

COUNCIL ON BUDGET AND FACILITIES
October 14, 2024

APPROVED SUMMARY

Members Present: Belinda Allan, Erika Almaraz, Karla Frizler, Bridget Kominek, Kathleen McAlister, Michelle Patrick-Norng (virtual attendance, non-voting), Jeremy Peters, Oscar Saghieh (Alternate), Marlo Smith, Leslie Tsubaki, Lourdes Valiente, and Fred Williams (virtual attendance, non-voting)

Members Absent: Terry Cox, Cherry Li-Bugg, Elaine Loayza, and Irma Ramos

Guests Present: Geoff Hurst, Jaclyn Magginiti (alternate), Debbie Shandy, Scott Thayer, and Richard Williams

Call to Order: The meeting was called to order at 2:08 p.m. Quorum was not met.

1. **Summary:** The summary of the September 9, 2024, meeting will be brought back for approval at the December 9, 2024, meeting.

The summary notes will be amended to reflect the receipt of the requested documentation for legal fees by United Faculty.

2. **Resource Allocation Model Evaluation –** Erika Almaraz, Executive Director of Fiscal Affairs, presented the evaluation of the Resource Allocation Model (RAM).

Some of the highlights and changes during the year included:

- The 2024-25 RAM budget uses 2024-25 target FTES rather than prior year actual FTES. The RAM Settle-up continues to be based on the actual final FTES numbers. Any additional funding due to participation in the Emergency Conditions Provision and Hold Harmless continues to be considered separately from the RAM's ongoing structure.
- The District continues to participate in the Emergency Conditions Provision which holds our FTES to the 2019-20 P1 levels for funding purposes. Funding received above the earned SCFF RAM calculations was also allocated as supplemental revenue to the budget centers. The institutions' remaining balances have now been allocated.
- Based on information received from the State Chancellor's Office, the apportionment deficit factor was revised to 4.7%, compared to the 6.8% that was previously shown in the proposed budget presentation.

Questions/Comments:

1. *Was a 1% deficit factor calculated for 2024-25?* No. No deficit factors have been included for 2024-25, but a 1% deficit factor was included for 2023-24.
2. *What information was received from the Chancellor's Office to determine the 4.7% deficit factor?* The calculation is provided by the State Chancellor's Office and is included in one of the schedules. The calculation is just an estimate, and we won't have an actual number until later.
3. *Are we able to use the ending balance of \$141 million to offset the deficit factor?* Once we know what the deficit factor is, it will be incorporated into the model and picked up by the centers when we complete the settle up. The District will be shorted in cash payments by \$12.3 million until apportionment revenue is adjusted.

Ms. Almaraz also provided the committee with a side-by-side comparison of the budget versus actuals. Some of the major updates included:

- The cost of the part-time faculty health insurance will be offset by the State Chancellor's office and will now be placed under the Districtwide expenses.
- The investment income budget was increased from \$1 million to \$3 million for the 2024-25 budget.
- \$1 million dollars of RDA funds will continue to be budgeted for capital outlay projects.
- Emergency condition funding was less due to an increase in earned SCFF revenues.

Questions/comments:

1. *Could you clarify the situation with part-time faculty office hours and the gap between budgeted and actual funding?* Previously, districts were receiving only a fraction—pennies on the dollar—for part-time faculty office hours and health insurance. However, we're now receiving funding from the state. *Would you estimate that we're receiving around 90%?* We won't know the exact amount until the claims are finalized in November, but the key point is that we're now seeing financial support from the state that wasn't available before.
2. *Where does the \$24 million from the 2023-24 settle-up ending balance go?* This amount is incorporated into our ending fund balance (see page 67 of the Budget Book). A significant portion of these funds has already been allocated by the centers for specific expenditures.
3. *What percentage of the \$24 million settle-up ending balance consists of restricted funds?* The lottery funds have two components: unrestricted and restricted. Recently, there has been an increase in restricted funds, detailed on page 67 of the Budget Book, with approximately \$10 million in restricted funds still unspent at the campuses. Changes to the restrictions on these funds have made them somewhat more flexible, allowing for use in addressing student basic needs.
4. *Fred Williams informed the Committee that our District's Resource Allocation Model (RAM) is designed based on the state model, where funding is determined by factors such as FTES, student success rates, and demographics. The funds earned are allocated to the budget centers, with 9.25% charged back and proportionately distributed to cover Districtwide expenditures. The RAM evaluation process helps identify and implement any necessary adjustments to the model.*
5. A request was made for greater transparency at the campus level, specifically with PAC and PBC. Mr. Williams acknowledged this and noted that follow-up forums will be held at each campus to address campus-specific budget questions. Additionally, the recommendation will be shared with the budget officers for further consideration.
6. *When the District stops receiving hold-harmless funding and additional State assistance, will the model include any protective measures to support campuses in emergencies where they cannot cover their expenses? Is there anything to hold campuses harmless?* Currently, we don't have specific protections in place beyond what is embedded in the State allocation model, which includes a three-year average. However, this primarily applies to credit institutions. NOCE is particularly concerning in terms of allocations. While the recent increase in FTES helps mitigate some concerns, NOCE has accumulated significant reserves over the past few years while being held harmless, in preparation for potential funding declines.
7. *Is it possible to provide projections of potential impacts from negotiations for each institution?* Yes, we have estimates prepared by the Budget Centers detailing these costs. We collaborate with campus budget officers to share the available information, though these figures remain estimates. A 1.5% increase was factored in for all constituent groups, and medical cost rates were adjusted to reflect January 2025 rates.

However, overload cost increases were not included. Information can be found on page 34 of the Budget Book.

8. *How do chargebacks work?* There are different things that we charge back for, including things such as utilities, security, and custodian work for the spaces that one of our budget centers may be utilizing at another. The most significant areas are NOCE at credit campuses and Culinary Arts at the Anaheim Campus.

3. Facilities Updates

Anaheim Campus – Richard Williams provided an update on behalf of the campus.

- Upper Deck Renovation – 90% complete with an anticipated completion date of November 15. Final water proofing of the layers around the building are underway.
- Board Room Renovation – Project is 2/3 approved with DSA with fire, life, safety, and access compliance approved, with structural approval anticipated later in the week.
- Outdoor Patio Remodel – The project was awarded to American Building Services. Demolition is expected to begin in November.
- Community Green Space/Lower-level circle – Ramps and parking lot will be reconfigured to comply with the new ADA requirements/codes. The project will also include a gathering space for campus events. Planning will start after the upper deck renovation is finished.
- Interior and Exterior Wayfinding Signage – Project was awarded to Courtney Incorporated and is \$20,000 more than anticipated, but still under the change order limitations.
- Chiller Water Piping – A major study is being conducted before the project proceeds to determine the impacts of the utility linkage and the final cost.
- Lighting Control for the Tower – The study results from P2S Engineers should be completed within the week. East Parking Lot Restoration – Portable usage is expected to be extended due to the Board Room Renovation noise interruptions.

Questions/Comments:

1. *Will the new marquee at the Anaheim Campus be digital?* No, the new marquee will replace the existing one, but it will not be digital. While there were discussions about installing a digital marquee, the City of Anaheim has specific ordinances that restrict the use of digital marquees.
2. *Is there a visual rendering of the Community Green Space/Lower-level circle?* Yes, the Master Plan includes three design options for this area. These options will be reviewed in more detail at the next meeting, where discussions will focus on project priorities, taking into account budget constraints and accessibility needs.

Cypress College – Dr. Thayer provided an update on behalf of the campus.

- EV Charging Station - 60 units are now available for use and two (2) stations will need repairs. In addition, restriping of some of the parking stalls was completed.
- Fine Arts Renovation – Occupancy is expected in fall 2026. The exterior caissons and interior micropiles are being installed. This is a CM multi-prime project, which includes numerous contractors and where the campus acts as the contractor. Each change order is taken to the Board for approval.

Fullerton College – VPAS, Oscar Saghieh provided an update on behalf of the campus.

- 300 Building Renovation – The cast and drilled piles all around the building perimeter were completed last week. Micropile submittal to DSA was approved and procurement of materials is complete. Substantial completion is anticipated for January 2025.
- M&O Building – Copper piping is underway on the second floor. DFRC was approved by DSA, which took longer than expected with a 7-week delay from DSA. Targeted construction completion is scheduled for February 2025.
- Chapman/Newell Instructional Building – On the exterior, window installation and glazing are in progress on the second floor. Window flashing and water barrier installation are also being addressed. Completion of targeted construction is anticipated for February 2025.
- Wilshire Chiller Plant Relocation – PPC provided the estimated cost and schedule impact for the relocation of the unforeseen conditions that were previously identified during digging activities earlier in the year. Sewer line connections to Lemon Street are still waiting approval from the City and are anticipated to be received by the end of October.
- Performing Arts Complex – Bid proposals are anticipated to be received in mid-December and a contractor selected in February 2025.

Questions/Comments:

A concern was raised regarding the space inventory for the new Instructional Building. It was noted that out of 18,000 square feet and \$30 million in construction costs, only 72 seats were allocated for students. If the District aims to increase Full-Time Equivalent Students (FTES), it is recommended that facilities prioritize and expand spaces designed for student use.

4. **Future Meeting** – During the Anaheim Campus construction, meetings will be held in the Chancellor’s Conference Room. Videoconferencing options are also available on the campuses.

November 11 (holiday) CANCELED
 December 9
 January 13*
 February 10
 March 10
 April 14*
 May 12
 June 9

Meeting was adjourned at 3:05 p.m.