



Board of Trustees Budget Committee (BBC)
SBCCD Board Room, 114 S. Del Rosa Drive, San Bernardino CA 92408

Meeting Minutes – February 8, 2018

Members Present – Gloria Macías Harrison, Donna Ferracone

Members Absent – Joseph Williams

Staff Present – Bruce Baron, Jose Torres, Larry Strong, Mike Strong, Richard Galope, Diana Rodriguez

I. Welcome & Introductions

Gloria called the meeting to order at 10:02 a.m. She introduced herself and Donna, and asked that the staff members introduce themselves, which they did.

II. Public Comment

Gloria called for public comment at 10:04 a.m. but there was none.

III. Approval of Minutes

Donna made a motion to approve the minutes of January 18, 2018, which Gloria seconded. There was no discussion and the motion was approved by the following vote.

Ayes: Gloria, Donna
Noes: None
Abstentions: None
Absent: Joseph

IV. Current Topics

A. Allocation of \$57 Million in FCC Auction Proceeds

The committee reviewed the handout on this topic. Jose recapped that the Board of Trustees has already approved \$100 million for investment leaving \$57 million, and that the BBC has requested that this item be placed on the agenda for discussion. BBC members reviewed each investment section and the corresponding Guiding Principles. Comments included the following.

- **KVCR Investment – Media Academy:** Donna asked if the \$2 million for Media Academy was just startup money. Bruce advised that this funding would be mostly seed money with the intent that the academy would begin to generate FTES and become self-sufficient. Donna expressed her desire that the endeavor not run short of funding and become a drain on college resources. Gloria asked to see a skeleton plan, including a timeline, for the development of a media academy.

Kelly Goodrich, Recorder

- ▶ KVCR Investment – Operations Deficit for Three Years: Jose and Richard advised that KVCR's 2017-18 budget is currently forecasted to be short approximately \$1.5 million. Most of the cost is for personnel and a couple large contracts. Richard commented that by 2020 KVCR staff should have access to modernized equipment and will have fine-tuned its mission, thereby allowing the budget to level out. Gloria mentioned that the turnover of station managers has been a challenge to continuity. Comments were made about KVCR's history of borrowing money from the District and the station's inability to become self-sustaining. Bruce added that former interim station manager Mark Lagrimas' plan depended on every new show bringing in enough sponsorship to cover its cost; that is turning out not to be the case. Jose commented that a decision on this investment needs to be rendered soon to prevent KVCR from ending the year in a deficit, which could impact SBCCD's application for fiscal independence. Gloria pointed out that the Board of Trustees needs a clear picture of the KVCR budget as well as a business plan. Jose and Richard will work to provide these items as soon as possible.

- ▶ KVCR Investment – Endowment Investment: Jose explained that this scenario involves the purchase of a commercial building that could potentially earn about \$500,000 annually while providing a resolution to emerging space issues for KVCR and FNX. He distributed some information depicting a similar transaction and mentioned that he had been researching this type of investment with a consultant. Bruce asked if this was an investment in which SBCCD is able to participate without a special investment vehicle. Jose confirmed that it was if SBCCD occupies the building and does not use general obligation bonds for the purchase.

- ▶ College Investments: Both Gloria and Donna felt comfortable with the college investment figures.

- ▶ SBCCD Investment – TESS/Colleges/Non-Credit Investment: Jose went over some of the reasons that the purchase of a building to supplement the current District office would make sense and be a good investment.
 - Currently, TESS is spending \$155,000 annually for rent. The results of a recent study on relocating TESS to Crafton indicate it would cost approximately \$2 million and take about 18 months. Unfortunately, the lease is up next March and the building proprietor has indicated they are only interested in renewing with another long-term lease.
 - EDCT is spending approximately \$30,000 annually for office space at the airport.
 - SBCCD has a grant that requires creation of a makerspace, however, there is no area at the District office adequate to house it.
 - Moving EDCT to another location could allow TESS to move to the Del Rosa location, thereby consolidating central services.
 - The 8th street location is not a feasible solution for any of the current space issues.
 - Human Resources does not have enough room to meet applicant assessment requirements, which requires duplicative testing sessions and drains SBCCD resources.
 - The Institutional Effectiveness researchers cannot be brought to PDC to work alongside the interim director unless current staff is displaced.
 - A building positioned near the 10 and 215 freeways with the colleges' logos would afford the opportunity to gain visibility and a larger presence in the community.
 - Such a building could become a valuable source of feeder students for both colleges by offering contract education, non-credit, and community classes.

Gloria commented that the ideas sound wonderful but there needs to be a plan in place. Jose acknowledged that these are initial conversations. Richard mentioned that the program review process just completed at the District office has revealed a lot of need and generated much discussion. Bruce commented that a prioritized list of needs identified in program review would be provided.

At this point in the conversation, Bruce inquired if the Board would entertain approval of some of the investments while tabling others for further discussion and research. This would allow the Board to address some immediate needs, such as backfilling KVCR's budget. Committee members considered which items should be brought forward for review at this time and the following list was determined.

- › KVCR Investment – Transition & Modernization: There is a plan and a not to exceed amount in place.
- › KVCR Investment – Media Academy: A skeletal plan with timeline will be developed for review. Reassign time can be used in the initial stages of development.
- › KVCR Investment – Operations Deficit for Three Years: At a minimum, the deficit for 2017-18 needs to be addressed. A budget and plan need to be reviewed. Jose reiterated that it is important that no funds show a deficit at year-end for possible fiscal independence implications.
- › College Investments: The prioritized program review list needs to be reviewed.
- › SBCCD Investment – District Office Program Review: The prioritized program review list needs to be reviewed.
- › SBCCD Expenditure Reimbursement: Staff will present an exhibit of expenses showing legal fees and other FCC Auction costs.

It was determined that the BBC would meet on February 22, from 10 am to 12 pm, just prior to the Board of Trustees study session on potential bond measure issues.

V. Updates (as necessary)

A. Combined Budget Report w/Enrollment Data

At a prior BBC meeting, Joseph requested that information from the college FTES reports be translated into dollars and brought forward in the monthly Board agenda along with the Budget Report. A revised Board agenda item has been developed in response to this request and Jose reviewed it with the BBC. He emphasized that FTES dollars are only a portion of SBCCD's revenue.

B. 2018-19 State Budget & SBCCD Budget Process (no update)

C. 2017-18 Board of Trustees Budget

BBC members reviewed the update and had no concerns.

D. KVCR Transition Scope, Cost & Timeline

BBC members reviewed the update and had no comments.

E. Solar

BBC members reviewed the updates in this report. The Permit to Operate has been obtained ahead of schedule, which is good news because it is anticipated that the solar panels will save the District office approximately 85% of its electricity expense.

F. Bookstore *(no update)*

Public Comment

Cassie McDuff asked for consent to give public comment out of sequence with the agenda. Gloria gave permission as committee chair. Ms. McDuff voiced several concerns and encouraged the set-aside of a substantial amount of money to make KVCR self-sustaining.

VI. Future Topics

No future topics were discussed.

VII. Adjournment

The meeting adjourned at 11:30 a.m. The next meeting is scheduled for February 22, 2018 at 10:00 a.m.