

**Minutes of the Study Session of the Board of Trustees
San Mateo County Community College District
August 10, 2011, San Mateo, CA**

The meeting was called to order at 6:06 p.m.

Board Members Present: President Richard Holober, Vice President Dave Mandelkern, Trustees Helen Hausman, Patricia Miljanich and Karen Schwarz, Student Trustee Barry Jointer

Others Present: Chancellor Ron Galatolo, Executive Vice Chancellor Kathy Blackwood, Skyline College Vice President of Instruction Michael Williamson, College of San Mateo President Michael Claire, Cañada College President Jim Keller and District Academic Senate President Diana Bennett

Pledge of Allegiance

DISCUSSION OF THE ORDER OF THE AGENDA

None

MINUTES

It was moved by Trustee Schwarz and seconded by Vice President Mandelkern to approve the minutes of the July 27, 2011 meeting of the Board. Trustee Hausman noted that she was not present at the meeting; the minutes will be amended to reflect this. President Holober asked that the statement on page 4, "President Holober said that in the future, the Board should be asked to approve any agreement that is created with another academic institution," be amended to reflect his statement that in the future, the Board might want to consider whether they should approve such agreements. Trustee Hausman abstained from voting and the remainder of Board members voted "Aye" to approve the minutes as amended.

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

None

STUDY SESSION

PRESENTATION OF TOP LINE RESULTS FORM SURVEY OF VOTERS CONDUCTED BY FM3 (11-8-1C)

David Metz, a partner with Fairbank, Maslin, Maullin, Metz & Associates-FM3, presented highlights of a survey recently completed for the District to assess the feasibility of a potential bond measure. Mr. Metz addressed the following:

Methodology: FM3 completed 800 telephone interviews with San Mateo County voters who are likely to vote in the November 2011 election. Interviews were conducted between July 14-21 and were done on both land-line and cellular telephones.

Key Findings:

- Although voters are concerned about the economy, job creation and government spending, they value the County's local community colleges and are willing to invest in improving the quality of education they offer.
- Voters solidly support a bond measure to repair and improve college facilities, particularly to improve safety, upgrade technology and expand science education and job training opportunities.
- Statistically, there is no difference in support levels for a \$341 million versus a \$546 million bond measure. Support for both amounts is above the required 55% vote threshold throughout the survey.
- Overall, results suggest that with a strong public education and outreach effort, a community college bond measure is well-positioned to win voter approval in November.

Context for the Election: Respondents were asked to rank issues in order of importance on a four-point scale. Results were consistent with those of a previous survey completed in 2001. Results show that:

- Offering affordable, quality higher education opportunities in the County is considered either “very important” or “somewhat important” by 90% of respondents.
- Improving the quality of education at local community colleges is considered either “very important” or “somewhat important” by 88% of respondents.
- Providing training opportunities to working adults to upgrade technical job skills is considered either “very important” or “somewhat important” by 88% of respondents.
- Perceptions of the District and each of the Colleges are overwhelmingly positive; 60% or more of respondents reported either a “very favorable” or “somewhat favorable” opinion and less than 5% reported either a “somewhat unfavorable” or “very unfavorable” opinion.
- Nearly three-fourths of respondents said the following statement was either very accurate or somewhat accurate: “The San Mateo County Community College District does a good job of serving people in my part of the County.”
- Approximately one-half of respondents had some recollection that the District has won approval for other finance measures in recent elections and that there have been some financial losses to the District, whether specifically associated with the County’s investment in Lehman Brothers or not. Forty-one percent believe the District manages its money responsibly while only 14% believe it does not.

Attitudes Toward a Potential Bond Measure: Bond measure language was tested, using language similar to that used in prior elections. One-half of those surveyed were asked about support for a \$341 million bond measure and one-half were asked about support for a \$564 million bond measure. The total “yes” responses (definitely yes, probably yes, and undecided, lean yes) was 65% for the \$564 million bond and 66% for the \$341 million bond. The total “No” responses (definitely no, probably no, and undecided, lean no) was 25% for both amounts. Overall support remained constant after respondents were told of the tax impact of the measure.

In terms of demographics, women are slightly more supportive than men; voters in Daly City and the unincorporated areas of the County offer the highest levels of support; both apartment dwellers and homeowners offer solid support, with 73% of apartment dwellers in support vs. 64% of homeowners; and the measure enjoys high levels of support within each of the five Supervisorial Districts.

Mr. Metz also discussed Funding Priorities that were favored by voters and some positive and negative arguments for a potential bond.

After hearing messages that may be presented by opponents of a bond measure, respondents were still inclined to support a measure: the total yes vote was 65% initially; 69% after hearing supportive statements, and 66% after hearing oppositional statements.

Conclusions:

- A \$564 million bond measure to fund infrastructure improvements at San Mateo County Community Colleges has a very good chance of securing voter approval in November 2011.
- Solid levels of support likely stem from positive perceptions of the District’s colleges and the value they add to the community.
- While voters are not fully aware of the specific impact state budget cuts have had on the District, they view state takeaways in general as a compelling reason to support a local community college bond measure.
- Voters also see a natural link between the challenges of the current fiscal environment, increased demand for affordable higher education options and the role community colleges can play in training and re-training students to succeed in today’s competitive, technologically advanced economy.
- Emphasizing these themes in public information and outreach efforts will likely solidify support for the measure if the District decides to move forward.

President Holober asked if the results of the survey are fairly consistent with those of other surveys throughout the State. Mr. Metz said there is a broad positive sentiment toward community colleges and the role they play, particularly in a difficult economy. The very high level of favorable support for the District and the Colleges, along with the high level of support for the potential bond measure, are more unusual.

REPORT ON UNMET FACILITIES NEEDS (11-8-2C)

José Nuñez, Vice Chancellor, Facilities Planning, Maintenance & Operations, reviewed unmet needs at the Colleges and Districtwide, as presented in the 2011 Facilities Master Plan, which was approved by the Board on July 27, 2011. A copy of Vice Chancellor Nuñez' presentation is attached to the minutes.

Regarding the Coastside Joint Use Facility, which is listed under Districtwide Unmet Needs, Chancellor Galatolo said the Board has shown strong support for having a Coastside presence and the program there was created as a result of the last bond measure. There is currently a great deal of interest on the part of a number of potential partners with whom Chancellor Galatolo, former Executive Vice Chancellor Keller and others have been meeting. The funding needed was formerly listed as approximately \$80 million, but was changed to "TBD" because of the intention to continue to work with potential partners and the Board and, as a result, correctly size what the needs are.

Chancellor Galatolo said the list of unmet needs is a work in progress and, as in the past, will change due to changes in enrollment demands, emerging markets and, most importantly, State funding or lack thereof.

NEW BUSINESS

ADOPTION OF RESOLUTION NO. 11-10 ORDERING AN ELECTION TO AUTHORIZE THE ISSUANCE OF SCHOOL BONDS, ESTABLISHING SPECIFICATIONS OF THE ELECTION ORDER, AND REQUESTING CONSOLIDATION WITH OTHER ELECTIONS OCCURRING ON NOVEMBER 8, 2011 (11-8-100B)

It was moved by Trustee Miljanich and seconded by Trustee Hausman to approve the adoption of Resolution 11-10.

Sarah Boone, a member of the Skyline College Theater Club, asked if the plans for the demolition and rebuilding of Building 1 at Skyline include a new theater. Chancellor Galatolo said preliminary plans do include a theater.

Allan Alifano, Vice Mayor of Half Moon Bay, said the City Council is very enthusiastic about having a District presence on the Coast. He said it could energize many activities on the Coast by combining such things as the library, police substation, seniors, Boys and Girls Clubs, and others. He said a key element is the possibility of making some profit, e.g. teaching during the day and being a profit center at night. For example, a facility could be a culinary academy during the day and a restaurant at night, or a facility for teaching how to perform CAT Scans during the day and actually performing Scans for Coastside residents at night. Vice Mayor Alifano said it would also be helpful to move some County activities to the Coastside to make life easier for the residents. He said the City Council is extremely pleased that the District is considering the joint use facility.

Michael Stogner asked how many of the 800 people surveyed by FM3 are property owners, what the amount is per \$100,000 of assessed value that property owners would pay, and what the duration of the bond is. Chancellor Galatolo said the duration of a bond is typically 30 years but may be shorter or longer. The amount per \$100,000 is reflected in the official ballot statement language as determined by the underwriter; that number is \$12.92 for a \$564 million bond. Chancellor Galatolo said he does not know how many of the 800 people surveyed are property owners; however, it is a statistically relevant sample reflecting owners and apartment dwellers throughout the community who are likely to vote.

Trustee Miljanich said she is concerned about the proposed addition of the following sentence in the ballot measure language: "This list is not definitive and binding; projects may change in scope or nature as construction planning takes place and as the District's needs change and evolve over the next five years." She said this sentence is so open-ended that it might look as if the District is asking for a blank check. She said that it is important for the community to understand that, while the Facilities Master Plan is a guide and some changes may come up, the District is working hard to clearly outline what voters will be asked to pay for. Vice President Mandelkern said there have been many comments from members of the public over the past few months about the District doing things that were not specifically spelled out in the last bond measure. He said the purpose of the added sentence would be to make it clear that the bond list is not cast in concrete and there may be change as the needs of the District change and more is learned during the construction process. Trustee Miljanich said that clarifying language was already added to the Facilities Master Plan. She said that people have strong feelings about the projects they want and this proposed language, particularly the use of the words "not binding," may be perceived as the District trying to "slip something

in.” She said it may have to be assumed that the public knows that things might come up during any construction or remodel project. Vice President Mandelkern said the recent past indicates that some component of the public would like to hold the District to the bond project list without exception. Chancellor Galatolo said it is important to underscore that staff takes the bond project list to the Bond Oversight Committee and connects every project to a bullet point on that list. He said that adding the above referenced sentence might be seen as a disclaimer rather than a supportive comment and people might actually reconsider their support once they get to the “disclaimer.” Trustee Miljanich said she believes the Board and District staff must use common sense about making decisions when problems arise and not overreact to a small number of people. Trustee Schwarz said she agrees with Trustee Miljanich’s comments. She said the proposed language was not used in the previous bond measures and the District has been commended by the Civil Grand Jury. She said a very small number of people have asked questions and she believes those questions have been answered. Trustee Hausman added that the words “not binding” might raise a red flag for some people. She said she assumes that people will understand that, even if there are changes in the plans, the amount of the financial obligation people take on will not change.

Trustee Schwarz said the District has gone to the voters twice before for the same reasons and it is difficult for voters to understand that the projects have not been completed because State funding has not come through. She asked if the ballot measure is correlating with the fact that students are being turned away because the classes they need are not available. Chancellor Galatolo said the overarching issue is whether voters are willing to support a bond measure, for how much, and for what. He said it is true that the situation is exacerbated by the money lost from the County’s investment in Lehman Brothers, the money guaranteed by a State bond that never occurred, and the fact that there have been no subsequent State bonds. In addition, State funds for deferred maintenance, scheduled maintenance and Hazmat removal have dried up. Barbara Christensen, Director of Community/Government Relations, calculated that \$200 million in facilities funding has been lost over the past three-year period. There will be no State bond in 2012 and very possibly in 2014 as well. Trustee Miljanich said the public must be informed that the District did not directly invest in Lehman Brothers and did not mishandle funds. She said the public should also be informed that existing buildings have to be maintained and, if funds to do so are not obtained through an instrument such as a bond, the funds will have to be taken away from classes.

Vice President Mandelkern said that just because you can do something doesn’t necessarily mean you should do it. He said he approaches the discussion on this bond measure differently than on previous bonds, mainly because the economic times are different. At a time when people are feeling the effects of the downturn in the economy, a number of other school districts are putting bond measures and parcel taxes on the ballot. There is an increasing demand locally on taxpayers to support items that previously were supported by property taxes or apportionments from the State. In the past, the campuses were not touched for 40 or more years and there were buildings that were obsolete and badly in need of refurbishment or destruction and replacement. Now that much has been done on each campus, Vice President Mandelkern said he must weigh whether it is appropriate to ask the public for more dollars and for what purpose. His conclusion is that the District has had a severe drop in funding from the State and, if there are things that we can do through local funding to enable us to serve more students in the primary areas that the Board has identified as core objectives – transfer education and career/technical education – it would seem to be different use of bond money than in the past. He believes it would be an appropriate use because, as shown in the survey, the public makes the connection between the overall economic situation and the need for continued vocational training. They also make the connection between cuts in State funding and the difficulty for students to access higher education locally and to gain access to the UC and CSU systems, and they look to the community colleges to fill the gap. He noted that the Board has heard several times that the lack of science lab space and classroom space for the science and technology programs at Cañada College are inhibiting the District’s ability to meet the needs of students to prepare them for transfer or for good jobs in the community. Vice President Mandelkern said that if capital expenditure dollars are not coming from the State and people are willing to support these types of activities locally, it would seem to him to be an appropriate use of bond money. He said there are creative ways to use capital money to expand our reach to students and increase the number of students we serve. For example, the program on the Coastside was an ambitious and worthwhile program that was funded by bond dollars but had to be scaled back due to budget cuts and use of all of the money from the first bond issue. Putting this and other programs in place with a revenue generation capability could help offset some of the direct classroom costs and the cost of faculty and staffing which cannot be addressed through bond dollars, but can free up general fund dollars to use for that purpose.

Vice President Mandelkern pointed out that the temporary increase in the State sales tax expired on July 1, 2011. He said that the State sales tax has gone down by 1%. An average family that might spend \$40,000-\$50,000 per year in San Mateo County will see a \$400-\$500 savings in sales taxes. Vice President Mandelkern said it would not be inappropriate for K-12 and community college districts to at least ask the public if they are willing to reinvest that savings in local education. He said it would have been more appropriate for the State to maintain that revenue source and spend it on higher education throughout the State, but that did not happen.

Trustee Miljanich said the reality is that the District must take care of itself and the community because the State is not providing the funding that is needed. She said we owe it to our students and future students to at least give the public the opportunity to consider the bond measure. Vice President Mandelkern said he agreed with this statement and added that if the measure is on the ballot, it is not a given that it will pass; the public will decide, by a super majority, whether or not to support the measure.

President Holoher said the document titled "Exhibit A" contains the language that would go into the ballot pamphlet if the resolution is approved and, therefore, any changes must be precise. He said he too sees the downside of the phrase "this list is not definitive and binding," as discussed earlier. There was general Board consensus to not add any part of the proposed sentence.

Regarding the proposal to delete the word "mechanical" from the phrase, ". . .replace aging mechanical systems with energy efficient models. . .", President Holoher said such removal broadens the scope so that it may apply to all systems, such as telephones. After further discussion, there was general Board consensus to strike the word "mechanical."

Under the "Technology and Equipment" heading, there is a sentence that reads "Fund the replacement or upgrade of instruction, computers and technology equipment." There was considerable discussion on whether to add the word "ongoing" to read, "Fund the ongoing replacement or upgrade. . ." or to have the sentence read, "Establish an endowment fund for the replacement or upgrade. . ." President Holoher and Trustee Miljanich said they would be concerned about using the word "endowment" because of the possible negative interpretation of that term. Vice President Mandelkern said he believes in being transparent with the public and they should be informed of the intention of setting up a fund to replace equipment over time; therefore, he would agree with adding the word "ongoing." Chancellor Galatolo said that in the poll, 70% of respondents were much more likely or somewhat more likely to support use of bond funds to "create a fund to support future replacement/upgrades of classroom and computer equipment." Trustee Miljanich said she did not read this as meaning one-time replacement only. President Holoher suggested using the wording that 70% of respondents supported. Trustee Hausman added that the language should be kept simple and understandable. Vice President Mandelkern said he is concerned that questions could be raised later about why the money was not used right away for equipment replacement, but said he would go along with the majority of his colleagues, who all indicated their preference to keep the sentence in its original form.

President Holoher said he appreciates Vice Mayor Alifano and his colleagues attending the meeting. He said the Board has wanted and attempted for several years to have a physical presence on the Coastside and he wants to continue conversations regarding opportunities to work with local agencies. He said that going in the direction of this kind of teamwork provides exciting opportunities.

President Holoher said that if the Board approves the resolution and the public approves a bond measure, he is concerned with how the proceeds of a bond sale would be invested until the funds are spent. He said that, while the poll shows the public is less than highly aware of the Lehman Brothers fiasco, he believes that the District must come up with a better vehicle for where to put the money than the vehicle the District was told was the only option. Executive Vice Chancellor Blackwood said she has opened discussions with the County Treasurer and was told that the District will be able to do directed investments. President Holoher asked if the Local Agency Investment Fund is an option. Executive Vice Chancellor Blackwood said it is and is probably the best investment at this time, but there is a limit on how much can be invested. Vice President Mandelkern asked if the District has in writing the Treasurer's statement that the District has ability to direct its investments. Executive Vice Chancellor Blackwood said there was no question about this and added that language would be included in the Official Statement.

President Holober said he believes that the goals of the District to serve students by providing state-of-the-art classroom and laboratory facilities and equipment are the driving motivation for the recommended bond measure. He said that, if the measure is approved, he believes that these objectives can be pursued along with other goals that are completely compatible and cost-effective and which the Board has talked about in the past. One of these is to find opportunities for at-risk youth to be able to have future careers and achieve a middle-class existence in the County. President Holober said he would like to continue to work on this goal, along with local hire, to make sure that, within lawful limits, the bond dollars would help stimulate the local San Mateo County economy and put County residents to work. He said that, even as needs change, these goals would fall within the general category of the following item on the Bond Projects List: "prepare students for high-demand 21st century job by constructing and upgrading classrooms and job training facilities."

President Holober called for a vote on the motion to adopt Resolution No. 11-10. The motion carried, all members voting "Aye." Student Trustee Jinter cast an advisory "Aye" vote.

RECESS TO CLOSED SESSION

President Holober said that during Closed Session, the Board will (1) consider the personnel items listed as 1A and 1B on the printed agenda, (2) hold a conference with labor negotiator Harry Joel; the employee organizations are AFT, AFSCME and CSEA, and (3) hold a conference with legal counsel regarding one cases of existing litigation as listed on the printed agenda.

The Board recessed to Closed Session at 7:45 p.m. and reconvened to Open Session at 9:00 p.m.

CLOSED SESSION ACTIONS TAKEN

President Holober 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 Miljanich and seconded by Trustee Mandelkern to adjourn the meeting. The motion carried, all members voting "Aye." The meeting was adjourned at 9:05 p.m.

Submitted by



Ron Galatolo
Secretary

Approved and entered into the proceedings of the August 24, 2011 meeting.



Dave Mandelkern
Vice President-Clerk