

**Minutes of the Study Session of the Board of Trustees  
San Mateo County Community College District  
September 1, 2010, San Mateo, CA**

**The meeting was called to order at 6:02 p.m.**

**Board Members Present:** President Patricia Miljanich, Vice President-Clerk Dave Mandelkern, Trustees Helen Hausman, Richard Holober and Karen Schwarz, and Student Trustee Father Jay Maharaj

**Others Present:** Chancellor Ron Galatolo, Executive Vice Chancellor Jim Keller, Skyline College President Victoria Morrow, College of San Mateo President Michael Claire, Cañada College President Tom Mohr and District Academic Senate President Ray Hernandez

**Pledge of Allegiance**

**DISCUSSION OF THE ORDER OF THE AGENDA**

None

**MINUTES**

It was moved by Trustee Holober and seconded by Trustee Schwarz to approve the minutes of the August 18, 2010 meeting of the Board. The motion carried, all members voting "Aye."

**STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS**

None

**NEW BUSINESS**

**APPROVAL OF PERSONNEL ACTIONS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (10-9-1A)**

It was moved by Trustee Holober and seconded by Trustee Schwarz to approve the actions in Board Report No. 10-9-1A. The motion carried, all members voting "Aye."

**Other Recommendations**

**APPROVAL OF AUGMENTATION TO DESIGN-BUILD CONTRACT FOR THE CAÑADA COLLEGE ROADWAY AND SITEWORK PROJECT (10-9-100B)**

It was moved by Vice President Mandelkern and seconded by Trustee Hausman to approve the contract augmentation as described in the report. The motion carried, all members voting "Aye."

**INFORMATION REPORTS**

**CIP UPDATE AND PROJECT LABOR AGREEMENT REVIEW (10-9-1C)**

Chancellor Galatolo said the purpose of the report is to provide the Board with a status update regarding CIP1 and CIP2 projects and to get further direction from the Board on the District's Project Labor Agreement (PLA).

**Capital Improvement Program Status Report**

José Nuñez, Vice Chancellor of Facilities Planning, Maintenance and Operations, thanked Yanelly Pulido and Carina Warne for their help in preparing the report.

Vice Chancellor Nuñez showed photographs of projects which have been completed on the three campuses. He said the District has experienced capital outlay losses because of the State's decision to not put a Statewide bond on the ballot in 2008, resulting in a \$55 million loss to the District, and again in 2010, resulting in a \$66 million loss. In addition, the District lost \$20 million because of the Lehman Brothers bankruptcy. He showed photographs of unmet needs on the three campuses, including old and outdated buildings, safety hazards, cramped spaces and equipment issues. He showed maps of each campus, illustrating projects which are completed, in progress, not funded and undetermined. He

also displayed a chart showing projects at the campuses and at the District Office which would address unmet needs and the costs associated with these projects, and a chart summarizing unmet and undetermined Districtwide and College needs. Copies of the campus maps and the charts referenced above are attached to the minutes.

Chief Technology Officer Frank Vaskelis said there is almost no money in the general fund for replacing or upgrading computer labs and faculty and staff computers. He said the vast majority of technology on the campuses has been funded through bond projects. There has been tremendous growth in the number of computers on the campuses. There are currently 5,364 computers and 1,200 printers Districtwide. Wireless networks have been deployed on each of the campuses. Google email accounts have been assigned to every student and faculty have sent 71,000 messages to students since the beginning of the fall semester. In addition, nearly 19,000 individuals have signed up for emergency text messaging accounts. There are currently 250 Smart classrooms, accounting for nearly one-half of all classrooms. Mr. Vaskelis displayed charts showing the estimated value of IT equipment and the estimated cost to replace equipment; a copy of the charts is attached to the minutes.

Chancellor Galatolo said it is important to note that the State not only has walked away from its fiscal obligations with regard to capital improvement, but for a number of years it has also failed to fund scheduled maintenance, instructional equipment and hazardous material abatement. As a result, the District has had to use operating dollars and bond dollars for these purposes. The District has had to look more frequently for local support in order to be able to accomplish not only the capital construction projects, but also the long-term maintenance and replacement of equipment. As part of the need for a long-term funding campaign, the Board will be asked at some future date to consider the need for another bond that could include a sinking fund which could be used over a number of years for replacement of technology equipment. There are regulations concerning the time during which tax-exempt general obligation bonds must be used. Therefore, given that interest rates are at all-time market lows and that the differential between tax-exempt and taxable bonds is relatively small, staff would probably recommend issuing taxable bonds for the portion to be used for long-term needs.

Trustee Holober asked if the State's commitment of \$55 million, lost because of the decision to not place a Statewide bond on the ballot in 2008, is gone forever. Chancellor Galatolo said the State funding portion was withdrawn permanently. Only the District funding portion for those projects could be used and, as a result, the District had to modify what could be done. Trustee Holober asked if the projects listed as "undetermined" could be either District or State funded. Chancellor Galatolo said they could be either and could also be future "wish list" projects.

Student Trustee Maharaj asked about the possibility of selling older computers to students. Mr. Vaskelis said selling directly to students violates State law regarding the salvage process for equipment purchased with State money.

Vice President Mandelkern suggested there might be more opportunities to leverage bond money to reduce operating costs. Chancellor Galatolo said the District has been able to leverage staff for certain activities. In addition, the defeasance of College Vista has allowed the District to put rents into the general fund. Vice Chancellor Nuñez added that the San Mateo Athletic Club has generated revenues and a portion of Building 10 at College of San Mateo will be used as a rental facility, generating further revenues. Vice President Mandelkern said it is important to continue to look for opportunities to use bond money to free up cash flow into the general fund.

Trustee Holober asked if the campus projects shown on the chart are already incorporated into the planning process. Vice Chancellor Nuñez said the projects shown as having Local/District funding have been planned for; those shown as undetermined, such as the needs identified in a white paper by Cañada College Vice President Sarah Perkins, need further conversation.

President Claire said that College of San Mateo must address a recommendation by the Accreditation Commission regarding technology replacement. Without outside funding, the College would have to use money from the already strained operating fund for this purpose.

Vice President Mandelkern asked if, outside of a \$100 million sinking fund for technology, a general obligation bond could provide enough relief to the general fund to make it a good investment. Chancellor Galatolo said there are other ways to leverage funds, e.g. defeasance of Cañada Vista. There is also currently \$4-\$6 million in salaries that could be leveraged. Chancellor Galatolo estimated that \$13-\$14 million could be leveraged over the life of the bond. Vice

President Mandelkern asked what the potential positive and negative effects are of issuing another bond if the State is not a reliable provider of the cash flow that the District counts on. Executive Vice Chancellor Keller said the District will likely ask the Board to approve a \$30 million Tax and Revenue Anticipation Note to help temporarily fill the State funding gap. Chancellor Galatolo said a bond would not reflect badly on the District because it is not the District's obligation. He said the positive effect of issuing a bond would be greater leverage opportunities.

Student Trustee Maharaj said Cañada College Building 13 was very uncomfortable during the recent heat wave and asked when money will be available to address this issue. Vice Chancellor Nuñez said Building 13 is a project slated for State funding which will not be available before 2012. In the meantime, he said he will try to help with short-term solutions, such as fans in the classrooms.

### **Project Labor Agreement (PLA) Update**

Vice Chancellor Nuñez said the District uses three primary project delivery methods: design-build, design-bid-build, and unit price contract. In the combined CIP1 and CIP2 projects, the design-build method was used 60.32% of the time and the design-bid-build method was used 38.21% of the time. All of the projects using the design-build method fell under the District's PLA and the majority of the design-bid-build projects were also PLA projects; 90% of the projects in CIP1 and CIP 2 were PLA projects. The unit price contract method was used less than 1% of the time. In the non-PLA projects, 67% of the work was still done by union workers.

PLA projects are typically large, complex and of long duration. They use multiple trades. It is guaranteed that there will be no work stoppages. Non-PLA projects are typically small and of short duration. They use single or few trades and use local, emerging firms. They provide flexibility, agility and expediency for small projects.

Vice Chancellor Nuñez said that he, Jeff Gee of Swinerton Management and Consulting, and Bill Nack of the San Mateo County Building Trades Council worked together to develop the PLAs for CIP1 and CIP2. He said the system has worked very well and he hopes the Board will permit them to do the same for CIP3.

Vice President Mandelkern asked if there are other projects which do not fall under the PLA but might be appropriate to put under a PLA in the future. He said he would like to distinguish between the PLA and union work. He said it appears the PLA provides a structure that works well when engaging with labor. Executive Vice Chancellor Keller said things were priced out with the intent to get the best value for the dollar amount and that the Board was kept informed of the process. He said that non-PLA projects account for a relatively small piece of the total dollar amounts. Regarding distinguishing between the PLA and union work, President Miljanich said union contracting has been the focus of discussions and is what engendered this conversation. Vice President Mandelkern said his intent is to get clarification about which jobs fall under the PLA, whether there are other jobs that should fall under the PLA, and what the threshold should be. Vice President Mandelkern said the College Vista and Cañada Vista projects appear to have the characteristics of a PLA but were not PLA projects. Executive Vice Chancellor Keller said that in those particular projects, the District was trying to provide a project for faculty and staff that would require the lowest possible rents. He said that approximately 90% of the work on the projects was union.

Noting that tonight's report did not directly address the concerns expressed at the last meeting, Trustee Hausman asked if it is customary to omit details in a recommended contract in order to permit flexibility and, if so, how questions such as those raised at the last meeting can be avoided. Vice Chancellor Nuñez said it is necessary to have flexibility in order to insure the best work on projects at the Colleges. Executive Vice Chancellor Keller said the Board has the right to raise issues at any time. He said the Board has discussed contracting in the past and believed the time was right to talk about it again.

Trustee Holober asked if all components of a design-build project are under the control of the contractor, or if a unit price subcontractor can be brought in to do a particular job on the project. Executive Vice Chancellor Keller said the design-build contractor controls all parts of the project and there is no mix of labor.

Trustee Schwarz said that if a unit price contracting job was put under the PLA for the initial bidding, there would likely be a wider spectrum to choose from. Vice Chancellor Nuñez said he believes there would be fewer to choose from because non-union contractors would not bid. Trustee Schwarz said the opposite is also true, i.e. union contractors are less likely to bid if it is a unit price contract only. She said it is uncertain which method would produce a broader

range of bidders. President Miljanich questioned what the consequences might be if unit price contracts were put under the PLA, e.g. the potential of rising costs and reduced flexibility. Mr. Bennett said that for the unit price painting contract approved at the last meeting, outreach was done and all contractors had an opportunity to bid.

Trustee Holober noted that the unit price painting contract approved at the last meeting is a non-exclusive contract. Therefore, another request for bids could be put out with the additional factor that it would be PLA work. If competitive bids are received, there could be a choice of using the unit price contractor approved at the last meeting or using a contractor under the PLA. President Miljanich noted that the union bidder for the painting contract was the third lowest bidder and questioned how reopening bidding would increase the likelihood of getting the best price. Mr. Nack said he does not know why the union contractor's bid was \$30,000 higher than the lowest bidder. Chancellor Galatolo said that in some cases, the difference might be owner margin. Mr. Nack asked if all unit price contracts have a prevailing wage requirement and, if so, how it is monitored. Vice Chancellor Nuñez said there is a prevailing wage requirement. Contractors must have their certified payroll available on demand.

Vice President Mandelkern said he agrees with Trustee Holober's suggestion of opening another bid under the PLA to see who would respond and what the bids would be. Chancellor Galatolo agreed that it would be an interesting experiment and would help to answer some questions raised by Board members. President Miljanich said any new respondents would have to submit competitive bids. She said that the percentages presented in tonight's report show that the District's PLA is working well. She added that it is important to maintain flexibility in smaller contracts.

Mr. Gee said that the foundation for PLAs emerges from a California Supreme Court decision which defined PLAs as appropriate for large, complex, multi-craft projects. He said the District's PLA has been successful through the years, with very few disputes.

Vice President Mandelkern said the PLA and the design-build delivery method have been elements of the extraordinary success of the District's construction projects. He credited Vice Chancellor Nuñez and his staff, the outside consultants, and the building trades. Chancellor Galatolo said the Board has played a large part as well. Trustee Schwarz agreed that the construction program has worked very well with the PLA and design-build components. She credited Chancellor Galatolo, Vice Chancellor Nuñez and all who have worked together. She said that with her comments over the last two meetings, she is only trying to make it better. Trustee Hausman said the District has an outstanding reputation and the attempt to improve something that already works well is an example of how the District functions. Vice Chancellor Nuñez asked the Board to keep in mind the percentages reported earlier. He noted that the District's current program is used as an example by other districts throughout the State.

President Miljanich said that because of staff time to open and complete a new bidding process, a certain amount of money would be involved. She said it is also important to try to measure what would happen if flexibility and nimbleness were removed. Chancellor Galatolo said the new request for bids would still ask for those qualities.

President Miljanich said it is important to determine if there would be legal ramifications if no work is given to the contractor approved at the last meeting, and whether a new bidding process might be considered disingenuous. Mr. Bennett said the appearance of disingenuousness should be considered, whether or not there are legal issues. Chancellor Galatolo said staff should have an open and honest conversation with Bayview Painting, explaining that this is an experiment the Board wishes to try.

Trustee Holober suggested that the Board ask staff to design a new request for a unit price painting contract which would be the same as the previous request, with the added element of being under the PLA. He said that staff should investigate whether there would be any legal ramifications concerning the approved contractor. President Miljanich said a legal opinion should be sought before the process is started. Chancellor Galatolo said time is of the essence because of the continually changing cost environment. Mr. Bennett said he and his staff could have bid data approximately six weeks from the time of the request for bids.

Trustee Holober asked what the earliest dates would be to consider another bond measure for CIP3. Chancellor Galatolo said a bond measure must be on a countywide election ballot; the next such elections will be June 2011, November 2011 and November 2012. He said sooner would be better than later because of the current mobilization and processes that are in place. He added that the correct timing is determined by surveying voters. Trustee Holober said

there will be a charter amendment on the November 2, 2010 ballot regarding mail only ballots and this may affect when next year's election is held.

Vice President Mandelkern asked when the CIP3 funding process would need to begin in order to continue the construction program. Vice Chancellor Nuñez said that, ideally, the next construction activity should begin next year and the design, permitting, etc. should be starting now. Chancellor Galatolo said that the day a bond is passed, staff can ask the Board for the ability to use capital project funds that are not bond-related to pay for projects, and then reimburse those funds when the bonds are sold.

Vice President Mandelkern asked if there is construction fatigue on the campuses. Presidents Mohr, Morrow and Claire all said faculty, staff and students are very pleased with the changes to their campuses and there is no construction fatigue. Trustee Hausman expressed concern about possible voter fatigue; Chancellor Galatolo said this factor would be assessed in a survey of voters.

Mr. Nack said the building trades have no better partner than the District and he appreciates the hours given to workers throughout the years. He said being assigned jobs is more critical than ever before because of the lack of work in the private sector. Mr. Nack said he, Mr. Gee, Vice Chancellor Nuñez and staff work very well together and have great respect for each other. He said that regardless of what the Board decides on the issues discussed tonight, he will continue to work with the District. Chancellor Galatolo said that workers in the trades have done a tremendous job for the District.

#### **RECESS TO CLOSED SESSION**

President Miljanich said that during Closed Session, the Board will consider the personnel items listed as 1A and 1B on the printed agenda. The Board will also hold a conference with agency labor negotiator Harry Joel; the employee organizations are AFT, AFSCME and CSEA.

The Board recessed to Closed Session at 8:35 p.m.  
The Board reconvened to Open Session at 9:58 p.m.


#### **CLOSED SESSION ACTIONS TAKEN**

President Miljanich reported that at the Closed Session just concluded, the Board voted 5-0 to approve the items listed as 1A and 1B on the printed agenda.

#### **ADJOURNMENT**

It was moved by Trustee Hausman and seconded by Trustee Schwarz to adjourn the meeting. The motion carried, all members voting "Aye." The meeting was adjourned at 10:00 p.m.

Submitted by

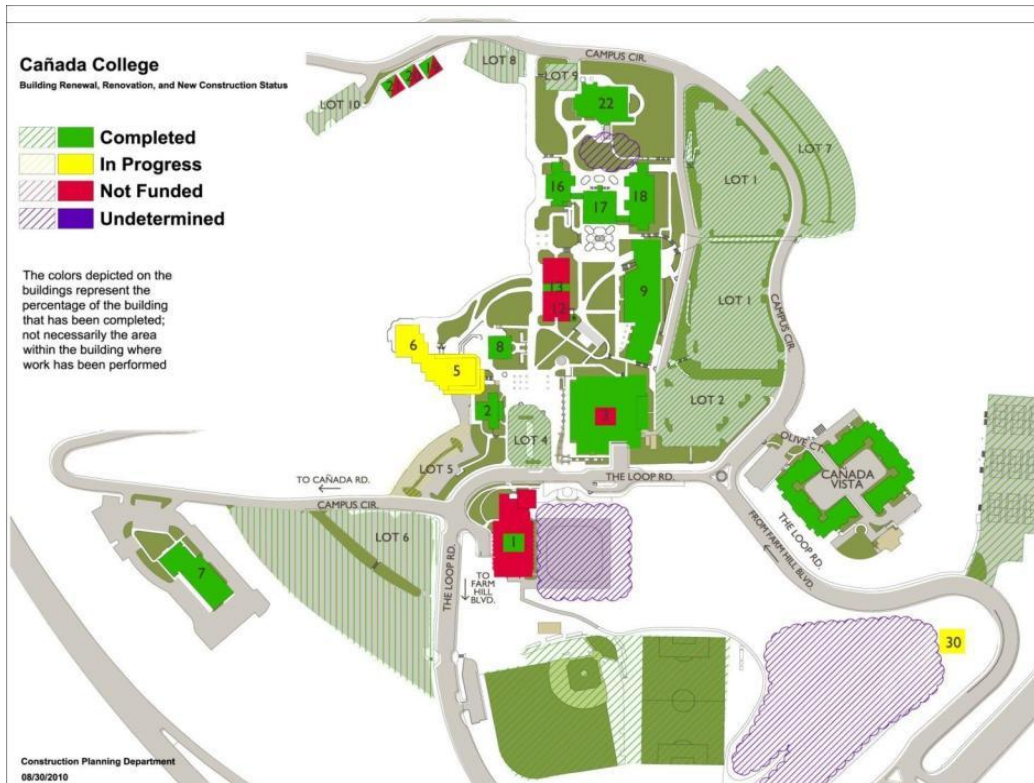


Ron Galatolo  
Secretary

Approved and entered into the proceedings of the September 22, 2010 meeting.

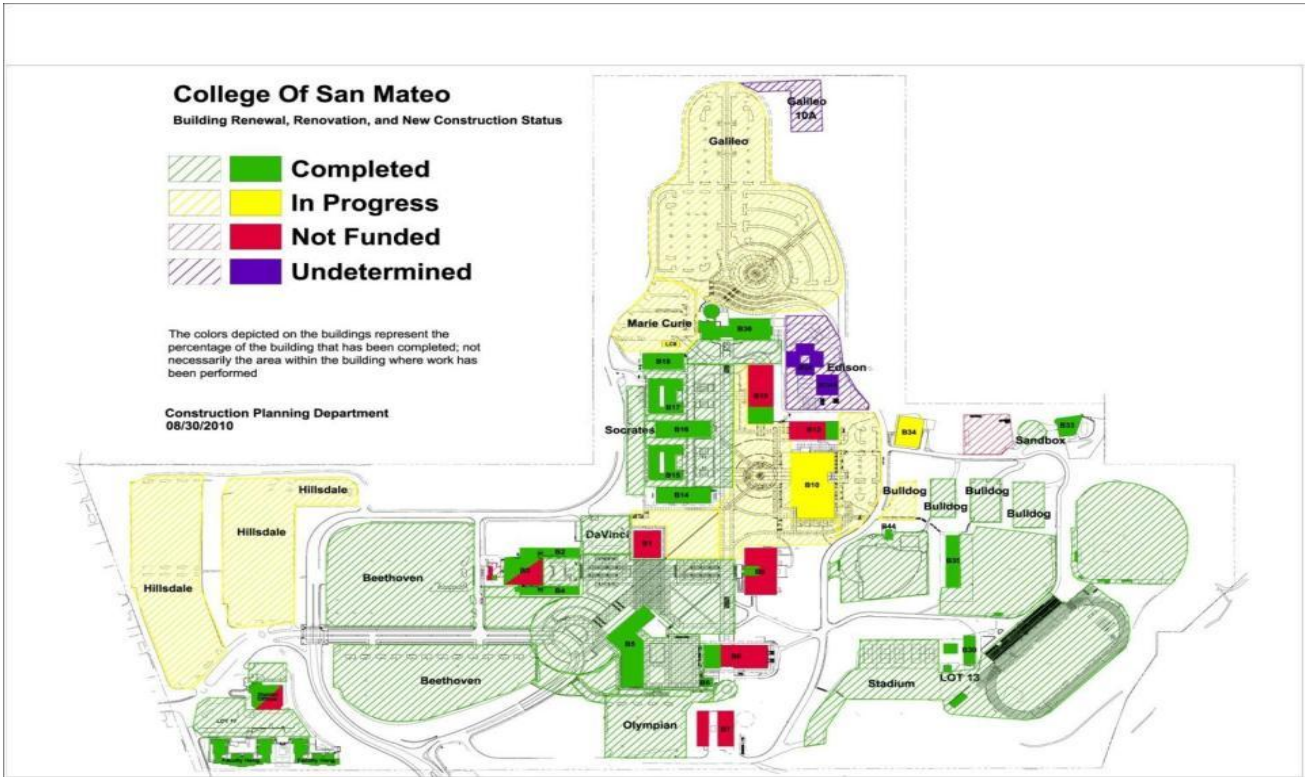


Dave Mandelkern  
Vice President-Clerk



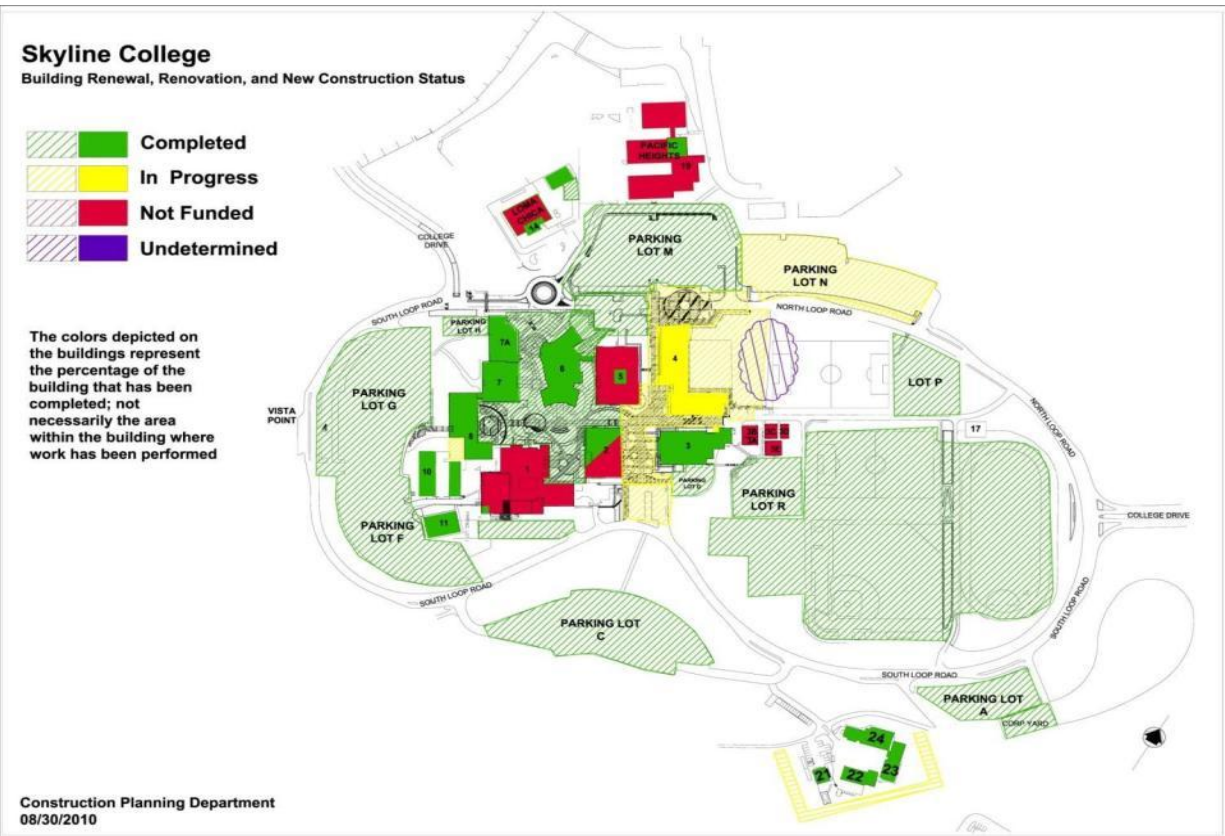
## Cañada College Unmet Needs

Project	District/Local	State	Undetermined
Physical Education & Athletics Building 1 Modernization & New Construction	\$5M	\$10M	
Humanities/Arts/Theater Building 3 Modernization	\$5M	-	
Academic/Technical Building 13 Modernization	\$6M	\$14M	
Solar Photovoltaic New Construction	\$6M	-	
Aquatic Center New Construction	-	-	\$10M
Workforce & Health Science Center New Construction	-	-	\$35M
Modular Buildings 19, 20, 21 Modernization	\$3M	-	
<b>Subtotal:</b>	<b>\$25M</b>	<b>\$24M</b>	<b>\$45M</b>



# College of San Mateo Unmet Needs

Project	District/Local	State	Undetermined
Building 1 Demolition and New Construction	\$32M	-	-
Gymnasium Building 8 Modernization	\$7M	\$13M	-
Library Building 9 Modernization	\$10M	-	-
East Hall (Classrooms) Building 12 Modernization	\$3M	-	-
Emerging Technologies Building 19 Modernization	\$8M	\$14M	-
Theatre Building 3 Modernization	\$4M	-	-
Facilities Maintenance Center Building 7 & Corporation Yard Modernization and New Construction	\$20M	-	-
Horticulture Buildings 20/20a/Edison Lot	-	-	\$5M
<b>Subtotal:</b>	<b>\$84M</b>	<b>\$27M</b>	<b>\$5M</b>



## Skyline College Unmet Needs

Project	District/Local	State	Undetermined
Social Science & Creative Arts Building 1 Demolition and New Construction	\$80M	-	-
Student Services Building 2 Modernization	\$4M	\$8M	-
Library/Learning Resource Building 5 Modernization	\$8M	-	-
Micro Wind Turbines New Construction	-	-	\$5M
Pacific Heights & North Campus Improvements Demolition, Parking Expansion	\$15M	-	-
Loma Chica conversion to Child Development Center Renovation	-	-	-
Center for Kinesiology and Human Performance New Construction	\$15M	\$7M	-
Workforce & Economic Development Center New Construction	-	-	\$16M
Indoor Athletic Facility	-	-	\$20M
<i>Subtotal:</i>	\$137M	\$15M	\$41M



## Districtwide Unmet Needs

Project	District/Local	State	Undetermined
Campus Utilities Repairs & Upgrades	\$6M	-	-
Hazardous Materials Abatement	\$7M	-	-
Sitework & ADA Accessibility Upgrades	\$10M	-	-
Roadway and Parking Lot Repairs	\$25M	-	-
Boiler Plant Air Quality Upgrades	\$5M	-	-
Long Term Technology Upgrades/Repair	\$100M	-	-
<b>Subtotal:</b>	<b>\$153M</b>	-	-

*Facilities Excellence*

## Districtwide & College Unmet Needs Summary

Site	District/Local	State	Undetermined
Cañada College	\$25M	\$24M	\$45M
College of San Mateo	\$84M	\$27M	\$5M
Skyline College	\$137M	\$15M	\$41M
Districtwide	\$153M	-	-
<b>Total:</b>	<b>\$399M</b>	<b>\$66M</b>	<b>\$91M</b>

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## Estimated Value of IT Equipment

Equipment	Estimated Value
Computers	\$11,264,400
Printers	\$585,000
Network	\$5,650,000
Servers	\$3,850,000
Telephone System	\$2,300,00
Infrastructure	\$13,000,000
Digital Signage & TV's	\$130,000
Smart Classrooms	\$1,625,000
<b>Total</b>	<b>\$38,404,400</b>

## Estimated Cost: 5-Year Replacement Schedule

	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Cañada</b>	\$520,000	\$1,100,000	\$550,000	\$450,000	\$550,000
<b>CSM</b>	\$350,000	\$1,000,000	\$900,000	\$850,000	\$1,750,000
<b>Skyline</b>	\$400,000	\$750,000	\$750,000	\$1,250,000	\$600,000
<b>D.O</b>	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
<b>Districtwide</b>	\$370,000	\$610,000	\$850,000	\$650,000	\$2,500,000
<b>Total</b>	<b>\$1,680,000</b>	<b>\$3,500,000</b>	<b>\$3,090,000</b>	<b>\$3,240,000</b>	<b>\$5,440,000</b>

***Estimated Total for 20 Years – \$70,000,000***