

**Minutes of the Special Meeting of the Board of Trustees
San Mateo County Community College District
January 4, 2010
San Mateo, CA**

The meeting was called to order at 4:05 p.m.

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

Others Present: Chancellor Ron Galatolo, Executive Vice Chancellor Jim Keller, and Cañada College Academic Senate President Martin Partlan

Pledge of Allegiance

NEW BUSINESS

REVIEW AND APPROVAL OF FITNESS CENTER FEES (10-1-100B)

It was moved by Trustee Schwarz and seconded by Trustee Hausman to approve the fees as detailed in the report.

Vice President Mandelkern said he is concerned about approving a fee schedule without seeing the expense side of the equation. He said he has asked to see a proforma and has been told it is not available. Chancellor Galatolo said the purpose right now is to begin a membership drive. He said there is a level of ambiguity because a proforma can be adjusted dramatically depending on the number of memberships secured, which can be only an estimate at this time. He said it is comparable to a hotel rack rate; a room rate might be set at a particular price, but will adjust depending on supply and demand. Chancellor Galatolo questioned whether each adjustment in fees, based on supply and demand and expense factors, will need to be brought to the Board for approval.

Trustee Schwarz said she researched the Board minutes and found no record that the Board asked to approve the Fitness Center fees. She said she appreciates the very detailed reports which have come to the Board as information. She said the Board does not approve fees for other things in the District and they should not be on the agenda for approval, but the Board should be informed of changes in fees.

Trustee Holober said he believes he asked that the fees be brought for approval but there might not have been consensus by the entire Board. He said the Board does approve fees, including student parking fees, health insurance fees, international student fees and others. He said if there are significant changes in the Fitness Center fee structure, other than for things such as cost of living adjustments, the changes should be brought to the Board for approval. Executive Vice Chancellor Keller said the Fitness Center is an auxiliary program like the bookstores and food service operation and that the Board does not approve fees for auxiliary operations.

Director of Auxiliary Services Tom Bauer said the fees fall in the middle of those shown in the proformas submitted by the responders. He is confident that with these fees, the facility can be operated as a successful business. Student Trustee Medrano Rosales said the fees are very competitive with other clubs in the area and what will be offered is better and very conveniently located.

Vice President Mandelkern said he does not doubt that the fees are competitive. He said he is not overly concerned about whether the Board needs to approve auxiliary fees because he understands the need for latitude to adjust pricing. He noted, however, that the Board does need to review the operations and approve contracts for the bookstores and food services. Vice President Mandelkern said his concern is to not develop an enterprise which will be a financial drain on the District. He does not want to be painted into a corner with a fee structure that will force the District to do such things as lose money in an operation or not be able to provide employee compensation and benefits associated with other positions in the District. Vice President Mandelkern said he is distressed to that there is a proforma which has been reviewed by members of staff but is not being shared with the Board. He said the Board has an obligation to oversee the financial operations of the District and it is difficult to do so when the

expense side is not be shared. President Miljanich said it is her understanding that there is not a proforma which is not being shared with the Board. Executive Vice Chancellor Keller said that is correct; the proformas staff have are those developed by the proposers. The proforma that will be developed and brought to the Board on January 27 will be the best recommendation for how to operate the facility, both with and without assistance.

Chancellor Galatolo said that with any new enterprise, there will be a combination of fixed and variable costs and the variable costs will change as the membership base is built. He said policy decisions, such as the directive to operate without a deficit or to use certain employees in certain capacities, are critical decisions that need to be reflected in the proforma and need to be clarified soon if they are the desire of the Board. He cautioned that while it is the right and privilege of the Board to make policy decisions, the more the Board dictates how the facility will be operated and thereby creates expense burdens, the more likely it is to be painted into a corner. Vice President Mandelkern said he is trying to avoid anyone being painted into a corner on policy or operating questions. He said he is not comfortable with being asked to approve one set of numbers without knowing the underlying assumptions on the cost side.

Chancellor Galatolo said the Fitness Center must be competitive in the industry. He said the District is trying to provide a competitive, cost-effective solution for students, faculty, staff and members of the community while at the same time operating it in a manner that meets the intention of the Board. He said this is a delicate balance.

Trustee Schwarz asked what would happen if the recommendation does not pass. Executive Vice Chancellor Keller said a recommendation would be brought on January 27 but valuable time would be lost in trying to market memberships.

Trustee Holober asked if memberships would be valid as long as members retain the status at which they enrolled. He noted particularly that students can retain student status easily for a long period of time. Mr. Bauer said this issue was addressed by the proposers but needs to be discussed further. Chancellor Galatolo said there should be a threshold of credits taken to maintain student membership status. Student Trustee Medrano Rosales asked when the definition of a student will be determined. Mr. Bauer said he hopes to have the issue clarified when the recommendation is presented on January 27. Regarding charter memberships, Chancellor Galatolo said charter fees are not guaranteed for life and can adjust, usually after twelve months. Mr. Bauer added that while charter memberships are for life, fees can go up but will always be ten percent below everyone else. Vice President Mandelkern said that typically, if charter members' status changes, their fees may change but they would still get a charter membership rate. Trustee Holober said charter membership rules must be very clear on all forms.

Vice President Mandelkern asked if the fees shown in the report include parking. Mr. Bauer said parking is included in the fees for all except month-to-month members; a meeting is scheduled for next week to discuss how to handle parking for this group.

Vice President Mandelkern asked if access to the tennis courts might be included in the fees, especially in the current revenue impact situation. He noted that it might be hard to explain to people who pay a fee for use of the soccer field and swimming pool why people can use the tennis courts at no cost. Chancellor Galatolo said the community has historically had full access to the tennis courts and the track and that the courts are even used for fee-based tennis instruction. Executive Vice Chancellor Keller said it is hoped the Fitness Center will generate ideas for programs such as tennis instruction which could lead to taking priority over public access to the courts. Chancellor Galatolo said there could also be a reverse effect, e.g. people using the tennis courts and track might see the Fitness Center and become interested in membership. Chancellor Galatolo said it is a delicate situation and if access to the tennis courts is restricted, he predicts many community members would be angry. President Miljanich said the Board would have to thoroughly study this issue if it is to be considered. She noted that there is a perception that the District is a community resource and the District will need community support, particularly if voters are asked to support a revenue producing measure.

Chancellor Galatolo said he wants to make sure it is understood that when a business is started, profits are typically not seen right away. He said staff is looking at the balance of what it will cost to run the facility vs. how long it will take to generate the revenue we would like to see.

Vice President Mandelkern said he is very familiar with how to start and build a successful business. He said he has never seen one that did not have a financial model which it shared with its Board, laying out revenue and cost sides of the equation and allowing assumptions to be tested. He said it is irresponsible to start an enterprise without having that kind of financial model available. Chancellor Galatolo said the enterprise is not being started yet; rather, it is the intention to begin selling memberships in anticipation of starting the enterprise in April. He said the focus of this recommendation is to generate memberships and it takes time to do this. Currently, 263 people have shown interest from the website. The optimum membership level is 2,000.

President Miljanich said she thought it was made clear that the Fitness Center would not make a profit the first year. Vice President Mandelkern said the Board does not know what kind of loss is projected because it is not being shown the numbers, and this is why it is difficult to go forward. Trustee Holoher said that in ordinary times, he would be willing to go forward with few questions asked, knowing that businesses take time to become profitable. He said he would be more comfortable if he had a sense of what the numbers are and a sense of when it will become profitable.

Chancellor Galatolo said the District now has an Adaptive PE program and a pool that are expense driven with very little revenue. He said it is hoped the blending will take some of the pressure off of these expenses.

Executive Vice Chancellor Keller said there is redevelopment money which will be used for the initial costs and there is no intention to use any general fund money for any initial loss.

Mr. Bauer said that after the proposals have been vetted and the proforma created, the full recommendation on how to operate the Fitness Center will be brought to the Board and they will make a decision.

President Miljanich said it is her sense that staff has a good understanding of the Board's values, part of which are that the Fitness Center be self-supporting as soon as reasonably possible; that students, staff and faculty have access at rates that are reasonable for them; that everything be done legitimately; and that the facility have a good reputation. President Miljanich said there will be some unknowns until the next meeting. She said she believes it would be detrimental to not go forward with getting started on memberships.

After this discussion, the motion to approve the Fitness Center fees carried, with Vice President Mandelkern voting "Nay" and all other members voting "Aye."

SELECTION OF RESEARCH FIRM AND ENGINEER FOR SURVEY OF VOTERS (10-1-101B)

It was moved by Trustee Schwarz and seconded by Trustee Holoher to approve the contracts with Godbe Research and an engineering firm as detailed in the report.

Executive Vice Chancellor Keller said the Board established a committee to review the proposals by polling research firms for a parcel tax measure, bond measure and a maintenance assessment district. Four proposals were received to conduct the surveys on the parcel tax and bond measures and the committee elected to interview three of them: Godbe Research, Goodwin . Simon Strategic Research, and Fairbank, Maslin, Maullin, Metz and Associates. After the interviews, the consensus of the committee was that any one of the firms could provide a good product. In the end, the committee agreed to recommend a contract with Godbe Research in an amount not to exceed \$41,000.

The second part of the recommendation concerns the possible establishment of a maintenance assessment district (MAD). This requires the professional services of an engineering firm to look at the parcels the District has and the expenses which might help the District qualify to establish a MAD. This research would be conducted separately after receipt of the initial polling data from Godbe Research. The recommendation is to approve a contract with an engineering firm, at a cost not to exceed \$15,000, to complete a limited study to test the viability of establishing a MAD.

Trustee Holoher said that Bryan Godbe of Godbe Research knows the District well and that was one of the factors in his getting the numbers right when polling voters on the District's past bond measures. Trustee Holoher said the interviews with the responding firms were helpful mainly with regard to the MAD because they showed it is very complicated and it will be difficult to poll accurately on this measure. He said that with the initial polling by Godbe

Research, the District can get a rough snapshot and see whether it is worth going to the next step with regard to a MAD. Trustee Holoher said an argument in favor of a MAD is that it requires only a 50% + 1 ballot approval.

President Miljanich asked if interviewing more than one firm added to the process. Trustee Holoher said it did. The committee picked the brains of all of the firms and got the sense that there is generally not a good climate among voters at this time. However, the feeling is that community colleges are appreciated and taxpayers are more willing to support them than they are to support K-12 institutions.

Vice President Mandelkern asked if the firms addressed the potential impact of the Statewide initiative effort to reduce approval of local parcel tax measures from 66% to 55%. Trustee Holoher said the Fairbank firm is conducting the polling for that initiative and is very interested in its impact.

Trustee Holoher said the general feeling was that June is not a good time for ballot measures because (1) there is normally a lower turnout and (2) there is more excitement about the Republican primary for governor than there is for the Democratic primary, which will bring out a disproportionate number of voters who may be more conservative about taxes. While it is impossible to tell how many measures will be on the November ballot and other factors that might influence voters, some of the firms felt that voters who believe money is better spent locally than at the State level might support local tax measures in November.

Barbara Christensen, Director of Community/Government Relations, said two initiatives are currently being circulated:

1. Changing the requirement to pass a parcel tax initiative to 55%. Ms. Christensen said polling numbers from May/June showed that 47% of the responses by 800 people polled were positive for the 55% requirement. After receiving information on school funding issues, 60% of the responders were in favor. Overall, 75% of those interviewed said they believe schools need more funding. Signature gatherers are working to get this measure on the November ballot.
2. The League of California Cities has qualified their initiative which would prohibit the State from going around Proposition 1A to take or borrow property tax, transportation or other local funds. This initiative is also headed for the November ballot.

Ms. Christensen said a water bond has also already qualified for the November ballot.

Vice President Mandelkern said the California Conservation and Parks Advisory Council is gathering signatures for a November initiative to increase the vehicle license fee by \$18 to support State parks.

Jing Luan, Vice Chancellor, Educational Services and Planning, said it was helpful to participate in the interviews to learn the methodology the firms would use to measure and understand the level of acceptance by voters.

Ms. Christensen said the District's initial understanding is that if the initiative to change the requirement for passage of a parcel tax to 55% is on the November ballot and is approved by the voters, the District would be required to secure only 55% approval of a parcel tax measure on the same ballot. Ms. Christensen is checking on this issue further with County Counsel.

Trustee Hausman said the information from Godbe Research on the San Mateo-Foster City Elementary School District parcel tax initiative looks very promising. She noted that this measure concerns local schools with which parents feel a sense of ownership; she said it might not be the same for a Countywide initiative.

After this discussion, the motion to approve the contracts carried, all members voting "Aye."

ADJOURNMENT

It was moved by Trustee Schwarz and seconded by Trustee Holoher to adjourn the meeting. The motion carried, all members voting "Aye." The meeting was adjourned at 5:08 p.m.

Submitted by

Ron Galatolo
Secretary

Approved and entered into the proceedings of the January 27, 2010 meeting.

Dave Mandelkern
Vice President-Clerk