

**Minutes of the Study Session of the Board of Trustees
San Mateo County Community College District
September 3, 2020 – San Mateo, CA**

This was conducted remotely via Zoom. A video recording of the meeting can be accessed at: <https://smccd.edu/boardoftrustees/meetings.php>.

The meeting was called to order at 5:00 p.m.

Board Members Present: President Karen Schwarz, Vice President Thomas A. Nuris, Trustee Maurice Goodman, Trustee Richard Holober, Trustee Dave Mandelkern

ANNOUNCEMENT OF CLOSED SESSION ITEMS FOR DISCUSSION

President Schwarz said that during closed session, the Board will take up items as listed on the printed agenda, including holding a Conference with Legal Counsel – Anticipated Litigation: Significant exposure to litigation pursuant to Gov. Code, § 54956.9, subd. (d)(2): Three cases.

STATEMENTS FROM THE PUBLIC ON CLOSED SESSION ITEMS ONLY

None.

RECESS TO CLOSED SESSION

The Board recessed to closed session at 5:02 p.m.

RECONVENE TO OPEN SESSION

The Board reconvened to open session at 6:04 p.m.

Board Members Present: President Karen Schwarz, Vice President Thomas A. Nuris, Trustee Maurice Goodman, Trustee Richard Holober, Trustee Dave Mandelkern; Student Trustee Jade Shonette

Others Present: Chancellor Michael Claire, Chief Financial Officer Bernata Slater, Skyline College President Melissa Moreno, College of San Mateo Interim President Kim Lopez, Cañada College President Jamillah Moore

ANNOUNCEMENT OF REPORTABLE ACTION TAKEN IN CLOSED SESSION

[\(Time Stamp: 0:01:53\)](#)

President Schwarz announced that there were no reportable actions from closed session.

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

[\(Time Stamp: 0:02:03\)](#)

John Pimentel, a member of the community, urged the Board to agendaize a discussion of the use of District reserves to fund retraining for workers in the service industry, create a free tuition policy for working families, and double the size of the Promise Scholars program.

STUDY SESSION

Review and Discussion of Student Housing Feasibility Study Results (20-9-1C)

[\(Time Stamp: 00:05:28\)](#)

Summary of Discussion: Chancellor Claire acknowledged that this has been an ongoing discussion and that staff is following the Board's guidance to further explore this issue. He clarified that this discussion of housing for all students, not a discussion about housing for international students as had been discussed in the past. He said this session tonight is the first step in understanding this complex issue.

Chief of Staff Mitchell Bailey noted that this first step in exploring student housing is critical and with the Board's blessing, the District engaged a consultant to conduct a feasibility study to determine student demand and to translate that demand into potential costs. He also explained that, in addition to the consultant, an internal working group had been formed as well as a campus-level student service advisory team to help inform the process and contextualize the data. He explained the process the District used in conducting the study, including engaging stakeholders – students, faculty and staff – conducting a student survey that yielded 2,500 responses, and has been further processed by the taskforce, advisory group and District administration. Mr. Bailey introduced the team from the Scion Group who presented the findings of the feasibility study.

Ann Volz from Scion explained that their company had been focused on campus housing since 1999, with clients across the nation, including many in California and in community colleges. She explained that her firm is not a developer, and simply advises higher education institutions with market data and analysis so they can make informed decisions. Chelsea Metivier from Scion presented the initial findings from the study. She explained that Scion utilized the following strategic objectives as established with the District: (1) utilizing a social justice framework, (2) ensuring financial accessibility, (3) aiding in student retention and recruitment, (4) achieving financial neutrality, and (5) utilizing an entrepreneurial approach. She explained that data showed that students was significant demand for student housing and the location most students were interested in was at College of San Mateo for both single students and students with families.

Pete Hoffman from Scion explained the methodology used to conduct the financial analysis, including testing programs at 50% and 25% of total demand, testing unit types (traditional and apartment), assuming all programs are intended to serve both single students and students with families, and that each program would have a 10% allocation of beds for single students offered at reduced rates for those students experiencing housing insecurity. In Program I, which includes traditional and family housing, the project size based on 50% demand would include 643 traditional beds and 423 family units, with rents ranging from \$1,251 - \$1,351 for single student units and \$2,664 - \$3,426 for family units, depending on unit size. For Program II, which includes apartment and family housing, the project size based on 50% demand would include 643 apartment beds and 423 family units, with rents ranging from \$1,523 - \$1,856 for single student units and \$2,756 - \$3,544 for family units, depending on unit size. For Program III, which includes apartment and family housing, the project size based on 25% demand would include 322 apartment units and 211 family units, with rents ranging from \$1,581 - \$1,927 for traditional units and \$2,861 - \$3,679 for family units, depending on unit size. Mr. Hoffman noted that among the key assumptions for such projects the analysis considers an estimated hard cost per square foot of \$450 - \$505. Further, he concluded that for Program 1, the estimated cost of construction would be \$310 million, for Program II the estimated cost of construction would be \$382 million, and for Program III, the estimated cost of construction would be \$193 million.

Ms. Metivier highlighted the benefits of student housing, which include improved peer interactions, increased diversity, more mentorship, more campus pride, convenience, lower costs than comparable market rate options, and more community engagement and sense of belonging. She concluded that there is (1) Strong student demand for below market rate student housing, (2) viable potential programs aligned with demand study and supportive of multiple student populations, (3) operational efficiencies through larger programs may result in lower rental rates, (4) at the rents tested all potential housing projects indicate financial viability, and (5) each program offers 10% of single student beds offered at reduced rates.

Trustee Goodman and Trustee Mandelkern addressed the issue of the student demand from those who are most in need of housing opportunities due to housing insecurity versus those who have other options and are simply seeking an on-campus experience. Trustee Mandelkern further inquired about the size assumptions for the projects with 300,000 square feet facility with 1,000 students is how most colleges who have never had student housing, because a project of this size is daunting. Scion staff explained that modeling could be done to adjust the number of discounted (or no cost) beds could be adjusted upward, but doing so would increase the cost per bed of non-discounted units in order to make the project financially feasible.

Trustee Holober, joined by Trustees Mandelkern and Nuris, asked about how other institutions address family housing because there are multiple factors that impact families rather than single individuals. Ms. Metivier explained that it was indeed a very complicated and complex issue and students with families are often more at risk of housing challenges and may need the resource of on-campus housing.

Ted Risher of Scion provided an overview of delivery method options, including an explanation of a public-private partnership risk assessment, and implementation strategies. The first implementation strategy explained by Mr. Risher is with a District-owned traditional model, where the District own and controls 100% of the community and retains all of the risk and benefit. The second model presented was the developer-owned taxable model, where a developer owns and finances the community and the District limits its debt risk but loses significant control. The third model is a non-profit/foundation owned tax-exempt model, known as a P3 model, is a middle ground where District costs and risks are reduced and maintains substantive control over the project. The Scion team explained that the P3 option is commonly used by institutions due to its flexibility and control options, but for all options, it comes down to the risk an institution is comfortable with assuming.

The Scion team presented several key takeaways in concluding their presentation, including (1) there is student and District readiness for student housing; (2) there is substantial demand for below market rate campus housing; (3) Each program offers reduced rates for 10% of single student beds; (4) at the survey tested all potential housing projects indicate financial viability; (5) financially viable potential programs would likely garner developer interest; (6) there are several financing structures to consider, and (7) the District may desire to offer some form of institutional support to further decrease rental rates.

Trustee Mandelkern noted that in prior conversations he has been in with other districts, concern has been expressed about engaging in a public-private partnership and he asked Scion to comment. Ann Volz noted that there are diverging goals in developers and institutions which is why it is critical that districts be involved at every step from planning to documents and contracting and that objectives and goals be clearly incorporated at each step to allow for enforcement of institutional priorities. They noted that P3s are good options for institutions who want to maintain flexibility going forward but are interested in deferring the capital liability from their balance sheets to a private party. However, they noted, P3s are not the best tool for every organization and some find it more advantageous to self-finance. Trustee Mandelkern suggested that to facilitate further discussion, it would be helpful to understand what populations the District wants to serve, if there is a way to start with a smaller project and the need for detail around District financing versus a P3 option.

Trustee Holober asked if developers received any tax credits or breaks by serving target populations such as veterans or foster youth. Scion responded that beyond fair housing requirements, they were not aware of any other stipulations, unless those are imposed by the local institution. Trustee Holober further asked if prevailing wage was required for P3 projects. Scion responded that this was a gray area and it was a district decision that could be required in an RFP process.

Vice President Nuris asked for clarification regarding developers making demands of higher rates when they get to the table. Scion suggested that no entity will lock in rates 18 months out from closing and that

costs increase cannot be avoided sometimes due to market escalations over time. They noted that clear and precise contract language is important with any partner.

Student Trustee Shonette noted that each of the campuses had formed student task forces to discuss student housing needs and she suggested that the District consider starting with a smaller project.

Trustee Mandelkern suggest four avenues for supporting short-term housing needs, including: (1) the lease of the District's property in Half Moon Bay for use for affordable housing, (2) renting or buying existing facilities for housing such as an apartment building or hotel, (3) using vacant space on the top floor of Building 5 at CSM for emergency housing, and (4) creating a security deposit loan program for students. Trustee Holober expressed interest in exploring these suggestions.

Chancellor Claire concluded that tonight's discussion was the first of several on this topic and agreed that the District is not close to being able to make a recommendation or decision on this complex issue. Tonight's discussion, he noted, was to surface Trustee issues and concerns so staff and the consultant can further refine modeling and financing options should the Board want to proceed with this exploratory process.

Public Comment:

- Joan Murphy, an employee at Cañada College, expressed concerns about capacity with faculty and staff housing.
- Maxine Termer, a member of the community, suggested that any student housing be framed to support local students in need.

COMMUNICATIONS

[*\(Time Stamp: 3:02:27\)*](#)

President Schwarz noted that the Board had received a communication from John Pimentel regarding the items he referenced in public comments earlier in the meeting, along with thank you letters from swimming parents.

Trustee Holober noted the Board received three emails regarding student housing.

STATEMENTS FROM BOARD MEMBERS

[*\(Time Stamp: 3:03:35\)*](#)

Trustee Mandelkern inquired when the Board would be considering the budget and if there was an opportunity to consider additional funding for workforce training for displaced workers as referenced by Mr. Pimentel. Trustee Holober applauded suggestions from Mr. Pimentel but stated that he was not sure the budget could be easily amended at the next meeting. Trustee Goodman agreed that the goal of serving displaced workers was important and suggested agendaizing the topic at an upcoming meeting.

President Schwarz announced that the next meeting of the Board of Trustees would be a regular meeting on September 9, 2020, conducted via Zoom.

ADJOURNMENT

The meeting adjourned by consent at 9:17 p.m.

Submitted by

Michael Claire, Secretary

