

**Fiscal Resources Committee**  
Executive Conference Room – District Office  
1:30 p.m. – 3:00 p.m.

**Meeting Minutes for July 6, 2016**

**FRC Members Present:** Michael Collins, Ray Hicks, Mary Mettler, Peter Hardash, Adam O'Connor, Maria Gil and Steve Eastmond

**Alternates/Guests Present:** Esmeralda Abejar, Jim Kennedy, Jose Vargas and Richard Kudlik

1. Welcome: Mr. Hardash called the meeting at 1:33 p.m.
2. State/District Budget Update – Hardash
  - State Budget was released, no surprises:
    - No COLA
    - 2% statewide growth, no funding for RSCCD beyond .65%
    - No growth will be built into the Adopted Budget since we didn't grow the 1.2% in the last year. BOG fee waivers effect is still unknown.
  - P-2: All surrounding districts grew last year and all districts throughout the state that had unfunded FTES were funded. The money from the districts that didn't grow was redistributed to districts that grew.
  - P-Annual is due the week of July 15<sup>th</sup>, we have until November 1<sup>st</sup> to make adjustments if necessary.
3. Draft Actuarial Study of Retiree Health Liabilities as of February 1, 2016 – Hardash  
The Actuarial Study of Retiree Health Liabilities will be presented by Geoffrey Kischuk of Total Compensation Systems, Inc. to the Board of Trustees at the July 18, 2016 Board meeting. The RSCCD liability has increased from \$90 million to \$129 million, all districts are seeing an increase based on new standards. The Annual Required Contribution (ARC) was calculated at \$11.7 million from \$8 million in 2014, noted in the Adopted Budget Assumptions. This study is required every two years and posted on the district website.
4. 2016-17 Proposed Adopted Budget Assumptions – Hardash/O'Connor  
Changes from Tentative Budget Assumptions to Adopted Budget Assumptions on the revenue side:
  - FTES actual is down from base, funded at full amount, hopefully flat at P-Annual; 28,889.04, funded at 28,908.08; grew slightly in non-credit
  - Borrowing at this time is unknown
  - "C" EPA funding and "E" estimated reimbursement for p/t faculty numbers have been updated
  - "J" Interest earnings estimated slightly higher at \$225,000
  - "L" Apprenticeship revenue increased approximately \$488,000
  - "M" Scheduled Maintenance/Instructional Equipment is estimated at \$7 million with no match required
  - "N" Energy Efficiency/Prop 39 is estimated at \$1 million, a slight increase from previous year.On the expenditures:
  - "B" no state provided COLA, increased cost from bargaining will be added to the budget, estimated cost of 1% salary increase is \$1.4 million. The 9<sup>th</sup> place faculty ranking has not been included in this budget
  - "F" LHE an increase of .534%

- “G” Retiree Health Benefits Fund has increased over \$3.3 million determined by the Annual Required Contribution (ARC)
- “M” Other additional costs: Human Resources and Educational Services reorganization increases by \$40,894 on-going and \$66,685 one-time cost

Recap shows we are to the good \$1.6 million, however not included is any potential bargaining settlement and a 1% salary adjustment for all employees = \$1.4 million. The Budget Stabilization Fund Balance is estimated to be \$13.7 million on June 30, 2016. The ARC increase is \$3.3 million which can come from one-time money, reserve money or add it to the budget from general fund, there will be some Board members who will want the amount added to the budget.

Discussion ensued. The committee recommended that \$2.3 million of one-time in mandated cost funds be used towards the \$3.3 million, any remaining District Operations carry-over from 2015/16 and the general fund be used for the remaining to total \$1 million.

A motion was made by Mr. Vargas, seconded by Mr. Eastmond and approved unanimously to recommend the Adopted Budget Assumptions for 2016/17 as amended with the recommendation to fund the \$3.3 million necessary for the retiree health benefits to District Council.

5. Multi-year Projections (MYP) – O’Connor

After the Adopted Budget Assumptions have been approved and built into the budget, these multi-year projections will be updated. Version #6 is a new projection which shows growth declining by 2% in 16/17 and adding back ½% in the next four years. Version #7 is based on Prop 55, if passed, an adjustment to the Prop 30 sales tax which expires in December 2016.

6. Informational Handouts - Hardash

- District-wide expenditure report link: <https://intranet.rscgd.edu>
- Vacant Funded Position List as of June 13, 2016
- Measure “E” Project Cost Summary as of May 31, 2016
- Measure “Q” Project Cost Summary as of May 31, 2016
- Monthly Cash Flow Statement as of May 31, 2016

7. Approval of the FRC Minutes – May 18, 2016 – Hardash

Mr. Hardash asked for a motion to approve the Fiscal Resources Committee Minutes of the May 18, 2016 meeting. A motion was made by Mr. O’Connor, seconded by Mr. Eastmond and approved unanimously.

Next meeting: Wednesday, September 28, 2016, 1:30 – 3:00 in the Executive Conference Room, District Office. The August meeting is replaced by an email including the Adopted Budget for review and approval.

The meeting was adjourned at 3:05 p.m.