

South Puget Sound Community College
Special Board of Trustees Meeting
Wednesday, July 26, 2017, 1:30-2:30 P.M.
Building # 25–Boardroom
South Puget Sound Community College
2011 Mottman Road, S.W.
Olympia, WA 98512-6292

SPECIAL MEETING

Under RCW 42.30.080, a special meeting of the Board of Trustees, Community College District 24, South Puget Sound Community College, was held at 1:30 p.m. on Wednesday, July 26, 2017 in Building 25-Boardroom, 2011 Mottman Road S.W., Olympia, WA 98512.

CALL TO ORDER

Board Chair Leonor Fuller called the meeting to order at 1:34 p.m.

ROLL CALL

Trustee Leonor Fuller, Trustee Judy Hartmann, Trustee Barbara Clarkson, and Trustee Doug Mah were present. Trustee Jeff Davis joined the meeting by telephone.

Capital Budget

Al Brown, Vice President for Administrative Services and Laura Price, Director of Facilities, reviewed the information provided on the renovation of Building 28, the project budget, and reserve levels. The College will ask Board approval to use up to \$980,000 of college reserves or the FY17 closing balance in order to complete the Building 28 renovation project.

Al Brown reported that there is a pressing need for a better space for Adult Basic Education (ABE) and English as a Second Language (ESL) programs. Lacking the funds to do the project within the biennium, they came up with a creative financing solution using funds from two bienniums from two capital budgets in order to complete the project. That would have worked very well had the Legislature passed the capital budget. Without a capital budget, it leaves the college short of funds needed to complete the project.

The project has oversight from the Department of Enterprise Services (DES). Being state-funded with no capital budget, DES sent a letter to the contractor saying they have to stop work on June 30. The college has local funds to continue to work, so administration is bringing it up to the Board for consideration and approval.

The year-end close is coincidentally more or less equivalent to what is needed for Building 28. The college is projecting the FY17 operating budget to close with a surplus of \$980,000. Even without that level of a fiscal close, the college has adequate unobligated funds primarily because of the sale of the Hawks Prairie property. The positive FY17 as

well as the prior year's surplus has increased the reserves that is beyond the required 15% set-aside of local operating reserves level. Dr. Stokes added that the closing would have been around \$1.1 million, but we had to finish Building 22 sewer project and paid that from last fiscal year before we closed for June 30.

Laura Price noted that the only costs associated are building project costs of \$700,000 in the 2017-19 capital budget that was earmarked for Building 28 project, as well as \$260,000 earmarked for HVAC, and no staffing costs associated.

We are hopeful that because of the failure to pass the Capital budget in a timely manner that they will give us additional latitude and flexibility when they do pass it, so it is conceivable that the full amount that was intended for Building 28 project could be re-directed to the Lacey 3 or other projects.

Dr. Stokes said that colleges are working with the State Board for coordinated messaging to the legislators. Our college has advocacy messages that are being sent out soon to our legislators, and the college is working on some flexibility with DES on how those funds are expended.

Trustee Mah noted that they need to recognize that there is a risk to the college—we are spending down \$980,000 of college reserves or the FY17 closing balance and if we are not able to backfill it or use the money when it does arrive for a different project, the college is out \$980,000. However, there are ways to help mitigate the risk, which the college, the State Board and others are doing.

Laura Price reviewed the costs because of the stop-work: Contractor can charge the college \$950-\$1,300 a day; The college can have sub-contractors that could move to other projects; and Students are displaced by not having a facility.

Additional messaging to the legislators:

- We have a College Master Plan and we have to proceed accordingly with this Plan, and taking these funds away from our local funds disrupts the Master Plan.
- It is not just a project that is pushed out for a while, but in fact, we now will have costs that were not due to our actions, but due to theirs.

It was moved by Trustee Mah, and seconded by Trustee Clarkson **THAT THE BOARD OF TRUSTEES APPROVE THE USE OF UP TO \$980,000 OF COLLEGE RESERVES OR THE FY17 CLOSING BALANCE IN ORDER TO COMPLETE THE BUILDING 28 RENOVATION PROJECT. MOTION CARRIES.**

ADJOURNMENT 1:53 p.m.


LEONOR FULLER, BOARD CHAIR
SOUTH PUGET SOUND COMMUNITY COLLEGE


TIMOTHY STOKES, SECRETARY
SOUTH PUGET SOUND COMMUNITY COLLEGE