



## Board of Trustees Finance Committee (BFC)

Meeting Minutes – July 9, 2020, 2:00 pm

Via Zoom: <https://cccconfer.zoom.us/j/549449972>

**Members Present:** Trustee Harrison, Chair; Trustee Houston

**Members Absent:** Trustee Singer

**Additional Trustees Present:** Trustee Viricel, Trustee Reyes, Trustee Williams

### **Staff Present**

- Interim Chancellor Torres.
- President Rodriguez
- Vice Presidents of Administrative Services Stark & Strong
- Director of Facilities Planning, Emergency Management & Construction Farzaneh
- Campus Project Managers Smith and Liabeuf

### **Consultants**

- Cade McMullin, AECOM

## **I. WELCOME & INTRODUCTIONS**

Chair Harrison called the meeting to order at 2:00 pm.

## **II. PUBLIC COMMENT**

There were no public comments.

## **III. APPROVAL OF June 11, 2020 MINUTES**

Trustee Houston made a motion to approve the minutes of June 11, 2020, which Chair Harrison seconded. Trustee Houston asked that the date of the meeting on page 2 be corrected to July 9 rather than July 16. The minutes were approved, with this revision, by the following vote.

Ayes: Harrison, Houston  
Noes: None  
Abstentions: None  
Absent: Singer

## **IV. CURRENT TOPICS**

### **A. Construction Contract Change Orders Delegation of Authority**

Chair Harrison turned the meeting over to Interim Chancellor Torres. He reminded attendees of the recent decision by the Board to reduce a construction contract award which included 10% in change orders to include only 5% in change orders. The presentation at today's BFC relates to that issue.

The Facilities Planning team, along with campus Vice Presidents of Administrative Services Strong and Stark addressed the BFC. The Measure CC Program Charter

was mentioned and Trustee Harrison requested that a copy be sent to the BFC members.

The group discussed the cost of delays which could result while waiting for Board approval. Chair Harrison mentioned that, when necessary, Board agenda addendums could be used to mitigate any such delays.

Trustee Houston asked for clarification of the problem. Interim Chancellor Torres recapped that currently SBCCD construction contracts delegate approval of change orders up to 10% to the Executive Vice Chancellor. This system has worked well for the District's bond program in the past and the team would like to keep it going forward. It was suggested that the team stick to a not-to-exceed goal of 5% for the entire Measure CC bond program, while allowing individual contracts to retain the delegation of authority for up to 10%.

Such a system would allow for the program to stay within the 5% accomplished by Measure M, while allowing the necessary per contract flexibility to approve change orders up to the 10% allowed by law. It was commented that monthly reporting of the projects and change order rates would be necessary for this to work. Interim Chancellor Torres clarified the change order percentage goal for the entire Measure CC program would be less than 5%; ratification of 10% change orders would be allowed for any contract size. The program wide goal total of all projects is 5%.

Chair Harrison requested that the flow chart on the last slide of the presentation be expanded into paragraph/bullet form for readability. Interim Chancellor Torres confirmed with the BFC that the new procedure should be presented to the whole Board on August 13.

**B. 2020-21 Budget Update**

Interim Chancellor Torres shared the Joint Analysis update. The budget has transitioned from cuts and no deferrals to no cuts with a large number of deferrals. For SBCCD, this translates into an estimated deferral of about \$20 million (or 20%) of

its budget. This is significant and repayment is likely to spread over the next two-three years, as the State catches up.

Chair Harrison questioned if the reserve fund balance is able to sustain the District for three years. Interim Chancellor Torres shared a table that identified some funds which could be used as a source of inter-fund borrowing for the General Fund if necessary. Other cash flow options included joining a coalition of other community colleges to sell bonds, and/or participating in Tax Revenue Anticipation Notes.

SBCCD's history of conservative management has protected the District for the immediate

future. Staff will continue to monitor the cash flow, including deferrals.

FUND		BALANCE
#	DESCRIPTION	
100	General Fund (Unrestricted & Restricted)	\$ 29,827,521
410	Capital Outlay	4,267,829
590	FCC (Investment Properties)	3,612,786
615	Workers Compensation	7,695,461
690	Retiree Benefit	3,585,904
730	Student Body Center Fee	1,014,660
<b>Total</b>		<b>\$ 50,004,161</b>
Average Monthly Expenditures for the General Fund		\$ 12,982,503
July 2019 CCCC Payment		\$ 7,170,169
Additional funds available for withdrawal:		
775	PARS Investment Trust	\$ 25,000,000

**V. UPDATES (as necessary)**

**A. COVID-19 Expenditures**

This topic was not discussed.

**B. Enrollment**

Vice President Stark spoke on behalf of Vice President Strong and advised that CHC FTES is ahead of its budget so far this year. SBVC significantly exceeded its budget and has about 800 FTES which could be counted for this year or next year. Interim Chancellor Torres confirmed there will be some unfunded FTES but the exact number is not yet known.

**C. PARS Report**

The Committee reviewed this report. The market has picked up significantly since the March crash. There were no questions.

**D. Measure CC Timeline**

This topic was not discussed.

**E. Budget Revenue & Expenditure**

Trustee Houston asked about the Revenue and Expenditure Summary on page 24 of the meeting materials. Interim Chancellor reviewed some of the differences and advised that the report contained no deferrals; these would not occur until later.

Chair Harrison asked about KVCR. Interim Chancellor Torres advised that the KVCR budget is being worked on and is scheduled for discussion at an upcoming Board strategy session.

Chair Harrison asked about the State Chancellor's Budget workshop. Interim Chancellor Torres advised that it has tentatively been scheduled for August 14. He will forward information, once it becomes available.

**F. 2019-20 Board of Trustees Budget**

This topic was not discussed.

**VI. FUTURE TOPICS**

**A. Trustee Suggestions**

**B. Deferred Maintenance**

These topics were not discussed.

**VII. ADJOURNMENT**

The meeting was adjourned at 3:32 pm. The next meeting is scheduled for August 13 at 2:00 pm via zoom.