





The Board of Governors of the California Community Colleges

PRESENTED TO THE BOARD OF GOVERNORS

DATE: July 7-8, 2014

SUBJECT: 2015-16 Capital Outlay Projects		Item Number: 2.2	
		Attachment: Yes	
CATEGORY:	College Finance and Facilities Planning	TYPE OF BOARD CONSIDERATION:	
Recommended By:	 Dan Troy, Vice Chancellor	Consent/Routine	
		First Reading	
Approved for Consideration:	 Brice W. Harris, Chancellor	Action	X
		Information	

ISSUE: This item presents the proposed California Community Colleges 2015-16 Capital Outlay Spending Plan for consideration and action.

BACKGROUND: The California Community Colleges comprise the largest postsecondary system of education in the world. Approximately 2.1 million students are enrolled each year at 72 districts encompassing 112 campuses, 76 approved off-campus centers and 23 separately reported district offices. The districts' assets include over 24,363 acres of land, 5,515 buildings, and 82.2 million gross square feet of space that includes 50.2 million assignable square feet of space. In addition, the California Community Colleges have many off-campus outreach centers at various locations. The California Community Colleges are currently serving approximately three-quarters of California's public undergraduate college enrollment in both vocational and academic program offerings.

The California Community Colleges 2015-16 Five-Year Capital Outlay Plan projects a total facilities need of approximately \$38.7 billion over the next 10 years for the construction of an additional 13.7 million assignable square feet of new facilities to meet enrollment growth and modernize 31.6 million assignable square feet 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 \$1.5 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, 66 districts have passed \$26.7 billion in local bonds.

RECOMMENDED ACTION: It is recommended that the Board of Governors approve the 2015-16 California Community Colleges Annual Capital Outlay Spending Plan as presented in Attachment D.

ANALYSIS: The proposed 2015-16 Community College Capital Outlay Spending Plan is dependent upon a new state general obligation bond being approved by the voters. Existing state general obligation bond funds (Propositions 47, 55 and 1D) are either spent or committed to projects. Reversions from bid savings (where actual bid awards came in less than authorized budgets) and discontinued projects have provided financing for the final phases of the “continuing” projects but there are insufficient bond funds remaining to finance the projects contained in the spending 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.

2013-14 Budget Act (Current Year)

The 2013-14 Community College Capital Outlay Spending Plan was approved by the Board of Governors in March 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 the planning phases of a new start Category A project.

See Attachment B for specific project details.

2014-15 Budget Proposal (Proposed Budget Year)

The 2014-15 Community College Capital Outlay Spending Plan was approved by the Board of Governors in May 2013 to commit \$288 million for 82 new start projects. The Department of Finance limited that request to eight projects that could be supported by existing authorized bonds derived from reversions from construction bid savings and discontinued projects. The 2014-15 Budget Bill includes a total of \$21 million to support these seven new start projects and one continuing project.

Refer to Attachment C for specific project details.

2015-16 Budget Proposal (Proposed Budget Year +1)

The proposed 2015-16 Community College Capital Outlay Spending Plan has been developed based upon the evaluation of the following:

- The 2012-13, 2013-14 and 2014-15 project proposals that were removed from budget consideration due to the lack of a state general obligation bond.
- The 2015-16 Final Project Proposals submitted in August 2013.

The proposed 2015-16 Community College Capital Outlay Spending Plan seeks \$223.9 million in funding to support 71 new start projects and 8 continuing projects. The cost to complete the 79 projects is currently estimated at \$1.8 billion. However, the projects proposed in this spending plan are contingent upon the passage of a November 2014 bond bill. The spending plan will be adjusted depending on the amount and terms of the bond in order to provide funding for the highest priority projects in a multi-year bond program.

The 79 projects in the proposed 2015-16 plan are in the following categories:

\$93.1 million for six Category A projects
\$77.3 million for 32 Category B projects
\$31.7 million for 30 Category C projects
\$21.6 million for 10 Category D projects
\$216 thousand for one Category E projects

See Attachment D for specific project details.

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