Executive Presentation to Board of Trustees

November 9, 2013
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- Student Debt for COM
- Credit Card Accounts/Processing
- Selection of New Benefits Broker
- Selection of Facilities Assessment/Onuma Vendor
Student Debt

- Student is a growing concern nationally and has not received a lot of attention at COM.
- Current Debt hovers around 2M dollars for COM.
- This debt originates from 2008 to current in our Banner ERP.
- There is older debt in the old HP system that we are still trying account for and validate the data.


**Give some context**

- MCCD has about 8k students and 2m in bad debt
  - This equates to **$250 per student**
- San Jose /Evergreen CCD has approx. 20k students and has about 1.3m in bad debt, starting hard collections a year ago.
  - This equates to **$65 per student**
- City College San Francisco has about 10m in debt and about 90k students both credit and non-credit.
  - This equates to about **$111 per student** in debt

- Debt for MCCD is for 5 years, SJECCD and CCSF debt is 7-10 years old.
COM’s Current Standard

- COM currently does not use a collection agency and instead uses COTOP, Chancellors Office Tax Offset Program
- COTOP deducts debt from tax refunds on state filings
- Non-Residents, emergency loans, and vendor debt cannot be processed with COTOP
- Currently only have about a 2-3% return rate
What Does This Mean

- Debt Costs us about 2.5 times of the original debt
  - Service Rendered
  - Trying to collect debt
  - Write off of the debt

- Allowance for doubtful accounts (reserve for debt)
  - Balance currently around 700k
  - Higher the balance of this account the more we have to take from COM reserve fund balance at year end
Moving Forward

- Old Process
  - Incur debt, send to COTOP annually (COTOP Charges 25% Commission with little return rate)

- New Process
  - Incur Debt, Send to collection after term, and then to COTOP if not successful
    - Use Williams and Fudge as collection company
    - Services only higher education
    - 23% commission and covers all levels of debt
    - Around a 40% return and higher the newer the debt
Student Debt
Credit Card Program
Current Credit Card Program
(Does not exist)
Current Process

- Over a dozen vendors with multiple card holders
- All have different due dates
- Interest ranges from 4%-23% if paid late
- Some accounts have fees associated with them
- Very open with little to no controls in place
- No rebate program with any of these vendors
- Users and Fiscal services spend hours every month reconciling these accounts
Moving Forward

- Use of One Card Program
- Can be used to reserve hotels and airfare
- Works as a Visa Credit Card
- Limits can be raised or lowered based on need and demand by fiscal services
- Rebate Program of 2%+
- Eliminates multiple vendor cards
- No Interest when paid in full
- Large credit line for COM
- Easy reconciliation for users and fiscal
- Internal Controls via online
- Roll out program - next 3 weeks
- Eliminate other vendors - 3 months
Credit Card Program
Selection of Health Benefits Broker
Benefit Broker

- Currently with Kennan and Associates for broker services
- Have seen double digit increase in premiums over last couple of years
- Been 3 years since last RFP for these services
- New Health Care Law made it prudent for us to re-evaluate our current broker services
- COM wanted to test the market and challenge current underwriting we were receiving for benefits
Request for Proposals

- 4 vendors submitted proposals
  - Barney & Barney
  - Alliant
  - Keenan
  - NGB

- Prices ranged from 75k – 150k based on proposals
- Ratings were determined based on the following:
  - 30 points for proposal
  - 40 points for price point
  - 30 points for references
  - 100 point total
Selection Process

- RFP issued for 30 days
- Posted in Marin IJ, Press Democrat, Oakland Tribune, COM website, SF Chronicle and SJ Mercury News for 2 alternating weeks over 30 days
- All constituency groups were asked to participate in selection committee
- A total of 7 staff served on selection panel
- Interviews took place for half the day allowing 1 hour per vendor and time to deliberate
- Alliant Insurance Services was selected as winning vendor
Transition to Alliant

- We will have a 3-4 month overlap between vendors for transition time and to transfer important employee data.
- Contract for Alliant will be 78k with COM receiving commissions from benefit agencies to offset this fee.
- We are looking into Third Party Administrator for Benefit Support for employees.
- Alliant will complete audit needed for compliance with new healthcare law, thus saving what would have been a 21k charge from current provider.
- Alliant will help us transition to fiscal year open enrollment from calendar year schedule.
Benefit Broker

Questions
Onuma/Facilities Assessment
Onuma/Facilities Assessment

- Piggy backing off of presentation last March, COM purchased Onuma Software for college to facilitate a new M&O plan
- This is part of the accreditation process for facilities and the establishment of an M&O plan moving forward.
- Completed a pilot project of 2 new buildings earlier this year
- Completed updates to Fusion software in the early fall using Onuma software
- To complete work we issued RFP in September for 30 days
Scope of Work

- Complete roll out of Onuma by utilizing a work order ticket system for M&O staff and end users throughout the college
- Train staff on work order system and CMMS
- Complete the digitizing of all building plans not yet completed
- Complete facilities assessment of all buildings (40+), fields, pools, and bridges
- Complete energy audits above and beyond what's currently been completed
  - Within this assessment prioritize needs
  - Complete a FCI for each area
  - Cost the repairs out for planning
RFP

- All constituency groups were invited to appoint to selection committee
- 4 members of COM staff represented panel
- Scores were based on following
  - 40 points – Capacity to Perform Work
  - 40 points – Pricing
  - 15 points – presentation
  - 5 points - references
- Prices on the RFP ranges from 135k – 850k
- 3 vendors submitted proposals
  - Gilbane Building Company
  - EMG Building Services
  - STV/VBN
Gilbane Building Services

- **GILBANE**
  - **Who we are…**
    - Founded in 1873 in Providence, RI and Still Family Owned
    - 48 National Locations
    - California Community College Program and Construction Management “Experts”
  - **What we do…**
    - Scheduled Maintenance | Building Assessments | New Construction | Modernization & Alternative Delivery Method Experts
    - Best Facilities Management (FM) Services expertise
Workflow Diagram of Processes with Gilbane
Building Information Report

Baseline Information

Building Name: Cosmetology / Reprographics
Building Number: Bldg C/R - (10)
Campus Name: San Jose City College
Building Type: Instructional
Address: 2100 Moorpark Ave.
San Jose CA 95128
Contact Name: Greg Nelson
Contact Position: VP of Administrative Services
Contact Email: Greg.Nelson@sjcc.edu

Building Area (SF): 30,648
Number of Floors: 2 Cosm / 1 Repr
Construction Year: 2007
Drawing Availability: Arch. Base Plans
Date Assessed: 05/10/2012

Cost Analysis by Phase

<table>
<thead>
<tr>
<th>Phase</th>
<th>Deferred Maintenance</th>
<th>Capital Improvements</th>
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<tbody>
<tr>
<td>1</td>
<td>$124,141</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>$749,384</td>
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</tr>
<tr>
<td>3</td>
<td>$1,088,646</td>
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<tr>
<td>4</td>
<td>$3,430,257</td>
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<tr>
<td>Sub-Total</td>
<td>$5,392,428</td>
<td>$0</td>
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Facility Condition Index (FCI)

\[
(FCI = \frac{\text{Renovation Cost}}{\text{Replacement Cost}})
\]

Total Renovation Cost: $4,148,022
Replacement Cost per SF: $349
Total Replacement Cost: $10,705,959
Facility Condition Index: 0.39

Priority Definitions:

- Phase 1: Work to be performed between years 2012 - 2014
- Phase 2: Work to be performed between years 2015 - 2017
- Phase 3: Work to be performed between years 2016 - 2020
- Phase 4: Work to be performed between years 2021 - 2023

Extended Total Cost:
Includes client defined costs. Based on April 2012 R.S. Means Cost Estimates regionalized for San Jose, CA.
## Cost Profiles

San Francisco, CA

<table>
<thead>
<tr>
<th>Model</th>
<th>Size</th>
<th>PRV</th>
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</thead>
<tbody>
<tr>
<td>College Lecture Classrooms</td>
<td>90,000 Sq Ft</td>
<td>$22,107,969</td>
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</tbody>
</table>

### Choose Levels of Service

#### Custodial:
- Medium

#### Energy:
- Medium

#### Grounds:
- Medium

#### Management:
- Medium

### Forecast Type

<table>
<thead>
<tr>
<th>Forecast Type</th>
<th>Cost Type</th>
<th>50-year Average Annual Cost</th>
<th>Cost / Size</th>
<th>Cost / PRV</th>
</tr>
</thead>
<tbody>
<tr>
<td>M&amp;R</td>
<td>PM</td>
<td>$72,289</td>
<td>$0.80</td>
<td>0.33 %</td>
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<tr>
<td></td>
<td>Unscheduled</td>
<td>$37,238</td>
<td>$0.41</td>
<td>0.17 %</td>
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<tr>
<td></td>
<td>Repair &amp; Replace</td>
<td>$176,876</td>
<td>$1.97</td>
<td>0.80 %</td>
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<tr>
<td></td>
<td><strong>Sub-Total</strong></td>
<td><strong>$286,403</strong></td>
<td><strong>$3.18</strong></td>
<td><strong>1.30 %</strong></td>
</tr>
</tbody>
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### Operations

<table>
<thead>
<tr>
<th>Operations</th>
<th>Cost</th>
<th>Cost / Size</th>
<th>Cost / PRV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Custodial</td>
<td>$219,253</td>
<td>$2.44</td>
<td>0.99 %</td>
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<tr>
<td>Energy</td>
<td>$106,347</td>
<td>$1.18</td>
<td>0.48 %</td>
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<tr>
<td>Grounds</td>
<td>$39,656</td>
<td>$0.44</td>
<td>0.18 %</td>
</tr>
<tr>
<td>Management</td>
<td>$265,296</td>
<td>$2.95</td>
<td>1.20 %</td>
</tr>
<tr>
<td>Pest Control</td>
<td>$9,459</td>
<td>$0.11</td>
<td>0.04 %</td>
</tr>
</tbody>
</table>
Cost Analysis by Building System

- Interior Finishes: 66%
- Furnishings: 22%
- HVAC: 0%
- Exterior Enclosure: 0%
- Plumbing: 3%
- Roofing: 9%
- Equipment: 0%

Priority Definitions:
- Phase 1: Work to be performed between years 2012 - 2014
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- Phase 3: Work to be performed between years 2018 - 2020
- Phase 4: Work to be performed between years 2021 - 2023

Extended Total Cost: Includes client defined soft costs. Based on April 2012 R.S. Means Cost Estimates regionalized for San Jose, CA.
**Project Schedule**

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Start Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCCCD Assessment, Implementation, Integration</td>
<td>12/1</td>
<td>7/11</td>
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<tr>
<td>Project Start</td>
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<td></td>
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<tr>
<td>Prep and Coordination</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software Implementation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software Integration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational Costing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Custom Reporting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Complete</td>
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<td></td>
</tr>
</tbody>
</table>

Indian Valley Campus will be completed first in assessment process.
Onuma/Facilities Assessment

Questions
50% Law Public Hearing

Ed Code 84362
what does the 50% law include

Includes

- Direct faculty salaries
- Benefits for faculty
- Instructional Lab Techs
- Instructional Aides
- Statutory Taxes

Does not include

- Counselors
- Librarians
- Facilities or Equipment
- Other Non-Instructional Faculty
- Community Ed
- Non-instructional costs
- Reassigned Time for Faculty
Code Section 84362.F.

- Immediately upon applying for the exemption described in subdivision (e), the governing board shall provide the exclusive representative of the district's academic employees or, if none exists, the district or college academic senate, and all academic employee organizations eligible for payroll dues deduction, with a copy of the application. The exclusive representative, or the district or college academic senate, and all academic employee organizations eligible for payroll dues deduction, within 30 days of its receipt of the application, may transmit to the board of governors a written statement opposing the application, setting forth reasons for its opposition.
50% Law Context

- Each year every district is required by Ed Code to submit a CCFS-350A form initiating whether or not they seek to file an exemption or not with the State Chancellors Office
- Each bargaining unit or payroll deducted organizations must be notified and given 30 days to respond
- Academic Senate and UPM were notified on September 23\textsuperscript{rd}
- Executive Staff met with UPM executive board on September 23\textsuperscript{rd}
- VP Finance met with Academic Senate following week
What led to issues with 50% law

- SERP – retirement of 23 faculty members
- Increase of the allowance for bad debt
- Vacation, Comp time payout for SEIU and CSEA who used SERP.
- Banked Units payout to faculty members
- Booking of compensated absences for first time
- Allowance for Doubtful Accounts = $185,000
- Vacation, Comp Time Payout = $112,000
- Banked Units Payout = $307,479
- Total = $604,479
Ways to support 50% and correct this years outcome

- Currently hiring replacement faculty
- Make sure non-instructional staff who teach part time are coded correctly
- Charge statutory taxes on leave and banked units correctly
- Ensure expenses are classified according to the BAM for CA
- Move appropriate expenses to other funds for non-instructional costs
- **Strive as a district to meet and exceed 50% mark and exceed it**
Next Steps

• Both parties notified per Ed Code after exemption filed
• AS and UPM were notified September 23, 2013
• Parties have 30 days to file any disputed to local BOT
• BOT has 30 days to hold a public hearing on the issue
• Upon completion of this hearing, Fiscal Services completes documentation for State Chancellors Office
• BOG holds monthly meeting reviewing all petitions for exemptions
• After BOG meeting is held, all districts are notified if exemption was approved, not-approved, or approved with modifications.
50% Law Public Hearing

Questions