

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

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Website: <http://rsccd.edu/Departments/Business-Operations/Pages/Fiscal-Resources-Committee.aspx>

Fiscal Resources Committee Special Meeting

Executive Conference Room – District Office

1:30 p.m. – 3:00 p.m.

Meeting Minutes for April 23, 2014

FRC Members Present: Michael Collins, Ray Hicks, Jeff McMillan, Steve Kawa, Michael DeCarbo, Morrie Barembaum, Raul Gonzalez del Rio, Peter Hardash and Diane Hill

Guests/Alternates Present: Richard Kudlik, Esmeralda Abejar, John Zarske and Jose Vargas

The meeting was called to order by Mr. Hardash at 1:35 p.m.

1. Welcome

Mr. Hardash welcomed the committee.

2. State/District Budget Update – Hardash

- May Revise due out May 14th. \$1.4 - 1.7 billion ahead of budget projections. Prop 98 will get about 70% of those funds.
- Two proposals are out, \$25 million and \$50 million to hire more faculty. How will this be distributed, new formula? Unknown at this time.
- COLA as a system 1.5% – 2 %. Also unknown at this time.
- Categorical growth of \$100 million to Student Success program. 2 to 1 match on new funds (14/15). However, 3 to 1 match will remain; there will be consideration of a 1 for 1 match in future years. \$300 million investment in Student Success; districts have the ability to turn down these funds if they cannot meet the match requirements.
- Scheduled maintenance: considering lowering scheduled maintenance match, \$2.2 million for RSCCD. Also for consideration, instructional equipment match, a 1 to 3 match, possibility of no match for instructional equipment.
- RSCCD is projected to be in penalty mode on the 50% Law. Based on the actuarial study, only 34% of the funds moved to the retiree benefits fund can be attributable to in classroom costs, 66% is non-classroom cost. It is suggested to review the real need for vacant positions on the non-classroom side. \$1 - \$1.5 million penalty mode for RSCCD. It was further discussed in Chancellor's Cabinet that all vacant positions and those that become vacant be closely reviewed when deciding on filling positions and how those positions affect the 50% law.
- FON: RSCCD in penalty mode, at P-2, to be certified on June 30th, \$800k will be taken off the top to cover penalty.
- P-2 was submitted, some growth dollars to be redistributed when P-2 is certified. Approximately 15 districts in stabilization. SAC is slightly short of their target, SCC is over target. As a district 170.30 FTES over the 2.63% in growth. Working on a redistribution of revenue of percentage of growth earned at each college, based on P-2 plus the shift in percentage between SAC and SCC per the model.
- Hardash is on the CC Fiscal Affairs Workgroup which is working on the new growth formula, the Governor's interest is to meet unmet needs.

3. Budget Allocation Model (BAM) Review - Hardash

- The subcommittee will meet on April 30th to discuss 50% Law and FON, responses on other items have been sent to Mr. O'Connor, discussion tabled to next agenda.

4. Review of Multi-Year Projections - Hardash

- Mr. Hardash reviewed four scenarios, base scenario, rosy scenario, best scenario and worst scenario. Base scenario is most likely where RSCCD will end up. Base shows the stabilization fund will be exhausted by 1st to 2nd quarter of the 2015/16 fiscal year. Keep in mind that some of the expenditures have been one-time expenditures out of the stabilization fund; however, some are on-going costs. The projected revenue coming into the District is not enough to cover the rising expenditures.
- Discussion again focused on the disconnect between POE, FRC, TAG and DC, for example, how does the information on ideas/discussion for cuts, FON, increased costs, plan to slow down spending move from committee to committee? How does this get to the POE committee agenda? Isn't the role of POE to do the planning and FRC the funds for the plan? Mr. Hardash will share these concerns with the Chancellor. Mr. DeCarbo, as co-chair of the FRC will ask that this item be placed on the DC agenda on May 19, 2014 as the reporting from FRC has been designated to DC and not POE.
- The subcommittee working on the 50% Law and the FON will also work on the evaluation of the BAM and current and future expenditures.

5. Acquisition of Riverdale Facility – DeCarbo

- Mr. DeCarbo, following discussion with Mr. Vazquez and Ms. Corinna Evett questioned what will this property be for, credit? Non-credit?
- Mr. Hardash provided the following, however most details cannot be discussed as this is currently a closed session item. OUSD has a surplus property, Riverdale, along the 91/55 corridor. RSCCD commissioned an appraisal, it was estimated at \$10 million, OUSD is asking for offers beginning at \$15.9 million. The RSCCD Board of Trustees has authorized looking into the possibility of purchasing this property, naming the Chancellor the negotiator for the approximately 11.5 acres. Programming needs have not been discussed as of yet. Property information, including OUSD Board action and reports are on the OUSD website. OUSD did sell another surplus property which sold for much more than appraised. The appraisal was \$2.2million and closed for approximately \$5.4 million so it appears they expect full asking or higher for Riverdale.
- The fiscal impact for this property should be carried into POE for discussion; does this meet our planning needs, vision?

6. TAG Recommendation Update – Hardash

- Vice-Presidents to take this item back to their respective colleges for discussion at the budget committees and a recommendation on the actual transition plan and the one time only use of the money from stabilization fund. This item will be forwarded to the FRC agenda on May 28, 2014.

7. Informational Handouts

- The following documents were distributed as information
 - District-wide expenditure report link: <https://intranet.rscsd.edu>
 - Vacant Funded Position List as of April 14, 2014
 - Measure “E” Project Cost Summary as of April 1, 2014
 - Monthly Cash Flow Statement as of March 31, 2014

8. Approval of FRC Minutes – March 19, 2014 FRC Minutes

The Minutes from the March 19, 2014 Fiscal Resources Committee meeting were distributed and discussed. A motion was made by Mr. DeCarbo, seconded by Mr. Collins and approved unanimously with corrections.

9. Other

Bristol and 17th property closed last week, this property now belongs to Santa Ana College. The property will eventually be used a surface parking lot once the existing buildings are demolished.

Adjournment

Mr. Hardash adjourned the meeting at 3:15 p.m.

Meeting Schedule – Next Meeting:

Next regular meeting: Wednesday, May 28, 2014 – 1:30 p.m. – Executive Conference Room, DO