

**BOARD REPORT NO. 10-1-106B**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Tom Bauer, Director of Auxiliary Services, 358-6782  
Jan Roecks, Director of General Services, 358-6879

**APPROVAL OF PROFESSIONAL SERVICES AGREEMENT WITH MEDIFIT CORPORATE SERVICES, INC. TO OPERATE THE SAN MATEO ATHLETIC CLUB IN PARTNERSHIP WITH THE DISTRICT**

In the spring of 2010 the District will be opening a state of the art fitness and aquatic center, the San Mateo Athletic Club, on the campus of the College of San Mateo (CSM). The last 18 months have involved intense efforts and planning for this fitness and aquatic center. It has been a very involved and dynamic process. In fall of 2009 the District decided to issue a Request for Proposal to qualified companies to respond with information to help us determine whether to use additional professional services moving forward into the operation phase of the fitness center.

The Request for Proposal (RFP) was designed to seek a company that could provide professional services to assist in operating a full service, professional health club. The scope of work included fitness center membership marketing, development and management, fitness program development including group exercise programs and personal training, aquatics program development marketing and management, as well as day to day operations of the center in close consultation with District staff. The market study completed for the District in 2007 to assess the feasibility for a fitness and health center at the College of San Mateo campus was made available to all respondents on the General Services website.

The RFP was comprised of seven major areas to ascertain vendor expertise:

- Contractor Background
- Fitness Center and Aquatics Programs and Services
- Fee Structures for a Fitness Center, Aquatics Center, combined Fitness and Aquatic Center, and Management Fee Structures
- Operations
- Staffing Plans based on the size and scope of this center
- Software including management systems capabilities
- Marketing plans reflecting opening of the center in spring 2010 and ongoing marketing efforts

Respondents were asked to provide written, detailed responses to a series of comprehensive questions in each of these categories.

The RFP was released on October 27, 2009. The initial due date of mid-November was extended to December 4, 2009 as two of the three vendors did not indicate their interest until early November, and the District wanted to ensure that each vendor had adequate time to respond. Three companies responded to

the RFP – Aquila, Ltd, Club One, Inc., and Medifit Corporate Services, Inc. All proposals were turned in as asked by 2:00 p.m. on December 4. The first review was made that afternoon by General Services staff to insure that all respondents had answered all questions and turned in all documents as outlined in the RFP.

A fitness center update was given to the Board of Trustees on Wednesday, December 9, 2009 while the proposals were still under extensive review. Based on feedback received at that Board meeting, all respondents were asked to modify their proposals using the following:

- A membership ratio of 40% students, 60% all others
- Target of 2500 members by year 5
- Fees of \$39/student, \$49/staff, \$59/community member
- Opening date of April 1, 2010
- Respondents were told that the District is considering operating the Aquatics Center in-house

Additionally, all respondents were asked to provide written detailed information for the following questions:

- 1) Please provide a competitive management fee with a profit sharing incentive that is tied not only to driving sales but also to controlling expenses.
- 2) Opening date is scheduled for April 1, 2010. If the contract is awarded by the Board of Trustees on January 27, 2010, please share your time and action calendar that will bring us to a successful opening day.
- 3) With a target of 2500 members in 5 years, please provide a detailed marketing and payroll budget to support this. Please detail the salary and benefit schedules for each position.
- 4) Please provide an organization chart showing your local field management support.

On December 17, 2009, Tom Bauer, Director of Auxiliary Services and Jan Roecks, Director of General Services made follow up telephone calls with each of the three vendors to clarify and confirm the detailed information that each presented to the District, including the modified parameters and additional questions.

All three respondents were invited to come to the District Office on January 5, 2010 to provide an overview to a panel of District and CSM personnel who are, and will continue to be, very involved in the fitness center. The panel was comprised of the following people:

Tom Bauer	Director of Auxiliary Services
Kathy Blackwood	Chief Financial Officer
Jim Keller	Executive Vice Chancellor
Jan Roecks	Director of General Services
Mikel Schmidt	Professor, Physical Education at College of San Mateo
Andreas Wolf	Dean, Physical Education and Athletics, College of San Mateo
Bill Callahan	Student, College of San Mateo

Each vendor was given 90 minutes to describe who they are, who their company is, and what the company can bring to the San Mateo Athletic Club. It was not a venue to discuss the financial aspects of the proposal in detail, giving more opportunity for an interactive discussion between the vendors and the panel. The panel was unanimous in their feedback that Medifit seemed to have the most experienced and versatile management team that could be the most helpful to the College and District as it develops its

fitness center programs. The panel felt that what Medifit offered would be the most compatible with the needs and goals of our instructional offerings.

The very thorough review and evaluation of all vendor responses to the RFP, follow up telephone calls with each company, and vendor presentations to District and College personnel established that Medifit was the best company to provide professional services to partner with the District to operate the San Mateo Athletic Club.

MediFit's proposal to the District was dynamic, flexible to meet the needs of the District and financially responsible. They met our primary goal of identifying a partner who will enhance the quality of life for students, faculty, staff, and the community at large through a safe and enjoyable comprehensive fitness environment operated in partnership with the District in a professional, fiscally responsible manner. MediFit's proposal creates a custom yet efficient program that not only targeted our key goals and objectives but also provided flexibility to evolve and adapt to changing needs within the College and the community. Throughout this process it was clear that MediFit would work the most collaboratively with the District as a partner and not simply a vendor. This was a critical issue for the District as this new venture will touch all aspects of college life and will integrate with our community in a brand new way. This collaborative culture was verified in reference calls to MediFit's current clients who stated that this collaborative professionalism is indeed a hallmark of MediFit's operation.

The District was very impressed with the exemplary remarks for both client and member satisfaction. MediFit conducts ongoing surveys of their membership and their clients to gauge effectiveness of their programs, facilities and partnerships. In addition to on-site surveys, MediFit uses online surveys like "SurveyMonkey.com" to reach the highest number of members for their feedback. It was clear that MediFit is constantly evaluating and improving their program offerings. MediFit's 2008 client survey results demonstrated that 96% of MediFit clients were highly or extremely satisfied and 100% of clients indicated they would recommend MediFit as a health and fitness partner. Their 2009 survey is currently underway and based on the feedback received in reference checking, MediFit is on track to meet or exceed their 2008 member satisfaction.

The District was very focused on finding a partner who is an industry leader offering innovative, award winning programs. In addition, we were focused on identifying a vendor who could achieve profitability in a reasonable amount of time and manage expenses effectively while creating a dynamic marketing and outreach program. We were seeking a partner that would exemplify the high customer service standards of this District and demonstrate the ability to partner with our academic professionals. MediFit assured us that they could meet District timelines for opening the San Mateo Athletic Club and provide regional support with an acute understanding of the Bay Area market. Not only did MediFit meet and exceed expectations in all these areas, MediFit was very excited to partner with the CSM academic team to build and enhance programming for the San Mateo Athletic Club. It is their wish to work with CSM regular and adjunct faculty to teach the group fitness and exercise classes that will be offered as part of the fitness center membership. The CSM Dean of Athletics, the faculty and student representative on the panel were very pleased and excited at the prospect of developing this partnership.

An additional key focus area for the District was that the San Mateo Athletic Club be staffed in such a way as to provide first class service to our members. MediFit's staffing plan meets the District's desired goal for a fully staffed club to benefit all members. In addition to a desire to work with CSM faculty to teach group exercise classes as part of club membership, MediFit will also employ student assistants to work in the club providing them with valuable training in fitness as well as customer service. The salary and benefits schedule for MediFit staff was reviewed by the Vice Chancellor of Human Resources and he has determined that MediFit's salaries are at or above industry standard for all positions and they offer a competitive benefits package.

The District also requested information on operating the Aquatics program. MediFit operates a number of Aquatics programs across the country (the closest is at Mariner’s Square Athletic Club, Alameda, CA). They propose working with the CSM Athletic Department and District staff in establishing programs and activities at the San Mateo Athletic Club including the following:

- Swim School – a year-round learn to swim program for children ages 6 years up to adults
- Masters Swimming and Water Polo program
- Scuba Certification
- Lifeguard Certification
- Water Safety Rescue Certification
- Pool Maintenance Certification
- High Performance Athletic Training
- Triathlon Training
- Aqua Aerobics
- Family and Lap Swimming Programs
- Host major state and regional competitions

The MediFit team will partner closely with CSM Athletic Department staff and District staff to develop these programs.

Below is a table of some key facts about MediFit from their response to the request for proposal:

<b>About MediFit</b>	MediFit is a privately owned management and consulting company with international interests in community and corporate fitness center staffing & management, membership/marketing, worksite health promotion, web based physical activity programming, biometric screening, physical therapy and consulting services.
<b>Mission</b>	MediFit makes a difference in furthering the health and productivity of members/communities at over 200 client locations by: <ul style="list-style-type: none"> <li>▪ <i>Creating value for our customers</i></li> <li>▪ <i>Providing exceptional customer service</i></li> <li>▪ <i>Maintaining the highest quality and safety standards</i></li> <li>▪ <i>On-going product and service innovation</i></li> </ul>
<b>Core Capabilities</b>	<ul style="list-style-type: none"> <li>▪ Health, Fitness and Wellness (HFW) Center Staffing &amp; Management</li> <li>▪ HFW Center Design Consultation</li> <li>▪ Health Promotion</li> <li>▪ Web based Physical Activity Programs</li> </ul>
<b>Clients</b>	MediFit consults for and manages multiple community centers (JCCs/YMHAs) and HFW centers for over 100 clients, including 38 of the Fortune 500. <ul style="list-style-type: none"> <li>▪ 3 ranked in the top ten Fortune 500 companies</li> <li>▪ 15 ranked from 11 to 100 in the Fortune 500</li> <li>▪ 20 ranked from 101 to 500 in the Fortune 500</li> <li>▪ Examples of the community center clients they serve include: JCC of Central NJ, YM-YWHA of North Jersey, Bronx House, and JCC of Clifton, NJ.</li> <li>▪ MediFit has experience working in academic settings; current staff was involved in collegiate health center transitions (i.e. Emerson College, San Francisco State)</li> </ul>

<p><b>Client Satisfaction &amp; Results</b></p>	<p>MediFit clients are highly satisfied. A 2008 client survey showed 94% of their clients are highly or extremely satisfied and would recommend MediFit as a premier management company.</p> <p>In the community services division, they achieve superior results in all areas of the operation including: member acquisition, member retention and ancillary sales. Results at one of their community center clients after the first six months as compared to the same time period last year:</p> <ul style="list-style-type: none"> <li>▪ 74% increase in new member sales (406 vs. 233) has resulted in a net membership increase of 155% (163 vs. 64)</li> <li>▪ 65% increase in registration fee revenue (\$13,704 vs. \$8,303), an increase of \$5,401</li> <li>▪ 172% increase in personal training revenue (\$32,827 vs. \$12,053), an increase of \$20,774</li> </ul> <p>These results demonstrate their ability to achieve measureable results in a short period of time to help our clients maximize their revenue opportunities.</p>
<p><b>Industry Competition Multi-site Management Transitions</b></p>	<ul style="list-style-type: none"> <li>▪ Companies turn to MediFit for innovative, customized solutions. In the past 6 years, MediFit has transitioned 75 fitness centers from in-house and competitor programs (45 in the last 2 years) while losing only three.</li> <li>▪ The two most significant transitions were multi-site clients (12 and 15 fitness centers).</li> <li>▪ One client uses MediFit to manage 23 centers in North America.</li> <li>▪ Nearly 40% of MediFit clients are multi-site accounts</li> </ul>
<p><b>People</b></p>	<ul style="list-style-type: none"> <li>▪ 450 full time employees with a BA or BS degree in health/ fitness related fields</li> <li>▪ 30% hold a Masters degree</li> </ul>
<p><b>Industry Leaders</b></p>	<p>Vin DeProssino, CEO, Co-owner Paul Couzelis, Ph. D., President, Co-owner William Day, Ph.D., Sr. Vice President</p>
<p><b>In-House Experts</b></p>	<p>Bill Bourque - COO Craig Baitinger – V.P. Community Health and Wellness Kristine Holbrook – V.P. Worksite Health and Wellness Kurt Atherton – Senior Consultant Catherine Kolbeck – Senior Consultant Facility design, health promotion and fitness professionals, technology innovators, research and program developers, logistics and dispersed population programming specialists</p>
<p><b>Award Winning Client Results</b></p>	<ul style="list-style-type: none"> <li>▪ 18 Nova 7 Awards with over 40 Finalist Awards</li> <li>▪ 7 C. Everett Koop Awards</li> <li>▪ 6 IHPM Awards (Institute for Health and Productivity Management)</li> <li>▪ 4 WELCOA Awards (Wellness Council of America)</li> <li>▪ 3 NBGH Awards (National Business Group on Health)</li> <li>▪ 5 Consecutive AWHP (Association for Worksite Health Promotion) Awards for Excellence in Programming and others</li> </ul> <p style="text-align: center;"><b>Winner of the National Health &amp; Fitness Award for Exemplary Leadership</b></p>

An integral component of the MediFit response to the request for proposal is the five (5) year operating proforma. This operating proforma reflects MediFit's experience and expert opinion of how the District should expect the health, fitness, wellness and aquatics components of our operations to perform over a critical first five (5) year period.

There are several important components MediFit used in the construction of this detailed operating proforma:

- 1) **Demographic/Market analysis** – The MediFit management team has conducted a thorough demographic and market analysis and has combined this analysis with their nearly 30 years of Bay Area community, corporate and commercial facility management experience. This study looks at key information based on factors such as:
  - a. Age
  - b. Income
  - c. Stratified population counts within a prescribed radius
  - d. Competition (strengths, weaknesses, opportunities)
  - e. Market potential based on “available likely joiners” (a value distilled from the above information)
  - f. Facility location relative to market exposure, ease of access/egress and overall desirabilityOnce evaluated, the market study allows us to project key operating variables such as:
  - a. Overall membership potential/size
  - b. Breakdown of membership type (student, faculty, community, single, family, corporate, etc.)
  - c. Membership fee structure (price elasticity/sensitivity for monthly dues and registration fees)
  - d. Service level requirements (market demands)
  - e. Ancillary service demand and fee structure (personal training, aquatics lessons, specialty group exercise, spa, etc.)
- 2) **Facility and Program Capacity** – The next important areas for us to consider are relative to the facility/program parameters and capacity. MediFit applies formulas based on experience and benchmarking across hundreds of sites that allow us to accurately predict what membership and program capacity will be based on project specific factors such as:
  - a. Overall facility size
  - b. Peak capacity of:
    - i. Locker rooms
    - ii. Equipment areas (cardio, strength, etc.)
    - iii. Group Exercise areas
    - iv. Aquatics
    - v. Parking
    - vi. Etc.
  - c. Hours of operation
  - d. Required use and scheduling of space (taking into account all projected program needs and requirements)
- 3) **Membership Model** – Upon completion of the Market, Facility and Program evaluations we are able to then accurately project membership for this specific facility in this specific market (the membership model) with sensitivity to:
  - a. Timing of membership sales (membership ramp up)
  - b. Membership type/category

- c. Membership value (dues, registration fees)
  - d. Membership capacity
- 4) Operating Proforma – After constructing the membership model it becomes a straightforward task to build the operating proforma with accurate projections for all revenues and expenses associated with operations. Examples of the logic used are as follows:
- a. Membership dues and associated revenue are a direct function of the timing and volume of membership for any given period.
  - b. Projected monthly or annual membership attrition is calculated based on gross membership volume combined with benchmark-based projections for like type facilities and membership demographics.
  - c. Ancillary program and service revenue is a derivative of the membership projects and membership demographics – as an example, they know through extensive benchmarking what to expect, and therefore project, as the average personal training revenue per year, per membership.
  - d. Marketing/Sales costs are driven by the market analysis and tied directly to membership projections and a benchmarked acquisition cost per membership projection.
  - e. Staffing size/costs in all areas of operations are a direct reflection of the combined analysis of facility and program size/scope, membership size/demographics along with a determination of the requisite service levels (staff experience and qualifications) and service model delivery necessary to attract and retain members in the prescribed facility and environment.  
*A special note – retention (member usage) is a major focus in the MediFit/SMCCCD service model, as is attracting those individuals within our campus and surrounding community who may not be predisposed to physical activity, fitness or wellness. All staffing requirements/levels are tied directly to this service delivery model and goals.*
  - f. All other operating costs are directly proportional to facility, program and staff size.
  - g. Capital reserves are inserted as a direct percentage of gross revenues based on industry benchmarks.
  - h. MediFit management fees are calculated as a percentage of overall operating revenue and expense and are directly tied to MediFit's ability to deliver actual performance as reflected in the provided operating proforma.

In summary, using the above described process and methodology, MediFit has experienced a consistent level of success in accurately projecting the financial and functional performance of a very wide variety and number of managed sites over a significant period of time. The District is confident in MediFit's ability to meet these goals based on all of their relevant industry experience, the flexibility they have shown throughout the process and the fact that they have tied their financial success to our financial success directly through a competitive management fee noted on the proforma and an incentive program. The proposed incentive program rewards MediFit for meeting District established budgeted goals and provides additional revenue opportunities if they exceed District established budgeted goals. The five (5) year operating proforma is attached. An actual operating budget and detailed incentive plan will be written into the contract between the District and MediFit.

MediFit's proposal to the District fulfills both our goals and requirements for a partner in operating a state of the art, cutting edge fitness facility as well as providing us with a financially viable, successful business plan that will leave us well positioned for the future. MediFit has demonstrated they are a consultative, collaborative partner who will work strategically with the District team.

**RECOMMENDATION**

It is recommended that the Board of Trustees authorize the Executive Vice Chancellor to execute a professional services agreement with MediFit Corporate Services, Inc. to partner with and under supervision of the District to operate the San Mateo Athletic Club at College of San Mateo for a period of three years with the option for two (2) one (1) year renewals commensurate with the terms as outlined in this report.





**College of San Mateo  
Fitness Center 5-Year Proforma**

Year	Reg. Fees	Avg. Disc	Avg. Attrition Rate
FY2010	\$ 36.65	\$ 50.10	22.0%
FY2011	\$ 36.65	\$ 52.61	30.0%
FY2012	\$ 36.65	\$ 55.24	30.0%
FY2013	\$ 36.65	\$ 58.00	30.0%
FY2014	\$ 36.65	\$ 60.90	30.0%

	<u>4/1/10-12/31/10</u>	<u>1/1/11-12/31/11</u>	<u>1/1/11-12/31/12</u>	<u>1/1/11-12/31/13</u>	<u>1/1/11-12/31/14</u>
<b>Operating Statistics</b>					
11 Beginning Members	0	1324.32	2077	2289	2437
12 New Member Sales	1488	1150	835	835	835
13 Attrition	163.68	397	623	687	731
14 Ending Members	1324.32	2077	2289	2437	2541
15 Average Members	828	1701	2183	2363	2489
<b>Revenues</b>					
16 Registration Fees	54,535	42,148	30,603	30,603	30,603
17 Individual Membership Dues	492,637	1,062,831	1,432,454	1,628,172	1,800,791
18 Usage Fees	9,000	12,600	13,230	13,892	14,586
19 Personal Training	189,543	347,591	421,651	453,806	476,314
20 Pilates (Specialty GE)	62,078	127,550	163,723	177,231	186,687
21 Aquatics	262,500	402,500	462,875	532,306	612,152
22 Proshop	24,831	51,020	65,489	70,892	74,675
23 Other	2,483	5,102	6,549	7,089	7,467
25 GROSS REVENUE	1,097,607	2,051,341	2,596,573	2,913,991	3,203,275
26 COST OF GOODS SOLD	154,854	295,154	365,375	394,072	414,160
27 NET REVENUE	942,753	1,756,187	2,231,198	2,519,919	2,789,115
<b>Operating Expenses</b>					
28 Salaries, wages, & Benefits	810,623	1,081,991	1,176,681	1,287,826	1,403,848
29 Liability Insurance	16,250	22,749	23,886	25,081	26,335
30 Utilities	75,300	105,300	110,445	115,847	121,520
31 Marketing	66,800	45,800	45,800	45,800	45,800
32 Repairs & Maintenance	78,750	109,320	114,134	119,533	125,623
33 Supplies	32,075	55,032	66,384	74,147	82,246
34 Laundry Expense	6,084	14,734	17,782	19,127	20,069
35 Billing Expense	17,341	35,740	49,481	54,754	58,949
36 Other Expense	20,024	28,310	29,281	30,579	31,937
37 Professional Fees	45,833	52,500	55,125	57,881	60,775
38 Total Operating Expenses	1,169,080	1,551,477	1,689,000	1,830,576	1,977,101
39 Lifecycle Equipment Replacement (4% of gross revenue)	32,928	82,054	103,863	116,560	128,131
40 Net Operating Income	(259,255)	122,656	438,336	572,784	683,884

**Minutes of the Regular Meeting of the Board of Trustees  
San Mateo County Community College District  
January 27, 2010  
San Mateo, CA**

**The meeting was called to order at 6:08 p.m.**

**Board Members Present:** President Patricia Miljanich, Vice President-Clerk Dave Mandelkern, Trustees Helen Hausman (via telephone), Richard Holober and Karen Schwarz, 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**

Trustee Hausman, participating by telephone because of an injury and subsequent surgery, thanked her colleagues for the cards, flowers and other messages they sent to her.

**DISCUSSION OF THE ORDER OF THE AGENDA**

In order to accommodate the Auditor, there was a request that items 10-1-103B, 10-1-104B and 10-1-105B be placed first on the agenda. There were no objections from the Board.

**RECEIPT AND ACCEPTANCE OF THE 2008-09 DISTRICT AUDIT REPORT (10-1-103B)**

Auditor Xiupin Guillaume noted the auditors' unqualified opinion that the financial statements present fairly, in all material respects, the financial position of the District. Ms. Guillaume encouraged the Board to read pages 4-18 of the audit report, titled "Management's Discussion and Analysis." She noted there were no adjustments to the audit report which required reconciliation to the audited financial statements. Ms. Guillaume said the District implemented a procedure to assure compliance with the 5% limits over concurrent students enrolling in summer session, as shown on page 82.

Vice President Mandelkern said he did not see redevelopment funds listed on the Governmental Funds or Proprietary Funds balance sheets. Chief Financial Officer Kathy Blackwood said redevelopment funds are included in the "Capital Outlay Projects" column on the Governmental Funds balance sheet. Vice President Mandelkern asked what the Internal Service Fund is; CFO Blackwood said it is the insurance fund.

Trustee Holober said he emailed questions about the audit report to Chancellor Galatolo and appreciates the prompt response from CFO Blackwood. Trustee Holober asked for clarification on the net movement of funds, i.e. transfers from the unrestricted general fund to others funds. CFO Blackwood said the spreadsheet she provided (a copy of which is attached to the official minutes of record) shows the amounts transferred to each fund; the total transfers from the unrestricted general fund were \$4.6 million. Trustee Holober asked if that is the net amount that was transferred out, with no offsets for other funds coming in. CFO Blackwood said that is correct.

**RECEIPT AND ACCEPTANCE OF THE 2008-09 KCSM AUDIT REPORT (10-1-104B)**

Ms. Guillaume said it is the auditors' unqualified opinion that the KCSM TV and KCSM FM financial statements present fairly the financial position of the stations. KCSM TV ended the fiscal year with approximately \$4.6 million in net assets, which included more than \$3 million in contributions and transfers from other District funds. During the year, District funds contributed about \$1.1 million for salaries and benefits. Expenditures paid by other funds that did not charge directly to TV were about \$927,000. Approximately \$1 million was transferred from the general fund to TV to cover deficit expenditures.

Trustee Holober asked for clarification of the net amount of transfers. CFO Blackwood said there was \$927,505 in indirect costs from other District funds. The District transferred a total of approximately \$1.1 million from the unrestricted general fund which does not count the \$1 million that stayed in Fund 1. Trustee Holober asked what the

\$3,058,411 from the restricted fund represents. CFO Blackwood said it is the total expenses incurred in Fund 3. Trustee Holober asked if that would be offset by some revenues. CFO Blackwood said it would be offset by revenues from the Corporation for Public Broadcasting, donations and transfers in from the District. Any apportionments generated through telecourses are reflected in Fund 1.

Vice President Mandelkern asked if the \$1.1 million from the general fund is all cash transfers or if there are any allocated costs. CFO Blackwood said the amount in Fund 1 represents salaries and benefits; the transfers are all cash from Fund 1 to Fund 3; the indirect costs are an allocation.

Ms. Guillaume said KCSM FM had net assets of \$837,000 and the District's contribution in indirect costs was approximately \$335,000. Trustee Holober asked what the direct and indirect net costs to the District were. CFO Blackwood said the \$335,000 in indirect support was the total transfer in from the District. The remainder of expenses were covered with KCSM FM's revenues.

#### **RECEIPT AND ACCEPTANCE OF THE 2008-09 GENERAL OBLIGATION BOND FINANCIAL AND PERFORMANCE AUDITS (10-1-105B)**

Ms. Guillaume said it is the auditors' unqualified opinion that the financial statements present fairly the financial position of the capital outlay – bond fund 2001 and 2005 elections. At the end of June 2009, the 2001 bond had about \$730,000 left, as the majority of projects related to the 2001 bond were completed. The total expenditures for the year were approximately \$6.4 million. The auditors reviewed about 52% of these expenditures and all expenditures audited indicate that the District did comply with the purpose of the bond as approved by the voters.

At the end of June 2009, the 2005 bond fund balance was approximately \$283 million. Total expenditures were approximately \$223 million. The auditors reviewed about 46% of these expenditures and all indicate that the District did comply with the purpose of the bond as approved by the voters.

Vice President Mandelkern noted there were interest and investment losses of approximately \$458,000 in the 2001 bond fund and \$12,000 in the 2005 bond fund. He noted that this is about one-half of the amount from the Lehman Brothers loss and asked if the other half was accounted for in a prior year or if it is from general fund or other non-bond fund losses. CFO Blackwood said it is from other non-bond fund losses in the Capital Projects fund.

Vice President Mandelkern noted that many companies change auditing firms periodically. Ms. Guillaume said that for the past several years, the firm has rotated the partners who work on the District audit. Executive Vice Chancellor Keller said the District issued a Request for Proposal a couple of years ago to make sure it was still getting value with the auditing firm.

It was moved by Trustee Holober and seconded by Vice President Mandelkern to accept the District, KCSM and General Obligation Bond audits. The motion carried, all members voting "Aye."

#### **MINUTES**

It was moved by Trustee Hausman and seconded by Vice President Mandelkern to approve the minutes of the Special Meeting of January 4, 2010. The motion carried, all members voting "Aye."

It was moved by Trustee Schwarz and seconded by Trustee Holober to approve the minutes of the Study Session of January 13, 2010. The motion carried, with Trustee Hausman abstaining and all other members voting "Aye."

#### **STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES**

Executive Reports were presented by Skyline College President Morrow, College of San Mateo President Claire, Cañada College President Mohr, Executive Vice Chancellor Keller, and District Academic Senate President Dilko. Copies of the Presidents' Executive Reports were available for distribution at the meeting and are attached to the official minutes of record.

Chancellor Galatolo said the District received funding for two federal earmarks in conjunction with Santa Clarita Community College District. The first earmark is for the University Center, for which the District will receive \$250,000 and Santa Clarita will receive \$100,000. The second earmark is for alternative energy programs, for which

the District will receive \$100,000 and Santa Clarita will receive \$400,000. The District will submit two additional requests for 2011, for alternative energy and career advancement academies in the health care field.

Chancellor Galatolo attended a memorial service for Dr. Harry Saterfield, his friend and colleague at Foothill College. Dr. Saterfield's wife, Sondra Saterfield, is an instructor of Psychology at Cañada College. Chancellor Galatolo asked that tonight's meeting be adjourned in memory of Linda Rosa Corazon, former Counselor and Transfer Center Coordinator at Skyline College, who recently passed away at age 54 in Mexico after a brief illness. Ms. Corazon was employed at Skyline from August 1992 through May 31, 2008.

President Morrow distributed copies of the *SparkPoint* newsletter. SparkPoint Centers are operated primarily by community organizations and Skyline College is one of the few community colleges in the United States to host a Center. The Center will allow Skyline to pull together a cluster of services for members of the community, including the Center for Workforce Development, the English Language Institute, the B.E.S.S.T. Program, Career Center and Financial Aid. Thanks to help from Vice Chancellor José Nuñez and the Construction Planning Department, Skyline was able to complete minor remodeling on the main floor of Building 1 which houses the programs. Skyline was awarded more than \$300,000 by the State Chancellor's Office to help launch the SparkPoint Center and also to support career and technical education. President Morrow referenced the article in her written report which reveals the origin of the "Trojan" mascot and school colors. President Morrow recognized Biology Professor Chris Case who was selected as a Phi Theta Kappa Faculty Scholar. Professor Case will serve as a facilitator for the 2010 International Honors Institute. President Morrow distributed brochures on the "Expanding Your Horizons" conference which will be held on March 20, 2010.

President Claire recognized former College of San Mateo quarterback Julian Edelman who had a successful rookie season with the New England Patriots. President Claire described the College of San Mateo fundraising campaign to attract additional funding during the fiscal crisis. He recognized Bev Madden and Dave McLain of Public Relations and Marketing for creating the *Support CSM* page on the College website which describes several simple ways in which members of the College community can participate in the fundraising campaign. President Claire said the semester is off to a good start despite the cancellation of classes on the first day due to a power outage caused by weather conditions. President Claire said Operation Welcome Mat was once again helpful in helping students find their way around campus.

President Mohr said Chemistry Professor Jeanette Medina was selected as the top community college chemistry teacher in the country by the American Chemical Society. Amelito Enriquez, Professor of Mathematics and Engineering, received the "Best Zone Paper" award from the American Society for Engineering Education Zone IV for his paper titled "Using Tablet PCs to Enhance Student Performance in an Introductory Circuits Course." President Mohr said Vice President of Instruction Sarah Perkins is working with faculty to create a Center for Innovation and Excellence in Teaching and Learning. The Redwood Symphony hosted nearly 100 students from the Hillsdale High School music program for a mentoring session which the students found very helpful. President Mohr said the vast majority of students who participated in the Math Jam program last summer and during the winter break placed higher on their placement test than they did the first time they took the test. President Mohr thanked Director of Auxiliary Services Tom Bauer who, along with his staff, responded immediately to solve a problem with cafeteria services on the first day of classes.

Executive Vice Chancellor Jim Keller said that shortly after the Governor presented his proposed budget, Standard & Poors lowered the bond rating for California from A to A- and said it is likely the State will have cash flow problems. Executive Vice Chancellor Keller said it is a clear indication of how the rest of the country's investment market is viewing the California situation.

President Dilko read the attached letter, dated December 18, 2009, which the District Academic Senate Governance Council shared with faculty at the end of last semester. President Dilko said that on Monday, January 25, faculty senate leaders met with College and District leadership. While a fair amount of the discussion included a review of College and District budget reduction activities, the three College presidents emphasized that their reduction plans were guided by their educational plans and College missions, and that further refinement of College missions and goals will be the groundwork upon which all future responses to the economic environment will be built.

President Dilko said the College Senate presidents emphasized the difficult choices that faculty leadership made over the past few months. They report that their faculty groups are ready, willing and able to work collaboratively with administration and colleagues across the District.

#### **STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS**

Claire Mack identified herself as the sixth recipient of College of San Mateo's Distinguished Alumni Award. She said she is very concerned about both KCSM stations. Ms. Mack said that because of the broadcasting program, she and many other students had a chance to grow and thrive. She subsequently had a successful radio and television career. Ms. Mack said she understands that someone is interested in purchasing KCSM FM and she hopes it would not be at the expense of the jazz station which is the only one in the country that runs jazz 24 hours a day, seven days a week. Ms. Mack said that the station is known throughout the world and noted that alumnus Bob Matheson was able to teach around the world because of his telecommunications training at College of San Mateo. Ms. Mack said she hopes there is a way to keep the stations and continue to educate students.

Victor S.R. Moore said he is an award-winning independent film director who was educated in both the Broadcast TV and Cinema Departments at CSM. He said that given more time, money can be raised. For example, he said \$144,000 per year could be saved on the PG&E bill for the Suro Tower transmitter by converting to a solar panel and wind generation. Mr. Moore suggested airing more local programming for fundraising, such as "Cinema Insomnia." He also said merchandizing could raise millions of dollars and proposed mandatory preservation of old tapes. Mr. Moore said he will provide specific fundraising proposals to the Board by Friday.

Eric Martinez said he has been an Associate Dean at the University of California, San Diego and a senior technology licensing associate at Stanford University. He said he attended a KCSM Friends meeting to hear about ways to raise money for KCSM FM. He believes that very little time and attention has been put on valuing the assets of the station. He said it is easy to look at the expense side but difficult to come up with value on the plus side. He said that when licensing the inventions of Stanford, they took the intellectual properties out to the world and raised millions of dollars. He said KCSM FM has many assets, such as the KJazz Library. Mr. Martinez said that at the very dawn of the digital era in radio, to consider abandoning the radio and TV stations is very surprising. He said a good asset analysis has not been done and he urges the District to hire the proper people to conduct an internal evaluation of the asset value and find ways of making money. He predicts that in a short period of time, KCSM can be a net profit making center.

Doris Fox, a retired teacher and television producer, read portions of a letter she wrote to the Board in support of KCSM TV and KCSM FM. She also read a portion of a letter written by Shehraz Ditta, who referred in particular to the impact of the former *Computer Chronicles* series which was produced by Ms. Fox and is now archived on the World Wide Web.

Nedra Ross Moore, a former employee of KCSM, provided a brief history of the station. She said that KCSM has always been innovative and has been copied by other stations. Ms. Moore said she will submit a written history of the station to the Board. She said she realizes that the Board is not to blame for the financial crisis and is struggling with having to make difficult decisions.

Trustee Mandelkern asked that agenda item 10-1-3C, KCSM Follow-Up Report, be discussed at this time as a courtesy to those who were at the meeting because of interest in this topic. There were no objections.

#### **KCSM FOLLOW-UP REPORT (10-1-3C)**

KCSM General Manager Marilyn Lawrence presented a recap of previous presentations to the Board. She said Board members expressed a desire to retain the licenses but because of the District's financial situation, KCSM can no longer be financially subsidized and alternative plans for TV operations must be found. She said KCSM FM is not under consideration as long as it stays financially strong. Options that were proposed were to sell the station, contract for outside management, and lease spectrum. At the November 2009 Board meeting, KCSM was directed to prepare spectrum use Request for Proposal (RFP) documents.

RFP documents were created and reviewed by County Counsel and the FCC attorney. This took significant time and delayed the release until January 15, 2010, allowing responders less than two weeks to respond. The RFP was sent

to six possible spectrum users: Daystar, LinkTV, Northern California Public Broadcasting, Peoples Republic of China, Public Radio Capital, and Stanford. The RFP was sent on January 15 and responses were due on January 26. Daystar's response was late and could not be accepted. The Peoples Republic of China did not respond because of the lack of time to work out production and editing details. No bid was received from Stanford.

Each of the three proposals that were accepted is complicated and has many stipulations with each opportunity. Additional costs come with some of the opportunities and labor requirements are different with each opportunity. Ms. Lawrence said the limited time for response had an impact on what was received.

Public Radio Capital would take over operations and staff of both radio and TV. They want to lease the primary channel; Ms. Lawrence does not believe it is permissible to give up the authority of the primary channel but is checking with the FCC attorney.

LinkTV is offering \$100,000 annually plus 10% of their pledge profits. They will not do children's programming so the station would have to add some additional children's programming to the primary stream at a cost to the station of \$20,000 to \$30,000.

Northern California Public Broadcasting wants to lease two channels, one for their school-age children's educational programming and the other for their Life channel. They are offering \$100,000 annually for each channel.

A contract with Sezmi Corporation was not included in the RFPs because rather than leasing a channel, they want some bandwidth to use in different ways. The estimated income from Sezmi would be \$112,000 in the first year, \$326,000 in the second year and \$600,000 in the third year. Sezmi is willing to negotiate a first year guarantee.

Ms. Lawrence said the proposals received in response to the RFP are good for 60 days from January 26. She recommended that the District refuse all proposals and cast a wider net with more time to respond. She said the current respondents will still be interested and additional ones will submit RFPs.

Vice President Mandelkern asked if the 6 Megabits of spectrum use suggested for a Sezmi contract could be combined with any of the other proposals. Ms. Lawrence said it could.

Trustee Holoher asked if a new RFP would be doing essentially the same thing but allowing more time. Ms. Lawrence said some potential responders did not bid because they wanted more services than were shown in the proposal. There was too little time to work with them but more could be added with new proposals.

Trustee Holoher asked if all of the leases of streams allow continuation of KCSM's programming. Ms. Lawrence said this is the case. Trustee Holoher asked Ms. Lawrence if she could estimate how much higher the bids might be with a second RFP. Ms. Lawrence said there could be thousands of hours of studio production time for which the station would be paid for labor.

Trustee Holoher said there has been a reduction in the subsidy to KCSM but it is still \$1.8 million and it comes out of the general fund. While there is an educational component, a spreadsheet prepared by Vice Chancellor Jing Luan indicates there are only 8.1 FTES in the broadcast program. Trustee Holoher said the funding to KCSM means that other classes will be cut and thousands of students will not be offered the opportunity to get education and career training and the Board must view this as the most important factor. Trustee Holoher said that while it might make sense to provide an opportunity to receive more and better proposals, he does not believe it will get KCSM where it needs to be financially.

Vice President Mandelkern asked if it would be possible to keep the primary TV channel on the air in a limited form, in hopes of times getting better, by combining the most economically optimal proposals and reducing the general fund subsidy to zero or near zero. Ms. Lawrence said she will investigate this further but believes the station is already operating at a minimal level.

Trustee Holober said he would like to know at a future time whether there is an inventory of assets. Ms. Lawrence said the value of assets in radio concerns electronic storage for ease of use and copyright holdings. She said KCSM does not have copyright use for anything except to play on air, with the exception of a few recordings the station has done live. She has not done an analysis on the value of CDs and albums. On the television side, Ms. Lawrence said many of the tape have been ruined by getting wet and there would be little remuneration for those that were saved.

Trustee Schwarz said Ms. Lawrence has been working hard on solutions for a year and asked how soon a recommendation can be brought to the Board concerning what to do about the deficit. Ms. Lawrence said it would take another 30 days to try to get better offers. Trustee Schwarz said 30 days would be acceptable but after that time, it should come to the Board as an action item. She added that it should be clear what the recommendation is for both the TV and radio stations. Vice President Mandelkern agreed and asked that the recommendation be brought at the February 24 meeting.

Trustee Holober said sale of the TV station has been discussed and asked if it is possible to get an idea of the market and responses within the same timeframe. Ms. Lawrence said an RFP for the sale of the station might take more than 30 days. She added that if the station is for sale, no one will want to lease.

President Miljanich asked if the Board is considering deferring casting a wider net. Trustee Schwarz said she is not in favor of deferral; she believes there should be one more opportunity and then it is time for a decision.

Chancellor Galatolo said his understanding is that the Board approves providing 30 days to cast a broader net to get more favorable lease options or other offers. He asked if the Board would then pursue further options if the responses came back close to what they are now. Trustee Schwarz said the Board would expect a recommendation at the end of the 30 days. Executive Vice Chancellor Keller said he understands that the Board wants to reduce the general fund subsidy to zero or near zero. Chancellor Galatolo said if those are the parameters, staff might be entertaining a futile position because he understood Ms. Lawrence to say only a little more revenue might be generated with a new RFP. He said staff needs direction from the Board on the next steps in the process. Trustee Holober said the Board is waiting to receive the recommendations from the College presidents. When going through the recommendations, funding for the stations will be one of the items the Board looks at in the context of what the District will preserve and reluctantly not preserve. He believes the Board needs to know by the February 24 meeting if there is improvement in what is being offered by responders to the RFP. Vice Mandelkern said the Board owes staff and the public a decision on KCSM and it needs to be brought to a conclusion along with other budget items.

To clarify, President Miljanich said the Board will allow another 30 days to look at leasing options. She asked if when the 30 days are over, it would be the end of the conversation, or if the Board expects a recommendation that would include what the next steps are. The Board agreed unanimously that the latter is the case.

## NEW BUSINESS

### APPROVAL OF PERSONNEL ACTIONS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (10-1-3A)

It was moved by Trustee Holober and seconded by Trustee Schwarz to approve the actions in Board Report No. 10-1-3A. The motion carried, all members voting "Aye."

### APPROVAL OF CONSENT AGENDA

The Consent Agenda consists of the following Board Report:

10-1-1CA Approval of 2010-11 Budget and Planning Calendar

It was moved by Trustee Hausman and seconded by Trustee Schwarz to approve item 10-1-1CA. Trustee Holober asked that this item be removed from the consent agenda for comment.

**APPROVAL OF 2010-11 BUDGET AND PLANNING CALENDAR (10-1-1CA)**

Trustee Holober noted that if the State budget is not passed on time as it has not been in the past, this calendar might not be realistic. Chancellor Galatolo said that this may be true but there is still a requirement to present a planning calendar. After this discussion, the motion passed, all members voting "Aye."

**Other Recommendations**

**APPROVAL OF CHANGES TO DISTRICT RULES AND REGULATIONS: ADOPTION OF NEW POLICIES 1.00, THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT; 2.55, EMERGENCY RESPONSE PLAN; 7.20, STUDENT EQUITY; 7.22, STUDENT CREDIT CARD MARKETING; 7.23, ATHLETICS; AND 7.70, STUDENT DISCIPLINARY SANCTIONS; AMENDMENT OF POLICIES 7.69, STUDENT CONDUCT AND 8.70, FEES AND CHARGES; ELIMINATION OF POLICIES 7.71, STUDENT DISCIPLINARY ACTION; 7.72, SUSPENSION AND EXPULSION OF STUDENTS; AND 7.75, EMERGENCY PROCEDURES (10-1-1B)**

It was moved by Vice President Mandelkern and seconded by Trustee Schwarz to approve the changes as detailed in the report. Vice President Mandelkern asked if the changes are in conformance with the State recommendations that we usually rely on. Barbara Christensen, Director of Community/Government Relations, said the District follows recommendations of the Community College League of California.

Trustee Holober asked if it is true that the League provided policy 1.00 at the District's request but it is not a standard policy. Ms. Christensen said it is a standard policy. Trustee Holober said policy 7.70 seems to eliminate certain student hearing rights under "Expulsion." Jennifer Hughes, Vice President of Student Services at College of San Mateo, said policy 7.73 is currently being reviewed and will contain language on hearings. Trustee Holober said that the "Expulsion" section references the physical safety of students and others and could imply that expulsion applies only if physical safety is threatened. Ms. Christensen noted that the policy states that a student may be expelled for good cause when other means of correction fail to bring about proper conduct or when the presence of the student causes a continuing danger to the physical safety of the students or others. Lori Adrian, Vice President of Student Services at Skyline College, said this language is consistent with the Education Code. Regarding policy 8.70, Trustee Holober asked if the \$1 per semester student representation fee is set by code. Vice President Adrian said it is and is outside the District's authority to change.

Vice President Mandelkern asked if the changes have gone through the shared governance process; Ms. Christensen said they have. After this discussion, the motion carried, all members voting "Aye."

**NOMINATIONS FOR MEMBERSHIP ON THE CALIFORNIA COMMUNITY COLLEGE TRUSTEES (CCCT) BOARD, 2010 (10-1-2B)**

President Miljanich asked if there were any nominations; there were none. President Miljanich noted that there is good local representation on the CCCT Board.

**ADDITION OF EARTH SCIENCE DEGREE – CAÑADA COLLEGE (10-1-3B)**

It was moved by Trustee Schwarz and seconded by Vice President Mandelkern to approve the addition of the degree as detailed in the report. The motion carried, all members voting "Aye."

**APPROVAL OF PROFESSIONAL SERVICES AGREEMENT WITH MEDIFIT CORPORATE SERVICES, INC. TO OPERATE THE SAN MATEO ATHLETIC CLUB IN PARTNERSHIP WITH THE DISTRICT (10-1-106B)**

It was moved by Trustee Hausman and seconded by Trustee Schwarz to approve the agreement as detailed in the report. President Miljanich said that at times Board members contact the Chancellor or staff to get questions answered or to let them know that questions will be asked. President Miljanich said there was a series of questions submitted regarding this report which, in her assessment as president, would require much time and detail for staff to respond and went beyond normal, acceptable questions to ask. In addition, several of the questions related to potential litigation and should not be addressed in public session. President Miljanich said she believes that the Board's power lies in its ability to act together as a Board. She asked if the Board would like to discuss this issue and also have a discussion about whether it is necessary to have the answers to the submitted questions in order to move forward tonight. She asked Vice President Mandelkern, the asker of the questions, if he had any further



questions or comments. Vice President Mandelkern said he had no further questions but will make a statement before the vote is taken.

Trustee Holober said the question seems to be about process and whether the Board feels a need to get specific answers before voting on the recommendation. He said he is operating under the assumption that this is a time sensitive issue. Chancellor Galatolo concurred, saying that in order to begin the Fitness Center operation when the building is ready for use, it is critical to address the issue tonight. President Miljanich said some of the questions could be answered in a fairly short amount of time and could be answered tonight if it is the wish of the Board.

Trustee Schwarz said it is important to deal with process first. She said the Board was given an eight page, very detailed report. She said she respects the right of any Board member to ask one or two clarifying questions but found it offensive to see a list of 17 very detailed questions. Trustee Schwarz said that if having the questions answered is a condition for a particular Board member to go forward, it is entirely his concern. She said it is her opinion that the Board should deal with the item on the agenda and ask any pertinent, clarifying questions at this time. She said she understands the recommendation and has no further questions on it.

Regarding sending questions to staff, Trustee Schwarz said she believes such questions should be shared with all Board members because they might also learn from the responses. For example, she said she would have appreciated receiving the questions sent to staff regarding the audits.

Trustee Holober said that regarding process, it would be a good idea for the Board to have a discussion on the right way to handle requests. Trustee Schwarz suggested continuing the discussion on process during Board member comments.

President Miljanich asked if there were questions about the recommendation before the Board. Trustee Holober said he has heard mention of use of redevelopment funds as a funding source for this project and wants to clarify where the funding is coming from. Executive Vice Chancellor Keller said that if there is a contribution in the early years, it will come from redevelopment funds which are part of the capital outlay balances. Trustee Holober asked if it is correct that there will be no transfers of any unrestricted general fund money into the fund that runs this program, including direct and indirect costs. Executive Vice Chancellor Keller that that is correct, but with some qualification because, unlike the cafeterias and bookstores, the Fitness Center will work alongside the educational program and the amount of cost absorbed by the educational program vs. the Fitness Center will depend on how fast memberships grow, etc. Chancellor Galatolo said there has never been a plan, nor will there ever be a plan, to use any unrestricted general funds.

Trustee Hausman said the idea of the Fitness Center is to try to improve the financial situation of the District. She said it is complicated and there are always some concerns with new projects but she believes it should move forward. President Miljanich agreed that there is some risk but said sometimes it is necessary to take risks. She said that based on the track record of innovation in the District, she has confidence that this will be successful and it has her support.

Vice President Mandelkern presented a statement which is attached to the minutes.

President Miljanich said she understands that all Board members have to do the best they can to make decisions. She said that people need different levels of information in order to feel they are meeting their responsibilities. She said she respects Vice President Mandelkern's comments and appreciates his explanation.

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

**ACCEPTANCE OF DYKNOW SOFTWARE GRANT FOR CAÑADA COLLEGE (10-1-107B)**

It was moved by Trustee Holober and seconded by Trustee Schwarz to accept the grant as detailed in the report. Vice Mandelkern asked if there are any "hooks" for fees if the College wants to keep using the software. Vice President Perkins said she will investigate this question. Chancellor Galatolo suggested that the Board accept the recommendation conditional on the response to Vice President Mandelkern's question; if the response is not

satisfactory, the grant money can be refused. Vice President Mandelkern said this is acceptable as long as the grant money is not used until the response is received. All Board members agreed and the motion carried, all members voting "Aye."

**RATAIFICATION OF TELECOMMUNICATIONS USE PERMITS WITH SPRINT NEXTEL – DISTRICTWIDE (10-1-108B)**

It was moved by Trustee Schwarz and seconded by Trustee Holober to ratify the permits as detailed in the report. Vice President Mandelkern asked if there is potential negotiating upward. Vice Chancellor Nuñez said the District got a good deal on this. Executive Vice Chancellor Keller said the issue is not only revenue, but also trying to protect ourselves from unnecessary expenses. To this end, the District has concentrated on (1) making sure that the cell phone operators pay their own costs when they need to move and (2) denying the cell phone operators the ability to assign the contracts to anyone else. President Miljanich asked if Sprint Nextel's purpose is to increase reception. Vice Chancellor Nuñez said that is his understanding. After this discussion, the motion carried, all members voting "Aye."

**APPROVAL OF NONRESIDENT TUITION FEE, 2010-11 (10-1-109B)**

It was moved by Trustee Hausman and seconded by Vice President Mandelkern to approve the fee as detailed in the report. Vice President Mandelkern asked how the base fee and the capital outlay fee appear when the District advertises to students. Executive Vice Chancellor Keller said these two components must be shown separately because it is not permitted to charge the capital outlay fee to some students. After this discussion, the motion carried, all members voting "Aye."

**APPROVAL OF RESOLUTION NO. 10-1 REGARDING BOARD ABSENCES (10-1-110B)**

It was moved by Trustee Holober and seconded by Vice President Mandelkern to approve Resolution 10-1. The motion carried, with Trustee Hausman abstaining and all other members voting "Aye."

**BOARD MEMBER COMPENSATION (10-1-111B)**

It was moved by Trustee Hausman and seconded by Trustee Holober to accept the recommendation to decline an increase in compensation as detailed in the report. Trustee Holober said that in the future, he believes the Board should receive a report stating it is time for them to consider an increase rather than receiving a recommendation from staff. President Miljanich said she asked the Chancellor to put this item on the agenda as a recommendation, but agrees that it would be more appropriate to have it presented for Board discussion.

Vice President Mandelkern suggested that, given the cuts throughout the District, the Board take a 10-15% reduction in compensation. Trustee Holober said he would prefer that the Board make tax-deductible contributions to the District. Chancellor Galatolo said contributions go through the Foundation and donors may specify where they want their donation to go. A system is in place for monthly payroll deductions. It was the consensus of the Board that donations should be voluntary and that each Board member should decide on the amount of his/her contribution. After this discussion, the motion carried, with Vice President Mandelkern abstaining and all other members voting "Aye."

**APPROVAL OF AMENDMENT OF BYLAWS, SAN MATEO COUNTY COLLEGES EDUCATION HOUSING CORPORATION (10-1-112B)**

It was moved by Trustee Schwarz and seconded by Trustee Holober to approve the amendment as detailed in the report. The motion carried, all members voting "Aye."

**INFORMATION REPORTS**

**ACCOUNTABILITY REPORTING FOR THE COMMUNITY COLLEGES (ARCC) REPORT, 2009 (10-1-2C)**

Vice Chancellor Jing Luan said that in 2004, AB 1417 mandated the creation of a performance measurement system for the California Community Colleges System. In 2007, the System Office developed a comprehensive performance measurement report called Accountability Report for the Community Colleges (ARCC). As required by law, local governing boards are to review the annual ARCC report and have the opportunity to provide input and ask questions. The report presented tonight contains tables showing results for the college-level indicators for each

of the District's three Colleges, as well as a one-page self assessment report. The System Office recommends that, if a college wants to do a comparison, it use its own path of progress rather than using other colleges, except for those in the college's peer groups. Vice Chancellor Luan said the presidents and vice presidents from the three Colleges are present to answer questions.

In response to a question by President Miljanich, Vice Chancellor Luan explained the difference between Table 1.1, Student Progress and Achievement Rate, and Table 1.1a, Percent of Students Who Earned at Least 30 Units.

Trustee Schwarz said there seems to be a large differential between Annual Unduplicated Headcount and Full-Time Equivalent Students as shown in Table 1.7. Chief Financial Officer Blackwood explained that the District occasionally shifts FTES between years and the FTES shown in the table is after the shift. Headcount is not shifted.

Trustee Schwarz noted that the ethnic breakdown at College of San Mateo has shifted. She also commented that the following statement on College of San Mateo's self assessment page poses a significant challenge: "The College has experienced an increasing number of students with skills below college-level and this population is at most risk to drop out." President Claire said the College is using this indicator as part of the strategic planning process and one of the goals is to address this population within current budget constraints.

Vice Chancellor Luan said each of the Colleges is using ARCC in various capacities. President Miljanich said she used some of the data for grant writing for an education project to improve the educational outcomes for foster and delinquent youth. President Miljanich asked if there is a "multiracial" category in the Ethnicity of Students section. Vice Chancellor Luan there is no such category currently but he believes it is a matter of time before it is added. Vice President Mandelkern congratulated the Colleges for achieving impressive results. He asked the meaning of the code at the end of Table 1.11, Peer Grouping. Vice Chancellor Luan said the meaning of the code is unclear. He said the System Office consistently refines the peer groupings, which are based on mathematical calculations.

President Miljanich thanked all involved for an informative report.

#### **STATEMENTS FROM BOARD MEMBERS**

Trustee Schwarz attended the Foundation meeting at which two new members were added to the Board and new officers were elected. Trustee Schwarz also attended the San Mateo County School Boards Association (SMCSBA) meeting. Topics included a ballot measure regarding a California Constitutional Convention and a measure to reduce the passage of a parcel tax to 55%. The SMCSBA voted to support the initiative on the parcel tax and Trustee Schwarz asked if this Board would like to consider supporting it as well. President Miljanich said discussion of the measure will be put on the agenda for the February 24 meeting.

Trustee Schwarz said that on the issue of process which the Board discussed earlier, it might be time for the Board to bring in a facilitator to conduct a "boardsmanship" workshop. She would like to keep it at low cost and suggested that the League might offer such a service. President Miljanich said she agrees with the recommendation, keeping in mind that the Board has experienced members and the emphasis should be on making sure Board members are respectful of each other's viewpoints and are working together the best they can. Trustee Holober said he believes this is a good suggestion and would emphasize the benefit of discussing differences and fine tuning interaction.

Student Trustee Medrano Rosales said the Student Senates at the Colleges are working on educating students on the budget cuts. Students at College of San Mateo have organized a teach-in which will take place on February 2 and 3. President Morrow said a teach-in at Skyline will take place on February 17. President Mohr said a teach-in at Cañada will take place on February 3 and 4.

Regarding the Constitutional Convention measures, Trustee Holober said the SMCSBA might take action at a future meeting; he suggested that the Board might want to discuss this as well. Chancellor Galatolo said an information report will be prepared for the February 24 meeting.

Trustee Holober said the San Mateo-Foster City School District, and possibly another district, is currently holding an all-mail ballot parcel tax election and asked if the Board would like to consider passing a resolution in support of

the initiative(s). Vice President Mandelkern said the end date is February 23, requiring action to be taken at the next meeting. Chancellor Galatolo said a resolution will be prepared and presented at the January 30 Retreat.

Trustee Holoher said he had been expecting to be delving into the budget by this time. He believes it is important to agendize this issue and to conduct the discussions in as public a fashion as possible. His assumption is that the Board will start the process at the retreat and continue the review on February 10. He emphasized that he does not believe action on the budget should be taken at a retreat but should be done in a well-noticed regular meeting. Chancellor Galatolo said the budget discussion at the retreat is not an action item; discussion on recommendations will begin at the retreat and will continue on February 10.

Vice President Mandelkern said adequate time should be allowed to have full and open discussions. Chancellor Galatolo said the plan is to have discussions which will allow staff to formulate a formal recommendation to be done in an open way, with ample time for people to evaluate, react and respond.

### **COMMUNICATIONS**

President Miljanich said that since the last Board meeting, several letters and emails addressed to the Board of Trustees have been received; most were regarding the Coastside campus and KCSM.

### **RECESS TO CLOSED SESSION**

President Miljanich announced that during Closed Session, the Board will discuss the personnel items listed as Item 1-A on the printed agenda. The Board will also hold a conference with District Labor Negotiator Harry Joel; the employee groups are AFT and CSEA.

The Board recessed to Closed Session at 9:15 p.m.

The Board reconvened to Open Session at 11:50 p.m.

### **CLOSED SESSION ACTIONS TAKEN**

President Miljanich 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.

### **ADJOURNMENT**

It was moved by Vice President Mandelkern and seconded by Trustee Schwarz to adjourn the meeting in memory of Linda Rosa Corazon. The motion carried, all members voting "Aye." The meeting was adjourned at 11:52 p.m.

Submitted by

Ron Galatolo  
Secretary

Approved and entered into the proceedings of the February 10, 2010 meeting.

Dave Mandelkern  
Vice President-Clerk

The following was read into the record by District Academic Senate President Dilko during "Statements from Executives and Student Representatives."

18 December 2009

Colleagues,

This end-of-year message comes to you in difficult times. All across the state, community colleges are being challenged to adjust to an ever-changing economic environment. Daily, it seems that advocates for the colleges at the state and national level send us news of hopeful proposals that could ease the financial worries - only to dash our hopes within hours telling us that the proposals have been scuttled by political gridlock and increasing public debt. As a result, we are facing the worst economic crisis to hit education since Prop 13. The magnitude of the impact on our institutions and our students is unimaginable, but imagine it we must. And then, within our spheres of influence, we must work together collaboratively to bring our beloved colleges through these troubles with the strength and dignity that comes from facing adversity with a common goal.

In addition to honoring this core value of collaboration, the faculty has an obligation to work together with district administrators toward finding solutions to the economic challenges that face us. As a result of the passage of AB 1725, faculty members in California Community Colleges have a unique right and obligation to engage in academic and professional matters related to curriculum and program evaluation. Here in San Mateo, Board adopted regulation 2.06 states our "Board will rely primarily on faculty expertise on academic and professional matters as listed through the established Academic Senate processes;" this is sometimes referred to as the "10 + 1." Regulation 6.13 further states "The processes for curriculum development, educational program development, program review, and program viability will culminate in recommendations to the Board of Trustees through the Chancellor, or designee, for approval of curricular additions, consolidations, and deletions."

Thus, in response to the State mandated reductions to categorical, the general fund and a cap on enrollment, many of us have been actively engaged in conversations about how to continue to provide first rate education while streamlining programs and services. Unfortunately, these are the very programs and services that we feel are integral to the delivery of the high quality educational system and that we have helped to create. And while these conversations have not been comfortable, the District Academic Senate leadership would like to express gratitude to the many individuals who have given precious time and great wisdom to the process. At Cañada College, well over 22 faculty members participated in discussions this fall regarding program improvement and viability, institutional integrity and they have proposed some major program reorganizations. At CSM well over 30 faculty members served on PIV committees, negotiated section reductions and administrative reductions. And at Skyline College approximately 30 faculty members served on special committees, the Planning Council, the Budget Committee, and the PIV oversight committee. Finally, at all three colleges there have been dozens of additional faculty members, both full and part time, reflecting on their programs and offering suggestions for streamlining or improvement. Most of these individuals will not brag about the work that they engaged in because all share in the grief and loss that comes with drastic change such as we are facing. What holds them together is the commitment to the common goal of maintaining the integrity of their institution. We thank them, and acknowledge their work.

We, your District Academic Senate Governing Council (DASGC), have been equally engaged with the process. By supporting the work of the three local Senates, and reporting Senate activities to the Board of Trustees, we are the voice of the faculty in this process. We are committed to maintaining the primacy of the faculty in academic and professional matters as reflected in the 10 + 1. We are committed to working as a unified district body on behalf of the students and faculty at our colleges. And we are committed to holding ourselves and our administrators accountable to the collaborative processes that are mandated through our shared governance agreements. And while we understand that the Trustees play a critical role in maintaining the fiscal solvency of the District due to their fiduciary responsibility as elected officials, we encourage them to honor the shared governance processes as they exist at the colleges. Again, we believe that we will come to the wisest decisions if we work through these challenges together.

The following is a statement by Vice President Mandelkern, presented during discussion of agenda item 10-1-106B, Approval of Professional Services Agreement with Medifit Corporate Services, Inc. to Operate the San Mateo Athletic Club in Partnership with the District.

These are extraordinary times that require us to make tough decisions about how to allocate limited resources in order to fulfill our highest priority, and I quote, "our core mission of providing transfer education and workforce training to as many students as possible. Basic skills classes which are focused on preparing our students for our core mission courses as noted above are also necessary and appropriate." I think that the San Mateo Athletic Club is a very innovative concept that could potentially bring many benefits to our District, including greater community engagement with our San Mateo campus and a significant contribution to our general fund. If the Board votes in favor of the proposal in front of us tonight, I will work as hard as I can to ensure the success of this new venture and will personally support it. I also trust the judgment of our Chancellor and District management team and appreciate the hard work they have put into planning and implementing the Athletic Club concept to bring it to this point. However, as an elected Trustee, my primary responsibility is not to our Administration but to the people of San Mateo County; to ensure that our public resources are spent as wisely as possible in order to fulfill our core mission and to provide the best possible community college educational offerings for this county. My thinking in approaching this vote was to view the Athletic Club as a new business venture being proposed for our District, which requires a certain amount of initial investment to produce a certain potential long-term result. While I trust our Chancellor and District management team, I feel that my role as a Trustee is to not only trust, but also to verify that public's money will be put to work with risk factors that are reasonable and understandable. When I ask questions of our management team regarding this project, they are two-fold; to not only better understand the risks and business issues inherent in the new venture in order to inform my own judgment, but also to make sure that our management team understands and has thought through the key issues, business factors, and risks involved so that I am confident that we will have a successful venture with an acceptable element of risk. Based on the level of information provided to the Board over the past several months, and the reluctance of the District management to answer my more detailed questions about this project, I must ask myself if this was a Silicon Valley startup company and I was a venture capitalist, given what I know this evening, would I invest in it? If I were putting my personal money at risk, given what I know this evening, would I invest in it? I believe that government in general, and our Community College District in particular, has a key role to play in providing solutions to many of the needs of our communities. More so at the state and national level than the local level, we have all seen recently the extent to which the public mistrusts the ability of government to make wise choices and effectively deliver programs and services. To me, the key to maintaining the public trust, and one of the reasons that the public is more comfortable with decisions made at the local level, is that we are much more directly accountable, and as elected officials we insist that decisions regarding the expenditure of public resources be made using good judgment and common sense, as if we were spending our own money because ultimately it is our own money that we are spending. This may be a very valid and appropriate proposal, but at this point, in my judgment, I do not have sufficient information to vote in support of it at this time.

On January 25th, the DASGC is hosting a special meeting the college presidents and vice presidents as well as Chancellor and Vice Chancellor of Educational Services. This meeting will be an opportunity for District administrators to update the District Senate leadership on the proposed reductions for 2010/2011, and to expand upon the conversation about District-wide approaches to address the budget crisis.

Signed,

Patty Dilko, President DASGC  
Ray Hernandez, President ASGC Skyline College  
Diana Bennett, President ASGC College of San Mateo  
Martin Partlan, President ASGC Cañada College