

**BOARD OF TRUSTEES
LONG BEACH COMMUNITY COLLEGE DISTRICT**

**Minutes of Meeting of
September 7, 2004**

The meeting of the Board of Trustees of the Long Beach Community College District, County of Los Angeles, California, was held in Building FF, Dyer Assembly Hall, Pacific Coast Campus, 1305 Pacific Coast Highway, Long Beach, on September 7, 2004.

CALL TO ORDER

The meeting was called to order at 4:00 p.m., the items to be discussed in closed session were announced and the meeting was adjourned to closed session.

The meeting was reconvened in open session at 5:10 p.m., in Building FF, Dyer Assembly Hall, Pacific Coast Campus.

Report of Action in Closed Session

President Kellogg: Before we move on, Madam Secretary, if you could please read a statement regarding our closed session, please.

Asst. Secretary Hann: Thank you, Mr. President. "Based upon the urgent need to consider an additional item (personnel) to the closed session agenda, it was moved, seconded, and approved, all Board Members present, except Board Member Otto, who was absent when the matter was added to the agenda, that one additional closed session agenda item be added regarding employee discipline. (Government Code 54957.)"

President Kellogg:

Thank you and there are no other items to report of the closed session.

PLEDGE OF ALLEGIANCE

Member McNinch led the Pledge of Allegiance.

ROLL CALL

Present: President Kellogg, Vice President Clark, Member McNinch, Member Otto, Member Uranga, Student Trustee Bollinger

WELCOME AND INTRODUCTIONS

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President Kellogg welcomed everyone to the meeting.

APPROVAL OF MINUTES

President Kellogg: Is there a motion for approval of the minutes of August 24, 2004?

It was moved by Member Uranga, seconded by Member McNinch, that the minutes of the meeting of August 24, 2004, be approved as distributed. The motion carried, all voting aye.

ORDERING OF THE AGENDA

There were no changes in the order of the agenda.

REPORT OF BOARD OF TRUSTEES

Committee Reports

No Report

STUDENT TRUSTEE

Gina Bollinger: Members of the Board of Trustees, Dr. Kehoe and members of the audience, the ASB cabinet will be attending their orientation retreat on September 11th and 12th at the Sheraton Hotel in Downtown Disney to introduce new members to policy and procedures, as well as team building. The PCC council held their orientation on August 27th, where they developed their goals and objectives for the 2004-2005 school year and also the PCC council is currently in process of electing a chair for the PCC council. Thank you.

President Kellogg:

Thank you- school is back in session.

PUBLIC COMMENTS ON AGENDA ITEMS

President Kellogg: At their request, members of the public may address the Board of Trustees on any item prior to or during the Board's consideration of that item. A five (5) minute time limit will be allotted to each speaker, with a maximum of twenty minutes for each subject, unless extended by the Board President. There were no public comments.

The following items were part of the Consent Agenda

HUMAN RESOURCES (Academic)

It was recommended by the Administrative Dean, Human Resources; the Executive Vice President, Administrative Services; and the Superintendent, that the Board of Trustees approve/ratify the following actions:

Appointments

Stipends

45

HUMAN RESOURCES (Classified)

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It was recommended by the Administrative Dean, Human Resources; the Executive Vice President, Administrative Services; and the Superintendent, that the Board of Trustees approve/ratify the following actions:

APPOINTMENTS

Probationary	1
Temporary	6
Exempt From the Merit System	186

INSERVICE CHANGES

Mileage – Limited Term Employee	2
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PERSONNEL COMMISSION ACTIONS

Bargaining Unit	3
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SEPARATION FROM THE DISTRICT

Resignation	2
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FINANCE AND PURCHASING

It was recommended by the Executive Vice President, Administrative Services, and the Superintendent, that the Board of Trustees approve the following actions:

FINANCE

Appropriation Transfers

There were no appropriate transfers.

Salary Warrants

Ratify issuance of salary warrants listed on Register No. 4204 through Register No. 4205 for the period of August 2, 2004 through August 13, 2004, in the amount of \$874,621.56 as listed.

Register No. 4204 Issue Date 08/10/04	Warrant Nos. 0727434 – 0727548	\$	551,659.81
Register No. 4205 Issue Date 08/10/04	Warrant Nos. 0727549 – 0727834	\$	322,961.75
	Total Salary Warrants Issued	\$	<u>874,621.56</u>

Commercial Warrants

Ratify issuance of commercial warrants for the period of August 2, 2004, through August 13, 2004, in the amount of \$2,799,825.18 as listed.

Period Ending August 6, 2004

Unrestricted General Fund	\$ 529,356.29
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Restricted General Fund	7,526.36	
General Obligation Bond Fund	51,636.70	
Community Service Contract Ed	22,429.94	
Student Financial Aid Fund	1,656,855.50	
Stadium Operations Fund	<u>302.39</u>	\$ <u>2,268,107.18</u>

Period Ending August 13, 2004		
Unrestricted General Fund	\$ 206,573.66	
Restricted General Fund	70,442.77	
Child Development Fund	4,053.61	
Capital Outlay Projects Fund	29,540.35	
General Obligation Bond Fund	161,992.00	
Student Financial Aid Fund	27,920.41	
Payroll Clearing Fund	<u>31,195.20</u>	\$ <u>531,718.00</u>
	Two Weeks Total	\$ <u>2,799,825.18</u>

Included in the total expenditure of \$2,799,825.18 are the following payments greater than \$25,000, excluding employee benefits and utilities:

Unrestricted General Fund 01

1. \$50,000 to USPS (United States Postal Service), first annual installment for postage for meters.

Capital Outlay Projects Fund 41

1. \$26,307 to Dell Marketing L.P., for Dell Servers, PeopleSoft implementation hardware.

General Obligation Fund 42

1. \$143,874 to AC Martin Partners, Inc., for professional engineering services from April 21, 2004, to June 30, 2004, for the Liberal Arts Campus and Pacific Coast Campus.
2. \$ 51,637 to RMA Construction Services, Inc., for professional services from June 1, 2004, through June 30, 2004, for Bond program technical support.

PURCHASING

Bond Contract Awards

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CN 22007.1 - Authorize the Executive Vice President, Administrative Services to approve the selection of the responsible contractor from the responsive bidders for the construction of the District Facilities & Warehouse Complex (Tech Phase 2 – Interim Facility) at the Liberal Arts Campus, paid with Measure E Bond Funds.

CN 22007.2 - Authorize the Executive Vice President, Administrative Services to approve the selection of the responsible contractor from the responsive bidders for the construction of the Boiler Replacement Building R – Men’s Gymnasium at the Liberal Arts Campus, paid with Measure E Bond Funds.

CN 22008.8 – With Electrical Reliability Services, Inc. to provide electrical monitoring and recording services for the Infrastructure Master Plan for both the Liberal Arts Campus and the Pacific Coast Campus from September 8, 2004, through November 30, 2004, for the amount of \$60,180.00.

Contract Awards

CN 99607.6 - Authorize the Executive Vice President, Administrative Services to approve the selection of the responsible contractor from the responsive bidders for the construction of the Child Development Center at the Pacific Coast Campus, paid with Proposition 47 Funds and Measure E Bond Funds.

Bid C0515 – With Graybar Electric Co, Inc. for the purchase of switchboards and transformers in the amount of \$29,105.18 for the Boiler Replacement Building R – Men’s Gymnasium at the Liberal Arts Campus, paid with Measure E Bond Funds. District is establishing a pricing agreement for the period of August 1, 2004 through June 30, 2005, with the option to renew for additional one year periods, not to exceed three years.

Bid 21-0001/14 (Long Beach Unified School District Bid) – With Gateway Computers, for a pricing agreement for the purchase of Gateway computers to extend the termination date from June 30, 2004, to June 30, 2005. Prices are to be in accordance with tabulated prices or less.

Bid No. 03-04-A4554 - (Arvin Union School District) with Sierra School Equipment Company for a pricing agreement to purchase furniture from July 1, 2004, to June 30, 2005. District has the option to renew for additional one-year periods through May 21, 2008. Prices are to be in accordance with the bid tabulated pricing.

Purchase Order Approvals/Ratifications

Authorize the issuance of purchase orders for the period August 2, 2004, through August

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13, 2004, in the amount of \$223,949.61 as listed.

49193 – 49197	\$223,949.61
Total Amount	\$223,949.61

Included in the total amount of purchase orders of \$223,949.61 are the following items greater than \$25,000:

Unrestricted General Fund - Fund 01

PO 49195	Lease of passenger vans Transportation and ASB	
	Account No. 564000-01-677000-0000	\$16,527.96
	Account No. 564000-01-699900-0000	\$16,527.96

General Obligation Bond Fund – Fund 42

PO 49183	Agreement for concrete and delivery Sidewalks	
	Account No. 568000-42-710400-5407	\$25,000.00
	Account No. 568000-42-710600-5607	\$25,000.00

ACADEMIC AFFAIRS, STUDENT SUPPORT AND ADMINISTRATIVE SERVICES

It was recommended by the Vice President, Academic Affairs; the Executive Vice President, Administrative Services; the Vice President, Student Support, Planning and Research; and the Superintendent, that the Board of Trustees approve the following actions:

Agreements

CN 93086.7 – Ratify – With Presbyterian Intercommunity Hospital, to provide a clinical practice site for School of Creative Arts and Applied Sciences Dietician Program, to extend the termination date from July 31, 2004, to July 31, 2006, at no cost to the District.

CN 93103.6B – Ratify – Amend - With United of Omaha, to include an additional person to the retirement window of June 30, 2004, effective July 1, 2004, for an initial premium installment of \$9,600 for 2004. Additional premium installments will be due July 1, 2005, July 1, 2006, July 1, 2007, and July 1, 2008, in the amount of \$9,600 each.

CN 93104.7 – Ratify – With Keenan & Associates, as Administrator for the District's membership through the Statewide Association of Community Colleges Joint Powers Authority (SWACC), charges of which are per project basis, for the fee covering the Veterans Stadium Project in the amount of \$45,594, and the fee for the Tech Phase II Project of approximately \$216,436.

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CN 93108.5 – Ratify – Amend – With Brethren Manor, to provide use of facilities for District classes, to extend the termination date from June 30, 2004, to June 30, 2005, at no cost to the District.

CN 93111.2 – Ratify – Amend – With Covenant Manor, to provide use of facilities for District classes, to extend the termination date from June 30, 2004, to June 30, 2005, at no cost to the District.

CN 93114.5 – Ratify – With the Chancellor’s Office, California Community Colleges, to provide funding for the “Women in Trades and Technology Education” Program. This program is designed to provide outreach, support, training and guidance in highly skilled, high-wage vocations, effective May 3, 2004, through July 31, 2005. Amount of funding is \$29,000.

CN 93114.6 – Ratify – Amend – With Pacific’s Theatres dba: Pacific’s Cal Bowl, to provide bowling facilities for District classes, to change the corporate name from Pacific Theatres, to Nationwide Theatres Corporation dba Pacific’s Cal Bowl, effective August 16, 2004.

CN 93115.9 – Ratify – With the Chancellor’s Office, California Community Colleges, to provide funding for the Tech Prep Program activities with the District, Long Beach Unified School District, and California State University, Long Beach, effective July 1, 2004, through June 30, 2005. Amount of funding is \$68,800.

CN 93116.2 – Ratify – With the Long Beach Unified School District (Unified), for Long Beach Community College District to provide partial reimbursement of salaries for Unified’s Career Counselors and stipends for the Summer Career Fair participants, effective July 1, 2004, through June 30, 2005, for the amount of \$5,000.

CN 93116.3 – With the State of California, Department of Education, to provide funding for private non-profit and licensed child care centers to assist with training children to acquire good eating habits and provide nutritious meals for children 12 years and under, effective October 1, 2004, through September 30, 2005. Amount of funding is approximately \$23,000.

CN 93116.4 – Ratify – With South Bay Workforce Investment Board, City of Hawthorne, to provide community service and/or work experience for GAINS participants, effective July 1, 2004, through June 30, 2007, at no charge to the District.

CN 95003.7 – Ratify – With Delta Dental Plan of California as Administrator of the Long Beach Community College District self-insurance program for eligible employees and dependents at an administration fee of \$9.52 per employee per month, effective July 1, 2004, through June 30, 2005.

CN 95003.9 – Ratify – With Delta Dental Plan of California, to provide the family rate for eligible Associated Student Body (ASB) employees (Group #6568) and dependents, effective January 1, 2004, through December 31, 2004, at a cost of \$116.08 per employee per month.

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CN 95004.2 – Ratify – With Los Angeles Regionalized Insurance Services Authority (LARISA), for participation in the collective purchase of group life insurance for eligible District and ASB as underwritten by Hartford Life Insurance Company at a rate of .237 per \$1,000, effective October 1, 2004, through September 30, 2005.

CN 95011.3 – Ratify – With Delta Dental, to provide coverage for academic retirees, effective August 1, 2004, through December 31, 2005.

Use of Facilities

None.

Donation

Accept the donation from Wilderness Energy Systems, 8755 Parthenia Place, North Hills, CA 91343, of miscellaneous bicycle hub motor kits, one complete 20” bicycle, and one 15hp AC-Delco 5”x11” series DC Motor, for use in the Advanced Transportation Technology Center, and request that a letter of appreciation be sent.

It was moved by Member Clark, seconded by Member McNinch, that the items on the Consent Agenda be approved and authorized.

The motion carried, all voting aye.

ACADEMIC SENATE (Title 5, Section 53203)

Approval of New Associate of Arts Degree and Career Certificate

Janice Tomson: Yes, I’d like to submit a Career of Certificate for Library Technician to you for approval for this evening. This certificate prepares students to work as Library Technicians in various positions in the library.

President Kellogg: So, can I entertain a motion of approval? Motion by Trustee Clark, seconded by Trustee McNinch on item 8.1. The motion carried, all voting aye.

SUPERINTENDENT-PRESIDENT

Report on Board Meetings-Format of Minutes

President Kellogg: Before recognizing Mr. Vice President Oakley, instead of traditionally Dr. Kehoe, she has, like many people in the state of Florida with the weather there, she is unable to make it back to Long Beach because of the flight schedule going through Miami and so unfortunately she is not here. She’s in route we hope, and hopefully safe, and she should be back here, but she will not be able to be at this meeting tonight. So for that reason, I will call on Mr. Vice President Oakley to give the Superintendent-President’s report.

Vice President Oakley: Well, I certainly won’t be as eloquent, but basically the one report that I have on the President’s behalf is if you recall at the last meeting this Board requested that Dr. Kehoe review the issue of Board Meeting Minutes and specifically the issue of verbatim and non-verbatim minutes. We went back, and as you see in front of you, you

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should have a brief report that shows a list of community colleges that were telephoned on August 25th regarding the format of their board meeting minutes and those districts were the Coast Community College District, Riverside Community College District, Pasadena Community College District, Glendale, Rio Hondo and Santa Monica Community College District. And, as you see there, the findings were that all of these reported to us that their minutes were typed as recorded actions, not verbatim. We also have here Spencer Covert, from Parker & Covert, listed the education code that allows us to record our minutes as recorded actions as well. So, if there is anything further that you'd like the staff to do, let us know- otherwise that's the Superintendent's report.

President Kellogg:

Thank you - questions from the members of the trustees, Trustee Clark?

Member Clark: Let me ask, we usually have a recording of the meeting, do we not?

Vice President Oakley: Yes, as well as it's videotaped.

Member Clark: Do we keep those for any period of time?

Vice President Oakley: Um, I'd have to ask Cindy Hanks.

Cindy Hanks: For a year.

Vice President Oakley: For a year.

Member Clark: So there is a record, a full verbatim record available within a three-year period.

Cindy Hanks: Audio only.

Member Clark: Audio - thank you.

President Kellogg: As far as since we televised, those records are kept for how long?

Cindy Hanks: There is no determined point, it's not legally mandated, so...I don't really know how long Joan's keeping them - we're certainly going to keep them for as long as the Board requests.

President Kellogg: I don't think they'll sell like - you mean like they do at the tonight show they package them for the greatest shows and then they sell them?

Member McNinch: You never know.

President Kellogg: I don't think we'll be having that kind of demand. But we do have, as Trustee Clark mentioned, we do have a record.

Member Uranga: Where can, if someone were to walk into the archives, of any of the past meetings in terms of what was said, and when- where would they go?

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Cindy Hanks: They would go to Jackie.

Asst. Secretary Hann: You mean written form?

Member Uranga: To the President's office? To the trustees' secretary?

Cindy Hanks: To the secretary in the President's office.

Member Uranga: Is there a requirement, does the person have to pay a fee or does the individual have to be a - show a student ID or some kind of other identification in order to get these records?

Cindy Hanks: You'd want to ask Jackie on that.

Asst. Secretary Hann: Well, as far as I know, are you talking about reading the written minutes, reviewing?

Member Uranga: Whatever documents that they would have.

Asst. Secretary Hann: It's open to the public, they can review them, I know other districts who charge a fee to review them, or a copy of .

Vice President Oakley: It's my understanding that they're made available if there's a public records request, and if they require us to duplicate them then we would charge for that duplication.

Member Uranga: That makes sense.

Member Otto: I would ask a question of our V.P. for Administration. Do you have any sense of what the cost savings would be if we moved from verbatim minutes to action minutes?

Vice President Oakley: Currently, to record verbatim minutes it requires us to have about .75% additional staffing to complete that. If we went to recorded actions, then we would be able to pull back from that staffing level and we should be able to get it done with the basic staffing that we have in the President's office.

Member Otto: And what would you estimate that savings to be?

Vice President Oakley: Probably at least somewhere in the area of \$30-\$35,000.

Member McNinch: So moved.

President Kellogg: The motion will be to clarify which motion that we're going to be discussing.

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Member Otto: If I can help out, I would second what I presume to be the motion which is that the Board of Trustees go from verbatim minutes to recorded minutes, that the tapes of the meetings be kept for one calendar year, and that after that, they can be destroyed. That access be permitted but that at a reasonable cost for duplication or use of staff time could be authorized subject to the administration. Was that the motion?

Member McNinch: I'd like to amend that. To keep the videotapes for 5 years, because it gives us a history of what we've been doing. Would that cause a storage problem Mrs. Hanks?

Cindy Hanks: No, none at all.

Member Uranga: They're digital.

Member McNinch: Thank you.

President Kellogg: All right. So the motion reflects those comments that was made by Trustee McNinch, second by Trustee Otto. Any discussion members of the Board at this time on this motion?

Vice President Oakley: If I may, President Kellogg, I believe it would probably be prudent to bring it back on the next Board agenda as an action item because it wasn't listed as an action item for this meeting, it was listed as an informative item.

President Kellogg: So this item will be presented on our agenda of our next Board meeting. All those in favor of that, please indicate by saying aye, oppose? That motion carries.

ACADEMIC AFFAIRS

No Report

STUDENT SUPPORT, PLANNING AND RESEARCH

No Report

ADMINISTRATIVE SERVICES

2004-2005 Adopted Budget Workshop

Vice President Oakley: Okay, I'll switch hats and if I could ask you to switch seats. You should all have - the Board members should all have a copy of the presentation that I'm about to go through as well as a copy of the Unrestricted General Fund Budget. You do not have a copy yet of the entire Long Beach Community College District Budget, that will be finalized and prepared for your adoption at your next meeting. This is just Budget Workshop and at your next meeting you'll have the budget for your approval at that time.

First of all, let me acknowledge some folks who had a lot to do with the presentation. I want to acknowledge the Budget Advisory Committee who has continued to work in a spirit of cooperation at finding ways of alleviating some of the issues that we've had in the budget and trying to come up with ways to reduce our expenditures and that committee continues to do that, and of course, a lot of that is through the support of my co-chair, Janice Tomson. I want to further acknowledge the Fiscal Operations staff, which is headed by Dr. Duane

Lowe. They have spent countless hours and weekends putting this information together. I want to make sure that we acknowledge them because we have asked them to close the books on 03-04 as quickly as possible, which is a huge effort so that we can be able to better predict what our beginning balance is for 04-05, thus alleviating any strains on the budget that may or not have been an issue now that we know what our real ending balance was. So, they have spent countless hours putting this information together.

Okay, first of all, let me review what we know now was the performance of the 2003-2004 budget year. You have in front of you the general categories of revenues and expenditures for what was budgeted in 03-04 at the Adopted Budget and what the unaudited actuals came in that showed us where our money went and what the variances were in what we budgeted and what we wound up spending at the end of the year. So, you can see there were some variations in our revenues and some cases we got more money after the prior year recalculations were done at the State Chancellor's office and we benefited from those. Again, every year, and I'll go through this again when we talk about this year's budget, the state sort of works in arrears. We really don't know what our revenue is until after the school year and until after the state knows how many districts made their cap and how many districts made their growth numbers and how much money the state actually has to fund. State apportionment- we typically don't know that until really after the year is over and we still may face other recalculations, but so far fortunately most have been in our favor. So you see, revenue was budgeted at \$91.4 million, we actually received \$93.5 million - you see the variance. Under expenditures, you see the various types of expenditures - academic, classified salaries, employee benefits, books, supplies, services, operating expenditures and capital outlay are major expenditures. You see the variance in academic and classified salaries we wound up spending more money on salaries than we had budgeted, as well as the employee benefit line, which makes sense because that's tied to the academic and classified salaries. Books and supplies, services, and operating expenditures - we made major reductions and those were as a result of all the efforts that we made throughout the year to scale back expenditures, knowing that we couldn't do anything about the salaries, most of the pullback was in these areas and also the last month of the fiscal year in June we froze all the expenditures, so that's also reflected in these numbers. And then, the capital outlay numbers which are relatively small, since we have not done very many capital outlay projects out of the state...out of our General Fund, we primarily used the bond fund, but we did have one expenditure that was related to the Honeywell Energy Project that we had entered into several years back and we had a payment that was due this year. Other outgo, transfers to other funds, you see the variance there - we had to transfer an additional \$1.4 million that wasn't originally budgeted. Duane, can you remind me what that transfer was for - was that for the retiree health fund? That was to pre-fund retiree health benefits as you recall and as I know trustees have received information from the league- all community colleges are faced with the fact that we are going to be asked to pre-fund retiree health benefits. We started doing this last year as a result of our accreditation study, we started a year early, so we made that transfer last year, were making the same transfer this year, so we've already begun pre-funding retiree health benefits, which of course is now a requirement of the Government Accounting Standards Board. So you have a total expenditure and other outgo and we show a variance of \$5.6 million, which left us with an operating deficit of \$3.4 million. And, of course, therein lies part of our problem that we'll talk about in this year's budget.

Member Clark: That came out of the reserves?

Vice President Oakley: Essentially yeah, once we exceed the budgeted amount, it comes out of our reserves, whether it's Board designated or otherwise. At the end of the year, which are then replenished at the beginning of the new fiscal year, which essentially that \$3.4 million carries forward and comes out of this year's budget. And of course, we have to begin the year allocating the reserves that we are required to allocate, so it comes directly out of what we otherwise would have had to spend.

Okay, moving on, that's for now last year's performance. This year- State Budget highlights. Enrollment fees went up, from \$18-\$26 per unit. I think we've all heard that, but the Governor failed to get his differential fee imposed that of \$50 per unit for students holding a bachelor's degree, or higher. We did receive 2.41% in COLA for general apportionment, matriculation, EOPS and DSPS; 3% general enrollment growth funding. In the budget there is 3.65% allocated but the .65 has specific requirements and that .65 is going for only districts that had unfunded growth at P2 of last year, and, we of course, we are not in that category, we did not have unfunded growth, we did not report unfunded growth. There are districts in this state who grew more than their cap, their cap that's imposed on them by the State Chancellor's office. The cap basically sets a limit on what the state will fund the college for.

Member Otto: Is that measured by enrollment?

Vice President Oakley: By enrollment, by full-time equivalent students. Yes. So some districts had more- reported more full time equivalent students than they were funded for, they were over cap.

Member Otto: Like L.A. and San Francisco?

Vice President Oakley: Like L.A., particularly, yes. And so they will benefit from the .65 that was added to the 3% growth during the budget negotiations.

Member Otto: Is it possible to construe that exceptional growth number in the context of Equalization money that was put in the budget you say we saved \$80 million didn't you?

Vice President Oakley: Yes, the next line shows \$80 million for Equalization statewide is included in the budget- of course \$80 million is the first of three installments, in order to get districts up to the 90 percentile. But, in terms of how it relates to, for example, and I don't mean to pick on L.A., but how they were able to fund their over cap growth partly that could be related to that they receive more money per student than we do, but the other issue is they have an economy of scale that we do not. They have nine colleges and they are able to absorb some of those students a little bit better than we are. But nonetheless, we were in a situation where we could not afford to grow beyond our cap because once you add those additional sections you have to take that additional funding for the instructors away from somewhere else. So, we did not, we managed our growth- to where we were supposed to grow.

Member Otto: I guess the question that I'm asking is that does the fact that L.A., let's say L.A. for this point, was funded for growth beyond their cap, mean that if that level were

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supposed to be with the \$80 million for Equalization are we now in a position where what we expected to achieve by that \$80 million is less?

Vice President Oakley: I don't believe so. The issue with Equalization is being funded per each full-time equivalent student that we teach the same as the other districts were funded at a higher rate, it's sort of an issue of equality. Now, I would say you ought to make the argument that because L.A. and other districts were able to lobby the legislature they receive more money than they should have. Because we are typically penalized for growing over cap and they were not. But I don't believe it puts us in a worse position. It would have put us in a worse position if they would have pulled that money for the extra growth out of the Equalization and funded that growth with Equalization, that would have been a problem.

Okay, and finally one surprise that we received was the Governor vetoed \$31.4 million of Partnership for Excellence Funds, which were rolled into our base this year which translated into a direct hit of \$577,000 to Long Beach City College. So, those are the highlights of the State Budget.

Member Otto: Is this part of the Excellence for Partnership Program?

Vice President Oakley: Yes and no. The Partnership for Excellence dollars have been rolled into our base, so they no longer exist as a separate line item. And thus, they're eligible for COLA now. But the reporting requirements are still being discussed and to date we're still required to report on those goals, the same as we have been. But that issue is still being discussed how that's going to evolve.

Okay, so what does that mean for us in 04-05 - the major financial changes. Because the obvious question is we're getting more revenue, why do we have this problem of having to continue to look for ways to reduce expenditures. And we've tried to lay it out, as simply as possible. First of all, on the left hand side you see the new revenues - 3% growth. What that came up to, and of course those numbers are in the Unrestricted General Fund Budget, 2.41% COLA and what that means, and by the way, let me highlight the asterisk. The asterisk under growth deficit - I have not seen a year yet where the state has funded growth at 100%. We have budgeted at 100% of growth. Last year the state funded .62 cents on the dollar for growth. So, there is a possibility that we'll get funded 100% for growth but I wouldn't bet the farm on it. So, that is an issue that we could face later on down the line, we could be deficiated in growth, therefore, the money that we budgeted was too much and we would have to make an adjustment somewhere down the line. 2.41% COLA, we budgeted there - we did apply a 1% deficit factor to that because we have already heard that it is very likely the state will not fund 100% of COLA and/or general apportionment. So we've included a 1% benefit factor to try to be on the safe side. Even that's low - last year they funded .98 cents on the dollar, so that is not something we have control over. That's sort of what happens at the end of the year when all the dollars are counted and when we know how many districts reported to their growth cap as to whether or not the state or how much the state will be able to fund. We do know, that if everyone in the state reports to their growth cap, the state cannot afford to fund at 100%. We've already heard that. So, how much we get funded for is an unknown-what I can tell you and what I would be willing to bet is that we won't be funded at 100%. Okay, so Equalization - that is in the budget. That's a done deal for this year and we hope

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that you continue pushing for the other three installments of Equalization. And then the PFE veto is in there, so a total of 6.1 million dollars of new revenue.

Now on the costs side. There are some pretty basic costs that are our problem. We've laid out sort of a total of about \$8.2 million in additional costs and as you can see that's where our problem lies. We have the natural step in column increases that occur in our full-time academic and classified ranks. The increase in health insurance - now it is certainly true that we were able to negotiate with Blue Cross and reduce our premiums for the PPO, the medical PPO and the medical HMO. What we weren't able to do was achieve those results with Kaiser, which we experienced about a 9% increase. With Delta Dental we experienced a 6% increase and with our Vision Plan, which was about a 5% increase as well. So all told the entire benefits package there is an increase of \$383,125.00, which, compared to several of our previous years, is a pretty good deal - we've seen some much higher increases in the past. Increase for STRS - last year full-time, those who were in the STRS retirement program, were able to and are still able to have most of, if not all, of their compensation qualify for STRS. Before only your basic compensation was what we call "STRS-able," now all the overload that the faculty do as well as stipends and things of that nature, qualify for STRS, so the amount that we're paying for STRS increased from year to year. And then of course the increase in our workers' compensation costs are due directly to our experience in the costs of medical care for the treatment of those employees.

Diane McNinch: A few years ago, we decided to withdraw from the joint powers of the college district to save money with workers' comp., did we make a bad decision?

Vice President Oakley: Absolutely not!

Member McNinch: Okay, just checking.

Vice President Oakley: Part of the problem that we had, is due to that JPA. We have what are called tail claims. When we were in that JPA and still today we are self-insured. So, we don't buy a policy in which we pay the premium one year and those claims go away forever. We self-insure those claims and we did so through that JPA, so those claims stay with us for the life of the claims. And so those claims have exceeded the amount that was budgeted for in the years that those injuries occurred- the JPA did not fund those enough to keep up with the pace of inflation. So, we're having to go back and pay those claims, as well as the claims going forward. We received about a 6 or 7% increase in our work comp. claims cost, which is much smaller than the majority of other JPA's or other districts received. So, the other question I get is - when will the reforms kick in. The reforms will kick in going forward. They don't have anything to do with our previous experience and work. comp. premiums are based on your experience, not necessarily what's going to happen in the future. As time goes on, as those reforms take hold, the cost of work. comp. should go down for us because those claims will not be as costly and there's more controls over the medical care of those claims. So as time goes forward, this number should come down. But again, the number you see here is what we're paying for the past.

Member Clark: I noticed that you have an increase from STRS, was there any increases from PERS?

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Vice President Oakley: There was an increase for PERS - remind me, Duane, what that percentage was?

Dr. Lowe: Slightly.

Vice President Oakley: For PERS? Okay. I guess at the end of the day... 'cause they had been bouncing around some numbers and I guess at the end of the day it actually came in lower than what they had been projecting, so that's why you don't see that up here.

Member Otto: I'm not sure that I understood the basis for the increase in STRS. Did you say that it used to be based on the base salary and now...

Vice President Oakley: Yes, we would pay the contribution based on the base salary but now faculty have the ability to include in that formula other compensation above and beyond that, like overload, or like stipends. It's part of the total compensation package so the STRS calculation applies to that total compensation. So that increases our contribution rate.

Member Otto: Is that negotiated or does that come from STRS?

Vice President Oakley: No, that came from STRS, that's a state, that's a statutory issue that was negotiated under the Davis Administration.

Then, I mentioned the capitol projects cost for the Honeywell Energy Savings program. Again, there's a cost to the energy savings program - the idea is that we reap benefits in utility cost equal to or in excess of this cost - and those tend to happen, but every once in awhile, we have to fund the payment for that program and we have to fund \$536,000 of that payment this year out of the General Fund. And we have an increase in professional services and, again, we put asterisks there because the bulk of this is due to the fact that we did not expend fully the contract for the Long Beach Police Department in 03-04. We under spent by quite a bit. A lot of that was due to the fact that they did not incur all of the start up costs that were in the contract, which may be deferred till this year. So, it's really not an increase in the contract amount, it's again relative to what we spent last year- it is an increase because we did not fully expend the contract amount for the Long Beach Police contract. Part of that is due to the fact that they haven't bought equipment that they need, part of that is they weren't fully staffed with the entire complement that's in their contract that was originally budgeted for but will catch up to us this year because they have been able to staff up with a lot more permanent employees than what we originally began with. And then, of course, the big hit is moving forward the 03-04 operating deficit of \$3.5 million into this year's budget. So, that puts an \$8.2 million drain on the budget that we didn't have last year. So, when you compare the new revenues, putting aside everything that we do day-to-day, taking the new revenue that we receive, comparing it to the additional costs that we have this year, that's where we have the problem that we've been talking about of needing to trim \$2.1 million in order to balance the budget and not have an operating deficit.

Okay, so moving on from there, this is just a comparison to let you see the different components of the Adopted Budget and the different funds, what our budget expenditures are in the different funds- just in case there's any questions where the expenditures are occurring. And of course the ones that we are focusing on right now is the Unrestricted

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General Fund, which is 60% of the budget. And, the others are Restricted Funds. And then just a visual of where the pie is broken up and then the 03-04 budget versus our current proposed budget. You see revenues again, expenditures, and then this is sort of the executive summary of the budget. I won't go through each in detail, but you can see we do have total new revenues- change of \$3.5 million. Expenditures - total change of about \$3 million from what was budgeted in 03-04, which leaves an operating surplus of \$123,689, versus what we had predicted last year. So that's a comparison of the 03-04 budget, versus the 04-05 budget, which is a little misleading because unaudited actuals came in much different than the 03-04 budget. But, I think it's important to understand how the budget looks relative to what it looked last year. I think the important thing is, to look at the beginning balance. We began 03-04 with a \$6.6 million beginning balance, were beginning 04-05 with a \$4.5 million beginning balance. Obviously somewhere along the line, we have lost \$2.1 million and again that's attributable to the operating deficit we had at the unauditable actuals of 03-04.

Member Kellogg: Expenditures- the last line reserved for contingencies, why the significant difference- what was the reason for 03-04 be that number and 04-05 be essentially...

Vice President Oakley: I will ask Dr. Lowe to explain that because it does have a difference between the way the budgets were set up this year.

Member Kellogg: It's more of a bookkeeping...

Vice President Oakley: Well, I'll let him explain it, whether than try to confuse the issue.

Dr. Lowe: I'm sorry, the question again.

Member Kellogg: Expenditures- reserved for contingencies for the 03-04 budget \$84,507, for 04-05 there's only \$5,000, what were we holding for reserve a year ago that we're not holding for reserve today.

Dr. Lowe: Okay, the \$5,000 for the proposed budget is from the Personnel Commission. If you recall a few Board meetings ago, the Personnel Commission submitted its budget and that submitted budget included a reserve for contingencies of \$5,000.00. The \$84,507 in the 03-04 Adopted Budget included that Personnel Commission reserve, but it also included some contributions to the Unrestricted General Fund from the Community Services and Community Educating Fund. In that contract of Community ED Fund, the college provides contract services and requests the participation of faculty members. Part of the agreement is that some of the proceeds from those contract services will be returned to the instructional departments. In the past, instructional departments sometimes did not know or have a definite plan how to spend that money and was recorded here as a reserve for contingencies. For 04-05 instead of budgeting those proceeds as a reserve of contingencies we've budgeted them as instructional supplies.

Member Kellogg: The differential is in another account?

Dr. Lowe: Yes, basically that difference went from this line item to this line item. So what in this year was recorded here- now is budgeted here.

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Member Clark: Eloy, would it be accurate to say that the beginning balance is the reserve?

Vice President Oakley: Yes and no. Beginning balance is essentially what helps us get to the bottom line and set aside the reserves. So, if we have zero beginning balance, we would still have to come up with a reserve, but it would have to come out of the operating budget. So that we have a beginning balance means that we would have to pull additional money out of the budget to create the reserve. So essentially in a long about way it falls into the reserves at the end of the day.

Member Clark: Are the reserves higher or lower than those figures?

Vice President Oakley: Let me get to that question in just a second when I talk about the reserves. But, if I could just go back to clarify Duane's answer again- we do, as you can tell, have a problem in supplies. We're budgeting less this year than last year. So, part of the rationale for moving that money is working with departments- if they're going to receive revenue from any source let's put it in supplies rather than holding it in contingency because we knew we were going to have a problem budgeting the same amount of supplies as we did last year. And of course a lot of that problem is related to the fact that the first thing we have to do is fund expenditures for salaries, which are sort of a fixed cost. And that sort of leaves the discretionary funds, like book supplies, services and operating expenses as the one line item, the one or two line items, that pick up the slack. So, in any case, that's a comparison of the two budgets. Let me move on to answer some of the other questions. Again, this is just a General Fund summary of where the money is in this year's budget. And again, the issue came up last time as a percent of expenditures- where are we with our salary and benefits. At Adopted, excuse me, at Tentative Budget we reported to you that we were at 91%, that number has dropped down to 90.1% which, is in the right direction. But still in an area that does require a lot of attention because it tends to be an indicator of financial distress within districts. So, it is a number we need to continue to work on and we are implementing strategies to deal with that, that I will talk about in a second. And again, the trends of our operating surpluses or deficit 01-02 we had a \$6.9 million operating deficit; 2002-2003 we had a \$10 million operating deficit; and in 2003-2004 we had a \$3.4 million operating deficit. The good news is that we have more than cut in half the operating deficit. The bad news is that we have spent about \$20 million more than we received in revenue. So, that is an expenditure pattern behavior that is problematic. And that is exactly what the Budget Advisory Committee is working on, what the Executive Committee is working on- is changing our expenditure patterns, so that we can live within the balanced budget that we're presenting. Now again, the hopeful sign is that it looks like we have turned the corner, revenues are picking up and we have much more control of expenditures. We still got a ways to go though. So, some of the strategies to eliminate the deficit are to implement a rigorous system of position control. That is, in the financial module for PeopleSoft, and through other means, to implement control so that positions are not hired - are not put into the system without going through a rigorous check and balance to ensure that we can afford the position. That has not always been the case. And of course, since personnel costs are the biggest part of this pie, we really need to get our arms around when and how do we hire new positions, and what happens when people vacate positions.

Member Otto: Is that available through PeopleSoft software where we can do it on a more frequent basis, where we can know from moment to moment where that is?

Vice President Oakley: It is available through PeopleSoft, as well as things that we have to do proactively ourselves that we've begun doing already. But, it is, we do have to get to the point where we have real-time information, particularly in fiscal, as to when people are hired, how they're hired, so that there's no lag there.

Program the financial system to encumber salary and benefit costs, monthly. What that means is to allow the system, when we read our budgets, that it shows the cost - the dollars for salaries and benefits are already encumbered for the entire year. So that there's not a false perception that there are funds available to fund something else and then give the illusion that you can try and manipulate salaries, benefits, to receive some cost savings and then at the end of the year balance your budget. Sometimes that works, sometimes that doesn't work- and we can't afford it when it doesn't work anymore. So, if we put in a system by which if there are salaries and benefits for positions at the beginning of the year, they're encumbered for the entire year, so you can't do anything with them. If that position is vacated, then at that point, fiscal can work with the department of the Vice President to remove that funding from that position, but that would have to be done through fiscal. So that's another control that we currently don't have now. And then to produce monthly expenditure reports on the status of salary and benefit budgets for the Executive Committee so that we can proactively manage these budgets on a monthly basis rather than waiting until the horse has left the barn, per se. So again, these all have to do primarily with the personnel side because we do hire limited term employees; we hire employees for vacant positions all the time and we really need to proactively manage those resources so that we're not faced at the end of the year with increased personnel costs that were not budgeted for at the beginning of the year.

Member Otto: How that will be, the third point, work differently next year than where were at now, from a practical point?

Vice President Oakley: From a practical point, last year, we implemented hiring freezes, or hiring chills, but in many cases because different needs come up there was some cases in which positions were filled anyway, or decisions were made and departments took vacancies in their own hands, or there was just confusion about exactly what the policy was. So these issues were dealt with, but they were dealt with after the fact. These controls would allow us to deal with them before they actually begin to incur expenditures. And thus, giving more control over that entire hiring process because again that's the biggest cost driver. So, that would change the way we do business in that regard. It's actually the way we expect to do business, but the system does not allow for those controls as it currently stands. And so it's human nature we are trying to put a fence around right now.

Member Otto: I haven't been through this before, but it sounds like 90.1% of our projected budget is salaries, benefits, for all of our employees- so that's the dog.

Vice President Oakley: That's the dog, because that leaves about 9% left for discretionary spending and in that 9% you have other fixed costs like utilities, service contracts, so it really doesn't leave a whole lot.

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Member Otto: So, that's the only way to control that the way that it worked, at least this last year, or probably in the past, was that once the budget was adopted, positions were identified- those positions were filled as they became vacant and what-not and there was no control system to measure that against the actual financial status.

Vice President Oakley: Against the actual financial status, or in some cases, when the budget was developed there were positions that were already in recruitment process that weren't linked to the budget- that link wasn't occurring and we learned after the fact- that well, that position has already been flown, so we got to go ahead and fill that position. This would not allow that to happen. So that human resources would not fly a position knowing there was no funding because fiscal operations would be involved and that link would be made ahead of time rather than after the fact.

Member Otto: So who now, as opposed to in the next year's budget, will have the discretion to make the decisions to hire people.

Vice President Oakley: The discretion is at the Executive Committee level. Every position now that we hire, comes to discussion at the Executive Committee. Now, there are some differences obviously in the way we hire full time faculty and classified, because we are required to maintain certain full time faculty obligation. So, those positions we have to continue meeting that obligation, but certainly, any vacancy in classified ranks, or any limited term employee, has to come to the Executive Committee with rationale, as far as, and as well as, what the fiscal impact is going to be.

Member Otto: So the responsibility doesn't change- the Executive Committee was responsible for those decisions this year, they will be responsible next year, but next year they will have more information on a monthly basis because you'll implement a system that gives them more up-to-date data of the status versus our budget.

Vice President Oakley: It gives them more information about the budget and puts in controls that should disallow some of the previous practices to go forward this year.

Some of the other, hold on a second, by the way, let me just go back to Tom's question, I think I skipped over that question. The reserves- in your budget if you turn to the handout that you have it would be page 20, the very last page, under designated reserves, we show a board mandated reserve in this budget of 4-1/2 %. That differs from the reserve that we proposed at Tentative. At Tentative we proposed a 4% reserve.

Member Otto: I don't think I have the right page, what is the heading?

Vice President Oakley: It says Long Beach Community College District 04-05 Adopted Budget Unrestricted General Fund. It's a spreadsheet. It's on page 20 where I'm looking, and this is just, again, just the Unrestricted General Fund which we brought here because it has the greatest impact on the college's operations. But we show a reserve of \$3.8 million for the 04-05 Budget. That is a 4-1/2 % reserve which, is what the Board as policy has required the District to have. The Board elected in 03-04 to reduce it to 4%, and at the Tentative Budget Workshop I proposed to maintain the budget at 4% at that time. In this budget we prepared it at a 4-1/2% reserve going back to the reserves that the Board has

designated it in policy. Now, the reason for that change is, we do feel that there has been a difference in the proposed beginning balances- if you recall at Tentative, we estimated the beginning balance about \$3.1 million. Because of the efforts of the fiscal operations staff in closing the books in time for this presentation, we realized about a \$1 million difference when we closed the books and sorted out through all the expenditures. And a lot of that was due to the fact that we were able to shut down expenditures for the month of June. So that increased our beginning balance- so that increases the amount of revenue we have available to the college. As well as some of the new revenue that we saw in the revenue numbers from the Adopted Budget, although many of those were are budgeted at Tentative. So the main difference was a million plus that we realized once we closed the books in our ending balance for 03-04. That allows us to propose a 4-1/2% reserve without changing any of the dynamics that we presented at Tentative, plus you would even have a little bit more revenue available in the budget than you did at Tentative. As it currently stands, this budget does allow for more resources than the Tentative Budget did. So, it is certainly still up to the Board, whether you want to leave it at the 4-1/2% or instruct us to do otherwise, but at this point we prepared the Adopted Budget at a 4-1/2% reserve, and the Vacation Payoff and Loadbanking Reserve stayed the same, which leaves us with the \$4.5 million total designated reserve, which basically equals our beginning balance, to answer your question Tom. Any questions on the reserves?

Member Otto: Something else- I'm looking at the local revenues. We didn't hit our goal last year for local revenues. I'll take a guess and say we cut 220 class sessions, therefore, there were fewer opportunities available for students to enroll that might give us some of those goals in revenues?

Vice President Oakley: Actually the enrollment really doesn't have anything to do with our local revenues. Local revenues primarily come from facility rentals, as you can see, summer recreation programs, other non-instruction related items. As well as, we receive periodic refunds for past years premiums in either work. comp. programs or things of that nature, benefit programs and as well as we're always involved with different settlements of different claims that we've submitted to the state for past years. Last year we had a FEMA check that was cut to us finally after so many years after the floods over at PCC so those are the things that affect local revenue, different things that come in that are really not related to instruction, they're related more to our operations and some of the ancillary programs we have. So, as well as international students, non-resident fees, things of that nature. So, I'm anticipating your question, which is how- what would make us think that we would achieve those numbers. At this point we feel comfortable that we will achieve those local revenue numbers, but they are subject to risk.

Member Otto: Otherwise, the facility rentals is just an accounting thing you moved into other local revenues.

Vice President Oakley: No, we moved it into a separate fund, the stadium- Veterans Stadium Fund- so that it would be a stand alone fund so we could clearly see how much the expenditures are and how much its making. So last year wasn't in a separate fund. This year we moved it so it had shown in the General Fund Ledger as moving out of there.

Member Otto: And would that double our other local revenue?

Vice President Oakley: At this point we anticipate were budgeting \$1.9 million in total- in other local revenue from various sources that we feel will materialize. Some of that may not. For example, we have several claims in for, like I said, we continue to put claims in through FEMA, other agencies that we continue to work with to recoup money that we spent in previous years; for capital projects; for premiums that we paid in different programs throughout the years that we feel we deserve a refund from- we continue to fight for those type of things and mandated cost sometime, but we don't expect to receive any money from mandated costs from the state, but there are other programs that have those kinds of costs that we will continue to search for.

Member Clark: Wasn't there, as I recall, one time when we had some residual property tax?

Vice President Oakley: No, it wasn't residual property tax. What happened was, we joined a joint powers authority that essentially became a collection agency for us. In each district there are delinquent property taxpayers. Of course, we receive revenue from the property taxes- so when they don't pay, typically what happens is the IRS eventually gets involved and at some point gets that money back, when they file their taxes. What several districts did was create its own depository, which essentially became a collection agency- they financed these receivables and so we were able to get the money now, rather than wait several years. So we've gotten the money for the last three years and we are going to get an installment this year and that's part of local revenue as well. Unfortunately that amount has decreased over time because there aren't as many delinquent taxpayers that we're financing anymore. But, essentially that's what we did, we financed it, the finance company picked up the receivables, they paid the JPA, the JPA disburses the money to us so that we don't have to wait several years to recoup that money.

Member Uranga: Last meeting I brought up the concern about services for students, and what that reserve amount would mean- you did make a statement that it would get a little better after having gone through closing the books, that we were in better shape. If we hold a better or higher reserve- what effect is that going to have on these types of services? (Member Uranga was not at a microphone- this made it very difficult to hear exactly what he said. The video was not available at this time.)

Vice President Oakley: Well, you know, and again, there's no doubt that this budget, particularly if you look at the decrease in supplies and operating expenses, that it will have impacts on various services that we offer, either through our administrative services, student support services, or otherwise. However, specifically related to, as you mentioned tutors or supplemental instruction- supplemental instruction was impacted in the tentative budget because much of the money that funds that area for student assistance or tutors was cut in the Tentative Budget. Now, I am aware that the Executive Committee, and particularly the Vice President of Academic Affairs is working to resolve that issue. And funding in the Adopted Budget increased somewhat to allow some help in that area. But, I can't at this point comment specifically on exactly how much supplemental instruction will or will not be funded because that's really an issue for Academic Affairs as far as what do we offer in terms of supplemental instruction. So, it's difficult for me to say how much if any supplemental instruction will be cut at this point. I could probably say that it will be cut, I just don't know how much. And I don't know if Joyce Black would like to comment, but I

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know she's working through that issue and we are trying to make resources available to alleviate some of that problem. But, there is no question that supplemental instruction will be hurt unless some priorities are changed within in the construct of this budget. There are resources there and it becomes a matter of where you want to apply them. As far as counseling, I'm not aware that its had any major impact on counseling, I don't know, Dr. Byrd you want to comment at all on that?

Dr. Byrd: Just a couple of comments- the impact has been primarily on part time hourly counseling because if you'll look at the budget itself, we added two full time counseling positions. There's actually a plus in terms of increase by 8% increase overall regular counseling hours. But we have sustained some reduction in the hourly. We're attempting to implement some processes that will mitigate that negative impact so that we can offer counseling, more online counseling, those kind to try and replace. Again, it won't replace all, because in our district we have sustained some budget cuts, but we've been able to replace much of what we lost. Although we've had one counselor retired and we added two.

Member Uranga: In terms of our, as Trustee Otto mentioned earlier about our local revenue, how long- let me rephrase that. We rent our stadium and we rent our gym, we rent out available facilities to planning organizations- whoever has a need for these facilities. I'll take a wild guess we had a rate by which these individuals rent these facilities. Have we made any proposals to either increase that or revisit how we could raise more revenue through local revenue in terms of getting more? We got a new carpet going out there at that stadium, could we raise the fees?

Vice President Oakley: You're correct and certainly there are ongoing efforts to look at the revenue side of this equation, which is, can we raise more revenue? And that is ongoing and I'll talk specifically about what we're doing, but we have to realize that is problematic because we are...our purpose isn't to generate revenue and there are various IRS restrictions that we have from competing against commercial businesses. Because if we appear to be competing, then we are subject to the same IRS tax rules, and thus we owe tax on those profits. So, it is a difficult issue- we do have some restrictions, notwithstanding that, we are making efforts to increase revenue through Economic and Resource and Development, which that is one of our primary missions is to raise revenue through fee-for-service programs. Through what you mentioned, we are revitalizing the track and field to allow us to offer more time for rentals for that stadium and that work that we're doing will allow us to increase the availability of that field to international soccer, of course track, and to several other events, and by the same token, not allow the field to deteriorate, which is our problem now. So we are looking at ways to increase local revenue, but there is sort of a ceiling, there's only so much effort we can put into it, because we run into other problems that discourage us from competing against other entities in the District.

Any other questions on this? Obviously, were proposing a 4-1/2% reserve, it's certainly up to the Board from a policy standpoint if you want to reduce that by some amount. But, at this point, there are more resources in this budget, then were at Tentative, are there enough resources here to cover all the needs that have been identified- no. If you reduce the reserve to 4% will there still be needs- yes. So, its just a matter of what the comfort level is with the Board, and of course, we always have the opportunity to come back mid-year to make adjustments if necessary - if something changes dramatically and we have expenditures that

are going out of control or needs that are not being met that need to be revisited, we can always come back to that.

So, the rest of the presentation just presents only one other policy issue, which is in this budget, we are proposing to fund the COP repayment fund - only that portion that we're getting from rental income from the Los Coyotes property at this point, which is currently in the budget. Now we are not in repayment yet, but if we calculate out how much we have to come up with each year until 2032-33 it comes out to about \$1.1 million a year in repayment. So, we've begun funding that now and right now we're funding that through the revenue we're receiving from the Los Coyotes property. That revenue will increase in time, since this is really the first year that we've began receiving it. We also plan to have Economic and Resource Development programs utilize that facility which will also increase the revenue, but the third component of that repayment is still the Unrestricted General Fund so we are not making a payment this year out of the Unrestricted General Fund. The reason that we present it to you is because you can decide to make that payment, or as I am proposing, there are three options what we can do from a policy standpoint and I'm recommending to you Option 2, which is spread out that \$389,000 portion of the payment that we're not making over the twenty-eight remaining payments, which doesn't increase the annual payment all that much, we can certainly catch up over time. The other thing is, there may come a point in time when we are maximizing our revenue potential of that property so the payment out of the General Fund is negligible and of course that's the plan. Since we are in the first year there is still a gap of \$389,000 that we're not funding, and so I would propose to the Board that we not make the payment this year out of the General Fund and we fund it over the term of the remaining twenty-eight payments. The other options are to reduce the Unrestricted General Fund by \$389,000 and deposit that money into the repayment fund, but that again is another policy option for the Board. The budget is based on not making the payment, the \$389,000 payment out of the General Fund, so if you approve of the budget at your next meeting then you essentially chosen Option number 2. Is that clear?

Member Otto: Looking back at the difference between the unaudited actuals and the 2002 and 2004, and the Adopted Budget, we cut expenditures significantly in both books and supplies and services and operating expenses by almost a third. What are the service and operating expenses and what was it that got cut?

Vice President Oakley: Well, books and supplies, yes library materials, general instructional supplies, services and operating expenses we are able to reduce again, the police contract, other service contracts that we have, either eliminate them or significantly reduce the services that we were receiving from them- anything from the service that we get, our services to copiers, other consulting services that we receive for different functions that we have going on in facilities. Any one of a number of things to even trying to reduce our cell phone bills, things as minor as that. So that's where all of that comes from.

Member Otto: My last question is with this change in the accounting standards that are going to require I think in '06 or '07 us to start paying more money for retiree health benefits, are we starting to address that now, where is that in this budget?

Vice President Oakley: This Board began implementing that policy last fiscal year. So last fiscal year we began pre-funding and we have it set up in the budget a fund for pre-funding retiree health benefits. We began last year, were funding it again this year. And primarily it

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that was a result because the accreditation team pointed out that we had not begun implementing that so we chose to implement it right after the accreditation team came in. So, we've already begun doing what many districts have only begun thinking about.

Member Otto: But the accounting standards haven't been issued yet, have they?

Vice President Oakley: The accounting standards have not - they've been issued to us, but they are not implemented yet. It depends on the size of the district how much their overall budget is, but the standard has been published.

Member Otto: And are we- is the amount equal to the amount that we're funding the amount that the standards require?

Vice President Oakley: Yes, basically the standards require that we do an actuarial study that looks at our retiree service liability, and we've done that. We did that actuarial study last year which gave us recommendations on what to fund and that's basically what the standard requires that we do - an actuarial study to determine what funding level we should utilize for pre-funding our future liability.

Member Otto: Where does that money go, is that invested or are we restricted as how we invest it, are there options?

Vice President Oakley: At this point, it's kept in reserve and that money which is in it is possible to invest it. The league is looking into a mechanism to form a JPA to allow for the investment of those funds, different then what we do now- which may gather a higher return, but at this point it's just in the country treasury.

Member Otto: Are there legal restrictions as to how we could invest it?

Vice President Oakley: There are legal restrictions for all public funds on what kinds of investment instruments we can use. And those would apply to all districts. A JPA has more flexibility sometimes, but there's also a great amount of risk that comes with that. So, essentially, I believe that's it. So, again, this is the workshop, an opportunity for you to ask questions- the budget will come back to you at September 21st meeting.

(a member of the audience asked a question regarding unaudited actuals, but it could not be understood on the audio tape because they were not using a microphone)

Vice President Oakley: I don't mean to be rude, but I'll have to ask the Board President- do you want me to respond to questions from the audience now?

Vice President Oakley: The unaudited actuals are the actuals that we believe, yes, are the final numbers. Auditing comes in later in the year to verify that number and those are called the audited actuals. But yes, unaudited actuals are what we believe is the final number for 03-04, if that answers your question. Okay?

President Kellogg: You know what I'm going to do, right now though, is because it's very difficult when we're trying to keep a record of this, and even as the trustees were speaking,

nobody really hears the question and all of sudden you're responding and since this is our keeping a record of the meeting, what would probably be best if you have questions of Mr. Vice President Oakley, after the meeting ask him that or next meeting when we are going to actually deliberate this. This is essentially a workshop and I was going to ask, not to cut you off, but I was going to ask first, are there any other questions of the members of the Board on this item. Obviously we spent almost an hour and a half on the workshop and it is indeed needed and your questions are important too, but that would be my suggestion at the next meeting - we're going to have a point of time where people...individuals from the public can also address the trustees. But the question was well taken. Here's what we're dealing with right now, as we're trying to work our way through- for me the frustration of a budget, unlike years even on the Long Beach City Council, I had nowhere near what we deal with here. This item though, was informational. Is there no other question at this time from the members of the Board? Mr. Oakley, thank you very much for that presentation on the 04-05 Budget- again, it'll be dealt with at the next meeting. If there are no other questions, we'll move onto the Pacific Coast Campus, which there is no report.

PACIFIC COAST CAMPUS

No Report

ECONOMIC AND RESOURCE DEVELOPMENT

No Report

ACADEMIC SENATE

No Report

TRUSTEE COMMUNICATIONS

Member Uranga: I have one.

Member McNinch: Oh, sure.

Member Uranga: I apologize for having to step up but my son has got a football practice and needs to be picked up.

President Kellogg: Who does he play for?

Member Uranga: St. John Bosco High School. At our last meeting we were, well there was a discussion at the city council regarding Equalization, and I'm pleased to report that the city council adopted a resolution in support of Equalization for Long Beach City College- so I just thought I'd report that out that our partners in the City of Long Beach are with us in Equalization- they support it and so as we go along with that Eloy, we also have the City of Long Beach with us in fighting that battle. I just thought I'd report that. Thank you.

President Kellogg: Thank you very much.

Member McNinch: Trustee Uranga, do you have a personal relationship with any of our council members that you were able to create this wonderful gesture?

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Member Uranga: Yes, I do. It was a result of some pillow talk.

Member McNinch: Thank you.

President Kellogg: I think all of us could answer something really on that one now, but were not going to.

Member Otto: Yeah, this is just informational for those in the audience, but Joseph Van Hooten, who was chairman of the Art Department for a long time, fell off his roof last Friday and is in Memorial in intensive care and broke his back. So, at the appropriate time I think we should try and adjourn and say a few prayers for him. I think he's going to be okay but it's a very serious injury.

Member Kellogg: Thank you.

NEW BUSINESS

There was no new business.

FUTURE REPORTS:

Member Kellogg: We do have the...looking forward to the discussion with the Board Members Goals/Self Evaluation- that's for our October 12 meeting.

PUBLIC COMMENTS (NON-AGENDA ITEMS)

At their request, members of the public will be given the opportunity to address the Board of Trustees on matters of general District business. This is the time for members of the public to speak and be heard and share their comments with the Board and for the Board to listen. Therefore, the public should not expect the Board to comment or respond to public comments. A particular position should not be inferred if there are no Board member comments during this time.

A total of five (5) minutes will be allotted to each subject, unless extended by the Board President. After receiving testimony, the Board may recommend placing such item or item(s) on the agenda of a future meeting or referring the item(s) to staff for a report.

ADJOURNMENT

President Kellogg adjourned the meeting at 6:35 p.m. The next regular meeting of the Board of Trustees will be held on September 21, 2004. The first order of business will be adjournment to a closed session, as needed. The Board will reconvene in open session at 5:00 p.m. in Building I, Liberal Arts Campus.

Assistant Secretary