



DISTRICT COUNCIL - APPROVED SUMMARY OF THE AUGUST 29, 2016, MEETING

Present	District Council Member:	Representing:
X	Abdeljabbar, Wael	Faculty, Mission College
X	Chim, Ngoc	(non-voting) Director of Fiscal Services
X	Fenton, Pat for Davis, Brad	Administrator, WVC President
X	Farnsworth-Ryan, Cheryl	Administrator, District Administrative Services Representative
X	Goo, Brian	Classified, Classified Senate President, MC
X	Johnson, Tracy	(non-voting) Recorder
X	Maduli, Ed	(non-voting) Vice Chancellor, Administrative Services
X	Ceresa, Melissa	Classified, Classified Senate President, WVC
X	McGowan, Sean	Classified, District Administrative Services Representative
	McMahon, Barbara	Classified, WVMCEA President
	Moore, Albert	(non-voting) Facilitator, and AVC of Human Resources
X	Pape, Eric	Faculty, Academic Senate President, WVC
X	Peck, Daniel (by phone)	Administrator, MC President
X	Schmitt, Patrick	(non-voting) Chancellor
	Sebo, Johnathan	Student, Associated Student Organization President, WVC
X	Wasserbauer, Ann Marie	Faculty, ACE President
X	Williams, Debra	Administrator, Managers Association Representative
	Winsome, Thais	Faculty, Academic Senate President, MC
X	Yoshimoto, Lani	Student, Associated Student Government President, MC
	Vacant	Student Representative, MC
	Vacant	Student Representative, WVC
<u>Others</u>		

The meeting was called to order at 1:34 p.m. by acting facilitator Sean McGowan.

1. Order of Agenda

Action taken: It was M/S/P (Wasserbauer/Williams) to approve the Order of the Agenda.

2. Oral Communications

There were none.

3. Approval of the Minutes

Action taken: It was M/S/P (Ceresa/Williams; Abdeljabbar abstained) to approve the minutes of the August 8, 2016, District Council meeting.

4. Review of the September 6, 2016, Draft Board Agenda

Chancellor Patrick Schmitt reviewed the draft Board Agenda with members. The Focus Topic of the meeting is the District's 2016/17 Final Budget. Other items on the agenda included a training agreement with Work2Future, a grant acceptance, personnel items, fourth quarter financial statements and the fourth quarter 311 Report, action on the Chancellor's salary, the revision of a board policy, and a resolution in support of Proposition 55 on the November ballot.

Chancellor Schmitt reminded all present of the September 8 Special Board meeting at which representatives of the Irvine Company would present information on a proposed collaboration with the District to build an affordable housing development on the Mission College campus.

5. Policy Change

Council members reviewed the second reading of a proposed change to Board Policy 6340, Contracts. The Chancellor is currently authorized to approve one-year contracts with expenditures in amounts less than the current bid threshold set forth in Public Contract Code. The proposed change would allow for the approval of multi-year

contracts not to exceed five years' duration, so long as the annual amount is less than the current bid threshold. The policy goes to the Board for adoption at the September 6 meeting.

6. Fourth Quarter Budget Adjustments

Mr. Maduli indicated that the fourth quarter budget adjustments had been discussed in detail at the Fiscal Workgroup meeting. He indicated that Fund 100, the Unrestricted General Fund, is in quite good shape. Fund 120, the Restricted General Fund, is also healthy, and shows expenditures of about 60%, since the funds can be carried-over to the next Fiscal Year. He pointed out the large balance in the Student Representation Fee Fund, and asked the Colleges to work with their student leaders to consider ways to utilize the funds for their intended purpose. The OPEB trust fund is about 40% of the total \$83 million liability, but it should be at about 60%; the District should consider putting some of the one-time RDS money into this fund. He reviewed all remaining funds, and closed by reporting that the District is in good financial shape.

Action taken: It was M/S/P (Fenton/Ceresa; Pape abstained) to accept the Fourth Quarter Budget Adjustments report.

7. Fourth Quarter 311 Report

Mr. Maduli discussed this 2015/16 fourth quarter report; this last quarterly report will be followed by a final report to the state. He indicated that the total FTES at the two Colleges is the lowest to date. He noted that this year's ending fund balance is higher due to the District's receipt of one-time RDA funds, which are being distributed to the taxing agencies following the dissolution of the RDAs. He indicated that much of the ending fund balance is designated for liabilities the District is required to pay in the future; for instance, banked leave liability, reserves, funds to cover PERS and STRS increases, etc. He indicated that these funds are not being held for some undesignated purpose, but are used to pay the District's current and future obligations, ensure that employees have jobs, and for the primary mission of educating students. The report shows the District to be in a strong financial position.

Action taken: It was M/S/P (Fenton/Williams; Pape abstained) to accept the Fourth Quarter Budget Adjustments report.

8. 2016/16 Final District Budget

Vice Chancellor Ed Maduli delivered a presentation containing details of the District's 2016/17 Final Budget that will be presented to the Board for adoption at the September 6 meeting. He noted that a Public Hearing is conducted as part of the Board's acceptance of the Budget.

The Budget was developed in the Banner ERP.

Mr. Maduli discussed the State's final budget relating to community colleges, and provided information regarding the District's Final Budget for FY 16/17, including the following:

FY 15/16 Ending Balance of \$39,172,198, consists of the following:

- Prepaids - \$87,347
- Assigned to Banked Leave Liability - \$5,683,749
- Assigned to Fund 001/017 - \$204,644
- Assigned to Faculty Travel and Conference - \$83,773
- Reserve at 5% - \$5,309,819
- Contingency Reserve - \$2,687,747
- Committed Community Support Funds - \$1,648,509
- Community Support Fund Reserve - \$19,988,238
- COLA Holding - \$444,062
- Board Elections - \$205,595
- PERS and STRS Pension Rate Increase - \$2,828,715

2016/17 Budget Assumptions:

- No State COLA
- 5% salary enhancement from Community Support Funds
- Increased Health Benefit Contribution
- No growth or restoration
- WSCH: 530
- FTES target: 14,550
- Compensation Study Funding: \$2 million
- 5% reserve and no more than 3% contingency reserve
- 303.0 FTE faculty funded
- Student categorical funding same as 2015/16
- Proposition 30 funded at \$100/FTES
- Meet statutory obligations
- Set-aside State funding for Full-time Faculty

He explained the District's approach to budget development, which included maintaining Community Support status, maintaining enrollment, maintaining the District's AAA bond rating, utilizing the Resource Allocation Model, and having a balanced budget. PERS and STRS Cost Analysis.

He discussed the following:

- District's FTES trends from 2007/08 to present
- Funded Rate per Credit FTES: State vs. Local
- Multi-year Community Support Analysis
- RAM allocation by location
- District liabilities
- Summary of outstanding debt
- OPEB
- CalSTRS and CalPERS rate increases
- 50% Law
- Full-time faculty funding
- Full-time Faculty Obligation Number
- Property tax history & projection

Mr. Maduli said that the District is in an extremely healthy fiscal situation this year, but noted that enrollment management will be important for the District in this and following years.

He closed by discussing factors affecting the District Budget in out years, including a Student Success match, enrollment management, the 50% law, the sunset of Proposition 30, and the possibility of future recession.

Action Taken: It was M/S/P (Farnsworth/Williams; Pape abstained) to accept the 2016/17 Fiscal Year Final Budget.

9. Review of Update Administrative Procedures, Chapter 2, Board of Trustees

Updated procedures for Chapter 2, Board of Trustees, will be presented to District Council for review at the September 26 meeting. Almost all the changes will be minor.

10. Banner Implementation Update

The Finance module is live and the Final Budget was developed using Banner. The August 11 All Managers meeting focused intensely on implementation of the student module, which is planned to go live in April 2017.

11. Chief Technology Officer Update

Chancellor Schmitt indicated that the Academic Senates had requested the opportunity to comment on the

proposed position, and have provided input. He is reviewing the position proposal and is incorporating the feedback into his review.

12. **Other**

There were none.

13. **Announcements**

There were none.

14. **Future Agenda Items**

There were none.

The meeting was adjourned at 2:25 p.m.