



San Bernardino Community College District
Board Strategy Session
September 26, 2024
4:00 pm-6:00 pm Pacific Time

Physical Meeting Location: SBCCD Boardroom
550 E. Hospitality Ln., Suite 200, San Bernardino, CA

Public records relating to an open session agenda item that is distributed within 72 hours prior to the meeting is available for public inspection in the Office of the Chancellor at SBCCD, 550 E. Hospitality Ln., Suite 200, San Bernardino, CA, during regular business hours or on the District's website www.sbccd.edu

Anyone who wishes to address the Board of Trustees on an agenda or non-agenda item may do so pursuant to Board Policy 2350 Speakers. Presentations relating to matters on the agenda shall be heard before the vote is called. Comments on non-agenda items shall do so at the time designated on the agenda. Comments must be limited to three (3) minutes per speaker or 20 minutes on the same, or a substantially similar subject, unless the Board votes to extend the time limit.

If you have questions about access or if require an accommodation in order to participate in the public meeting, please contact the Chancellor's Office at (909) 388-6902 as far in advance of the Board meeting as possible.

- I. **CALL TO ORDER – PLEDGE OF ALLEGIANCE**
- II. **PUBLIC COMMENTS ON AGENDA AND NON-AGENDA ITEMS**
- III. **CLARIFICATIONS**
- IV. **PRESENTATIONS**
 - A. Creating an Enterprise Fund Model
(Jose Torres)
 - B. Economic Development & Corporate Training Center (EDCT)
(Nohemy Ornelas)
- V. **ADJOURN**

The next meeting of the Board: Business Meeting
October 10, 2024, at 4:00 PM
SBCCD Boardroom
550 E. Hospitality Ln., Ste 200
San Bernardino, CA 92408



CREATING AN ENTERPRISE FUND MODEL

Strategic Benefits of Forming a
Non-Profit for SBCCCD

SBCCD Goals

GOAL 1 | ELIMINATE BARRIERS TO STUDENT ACCESS AND SUCCESS

SD 1: Support the colleges in creating efficient processes and accessible, user-friendly customer services.

GOAL 2 | BE A DIVERSE, EQUITABLE, INCLUSIVE, AND ANTI-RACIST INSTITUTION

SD 2: Develop a diverse SBCCD workforce of individuals who are culturally competent; understand the communities they serve; honor equity, inclusivity, and anti-racism; and are supported with ongoing professional development.

GOAL 3 | BE A LEADER AND PARTNER IN ADDRESSING REGIONAL ISSUES

SD 3.1: Partner with business, industry, and community organizations to create education and training that leads to employment of SBCCD students and advancement in the workplace.

SD 3.2: Institutionalize a commitment to cultivating leadership skills within the District by providing professional development that expands SBCCD's ability to influence economic, educational, and sustainability initiatives in the region, state, and country.

SD 3.3: Work with municipal, regional, state, and federal representatives in a unified effort to ensure that educational and employment needs of the region are understood, articulated, and advocated for funding.

GOAL 4 | ENSURE FISCAL ACCOUNTABILITY/SUSTAINABILITY

SD 4: Maximize the acquisition, investment, management, and sustainability of SBCCD funds, facilities, systems, and technologies; support ongoing innovation and user training to ensure District viability, fiscal accountability, and reduced student costs.

SBCCD Goals

GOAL 4 | ENSURE FISCAL ACCOUNTABILITY/SUSTAINABILITY

SD 4: Maximize the acquisition, investment, management, and sustainability of SBCCD funds, facilities, systems, and technologies; support ongoing innovation and user training to ensure District viability, fiscal accountability, and reduced student costs.



Key Result:

Conduct a thorough analysis and feasibility study to explore development of an enterprise fund model for SBCCD, focusing on maximizing existing investments and real estate owned by SBCCD.

A Proposal

Formation of a
NON-PROFIT
to benefit SBCCD
and enhance its financial and
operational capabilities

- *A non-profit will leverage diversified funding sources, engage in property and asset management, and operate as a development finance agency.*
- *By doing so, it will enhance community engagement, support innovative programs, and ensure fiscal accountability and sustainability.*
- *Importantly, a new non-profit will not compete with existing independent non-profits at Valley College and Crafton Hills but will complement their activities.*

Proposal Outline

- 01** Reasoning
- 02** Strategic Benefits
- 03** Potential Challenges
- 04** Vision for SBCCD Non-Profit
- 05** Proposed Governance
- 06** Successful Models
- 07** Immediate Steps
- 08** Future Action

01 Reasoning

As a community college district, SBCCD faces many limitations.

Funding Constraints

- Heavy reliance on state funding and fluctuating enrollment numbers
- Limited access to diversified revenue sources

Regulatory Restrictions

- Strict regulations governing financial operations, investments, and property management
- Challenges in engaging in commercial activities and forming public-private partnerships

Operational Inflexibility

- Difficulty in quickly adapting to changing educational and economic environments

Risk Management

- Exposure to financial and operational risks without adequate shielding mechanisms
- Challenges in maintaining funding stability through diverse income streams

Asset Management Challenges

- Restrictions on owning, developing, and leveraging real estate assets
- Limited ability to protect and grow assets for long-term sustainability

01 Reasoning

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Asset Management Challenges

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- Limited ability to protect and grow assets for long-term sustainability

Challenges with expansion of existing commercial properties

- *State approval process*
- *Limited uses of proceeds*
- *Asset type*
- *Location*
- *Procurement processes*

01 Reasoning

As a community college district, SBCCD faces many limitations.

Why do 4-year universities use an auxiliary non-profit?

The permissible functions of Cal State auxiliary organizations are found in Cal. Code of Regulations, Title 5, Section 42500(a).

Included as a permissible essential function is the acquisition, development, sale, and transfer of real and personal property including financing transactions related to these activities.

Why do CCD's have to use an independent non-profit?

The permissible/recognized functions for community college auxiliary organizations are found in Cal. Code of Regulations, Title 5, Section 59259.

The recognized functions listed in Section 59259 do not reference the acquisition, sale, and transfer of real property.

01 Reasoning

Legal Update



- SBCCD legal counsel connected with the California Community Colleges Chancellor’s Office (CCCCO).
- The CCCCCO represented was unfamiliar with the reason for the difference and unaware of any official position on whether a CCC auxiliary organization could manage real estate activities for the benefit of the district.
- Legal counsel believes it likely that "Facilities and Equipment" under CCC rules could be interpreted to include real estate management, but this is not certain.
- Seeking formal written guidance from the CCCCCO would be predicated on confirmation that the CCCCCO is able to provide such a formal opinion.
- This process could be very time consuming with no guarantee of a positive outcome.

Why do 4-year universities use an auxiliary non-profit?

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02 Strategic Benefits

Starting a non-profit can offer several strategic benefits, especially in terms of enterprise funding.

Revenue Generation Flexibility

- *Engage in business ventures*
- *Facilitate public-private partnerships*

Investment Proceeds Flexibility

- *To benefit SBCCD's mission*
- *Not just for capital or retirement*

Operational Independence

- *Focused mission alignment*
- *Dedicated Board for agile decision-making*

Property & Asset Management

- *Own and develop property*
- *Protect assets for long-term growth*

Support for Innovative Programs

- *Incubate new initiatives*
- *Pilot and scale successful projects*

Risk Management

- *Liability shielding*
- *Funding stability through diverse streams*

02 Strategic Benefits

Starting a non-profit can offer several strategic benefits, especially in terms of enterprise funding.

Become a Development Finance Agency

- *Support existing CCD facilities projects with development finance programs/federal funding*
- *Finance new on-campus and community projects (e.g., off-campus housing)*
- *Finance projects in other communities to generate revenue for sustainability*

Enhanced Community Engagement

- *Broaden community support*
- *Manage volunteer programs*
- *Employment opportunities*

Acknowledgment of SBVC & CHC Independent Non-profits

- *Assurance that new non-profit will not compete with existing entities*
- *Focus on complementary activities and initiatives*

Diversified Funding Sources

- *Access grants and donations*
- *Tax-exempt status for donors*

03 Potential Challenges

Creating a non-profit within a community college district also comes with its own set of challenges.

Governance and Management

- *Complex governance structure*
- *Leadership and staffing challenges*

Financial Management

- *Securing initial funding*
- *Sustaining revenue streams*

Regulatory Compliance

- *Adhere to non-profit regulations*
- *Dual compliance requirements*

Coordination and Communication

- *Aligning with college goals*
- *Effective stakeholder engagement*

03 Potential Challenges

Creating a non-profit within a community college district also comes with its own set of challenges.

Independence and Control

- *Balancing autonomy and alignment*
- *Maintaining sufficient oversight*

Community Perception and Trust

- *Ensuring positive public perception*
- *Building and maintaining trust*

Resource Allocation

- *Managing competing priorities*
- *Avoiding duplication of efforts*

Legal and Ethical Considerations

- *Managing conflicts of interest*
- *Ensuring ethical operations*

04 Vision for SBCCD Non-Profit



- *To enhance the financial sustainability and operational capabilities of SBCCD by leveraging development finance programs, fostering innovative projects, and generating new revenue streams.*
- *The non-profit aims to support existing facilities, expand SBCCD's mission to improve student experiences, and invest in projects both within and beyond the local community, ensuring long-term growth and stability.*

04 Vision for SBCCCD Non-Profit

501(c)(2) Overview

Main Function	<ul style="list-style-type: none">▪ Solely hold and manage real estate, collect income, and transfer it to a parent tax-exempt organization.
Advantages	<ul style="list-style-type: none">▪ Simple structure focused on real estate ownership and income transfer.▪ SBCCCD could potentially retain control over this entity.
Disadvantages	<ul style="list-style-type: none">▪ Limited flexibility. Can only manage real estate; no other business activities allowed.▪ Does not qualify for property tax exemption under Welfare Exemption. May qualify for Public School Exemption if used exclusively for educational purposes.▪ Donations made to a 501(c)(2) are not tax-deductible for donors.
Tax Implications	<ul style="list-style-type: none">▪ Exempt from federal income tax if it only holds real estate.▪ Unrelated Business Taxable Income restrictions, i.e., cannot engage in any business other than holding title to property and collecting income therefrom.



04 Vision for SBCCD Non-Profit

501(c)(3) Overview

Main Function	<ul style="list-style-type: none">Can engage in a broad range of activities, including charitable, educational, and public benefit purposes.Can also hold and manage real estate but must do more than just real estate management to maintain tax-exempt status.
Advantages	<ul style="list-style-type: none">Flexibility to support a variety of SBCCD projects, such as education and community development.Donations made to a 501(c)(3) are tax-deductible for donors.If structured properly, qualifies for property tax exemption under the Welfare Exemption (both lessor and lessee of the property would need to meet Welfare Exemption requirements) or the Public School Exemption (property must be used exclusively for educational purposes).
Disadvantages	<ul style="list-style-type: none">More complex structure; requires ongoing management.Potentially higher initial legal fees to establish.
Potential Use for SBCCD	<ul style="list-style-type: none">An existing 501(c)(3) Foundation can act as the parent organization for a 501(c)(2) or wholly-owned LLC for real estate management, allowing broader activities and tax benefits.



04 Vision for SBCCD Non-Profit

501(c)(2)

501(c)(3)

Main Function	Only holds and manages real estate; must transfer income to another exempt organization.	Engages in a wide range of activities (charitable, educational, public benefit) and can also manage real estate.
Tax Benefits	Exempt from federal income tax. Does not qualify for real property tax Welfare exemption but may qualify for Public School property tax exemption. Donations are not tax-deductible.	Qualifies for federal tax exemption, real property tax exemptions (Welfare Exemption if both lessor and lessee meet exemption requirements; Public School Exemption if the property is used exclusively for educational purposes), and donations are tax-deductible.
Flexibility	Limited to real estate management.	Offers a broader scope of activities, giving SBCCD more long-term project flexibility.
Complexity	Simpler to establish and manage.	More complex, requiring additional setup and oversight but providing greater benefits.



04 Vision for SBCCD Non-Profit

Staff Recommendation:

501(c)(2)

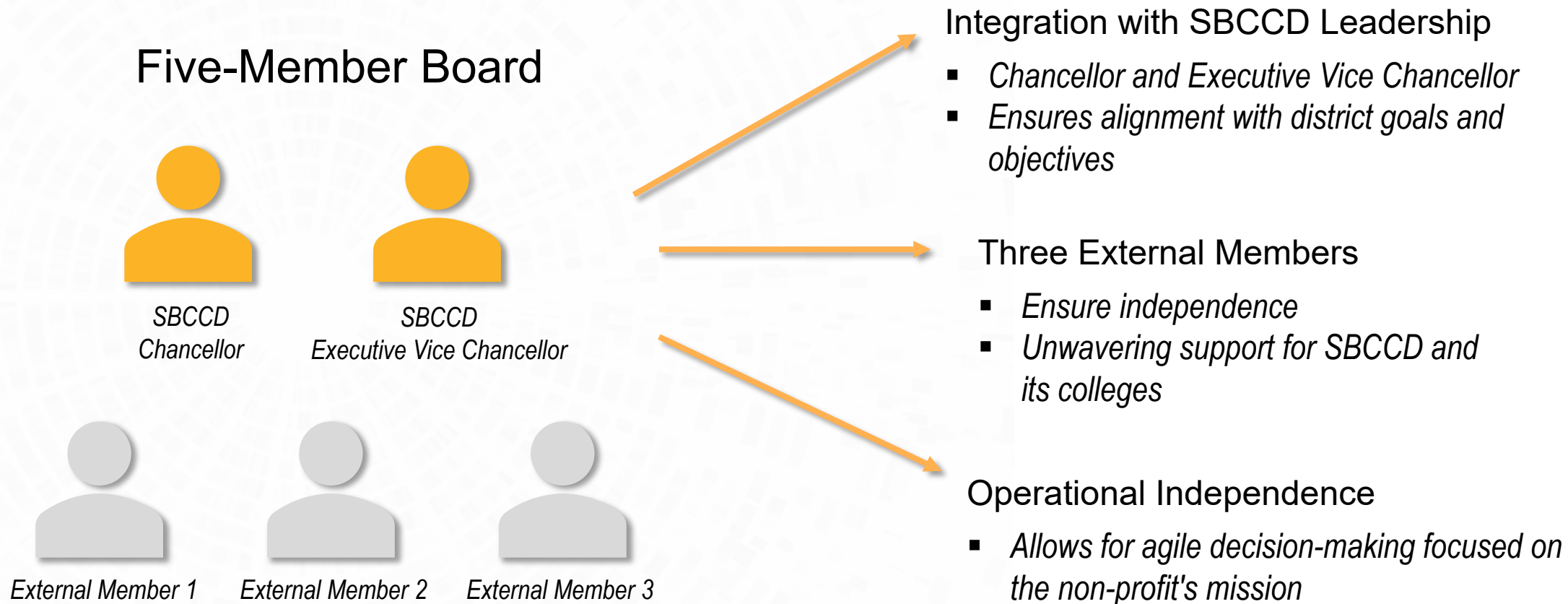
501(c)(3)

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Flexibility	Limited to real estate management.
Complexity	Simpler to establish and manage.

Engages in a wide range of activities (charitable, educational, public benefit) and can also manage real estate.
Qualifies for federal tax exemption, real property tax exemptions (Welfare Exemption if both lessor and lessee meet exemption requirements; Public School Exemption if the property is used exclusively for educational purposes), and donations are tax-deductible.
Offers a broader scope of activities, giving SBCCD more long-term project flexibility.
More complex, requiring additional setup and oversight but providing greater benefits.



05 Proposed Governance



06 Successful Models

Harvard University	Stanford University	Massachusetts Institute of Technology	Yale University
<p data-bbox="147 572 611 675">Harvard Management Company (HMC)</p> <p data-bbox="135 733 624 768">https://www.hmc.harvard.edu/</p> <p data-bbox="142 815 616 1086"><i>Manages Harvard's endowment, including significant real estate investments with diversified strategies.</i></p>	<p data-bbox="715 572 1189 675">Stanford Management Company (SMC)</p> <p data-bbox="746 733 1159 768">https://smc.stanford.edu/</p> <p data-bbox="690 815 1225 972"><i>Oversees Stanford's endowment and extensive real estate portfolio.</i></p>	<p data-bbox="1294 544 1788 701">MIT Investment Management Company (MITIMCO)</p> <p data-bbox="1383 733 1699 768">https://mitimco.org/</p> <p data-bbox="1296 815 1798 1082"><i>Manages MIT's endowment, known for strategic real estate investments, particularly in the Cambridge area.</i></p>	<p data-bbox="1882 601 2384 635">Yale Investments Office</p> <p data-bbox="1895 733 2372 768">https://investments.yale.edu/</p> <p data-bbox="1870 815 2346 1025"><i>Handles Yale's endowment with notable real estate investments as part of a diversified portfolio.</i></p>

06 Successful Models

Princeton University	University of Arizona	CalPoly Pomona
<p data-bbox="173 501 624 662">Princeton University Investment Company (PRINCO)</p> <p data-bbox="173 691 624 729">https://princo.princeton.edu/</p> <p data-bbox="155 772 616 991"><i>Manages Princeton's endowment, including real estate assets, with a focus on long-term growth.</i></p>	<p data-bbox="759 529 1192 629">University of Arizona Foundation</p> <p data-bbox="774 691 1177 729">https://uafoundation.org/</p> <p data-bbox="721 772 1235 1048"><i>Oversees the university's real estate assets and investments, managing leasing, acquisitions, and surplus property.</i></p>	<p data-bbox="1472 529 1829 629">CalPoly Pomona Foundation, Inc.</p> <p data-bbox="1340 691 1961 729">https://foundation.cpp.edu/about.aspx</p> <p data-bbox="1314 772 1989 991"><i>Supports the university's educational mission through property management, real estate development, and investment in various projects.</i></p>



07 Immediate Steps

- ✓ **01** Initial Legal Review (Complete)
- ✓ **02** Chancellor's Cabinet Review & Feedback (Complete)
- ✓ **03** Board Finance Committee Review & Feedback
- 04** BFC Tour of CalPoly Pomona (invitation to all Trustees)
- ✓ **05** District Budget Advisory Committee Review & Feedback
- ✓ **06** Chancellor's Council Review & Feedback
- 07** Board of Trustees Strategy Session
- 08** Development of Legal Documents
- 09** Creation of Non-Profit
- 10** Identification of External Directors



08 Future Action

Evaluate
Non-Profit
Asset Development Plan

- 
- Asset Acquisitions
 - Revenue Bond vs. Traditional Lending
 - Development Finance Agency
 - Economic Development
 - Entrepreneurship
 - Public Private Partnerships
 - Investment Tools
 - New Market Tax Credits



Feedback & Questions

Thank you.

Economic Development & Corporate Training Center (EDCT)

SBCCD Board Strategy Session – September 26, 2024





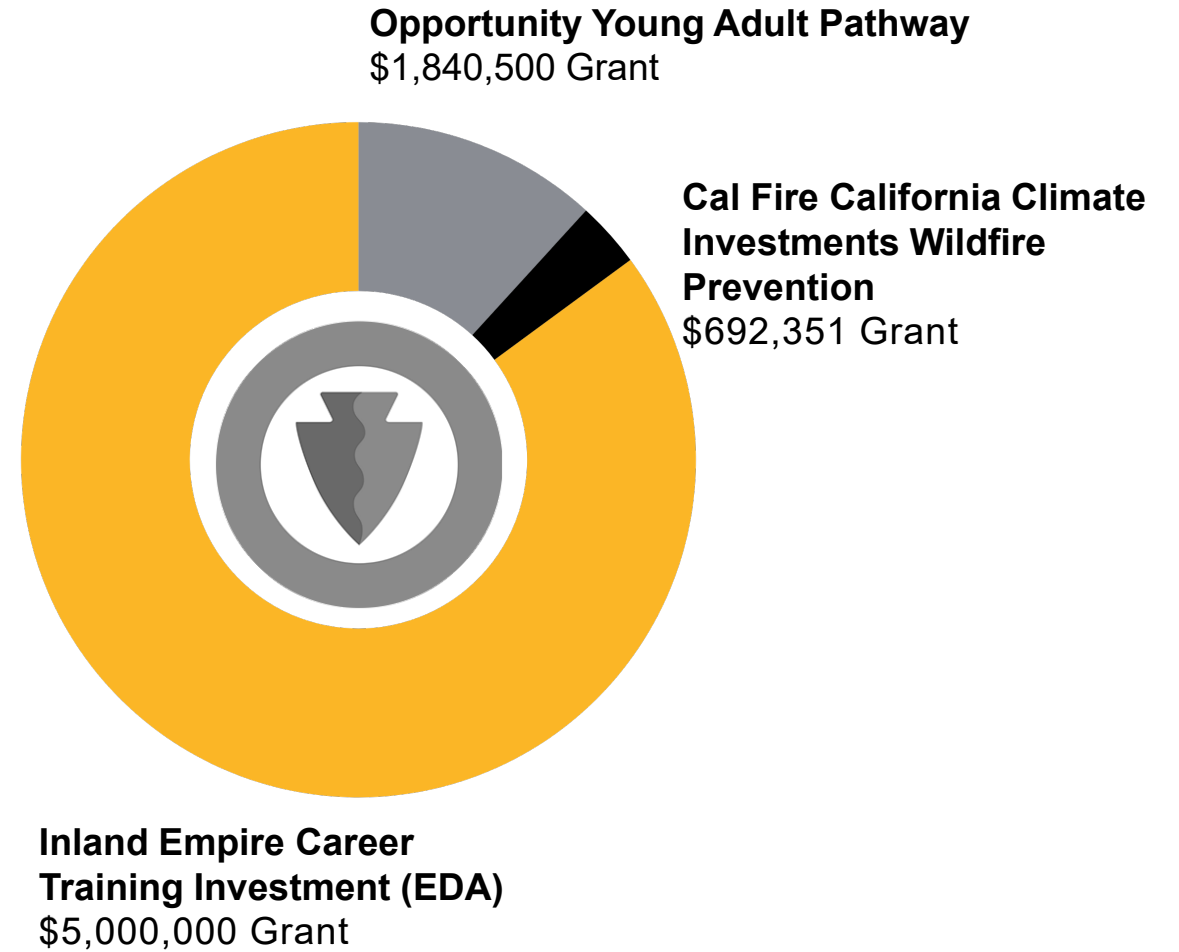
EDCT Mission Statement

To transform lives by connecting local, regional, and statewide community colleges, industry, government, and community-based organizations to remove barriers and create economic opportunities for our most vulnerable populations.

EDCT Funding

○ 2024 EDCT Awards
\$ 7,532,851

● EDCT Awards (Last 3 years)
\$ 48,403,831

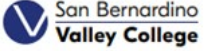



EDCT Programs

Programs


- High Roads Construction Careers
- High Roads Training Partnership
- High Roads Training Partnership Health
- Back 2 Work Transitional Work Crew
- California Department of Corrections & Rehabilitation Caltrans Transitional Work Crew
- California Manufacturing Technology Consulting
- Employment Training Panel (ETP)
- Lumina Justice Involved
- Opportunity Young Adult Pathway
- Youth Probation Innovative Strategies Day Reporting Center
- Prison 2 Employment
- Strong Workforce Employer Engagement
- CalWORKs Aggregate
- Healthy Refrigeration
- Strong Workforce Responsive Training
- Cal Fire California Climate Investments Wildfire Prevention

Probation Youth Innovative Strategies and Day Reporting Center

YES


YOUTH EDUCATIONAL STIPEND PROGRAM



The Youth Educational Stipend (YES) Program is a collaboration with the San Bernardino Community College District (SBCCD) and San Bernardino County Probation Department to assist system involved or at-risk youth who are seeking to begin or continue their post-secondary education or vocational training at SBCCD.

\$1,000 EDUCATIONAL STIPENDS ARE FOR CURRENTLY ENROLLED SAN BERNARDINO VALLEY COLLEGE (NEW AND RETURNING) STUDENTS.

FOR PROGRAM DETAILS OR TO APPLY:
https://sbccd.academicworks.com/users/sign_in



FOR MORE INFORMATION CONTACT:
 Phylicia Sanchez
 Foundation Development Coordinator
 909-384-8971 • psanchez@valleycollege.edu
 San Bernardino Valley College
 701 S. Mt. Vernon Ave., San Bernardino, CA 92410

Program Highlights:

- Community resource education for Probation Officers.
- Summer Camp for youth, including educational and personal enrichment activities.
- Youth Educational Stipend (YES) Program, in partnership with SBVC & CHC Foundations will distribute \$100,000.

Justice Involved Programs

130+

Students completed the **Back to Work Transitional Program** through EDCT.

42+

Students placed in employment.

193+

Students completed the **CalTrans Program** through EDCT.

63+

Students placed in employment.

28+

Students completed the **Prison to Employment (P2E) Program** through EDCT.

8+

Students placed in employment.



*From July 2021 – July 1 2024.

Multi-Craft Core Curriculum (MC3) Apprenticeship Readiness Training



40+

Students completed the program.

\$54,600+

In stipends disbursed to program participants.

25+

Participants were placed in employment.

Utility Line Clearance & Pre-Inspector Program


This statewide program collaborates with the California Conservation Corps sites, California Urban Corps, and the Urban Conservation Corps of San Bernardino.

146+




Participants have been enrolled in San Bernardino.

86%



Program completion rate.

70%



Program completion hire rate.

Building Industry Association (BIA) Construction Program



144-hour training program offered in partnership with Riverside County Workforce Development Department and Operation New Hope.

- 12 participants completed in June 2024.
- 10 participants scheduled to complete in September 2024.
- Cohort 3 will begin in October 2024.

Employer Training Panel (ETP)

\$1.25M

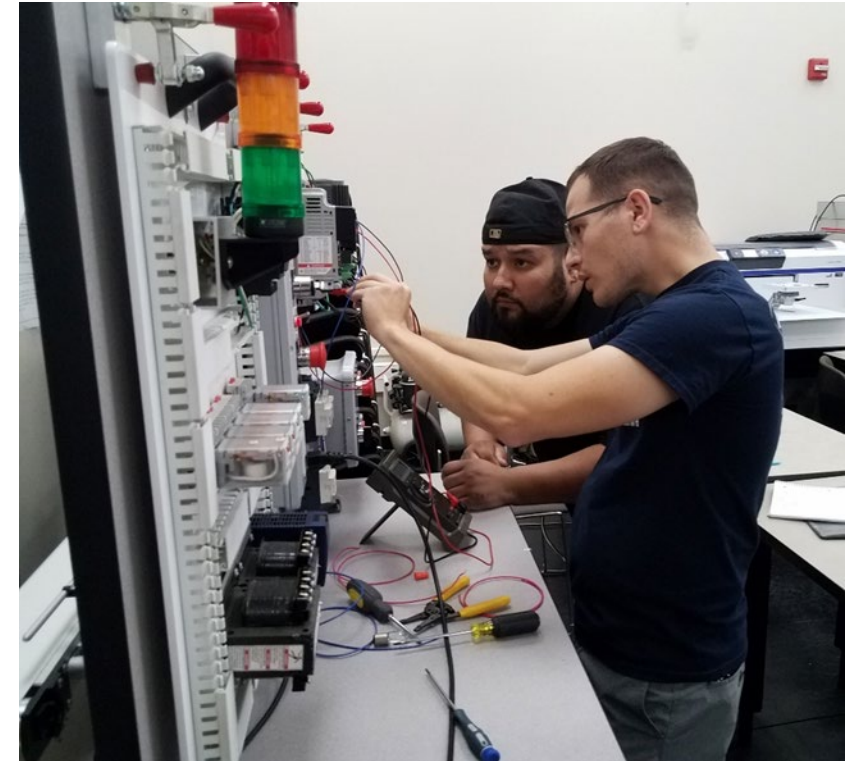
EDCT is a Multiple-Employer Contractor (MEC) and currently holds two ETP contracts valued at \$1.25 million.

62 Employers

Trainings occurred in priority sectors such as logistics and manufacturing.

800 Incumbent Workers

Training leads to job retention, wage progression, and advancement opportunities.



Apprenticeship Programs

Current Apprenticeship Offerings

- Paramedic EMT
- Automotive Technology
- CNC/Machine Operator
- Healthcare Nursing (LVN to RN)
- Heavy Medium-Duty Truck Technology
- Industrial Technology
- IT/Cybersecurity
- Pharmacy Technology Social & Human Services
- MC3 Apprenticeship Readiness



Apprenticeship Program Opportunities

Apprenticeship Pathways Demonstration Project (APDP)

The project, funded by a \$99,000 grant from the California Community Colleges Chancellor's Office, aims to establish a Paramedic Apprenticeship at Crafton Hills College under the San Bernardino Community College District. The program will transition the current Paramedic Certificate program into a Registered Apprenticeship Program, seeking approvals from the Department of Labor and the Division of Apprenticeship Standards.

Evolution Beauty Academy- Apprenticeship Program Sponsor (PS)

Evolution Beauty Academy, a new local beauty school, aims to become an apprenticeship Program Sponsor (PS) with the support of the San Bernardino Community College District (SBCCD) as the Local Education Agency (LEA). Specializing in offering beauty classes in Spanish, Evolution aims to break language barriers for non-English speakers in cosmetology and barbering careers.

Regional Partnerships

Strong Workforce – Responsive Training

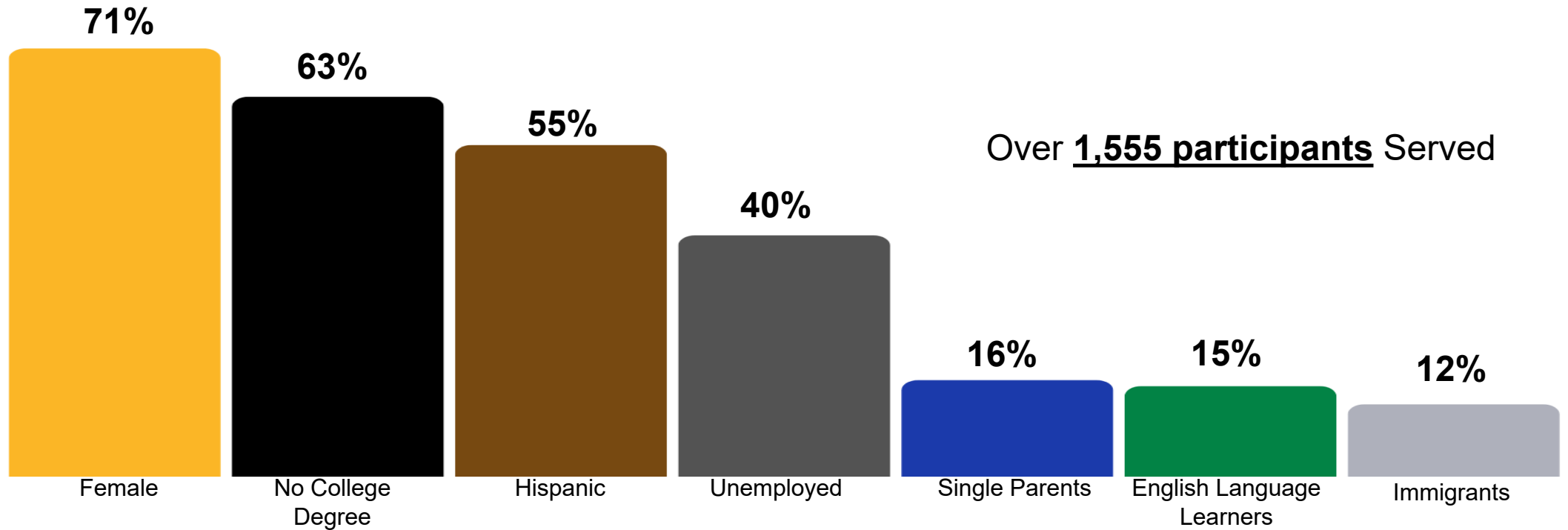
EDCT was awarded \$136,374 to pilot the first dedicated position in the region to market and develop short-term responsive training programs.

Proposed Outcome

If this pilot method is successful, it will create a new model for regional colleges to better leverage responsive training dollars.

High Road Training Partnership

Covers multiple industry sectors, including Healthcare, Logistics, Wastewater and Utility Vegetation management.



EDCT Resources

EDCT Career Closet

The EDCT Career Closet provides free professional attire for men and women in EDCT programs, helping them make a positive impression during their job search.



Basic Needs Distribution Center



1,600+

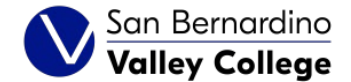
Individuals served with basic need services.



Basic Needs Partnerships

- Arrowhead United Way
- CHC Basic Needs Center
- Children’s Fund San Bernardino County
- Community Action Partnership San Bernardino County
- Family Assistance Program
- First Love Outreach
- Great Harvest Community Center
- Inland Harvest
- Jada Systems, Inc.
- KVCR

- Mary's Haven
- Men’s Warehouse
- Operation Grace
- San Bernardino County Animal Shelter
- San Bernardino County Sheriff's Department
- Santa Claus, Inc
- SBVC CalWORKs Department
- Vector Reentry



Free Digital Literacy & Laptops



Great Harvest Community Center (GHCC) offers free digital literacy training and provides free laptops to students and community members, bridging the digital divide and empowering individuals with essential technology skills.

2,224+

Students received Chromebooks.

College Central Network (CCN)

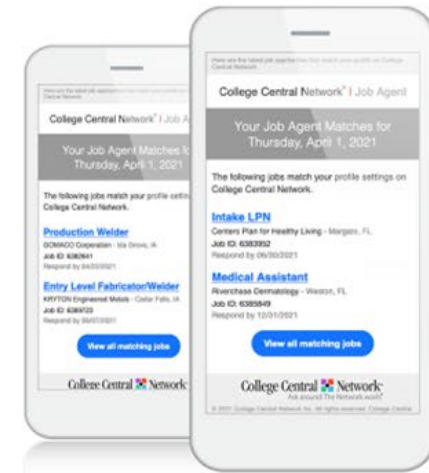
SBCCD Economic Development and Corporate Training
Economic Development & Corporate Training Office



EMPLOYERS ARE HIRING. HELP THEM FIND YOU!

JOB AGENT MATCHING

The College Central Network Job Agent matches registered job seekers to thousands of new jobs daily! Upload your résumé, get notified of matching opportunities and apply to jobs anytime.



Get Connected with an Apprenticeship Program



Students and community members can access apprenticeship opportunities at the San Bernardino Community College District (SBCCD) through a network of resources and partnerships like the LAUNCH Apprenticeship Network.

Questions?