

**Minutes of the Study Session of the Board of Trustees
San Mateo County Community College District
January 15, 2009
Half Moon Bay, CA**

The meeting was called to order at 7:05 p.m.

Board Members Present: President Karen Schwarz, Vice President-Clerk Patricia Miljanich, Trustees Helen Hausman, Richard Holoher and Dave Mandelkern, and Student Trustee Virginia Medrano Rosales

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 Patty Dilko

Pledge of Allegiance

DISCUSSION OF THE ORDER OF THE AGENDA

None

MINUTES

It was moved by Trustee Holoher and seconded by Vice President Miljanich to approve the minutes of the meeting of December 10, 2008. 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 (09-1-1A)

It was moved by Trustee Holoher and seconded by Vice President Miljanich to approve the actions in Board Report No. 09-1-1A. President Schwarz said she was informed of a typographical error in item C, Short-Term, Non-Continuing Positions: CSM Operations/Theatre; the number of positions should be 4 instead of 1. The motion to approve the personnel actions as amended carried, all members voting "Aye."

Other Recommendations

APPROVAL OF PROPOSED INSCRIPTIONS FOR SKYLINE COLLEGE BUILDING 4N: MULTICULTURAL CENTER, COSMETOLOGY, ADMINISTRATION AND CLASSROOM BUILDING (09-1-1B)

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

APPROVAL FOR DISTRICT TO ADVANCE CAL GRANT AWARDS TO STUDENTS (09-1-100B)

It was moved by Trustee Hausman and seconded by Trustee Holoher to approve the advance of awards as described in the report. Noting that the report states the money can be advanced for 1-2 months without adverse consequences, Trustee Mandelkern asked what the consequences would be if the State takes longer to disburse the funds. Chancellor Galatolo said it would be the opportunity cost in terms of loss of interest. Chancellor Galatolo added that the State is expected to disburse the funds, so there is minimal risk of the District losing the funds. After this discussion, the motion carried, all members voting "Aye."

INFORMATION REPORTS

REPORT ON PREQUALIFIED CONTRACTORS FOR THE CAÑADA VISTA HOUSING PROJECT (09-1-1C)

Barbara Christensen said the period of time for contractors to submit prequalification questionnaires was held open until Monday, January 12. Staff recommends that the project go out to bid tomorrow. It will take three to six weeks to receive and evaluate the bid proposals and, after that time, Ms. Christensen will bring to the Board the top two or three proposals, based on best value as allowed in the design-build method, for final approval. Trustee Mandelkern asked that the Board be informed if any contractors who submitted questionnaires answered "no" to providing health and welfare or retirement benefits. Ms. Christensen said all contractors who submitted questionnaires answered "yes" to these items. Trustee Holober asked if this might be a "shovel ready" project as described by the incoming Obama administration and, therefore, potentially eligible to be included in a stimulus package. Chancellor Galatolo said this and other District projects could be brought forward. Ms. Christensen said she believes the "shovel ready" projects will be major infrastructure projects such as roads and bridges rather than housing.

DISCUSSION OF AGENDA FOR ANNUAL BOARD RETREAT ON FEBRUARY 7, 2009 (09-1-2C)

Trustee Holober suggested that accreditation status and discussion of the budget be on the agenda. President Schwarz agreed, adding that the budget and discussion of priorities are normally reviewed at the retreat. Trustee Mandelkern suggested that scenario planning be part of the budget discussion. Trustee Miljanich suggested that the Board goals be reviewed. Chancellor Galatolo proposed the following agenda, which incorporates all of the Board's suggestions.

1. Board Goals – 1.5 hours
Review 2008 goals and what has been accomplished; set 2009 goals
Accreditation is part of the goals and would be discussed during this session
2. Capital Improvement Program – 1.5 hours
 - construction update - discuss what has been done, future plans, and what cannot be done because of the budget and the Lehman Brothers loss
 - equipment replacement
 - budget shortfall – funding options
3. 2008-09 Budget Update and 2009-10 Budget Assumptions – 1.5 hours
4. Presidents' Presentations – 1.5 hours
Discussion of issues relevant to each College – program, operations and staffing changes, including early retirement and voluntary separation incentives

STUDY SESSION

Update on KCSM (09-1-3C)

KCSM General Manager Marilyn Lawrence began by presenting general information on KCSM-FM and KCSM-TV. KCSM-FM is the third largest jazz radio station in the United States and reaches approximately 200,000 listeners per week. It is carried on Comcast Cable in some communities as an audio station. There are 4,500 independent internet radio connections per day. Trustee Mandelkern asked how this number compares with other stations. Ms. Lawrence said KCSM-FM ranks between 28th and 35th in the nation in connections to internet radio for non-commercial stations. The station runs approximately \$35,000 worth of SMCCD promotions annually.

KCSM-TV is the 35th largest PBS station in the country, with about one million viewers per week. It is carried on Comcast Cable, Dish Network and DirecTV. The digital television transition ends in February; however,

the Obama administration has asked to have the transition completion delayed. Trustee Mandelkern asked for a breakdown of over the air vs. cable and satellite viewership. Ms. Lawrence said in the Bay Area, cable accounts for approximately 86% of the market, the satellite groups for approximately 7% and over the air for approximately 5-6%. The specific numbers for KCSM-TV are not known, but Ms. Lawrence estimates the over-the-air viewership to be about 12%. College of San Mateo media students prepare many programs in the KCSM-TV studios. The net revenue from telecourses is \$745,000. SMCCCD promotion on the station is worth approximately \$75,000 annually.

There are four public television licensee organizations in the Bay Area (shown below in order of audience size):

1. Northern California Public Broadcasting – KQED in San Francisco, KTEH in San Jose and KQET in Salinas/Monterey
2. KCSM-TV
3. KRCB in the North Bay
4. KMPT, a minority public station in San Francisco

KQED airs the national program service from PBS and has exclusive carriage rights in the Bay Area. Northern California Public Broadcasting's second and third stations carry other streams and/or repeats of programs. KRCB purchases 30% of the PBS national program service. KMPT does not air PBS programs and is primarily a cultural channel. KCSM-TV has been known for airing telecourses and PBS programming. KCSM's second station is WorldView and its third station is Jazz TV.

Ms. Lawrence described current financial support for KCSM. A DDF grant for \$250,000 has been approved and will be used to change some equipment to high definition. A CPB digital radio grant for \$30,000 has also been approved to upgrade equipment in order to have a second radio channel. A \$280,000 DDF grant for the final Sutro Tower payment is pending. There has been an emphasis for the last three years on planned giving; there were four gifts last year totaling \$77,000 and there are five gifts so far this year totaling \$156,000. Last year, there were 94 gifts from major donors and there are 55 so far this year. Pledges are currently at 92% of last year.

Ms. Lawrence outlined two options for KCSM:

1. Retain KCSM licenses
 - A. Continue District funding at current level – business as usual
 - B. Reduce District funding
 - Create efficiencies in the workforce
 - Change TV program focus
 - Lease TV bandwidth to non-commercial interest
2. Sell/transfer KCSM licenses
 - A. Transfer both radio and TV licenses
 - B. Transfer TV license only

If the KCSM-FM license is retained with reduced District funding, the following are possible ways create efficiencies, reducing costs or increasing revenue streams:

- automate RDS, playlist and other current manual functions to reduce part-time staff hours
- modify the facility to add student lab support and recording studio
- add a high definition channel if funded through a CPB grant
- expand the Jazz Ambassadors program to increase the internet audience
- increase fundraising opportunities through e-commerce

Trustee Holober asked for further explanation on the student lab support. Ms. Lawrence said the media group recently went through a program improvement viability process and that there is a need to revamp programs to make them more relevant to real life. One way this could be accomplished is through a weekly news

television show that would have broadcasting and journalism students working together and through an internet radio station for the students to run. Currently there is no physical space for this station.

Trustee Mandelkern asked if there are opportunities for advertising revenues in the internet stream. Ms. Lawrence said there could be, but not until automation is added; when doing a live broadcast, there is not a way to know when an ad is coming up.

Trustee Holober asked if there are other underwriting opportunities. Ms. Lawrence said the underwriting slots are currently about 75% full.

Ms. Lawrence said there are more options for television. If the KCSM-TV license is retained with reduced District funding, the following are ways to reduce costs:

- Finish the infrastructure; this must be done in order to realize the other measures; a request will come to the Board at the next meeting to approve purchase of an on-air video server
- Move from 25% to 20% of PBS programming
- Set new programming strategy; need to find niche; 40 to 50 age group currently not being addressed; programs could focus on issues such as financial literacy, caring for aging parents, civic literacy, health and wellness
- Set new production strategy; package and sell local productions
- Pledge local productions, e.g., a workbook in conjunction with financial literacy series could be a membership gift
- Evaluate minimum staff required; redefine job descriptions
- Lease TV bandwidth to outside non-commercial interests

Trustee Mandelkern asked if there could be opportunities to team with other academic institutions that have broadcasting programs but not their own television stations. Ms. Lawrence said she has had conversations with San Francisco State but not with others as she was waiting to receive direction from the Board at this meeting.

Trustee Hausman asked for examples of local productions that would have appeal. Ms. Lawrence said programs on health and wellness issues such as back problems and child rearing might have a relatively small audience for a television station but could also be sold to other stations or organizations to produce revenue.

Trustee Holober asked if the station's identity could become muddled through development of programs in many different areas. Ms. Lawrence said it would be important to stay with theme nights and work must be done to determine the themes and how to promote them.

In discussion of leasing TV bandwidth, the following issues should be considered:

- The District must retain the license, continue to house the facility, and supply the infrastructure
- All broadcast spectrum must be non-commercial
- KCSM cable carriage may be reduced to guarantee cable carriage for partner
- There will be no satellite carriage for partner because the market is too small
- All programs must meet FCC non-commercial rules
- There might be community outcry about partnerships depending on who the partner is
- Additional fees will be owed to the FCC in accordance with the Ancillary and Supplementary Act

Noting that the FCC non-commercial rules apply to over air broadcasts, Trustee Mandelkern asked if the same rules would apply if there was a lease for cable carriage or satellite carriage. Ms. Lawrence said that if someone wants cable carriage only, not attached to the KCSM broadcast channel, an agreement would be made directly with cable.

In order to clarify the leasing potential, Chancellor Galatolo asked Ms. Lawrence to explain how many megabits are available and how many are needed for high definition and standard definition. Ms. Lawrence said there are 20 megabits per second that go out of the KCSM transmitter. High definition requires a minimum of 10 megabits and standard definition can be done at 2.5 megabits. Jazz TV takes less than one megabit. Chancellor Galatolo said KCSM potentially could control one high definition bandwidth and lease out three standard bandwidths; Ms. Lawrence agreed.

Ms. Lawrence next addressed possible KCSM-TV partnerships:

- Universities – Stanford, Cal, Santa Clara, USF, etc. Ms. Lawrence said this is the easiest group because they already have substantial amounts of information they send out at their own institutions and which they might want to broadcast further. Trustee Holober asked if they would have their own identity and Ms. Lawrence said they would; for instance, there could be a Stanford channel. Trustee Holober asked if some programming, such as a program on health issues produced by Stanford, could be in competition with KCSM programs. Ms. Lawrence said it might. KCSM could limit them contractually to Stanford business only or it could be completely unlimited, in which case the revenue received would be greater. Trustee Mandelkern asked about the potential to partner with Stanford or others on programs on health care, finance, etc. Ms. Lawrence said this could be done; for example, KCSM could have a health and wellness channel with different institutions such as Stanford, Catholic Healthcare West and Kaiser each underwriting programs.
- Non-profit groups such as health care institutions, foundations, special interest groups and churches
- Local governments

Additional partner or leasing agreements that others have implemented include public square stations over which small counties and cities air council meetings, non-profit group programs, etc.; emergency communications channels; and programming for people aged 50+.

If a license is transferred, certain rules must be followed:

- Non-commercial educational stations must include educational, instructional and cultural programming serving the needs of the community
- The majority of bandwidth must be used for non-profit and non-commercial programming
- Prior consent of the FCC must be obtained
- If the transfer is to a foundation or outside group, that entity must have bylaws and articles of incorporation allowing a broadcasting entity, and must have a governing board that represents a broad cross-section of the community
- Assets must be sold for cash and must be sold to the highest bidder
- NTIA, PTPF and DDF grants require 10 year ownership of equipment purchased with these grants; KCSM has purchased equipment with these funds in recent years and, therefore, some grant money may have to be returned
- If the license is sold to an entity which is not a non-profit, non-commercial organization, the CPB could require refunds of community service grants

Additional transfer considerations include union contracts and pension plans, outstanding third party contracts, assigning of program rights, transmitter site issues and no post-transfer rights of reversal. A 30-day public notice is required and if there is any protest or petition to deny the license transfer, the FCC considers the case and it is subject to judicial appeal.

Ms. Lawrence said that when an educational station is considering a license transfer, it will often look to the community to create a foundation to fund the station. Given the current economic situation and the size of Northern California Public Broadcasting, Ms. Lawrence does not believe the local market can support that model for KCSM-TV, which leaves churches, established foundations and school districts, colleges and

universities as the possible acquisition interests. KCSM-FM transfer considerations are different because it has a small niche market and it is possible that a jazz organization, church, music-related group or a school district could be interested.

Ms. Lawrence reported on what happened when the Coast Community College District put KOCE (TV) up for sale. They received two competitive bids, one from the KOCE Foundation for \$32 million and the other from Daystar Broadcasting, a religious broadcaster, for \$25 million. The KOCE Foundation bid was accepted, being considered the highest bidder as required by law. However, the Foundation's bid included only \$8 million in cash, with \$5 million in trade and \$19 million in note, while Daystar's was an all cash offer. Daystar sued the District, Trustees, Chancellor and General Manager for religious persecution and for not following state laws. The District paid \$2 million and the station \$1.8 million in legal fees. The case went to the State Supreme Court which ruled that the State law requiring a station to be sold for cash was not followed. The question then was whether to award the sale to Daystar or open up the bidding again. The Court did not rule on this but asked that the parties go to arbitration. The final settlement, reached during arbitration, allowed the Foundation to own the license and gave Daystar a free channel on KOCE. Vice President Miljanich asked if the reason for the District wanting to sell KOCE was because of the continuing obligation to financially support the station. Ms. Lawrence said it was for that reason and also because there was strife among faculty regarding telecourses. Trustee Holober asked who created the KOCE Foundation and what the purpose of the Foundation was. Ms. Lawrence said the Foundation was formed as a fundraising organization for the station and that many public television stations have such fundraising foundations.

Trustee Holober asked if KCSM-FM and KCSM-TV are using the broadcasting facilities effectively for career training. President Claire said that during the recent program improvement and viability process, the committee looked at all media programs and how to position them to be more relevant to community and industry needs. Ms. Lawrence said the committee spent almost a year investigating the job market and the educational opportunities available with current programs. They did research with Cañada College and Skyline College as well to determine what they offer. They went to four-year institutions to determine how to better prepare students to transfer to these institutions. They also interviewed people in industry to find out what jobs are available and what training and skills are needed for those jobs. They then developed a comprehensive program with emphases: media in the law, writing for media, media in society and design and aesthetics. Courses are now articulated with San José State, San Francisco State and Cal State-East Bay.

Vice President Miljanich said she is impressed with some options described tonight and asked why they were not put forward earlier. Ms. Lawrence said there was a lack of resources in terms of both equipment and people. With digital television, there is an opportunity now gain more efficiencies.

Trustee Mandelkern suggested the option of producing revenue by getting public and private four-year institutions to use KCSM-TV as a lab for their students to work on broadcasting projects. Ms. Lawrence said she has had conversations with Notre Dame de Namur University but not with others. President Claire agreed KCSM has a superior facility and could look into renting it out for other students to have real life broadcasting opportunities.

Trustee Hausman said that many innovative ideas have been presented but until there is some idea of cost associated with the options, it is difficult to choose between them.

Ms. Lawrence said she would like direction from the Board on their interest in transferring vs. retaining the KCSM-TV license. If the license is sold, it must be sold to the highest bidder. If leasing or partnering, Ms. Lawrence would like direction on whom to approach to see if there is interest. Trustee Mandelkern asked if the Board should give ideas tonight or discuss the options at another time and provide feedback later. Trustee Holober said there could be some discussion tonight. He said his preference would be to retain the license if a way can be found within a short time period (months) to break even or better. He said the Board has been financially supportive in the past, but with the State budget problems and the possibility of cutting academic

programs, it is difficult to keep subsidizing the television station. Trustee Holober said it is important to find a niche and asked if there is fresh material that could be purchased and that could provide an identity. Ms. Lawrence said there is a lot of material available and discussions are ongoing about the subject matter and quality of materials. Vice President Miljanich said there might be interest in educating the community about children's issues. Trustee Hausman asked how assessment is made regarding how marketable programs would be. Ms. Lawrence said there is information available from other station about which programs are liked, and local audiences also are vocal about what they like to see.

President Schwarz noted that KCSM is known as the educational channel and should continue to provide educational programming that cannot be found anywhere else. She said if students produce the material, it could generate even more interest. She said her goal is to retain the television station, but it must be more fiscally solvent. President Schwarz said she also wants to examine the financial status of KCSM-FM more closely.

Trustee Mandelkern said the television license is a tremendous asset for the District and he would be reluctant to transfer it. He said a strategic plan is needed to develop a way to break even or better. Included in that strategic plan would be how to use the station as an educational resource for our own students and others, and finding a market niche that is responsive to community needs. He said he is ready to forego PBS programming altogether because trying to be the third source for PBS in the Bay Area is condemning the station to a losing position. The niche could be becoming the College Station for the Bay Area, with the main channel focusing on educational topics featuring local experts. The remaining megabits could be subdivided into two or three other channels which might be Stanford, Cal or others. Other options might be focused on health care or local governments.

Trustee Holober asked how large the underwriting potential is. Ms. Lawrence said with a change in programming strategy, money from the Foundation to make some programs, and underwriting for programs, she believes the television station can come very close to breaking even. The changes would be significant and would include changing to automation and retraining some personnel.

Trustee Mandelkern asked if the Board has given enough guidance to begin putting together a strategic plan. Ms. Lawrence said she has heard the Board say they would like the District to retain the license, find additional revenue, eliminate the ongoing expense for the television station, and keep an educational and local focus. Trustee Mandelkern added that the Board would like KCSM-TV to have a cohesive identity that is unique and which leverages local (Bay Area) assets. Ms. Lawrence said she still needs direction on whether to approach controversial groups regarding a lease or partnership. In a partnership, it is recognizable that KCSM is the licensee. President Schwarz said that because the local area is very diverse, any partnership should reflect that diversity. Trustees Holober and Mandelkern agreed and said that a religion based entity would not be preferable. Chancellor Galatolo said no option should be ruled out and the Board can make a better decision with the broadest information and costs brought to them. Trustee Mandelkern noted that the Board is not necessarily interested in the highest bidder but in getting the stations to break even or better.

Ms. Lawrence will conduct research as directed and bring information back to the Board. Chancellor Galatolo said the presentation will probably not be ready for the Board retreat and could be presented at a later study session. Vice President Miljanich noted that Ms. Lawrence will need help to conduct the research; Ms. Lawrence said she will confer with Chancellor Galatolo about securing additional help and resources. President Mandelkern asked for an update on the indecency case. Ms. Lawrence said that on March 11, 2009, the statute of limitations runs out. After that time, it is expected that KCSM will get its license back with nothing against it because no right or wrong will have been found.

Regarding the possible digital television transmission delay, Ms. Lawrence said that the group of stations has already paid subcontractors to remove antennas and do other work. If the delay occurs, the money that has already been paid could be lost. KCSM could choose to convert on the original date of February 18 but others

in the group may not do the same. Ms. Lawrence has asked Representative Anna Eshoo and Senator Barbara Boxer to oppose the delay.

President Schwarz thanked Ms. Lawrence and staff for a very thorough presentation.

RECESS TO CLOSED SESSION

President Schwarz said that during Closed Session, the Board will consider the personnel items listed as 1-A and 1-B on the printed agenda.

President Schwarz announced a request to adjourn tonight's meeting in memory of Professor Ashok Malik, an instructor of biology at College of San Mateo, who passed away on December 24. There was unanimous agreement by the Board to do so.

The Board recessed to closed session at 9:20 p.m.

The Board reconvened to Open Session at 10:05 p.m.

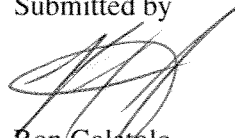
CLOSED SESSIONS ACTIONS TAKEN

President Schwarz reported that, at the Closed Session just concluded, the Board considered the personnel items listed on the printed agenda and voted 5-0 to approve the actions in Board Report No. 1-A and 1-B.

ADJOURNMENT

It was moved by Trustee Mandelkern and seconded by Trustee Hausman to adjourn the meeting. The motion carried, all members voting "Aye." The meeting was adjourned at 10:07 p.m. in memory of Professor Ashok Malik.

Submitted by



Ron Galatolo
Secretary

Approved and entered into the proceedings of the January 28, 2009 meeting.



Patricia Miljanich
Vice President-Clerk