

Governing Board

Grossmont-Cuyamaca Community College District

Telephone: 644-7682

Action

Subject: REVISED PROPOSITION R FUNDING PLAN
ANNUAL REVISION

Date: SEPTEMBER 21, 2004

1. PROPOSAL

Approve annual revision to the *Proposition R* Funding Plan, as recommended by the Chancellor, and grant authority to accept, budget, and spend.

2. INFORMATION IN SUPPORT OF PROPOSAL

a. Summary of Issue

The *Proposition R* Funding Plan, as presented in Attachment A, is revised yearly to reflect actual project costs, updated project estimates and other changes in conditions. Attachment A is the summary of the revised plan and a list of assumptions upon which the plan is predicated.

b. Background

Currently, the District is operating with the revised Funding Plan approved by the Board in July 2003. Due to exploding construction costs, detailed estimation of all major projects and other changes in condition, the July 2003 plan is inadequate.

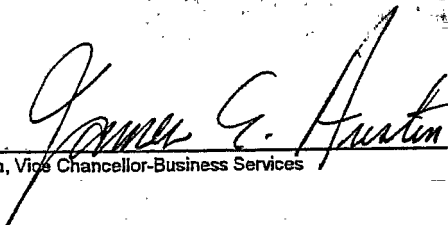
A draft plan was reviewed with the Governing Board at the Annual Facilities Workshop on August 17, 2004. Since that time, the draft plan has been reviewed by many constituent groups, and a workshop was held for the Districtwide Strategic Planning & Budget Council on September 13, 2004. Based upon the consultation and feedback, the Chancellor's Cabinet has evaluated many variations to the original proposal.

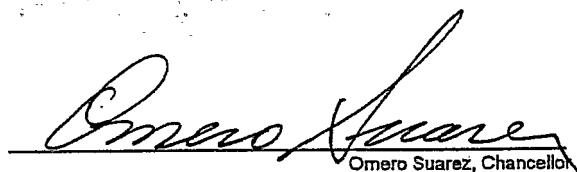
Developing a Funding Plan has been extremely difficult due to a combination of factors, including exploding construction costs, dramatically increased local matching funds requirements for State bond projects, the limitations imposed by Proposition 39 and the *Proposition R* ballot measure, and dreams and aspirations that exceed the available resources.

An updated Funding Plan is required in order to keep several large and critical projects on schedule, and to prevent the potential loss of State funding. Active discussion concerning the Funding Plan will continue, and line item revisions can be expected before the next annual update.

Recommended:

Approved for Consideration:


James E. Austin, Vice Chancellor-Business Services


Omero Suarez, Chancellor

Docket Item No.

406.1

ORIGINAL

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c. Options Considered

Many options were considered and analyzed in an attempt to most effectively utilize the proceeds from *Proposition R*, in accordance with the successful ballot measure.

d. Support of Strategic Planning and *The Way Forward*

- (1) Conduct District operations in an efficient and effective manner; and
- (2) Practice sound fiscal management, fiscal stability, and accountability.

e. Fiscal Impact of Proposal

The estimated net proceeds from *Proposition R* are \$199,445,930.

3. BOARD ACTION

The Governing Board grants authority to take action as specified in Item One of this docket exhibit.

Docket Item No.

406.2

Proposition R Funding Plan Proposal

- Assumptions and Statements
 - Assumptions are attached (Exhibit A-1)
 - The adjusted net funds available are \$199,445,930.
- Funding Plan for Governing Board Approval
 - Fully fund the current estimated cost of the Capital Construction Master Plan projects listed on the attached chart, *Proposition R Capital Projects Master Plan, Recommended Projects for Revised Budgets Funding*. (Exhibit A-2)
 - Maintain the funding level for the Technology Infrastructure Master Plan at the July, 2003 Board-approved amount of \$6,050,000
 - Maintain the Funding levels for the three other master plans at the July, 2003 Board-approved amounts; distribute the Districtwide amounts for those three plans to the colleges as calculated in Exhibit A-3:
 - Scheduled Maintenance:
 - Grossmont \$ 4,270,000
 - Cuyamaca \$ 2,730,000
 - Energy Conservation:
 - Grossmont \$12,963,020
 - Cuyamaca \$ 2,861,980
 - Renovation & Repair:
 - Grossmont \$26,970,000
 - Cuyamaca \$ 6,029,100
 - Distribute the Contingency as necessary to provide adequate funds for all of the Exhibit A-2 Capital Construction projects.
 - College and District staff will be responsible for redistributing the college allocations to insure that the Scheduled Maintenance, Renovation and Repair, Energy Conservation and other funds are used appropriately for the purpose for which they were provided, and to insure that the attached list of capital construction projects are fully budgeted.
 - Summary of the Funding Plan after the allocations described above:
 - Program Mgt., Admin., Legal \$ 10,500,000
 - E.I.R. and Legal \$ 410,000
 - Districtwide Technology Infrastructure \$ 6,050,000
 - Grossmont College (Exhibit A-4) \$107,183,735
 - Cuyamaca College (Exhibit A-5) \$ 75,302,195
 - The budgets for capital construction projects will be as listed on Exhibits A-4 and A-5 unless subsequently revised by the Board.
 - At the next annual Board facilities workshop, staff will present an assessment of progress for each of the Board-approved facilities-related master plans, as well as options for addressing the components of the master plans that are projected to be unfunded.

Proposition R Funding Plan Assumptions

- There were five Board-approved master plans listed on the ballot.
- The authorized limit of \$207 million was less than one half the amount needed to fully fund the five master plans
- Because Prop. R is authorized by Proposition 39, any projects specifically listed in Exhibit B of the ballot are funded
- If the Board has approved an IPP (Initial Project Proposal) for a project, it is funded.
- If the District has accepted State bond funding for a project, that means the District has signed a contract with the State, and the District share of the project is funded.
- Although the Board has not yet approved an IPP for the Grossmont Student Complex, there is an unwritten commitment to the students and the project is funded.
- The dollar amounts for all listed projects in the plan should be as up to date as possible, no matter how bad the increases appear to be.
- Given the above, all Capital Construction projects on the attached chart, "*Proposition R Capital Projects Master Plan, Recommended Projects for Revised Budgets Funding*" are assumed to be funded at their currently estimated cost.
- The amounts previously approved by the Board for the following four master plans are assumed to remain the same:

○ Districtwide Technology Infrastructure	\$ 6,050,000
○ Scheduled Maintenance	\$ 9,000,000
○ Renovation & Repair (3D/i)	\$39,700,000
○ Energy Reduction Projects	\$17,865,000
- The Districtwide Technology Infrastructure should remain as a Districtwide allocation
- The other three master plan allocations, SM, RR, and ER, should be distributed to the two colleges
- When a listed project on the Capital Construction master plan includes SM, RR or ER, the funds should be used from the appropriate master plan's allocation rather than from Capital Construction project funding; Capital Construction funds should be used only for new construction and related costs, not for renovation projects.
- Total net funds available equal \$199,445,930.
- The District must develop strategies for obtaining significant additional funding to address the many unmet needs identified in the Board-approved master plans.

**Proposition R Capital Projects Master Plan
Recommended Projects for Revised Budgets Funding**

SITE	CAPITAL CONSTRUCTION PROJECTS	Prop. R COST	LISTED ON BALLOT	FUNDED BY STATE	BOARD APPROVED IPP	BOARD APPROVED FPP	BOARD APPROVED PP	Legally MUST FUND?
G	Science Building	1,883,147	Y	Y	Y	Y	Y	YES
G	Tech Mall/LRC	2,935,000	Y	Y	Y	Y	Y	YES
G	Digital Arts/Sculpture	6,417,115	N	Y	Y	Y	Y	YES
G	Life Safety Road	1,550,520	N	Y	Y	Y	N	NO
G	Parking Structure	21,396,701	N	N	Y	Y	N	YES
G	Health Sciences	9,048,838	Y	N	Y	Y	N	NO
G	Theatre Arts	5,127,964	N	N	Y	N	N	NO
G	Student Complex	32,073,000	N	N	N	N	N	NO
		<u>80,432,285</u>						
C	Auto Technology Center	2,501,000	N	N	Y	Y	Y	YES
C	Science & Tech. Mall	4,237,882	Y	Y	Y	Y	Y	YES
C	Communications Arts	19,391,464	Y	Y	Y	Y	Y	YES
C	Business/CIS	9,418,979	Y	N	Y	Y	N	YES
C	LRC Expansion & Remodel	1,934,542	N	N	Y	N	N	NO
C	Student Center	15,245,249	N	N	Y	N	N	NO
		<u>52,729,116</u>						

- a. Although this project is not specifically mentioned by title, student service buildings are mentioned in the ballot text
- b. The Board has approved an IPP; parking capacity must be increased before instructional capacity can be added
- c. The Board has approved; college considers a critical project
- d. Generally mentioned on the ballot; students were instrumental in the bond campaign based upon assurances that the project would be funded
- e. Board has approved an IPP
- f. Generally mentioned on the ballot; students were instrumental in the bond campaign based upon assurances that the project would be funded
- g. Under construction or constructively complete

- I. Master Plan - Districtwide Technology - No change recommended
- II. Master Plan - Scheduled Maintenance (\$7,000,000 Unallocated)
 - A. Methodology - use colleges' percentage of the State five Year Scheduled Maintenance Plan
Plan was submitted December 15, 2003
 - B. Calculation

Grossmont	61%	\$ 7,000,000	=	\$ 4,270,000
Cuyamaca	39%	\$ 7,000,000	=	\$ 2,730,000
 - C. Status of using this methodology - the facilities representative from both colleges and the District support this methodology
- III. Master Plan - Energy Conservation (\$17,865,000)
 - A. Methodology - Use each college's percentage share of the projects listed in the Viron Energy Assessment Report
The Viron report was the basis of the master plan and of the amount of Prop. R funds allocated to the plan
 - B. Calculation

Grossmont	74.8%	\$ 17,865,000	less	\$ 400,000	=	\$ 12,963,020
Cuyamaca	25.2%	\$ 17,865,000	less	\$ 1,640,000	=	\$ 2,861,980

 (the deductions are the amounts that have already been allocated to the colleges)
 - C. Status of using this methodology - the facilities representative from both colleges and the District support this methodology

- IV. Renovation & Repair (AKA 3D/I) (\$33,000,000 Unallocated)
 - A. Methodology - Use each college's percentage share of the project repair costs listed in the 3D/I Facility Condition Index
 - B. Calculation

Grossmont	81.7%	\$ 33,000,000	less	\$ -	=	\$ 26,970,900
Cuyamaca	18.3%	\$ 33,000,000	less	\$ -	=	\$ 6,029,100

C. Status of using this methodology - There is not 100% support for any one methodology
 Arguments have been made ranging from 100% for Grossmont to a 54%/46% GC/CC split
 The allocation of the Renovation & repair dollars is complicated by the fact that capital construction allocations pay for new facilities to replace facilities that are on the FCI list

Both colleges have repair and renovation needs, and using the ratio of the 3D/I estimates for repair seems reasonable to most people

Grossmont - Summary of Proposed Proposition R Funding Plan

Single College Summary	Best Available Estimates	Unfunded Projects	Proposed Potential Redistributions	Proposed Revised Plan	
GROSSMONT					
EIR					
College Unallocated	1,201,154		-	9,465,145	Net after Reallocations
Scheduled Maintenance, allocated	-			1,201,154	
Scheduled Maintenance, unallocated	4,197,925		4,270,000	-	Available to Allocate
Renovation & Repair, allocated	-			4,197,925	
Renovation & Repair, unallocated	400,000		26,970,900	-	Available to Allocate
Energy Reduction Projects, allocated	-			400,000	
Energy Reduction Projects, unallocated	1,000,000		12,963,020	-	Available to Allocate
Infrastructure	250,100			1,000,000	
Secondary Effects and Swing	2,935,000			250,100	
Tech Mail/LRC	769,200			2,935,000	
Secondary Effects - Tech Mail	16,003,416			769,200	
Student Services Complex, new	16,070,000			16,003,416	
Student Services Complex, Remodel	1,883,147			16,070,000	
Science Building	6,417,115			1,883,147	
Digital Arts/Sculpture	1,550,530			6,417,115	
Life Safety Road	21,396,701	(12,472,976)		1,550,530	
Parking Structure	9,048,838	(9,048,838)		21,396,701	
Health Sciences; West 300	9,267,500	(9,267,500)		9,048,838	
Applied Sciences; N & S 300	5,127,964	(5,127,964)		9,267,500	
Theatre Arts	-			5,127,964	
Acquire Additional Land	200,000	(200,000)		-	
Indoor/Outdoor P.E.				200,000	
Distribution of Program Management			1,000,000		
Distribution of Contingency			378,503		
	<u>97,718,590</u>	<u>(36,117,278)</u>	<u>45,582,423</u>	<u>107,183,735</u>	
College Budget After Reallocations =	107,183,735	36,117,278	9,465,145	-	

Important - the identified Source funds would be distributed among appropriate projects, not just to those projects identified as "Unfunded" above
 The "Net after Reallocations" is the amount available for Scheduled Maintenance, Energy Reduction and R&R projects that are not listed above

BA "BA" indicates that the Governing Board has approved at least an Initial Project Proposal (IPP) for the project

Cuyamaca - Summary of Proposed Proposition R Funding Plan

Single College Summary		Best Available Estimates	Unfunded Projects	Proposed Redistributions	Proposed Revised Plan
CUYAMACA					
EIR	College Unallocated	-		-	500,000
	Scheduled Maintenance, allocated	798,846		-	798,846
	Scheduled Maintenance, unallocated	-		2,730,000	-
	Renovation & Repair, allocated	2,502,075		6,029,100	2,502,075
	Renovation & Repair, unallocated	-			-
	Energy Reduction Projects, allocated	1,640,000			1,640,000
	Energy Reduction Projects, unallocated	-			-
	Infrastructure	1,000,000		2,861,980	1,000,000
	Secondary Effects and Swing	250,100			250,100
BA	Auto Tech. Complex	2,501,000			2,501,000
BA	Student Center	15,245,249			15,245,249
BA	Science & Technology Mall	4,237,882			4,237,882
BA	Communications Arts	19,391,464			19,391,464
BA	Business/CIS Building	9,418,979	(5,385,116)		9,418,979
	Remodel B,D,E,F,G	6,545,400	(6,545,400)		6,545,400
BA	Remodel Phase 1	1,934,542	(1,833,000)		1,934,542
	LRC Remodel, Phase 2	5,065,458	(5,065,458)		5,065,458
	Parking Expansion, Phase II	2,971,200	(2,971,200)		2,971,200
	PE Expansion, Pool	900,000	(900,000)		900,000
	Classroom/Admin	200,000	(200,000)		200,000
	Science & Technology Mall, Phase II	200,000	(200,000)		200,000
	Distribution of Program Management			2,200,000	-
	Distribution of Contingency			9,779,094	-
		<u>74,802,195</u>	<u>(23,100,174)</u>	<u>23,600,174</u>	<u>75,302,195</u>
	College Budget After Reallocations =	75,302,195	23,100,174	500,000	

Important - the identified Source funds would be distributed among appropriate projects, not just to those projects identified as "Unfunded" above
 The "Net after Reallocations" is the amount available for Scheduled Maintenance, Energy Reduction and R&R projects that are not listed above

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