



District Committee on Budget & Finance
November 19, 2019
District Board Room, 2 – 4 p.m.

Attendees: Sam Haun, Judy Hutchison, Steven Lehigh, Vincent Li, Graciano Mendoza, Micaela Ochoa, Martin Partlan, Ludmila Prisecar, Katrina Salas, Bernata Slater, Htet Htet Win Pyone Ei, and Chun Wai (Mark) Wong

Absent: Tony Burrola, Eloisa Briones, Mary Chries Concha Thia, and Nick Kapp

Guests: Peter Fitzsimmons and Joe Fullerton

Called to order at 2:05 p.m.

1. Introductions

Slater welcomed the participants present and introduced Fullerton to the committee.

2. Sustainability Initiatives

Fullerton provided the committee with a presentation on sustainability initiatives throughout the District. He emphasized the importance of sustainability and that the most impacted are those that are the most disadvantaged. He highlighted the 17 Sustainable Development Goals adopted by the United Nations. Climate change is “the issue of our time.” He reviewed the bay area neighborhoods that are at risk due to rising sea levels, which will impact our community, and the efforts underway to address these vulnerabilities including legislation, policies, and regulations. California is leading the nation in many efforts despite the federal government’s current position.

Fullerton introduced the Board of Governor’s Climate Change and Sustainability Resolution and Policy along with timelines and reporting requirements for the California Community Colleges. He noted that the District is ahead of many other districts throughout the state; however, have much more to do moving forward. The District has nine specific goals in its sustainability program along with one year, three year, and five year objectives which as illustrated to the committee by Fullerton.

Fullerton spoke to the “Campus as a Living Lab (CaaLL)” program. He spoke to the program’s successes at the campuses which involved faculty and students. Skyline College students known as the Green Gorilla’s led to many of the district-wide initiatives. Fullerton also spoke to a waste audit conducted by student activists at CSM which resulted in immediate decreases to waste ending up in landfills. The District currently enjoys a 71% diversion rate with a 95% goal by 2025. Electricity consumption has declined due to many initiatives with a goal of zero net energy. Prisecar inquired as to the plans to increase the number of electric vehicle charging stations. Fullerton responded in the affirmative; however, there is a significant cost given that the District provides this service for free. He also mentioned that there are plans to employ solar arrays which will provide up to 30 more stations per campus while getting the District closer to its zero net energy goal. There is also plans to replace the boilers across the District. Prisecar followed up with an inquiry about installing Tesla Superchargers. Fullerton responded that given that these chargers are only for Tesla vehicles while our current charges are for all electric vehicles, this is not in the plan.

Lehigh stated that the three compartment waste receptacles are in many areas; however, not in all areas. He asked with regards to the zero net energy goal how much of that is due to external factors (e.g., folks bringing non-recyclable items, cafeteria, food banks, etc.) Fullerton stated that on-going training is in play and the District is still in discovery in many areas. He conceded that many habits are hard to change; however, the District is doing its best to influence behaviors. Some of the areas of improvement are with technology purchases (computers, individual printers, etc.). Hutchinson commented on sustainable purchasing. Fullerton stated that using Amazon as a primary resource for procurement increases waste with regards to packaging and deliveries. He recommended that employees use the standard procurement processes and to be cognizant of sustainability. There was a robust conversation about the “green office initiative”; however, this will take many resources. Prisecar mentioned that CSM’s experience is that this initiative does take a lot of resource including training, communication, and a culture shift. The key is to be more aware on the individual level. Lehigh suggested that the District start with an “opt in” strategy and as employees do opt in more employees will likely mimic. An example was provided: leave the trash can upside down if it is empty so that the custodian is more efficient with his/her time. Fullerton appreciated the feedback and will share with his team.

The District continues to actively seek grants and have secured \$1 million over the past six years to assist with its sustainability initiatives. Slater thanked Fullerton for his time and his efforts in leading the District in its ongoing sustainability efforts.

3. FY18-19 Audit Update

Slater advised that the auditors are completing their work and the reports are being finalized. There are four reports (Measure H, District, KCSM, and the OPEB Trust). It appears that there will be no findings but one related 50% Law Compliance which was expected. The final reports will be presented to the BOT in January 2020 and the OPEB Trust Report to the RBOA at their next meeting, which is in April 2020. Slater expressed her appreciation to staff involved in the audit process.

4. June 30, 2019 Actuarial Study / OPEB Update

Slater stated that the actuary has provided a final report to the District. The actuary has confirmed that the liability is fully funded at this point in time. Slater reminded the group that fully funded status is a point in time as factors (e.g., cost increases above assumptions and/or return on investment decreases above assumptions) may change the status in the future. The report will be reviewed by the RBOA at their next meeting, which is in April 2020. Lehigh inquired as to the potential financial impact. Slater stated that there will be a “charge back” given that we have an open population. She reminded the committee that \$4m is currently charged to Fund 1 and \$3m is charged to Fund 8 for a total of \$7m. Some of this cost may be charged to the OPEB Trust Fund given the funding status. Lehigh inquired as to FY19-20. Slater stated that the plan for any change will be effective FY20-21; however, there may not be a transfer into the Trust in FY19-20 as originally planned.

5. FY18-19 Inter-Fund Transfers

A chart was emailed to the committee members prior to the meeting illustrating the inter-fund transfers for FY18-19. Slater spoke to the capital outlay match requirement, which is a large component of the transfer from Fund 1 to Fund 4. The match is required for the District’s six projects and totals \$80 million. Slater identified the six projects associated with the capital outlay project requiring a match. The State has put districts on notice that any cost escalations must be

borne by districts. Accordingly, the match may be higher. Prisecar asked if Measure H could be a resource for the match. Slater responded that timing will dictate that decision as the bond has to be spent over the next two years. Lehigh confirmed that \$80 million is the match for the district. Lehigh inquired what other districts do. Slater stated that most districts transfer resources from Fund 1 to Fund 4, borrow funds or as a last resort may not pursue funds from the state.

Slater reviewed the chart with the committee members. She also discussed priority projects (e.g., athletic fields, roadway and parking lot repairs, and the gymnasium floor at Skyline) that will also require additional resources from Fund 4. Failure to address these priorities may result in increased liability on the part of the District. Hutchinson inquired about the match requirement – what happens if the project comes in below budget. Prisecar clarified that the State will only fund the match and that the State reimburses after the District expends. Ochoa asked about the process. Slater explained the state capital outlay process. Lehigh stated that the District has moved considerable resource to fully fund the OPEB liability. He wondered why this action was prioritized over the facility needs. Slater stated that it is fiscally prudent to fully fund the liability. Fitzsimmons interjected that it is important with regards to impact to the District's net position with regards to credit ratings for bond sales and other borrowing mechanisms, and GASB 74/75 Requirements. Slater added that, given the current fully-funded status, discussions will take place to determine if funds that otherwise would be redirected to fund OPEB will be allocated to fund critical capital outlay projects.

6. Future Agenda Items

No discussion.

7. Public Comment

There were no public comments.

8. Next Meeting: The December meeting was cancelled so the next meeting is January 21, 2020.

Meeting adjourned at 3:52 p.m.