





# The Board of Governors of the California Community Colleges

PRESENTED TO THE BOARD OF GOVERNORS

DATE: May 6-7, 2013

SUBJECT: 2014-15 Capital Outlay Projects		Item Number: 2.3	
		Attachment: Yes	
CATEGORY:	College Finance and Facilities Planning	TYPE OF BOARD CONSIDERATION:	
Recommended By:	 Frederick E. Harris, Assistant Vice Chancellor	Consent/Routine	
		First Reading	
Approved for Consideration:	 Brice W. Harris, Chancellor	Action	X
		Information	

**ISSUE:** This item presents the California Community Colleges 2014-15 Proposed Capital Outlay Spending Plan for consideration and action.

**BACKGROUND:** The California Community Colleges comprise the largest postsecondary system of education in the world. Approximately 2.4 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 24,279 acres of land, 5,281 buildings, and 75.6 million gross square feet of space. The system also has numerous off-campus outreach centers at various facilities. The California Community Colleges 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 14 million assignable square feet of new facilities to meet enrollment growth and modernize 30.4 million assignable square of existing facilities.

All of the existing state bond funds for California Community Colleges—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 currently under construction. 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 \$26.2 billion in local bonds.

**RECOMMENDED ACTION:** It is recommended that the Board of Governors approve the 2014-15 California Community Colleges Annual Capital Outlay Spending Plan as presented in Attachment D.

**ANALYSIS:** The 2014-15 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 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.

### **2012-13 Budget Act (Current Year)**

The proposed 2012-13 Community College Capital Outlay Spending Plan was approved by the Board in March 2011 to commit \$450.4 million for 81 projects (1 continuing project and 80 new start projects). When a state bond was not placed on the November 2012 ballot, the project calendars and cost estimates of the 80 new start projects were modified so that they could compete for state funds in 2013-14 on an equitable basis with other proposals submitted as new start projects for 2013-14.

The unfunded continuing project was included in the 2012-13 budget request. The 2012-13 Budget Act includes a total of \$41.2 million to support the one continuing project in the B category.

See Attachment B for specific project details.

### **2013-14 Budget Proposal (Proposed Budget Year)**

The proposed 2013-14 Community College Capital Outlay Spending Plan was approved by the Board in May 2012 to commit \$358 million for 82 new start projects. The Department of Finance limited that request to one health/safety project that could be supported by existing authorized bonds derived from construction bid savings. The 2013-14 Budget Bill includes a total of \$1.2 million to support this new start Category A project.

Refer to Attachment C for specific project details.

### **2014-15 Budget Proposal (Proposed Budget Year +1)**

The proposed 2014-15 Community College Capital Outlay Spending Plan has been developed based upon the evaluation of the following proposals:

The 2011-12, 2012-13 and 2013-14 proposals that were removed from budget consideration due to the lack of a State General Obligation Bond.

The 2014-15 Final Project Proposals submitted August 2012.

The proposed 2014-15 Community College Capital Outlay Spending Plan seeks \$300.7 million in funding to support 82 new start projects and one continuing project. Except for the one continuing project, 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 \$1.7 billion. This means a total need of approximately \$2 billion would be required from a November 2014 state education general obligation bond to complete these projects.

The 83 projects in the proposed 2014-15 plan are in the following categories:

\$28.5 million for seven Category A projects.

\$131.5 million for thirty-six Category B projects.

\$123.7 million for twenty-six Category C projects.

\$14.3 million for eleven Category D projects.

\$2.7 million for two Category E and one Category F projects.

See Attachment D for specific project details.

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