

2013-14 CAPITAL OUTLAY PROJECTS

May 7-8, 2012

ACTION

Presentation: Frederick E. Harris, Assistant Vice Chancellor, College Finance and Facilities Planning

Item 2.5

Issue

This item presents the California Community Colleges 2013-14 Proposed Capital Outlay Spending Plan for consideration and action. The following attachments are also included in this item:

An overview of the CCC Capital Outlay Grant Application Process (Attachment A).

The CCC Capital Outlay projects funded in the 2011-12 Budget Act (Attachment B).

Projects proposed in the 2012-13 Budget Bill (Attachment C).

Projects proposed for the 2013-14 Board of Governor's Request for Capital Outlay funding and requiring action today (Attachment D).

Background

The California Community Colleges (CCC) comprise the largest postsecondary system of education in the world. Approximately 2.6 million students are enrolled each year at 72 districts encompassing 112 campuses, 72 approved off-campus centers and 23 separately reported district offices. These assets include 24,398 acres of land, 5,192 buildings, and 72.4 million gross square feet of space. The system also has numerous off-campus outreach centers at various facilities.

The CCCs are currently serving about 75 percent of the public undergraduate college enrollment in both vocational and academic program offerings.

Our systemwide 2013-14 Five-Year Capital Outlay Plan projects a total facilities need of approximately \$35.8 billion over the next ten years for the construction of an additional 13.9 million assignable square feet (asf) of new facilities to meet enrollment growth and modernize 30.4 million asf of existing facilities.

All of the existing state bond funds for CCC—a total of \$1.67 billion from Proposition 47 (2002) and Proposition 55 (2004), and \$1.48 billion from Proposition 1D (2006)—have either been spent or are committed to projects. Since the passage of Proposition 39 in November 2000, which lowered the threshold for voter approval of local bonds to 55 percent, 65 districts have passed \$23.5 billion in local bonds.

Analysis

The 2013-14 proposed Community College Capital Outlay Plan is dependent upon a new state general obligation bond issue being approved by the voters. Existing state general obligation bond funds (Propositions 47, 55 and 1D) are either spent or committed to projects. Bid reversions (where actual bid awards came in less than authorized budgets) have enabled us to finance the final phases of most of the “continuing” projects but there are insufficient bid savings to finance the projects contained in the Plan.

Community Colleges compete for state bond funds using a capital outlay grant application process that is explained in detail in *Attachment A*. During our review of the proposals, projects are classified into six different categories based on the primary purpose of each project, which is also discussed in *Attachment A*.

2011-12 Budget Act (Current Year)

The proposed 2011-12 Community College Capital Outlay Spending Plan was approved by the Board in July 2010 to commit \$473.6 million for 81 projects (4 continuing projects and 77 new start projects). When a state bond was not placed on the November 2010 ballot, the project calendars and cost estimates of the 77 new start projects were modified so that they could compete for state funds in 2012-13 on an equitable basis with other proposals submitted as new start projects for 2012-13.

Of the four continuing projects considered for inclusion in the 2011-12 budget, adequate funding was identified from existing authorized bonds derived from construction bid savings to complete only 3 continuing projects; the unfunded continuing project was included in the 2012-13 budget request. The 2011-12 Budget Act includes a total of \$48.6 million to support these 3 continuing projects in the following categories:

- \$3.5 million for one Category C project.
- \$38.3 million for one Category D project.
- \$6.8 million for one Category E project.

See *Attachment B* for specific project details.

2012-13 Budget Proposal (Proposed Budget Year)

The proposed 2012-13 Community College Capital Outlay Spending Plan was approved by the Board in March 2011 to commit \$446.9 million for 88 projects (1 continuing project and 87 new start projects). The Department of Finance limited that request to continuing projects only and a level that could be supported by previously authorized bond funds. Sufficient funding was identified from existing authorized bonds derived from construction bid savings to support the one continuing project from the Spending Plan. The 2012-13 Budget Bill includes a total of \$41.2 million to support this continuing Category B project.

Refer to *Attachment C* for specific project details.

2013-14 Budget Proposal (Proposed Budget Year +1)

The proposed 2013-14 Community College Capital Outlay Spending Plan has been developed based upon the evaluation of the following proposals:

The 2010-11, 2011-12 and 2012-13 proposals that were removed from budget consideration due to the lack of a State General Obligation Bond.

The 2013-14 Final Project Proposals submitted August 2011.

The proposed 2013-14 Community College Capital Outlay Spending Plan seeks \$358 million in funding to support 82 new start projects. The funding for this request will need to come from a future state bond. The cost to complete the 82 new start projects is currently estimated at \$1.3 billion. That means a total need of approximately \$1.7 billion would be required from a November 2012 state education general obligation bond to complete these projects.

The 82 projects in the proposed 2013-14 plan are in the following categories:

\$10 million for four Category A projects.

\$174.3 million for thirty-four Category B projects.

\$156.4 million for twenty-eight Category C projects.

\$12.5 million for twelve Category D projects.

\$4.8 million for three Category E and one Category F projects.

See *Attachment D* for specific project details.

Recommended Action

The recommendation is for the Board of Governors to approve the 2013-14 Community College Annual Capital Outlay Spending Plan as presented in Attachment D.

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