



The Board of Governors of the California Community Colleges

PRESENTED TO THE BOARD OF GOVERNORS

DATE: May 18-19, 2015

SUBJECT: 2016-17 Capital Outlay Projects		Item Number: 2.3	
		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 2016-17 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, 78 approved off-campus centers and 24 separately reported district offices. The districts' assets include over 24,462 acres of land, 5,667 buildings, and 84.1 million gross square feet of space that includes 50.8 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 2016-17 Five-Year Capital Outlay Plan projects a total facilities need of approximately \$39.4 billion over the next 10 years for the construction of an additional 13.2 million assignable square feet of new facilities to meet enrollment growth and modernize 32 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, 67 districts have passed \$28.8 billion in local bonds.

RECOMMENDED ACTION: It is recommended that the Board of Governors approve the 2016-17 California Community College Capital Outlay Spending Plan as presented in Attachment D.

ANALYSIS: The proposed 2016-17 Community College Capital Outlay Spending Plan is dependent upon a new state general obligation bond issuance being approved by the voters in November 2016. 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 started in 2014-15 but insufficient bond funds remain to finance the projects contained in the 2016-17 spending plan.

Community colleges compete for state bond funds using a capital outlay grant application process (see Attachment A). The application process starts with the submittal of an initial project proposal in the first year and then a final project proposal the following year. During the review of the project proposals, projects are classified into six different categories based on the primary purpose of each project. These categories are broken down into the following:

1. Category A – Health and Safety Projects
2. Categories B and E – Growth Projects
3. Categories C and F – Modernization Projects
4. Category D – Complete Campus Projects

Category A projects are funded with a maximum of 50 percent of total available funds. The remaining funds are then allocated to the remaining categories as follows:

- Category B - 50%
- Category C - 25%
- Category D - 15%
- Category E - 5%
- Category F - 5%

2014-15 Budget Act (Current 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.

See Attachment B for specific project details.

2015-16 Budget Proposal (Proposed Budget Year)

The 2015-16 Community College Capital Outlay Spending Plan was approved by the Board of Governors in July 2014 to commit \$114.2 million for 71 new start projects and \$110 million for eight continuing projects. The Department of Finance limited that request to seven continuing projects that could be supported by existing authorized bonds derived from reversions from construction bid savings and discontinued projects. The 2015-16 Budget Bill includes a total of \$99.6 million to support these seven continuing projects.

Refer to Attachment C for specific project details.

2016-17 Budget Proposal (Proposed Budget Year +1)

The proposed 2016-17 Community College Capital Outlay Spending Plan has been developed based upon an evaluation of the following:

- The 2012-13, 2013-14, 2014-15, and 2015-16 project proposals that were removed from consideration for funding due to the lack of a state general obligation bond.
- The 2016-17 Final Project Proposals submitted in August 2014.

The proposed 2016-17 Community College Capital Outlay Spending Plan seeks \$31.4 million in funding to support 21 new start projects. The cost to complete the 21 projects is currently estimated at \$490 million. However, the projects proposed in this spending plan are contingent upon the passage of a statewide general obligation bond in November 2016. 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 21 projects in the proposed 2016-17 plan are in the following categories as shown in Attachment D:

\$10.1 million for three Category A projects
\$9.5 million for seven Category B projects
\$7.8 million for six Category C projects
\$3.8 million for four Category D projects
\$226 thousand for one Category E project
\$31.4 million total FY 2016-17

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