
  - MiraCosta: Working with San Dieguito USD on plan development
- Student Fees – No increase in fees

Statewide Political Landscape

- Increase student success and accountability
- Adult education
- Increase in retirement contribution costs (CalSTRS/CalPERS)
- Baccalaureate degrees for community colleges
- Expiration of Prop 30

MiraCosta College Landscape

- Student success requirements
- Biomanufacturing baccalaureate
- Comprehensive Master Plan, Strategic Plan, and program review needs
- Facilities
  - Infrastructure
  - Space (Allied Health, veterans, and storage)
- GASB 45 (other post-employment benefits)
- Increased health care costs
- Increased retirement contribution costs
- 50% law requirements

MiraCosta College Landscape

- Full-Time Faculty Percentage (Fall 2014 – 47.0%)

District	Fall 2012 Full-time Faculty %
Imperial	56.31%
San Diego	54.47%
Grossmont-Cuyamaca	53.72%
Palomar	52.14%
Southwestern	51.49%
South Orange County	47.90%
MiraCosta	47.07%

Source: Chancellor's Office Report – 9/10/13 (Statewide mean and median: 56.6)

BOT Budget Directions

- Allocate funding to satisfy the district's highest-priority goals and objectives (enrollment, programs, and services) consistent with the MCCCD Comprehensive Master Plan, MCCCD Strategic Plan, and institutional program review activities
- Increase support for student success and student-equity initiatives
- Invest in biomanufacturing baccalaureate
- Increase investments into capital outlay
  - Comprehensive Facilities Master Plan – reexamine and revise
  - Infrastructure
  - Classroom and other facility improvements
  - Space needs

BOT Budget Directions *(continued)*

- Maintain a minimum 10.0% total fund balance for the 2015-16 budget
- Make progress in the board's goal to fund GASB 45 (other post-employment benefit) obligation by 2020
- Maintain competitive salaries and benefits to recruit and retain a quality workforce
- Increase full-time faculty to increase the full-time/part-time faculty ratio in support of student success

Budget Process and Next Steps

Date	Step
May 15, 2015	Tentative budget workshop for Budget and Planning Committee
June 13, 2015	Tentative budget workshop for Board of Trustees
June 24, 2015	Board approves tentative budget
August 2015	Final budget workshop for Budget and Planning Committee
August 26, 2015	Final budget workshop for Board of Trustees
September 9, 2015	Board adopts final budget

Questions