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President's message



Frank Gornick, Chair

Shortly after he was elected Superintendent of Public Instruction (SPI), Tom Torlakson appointed a committee to examine the current state of the schools and make recommendations for Schools of the Future (SOTF). This committee received input from over 90 stakeholders in the school construction process and recently released its report – *Schools of the Future Report*.

The report makes numerous recommendations on modernization, design and energy efficiency in order to create more appropriate

schools for modern curriculum and improving academic achievement.

One of the more far reaching recommendations is in governance. Under current law K-12 schools must be approved by four different agencies – State Department of Education (CDE), Department of Toxic Substances

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2011 Statewide Assessed Values Increase

After two consecutive years of declining assessed values, the total value of state-assessed and county-assessed property rose to \$4.382 trillion for 2011-12, an increase of \$11.6 billion (0.3 percent) from the previous year, Board of Equalization Chairman Jerome E. Horton announced on September 6th.

There are two major components to the assessment roll – county assessed and state assessed. The county assessed roll is by far the larger portion. The value of county-assessed property increased

by \$5.3 billion (0.1 percent) to \$4.297 trillion. The value of state-assessed property, mainly privately owned public utilities and railroads, totaled \$85.3 billion, an increase of \$6.3 billion (8.0 percent). Obviously, the housing market is a serious damper on the county assessed roll.

Year-to-year percentage changes ranged from a high of a 19.5 percent gain in Colusa County to a low of a 5.3 percent decline in Plumas County. The increase in Colusa County is largely related to utility assessments (which

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Weekly Student Contact Hours (WSCH) Forecasting Revision

About 15 months ago the Chancellor's Office sought the assistance of CCFC in financing an effort to revise the capital outlay forecasting system which was then in use. The existing system was forecasting bizarre results for some districts due to the type of information which was then available. The CCFC Board approved a motion to expend up to \$48,000 of reserves for a contract with the RP Group to undertake this project.

The RP Group was willing and able to undertake this project, and was able to do it without an extensive amount of training in the data systems that were available. This contract was recently extended to allow the RP Group until January

2012 to complete its work. No additional funds will be required.

The RP Group WSCH Forecast Team reviewed several options for forecasting WSCH to be used to help determine funding for capital outlay projects. While many options are reasonable, three are presented for consideration. Each of the models has the following benefits over historical methods that were used:

- They benefit from data that are now available that have not historically been available.
- They use more granular (zip code-level) data rather than county data, which produce more accurate projections for many districts, such as districts

in LA County where a single number does not capture the variability in growth for different regions. More granular data also help resolve problems for districts that span multiple counties.

- Some of the new models forecast the annual change in WSCH rather than total WSCH, thereby minimizing autocorrelation – a common problem with time series analysis that can lead to overly optimistic models.
- Some of the new models directly forecast the annual change in WSCH rather than forecasting headcount and then relying on a secondary estimation procedure based on historical ratio of headcount to WSCH – even though that ratio can vary widely from year to year.

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President's Message

Control (DTSC), Division of the State Architect (DSA) and the Office of Public School Construction (OPSC). In addition the State Allocation Board (SAB) has the final approval of state funds for eligible projects. Soon to be added to this list of approval agencies is the Director of Industrial Relations (DIR) for the purpose of monitoring compliance with prevailing wage statutes for public works projects.

Among many other recommendations the SOTF report recommends that the SPI chair the SAB and give the SAB direct control over the OPSC, DSA, and CDE's School Facilities and Transportation Services Division. This might improve the process for school districts, but DSA's services are not exclusively for school districts. This proposed administrative structure would likely impact

(and likely delay) community college project approval.

This proposed revision of administrative structure for K-12 project approval would require shifting agencies currently under the Governor to the SPI. It is not clear that the Governor would be willing to give up that control even if the Legislature sent him a bill to implement the proposal.

The financing recommendations focus on finding a new source of state revenue. This is not a novel concept. Numerous minds have been trying to come up with an ongoing source for all sorts of infrastructure for several years. There does not seem to be an untapped vein of revenue that has not already been tapped that could get the approval of the Legislature and the Governor. ●

The three recommendations and an evaluation of their strengths and weaknesses are:

1. An average of a regression approach and average population participation rate.

- a. We recommend entering variables for the regression approach in three groups. The variables in these three groups include population data, ethnic data, and economic factors (such as state budgets, recessions, and changes in funding).
- b. The average participation rate would take the three (or five) year average participation rate and average WSCH per headcount and multiply by a projection of adult population in the future.

- The two approaches, when averaged, can have superior results than just one approach since they have different strengths that complement the other

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WSCH Forecasting Revision

method. The averaging of multiple approaches is considered a good practice by many econometricians.

- o The regression approach is very sensitive to changes. This is also a weakness in that it is unstable from year-to-year and can produce extreme projections when projecting long-term. For example, when the effects of the beginning or ending of a recession are starting to impact enrollments, this can significantly impact long term WSCH projections.

- o The average participation rate is very stable, but is less sensitive to changes (such as changes in demand and access as a result of economic factors, enrollment fees, etc.).

- o The regression approach can benefit from a variety of data in forecasting enrollments that are now available.

- o Averaging results from multiple models is inherently more laborious compared to other approaches.

2. Maximum population participation rate can be used.

- a. Through this method, the highest participation rate and WSCH per headcount in the last five (or seven) years would be multiplied by the projection of adult population.

- The results are relatively stable.

- The results would forecast enrollments when the state has the resources to fully fund growth. It would not forecast enrollments well when enrollments were restricted due to funding

limitations. However, given the purpose, this feature may be positive.

- 3. An average of a regression approach and the maximum population participation rate.

- a. This approach is similar to Option #1, except that it exchanges the average participation rate with the maximum participation rate.

- This approach would more closely model enrollments when the state had adequate funding as is true with Option #2.

- This approach may seem too optimistic for some stakeholders.

Regardless of which model is selected, the forecast approach should be re-evaluated periodically, especially as more data become available. The Chancellor's Office will ultimately make a selection for future use in enrollment forecasting. ●

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Assesed Values Increase

comprise more than one-third of the county's assessment roll), and was driven by the construction of a new power plant in the county. Twenty counties posted year-to-year increases in assessed value, although most of the increases were modest. Excluding Colusa County, only three counties (Kern, Madera and Trinity) grew by more than two percent.

Thirty-eight counties experienced year-to-year declines in value, with Plumas the only county declining by more than five percent. For the third year in a row, declines in assessed values were espe-

cially concentrated in the State's Central Valley. Assessed values dropped by 2.9 percent in the Greater Sacramento Area, and declined 2.7 percent in the Northern San Joaquin Valley. However, assessed values actually grew by 1.4 percent in the Southern San Joaquin Valley, driven by the 2.4 percent growth experienced by Kern County.

The assessed valuation in California's 15 coastal counties (which account for over 60 percent of total assessed valuation) gained 0.9 percent. By contrast, valuations in the 43 inland counties fell 0.6 percent. Southern California assessed values increased 0.7 percent. The increase in San Francisco Bay Area values was a modest 0.3 percent, in line with the statewide figure.

Of the twelve counties with rolls exceeding \$100 billion, seven counties posted an increase in assessed value, while values in five counties fell. Values increased in the counties of San Mateo and Orange (1.0 percent), Santa Clara (0.9 percent), San Francisco (0.5 percent), San Diego (0.4 percent), and Alameda (0.1 percent). Declines in value include the counties of Sacramento (-3.7 percent), Riverside (-1.2 percent), San Bernardino (-0.5 percent), Contra Costa (-0.4 percent), and Ventura County, which was only down slightly, virtually unchanged by percentage. Los Angeles County, with the largest assessment roll at \$1.079 trillion, increased by 1.4 percent, up \$15.0 billion over 2010-11. ●

Board of Governors Approve 82 Projects for Governor's 2012-13 Budget

The Community College Board of Governors (BOG) submitted a combined list of 82 projects totaling \$450.4 billion to the Department of Finance for inclusion in the Governor's Budget for 2012-13. Skeptics will suggest that this is an exercise in futility, but maybe it isn't. Although the State is saddled with a large debt load, and some difficulty in marketing already approved bonds, the notion of a job-creating large state education bond at relatively low interest rates is not entirely out of the question.

Some economists are stating that the world economy is already headed for a double dip recession, while others say we are in a pause at the moment. In any case the employment situation is said to be one of the main causes for hum drum economic performance in the US economy.

Whether an education bond appears on the November 2012 ballot is a political decision that will require the support of both the Legislature and the Governor. The decision may well turn on the basis of efforts to increase employment.

The Chancellor's Office estimates that there will be a balance of between \$30 and \$40 million in 2006 bonds remaining at the end of 2011. It is likely that a few of the highest priority projects could be funded with that balance; however, the Department of Finance (DOF) has only been willing to fund projects that can be completed without a future bond.

The following is the project list submitted by the BOG to the Department of Finance. ●

Community College Board of Governors Project List

DISTRICT, COLLEGE/CENTER	PROJECT NAME	CATEGORY TYPE	PHASE	2012-13 AMOUNT
Antelope Valley, Antelope Valley College	Student Services Building	E	PW	2,461,000
Chabot-Las Positas, Chabot College	Modernize Engineering, Building 1600	C	PW	806,000
Chabot-Las Positas, Las Positas College	Replace and Expand Academic Space	B	PW	1,379,000
Chaffey, Chaffey College	Liberal Arts and Letters Complex	B	PW	2,310,000
Coast, Golden West College	Science/Mathematics Building	B	PW	3,660,000
Contra Costa, Contra Costa College	Physical Education Modernization	D1	PW	406,000
Contra Costa, Diablo Valley College	Engineering Technology Renovation	C	PW	906,000
Contra Costa, Los Medanos College	Physical Education Building	C	PW	543,000
Feather River, Feather River College	Gym Renovation	D1	PW	1,369,000
Gavilan, Gavilan College	Modernize Physical Education Building	D1	PW	678,000
Glendale, Glendale College	Laboratory College Services Building	B	CE	41,237,000
Glendale, Glendale College	1937 Physical Education Building Replacement	D1	PW	1,379,000
Grossmont-Cuyamaca, Grossmont College	Theater Arts Building	D1	PW	1,871,000
Hartnell, Hartnell College	Science Building	B	PW	1,366,000
Imperial Valley, Imperial Valley College	Academic Building Modernization	C	PW	548,000
Kern, Bakersfield College	BC Student Services Modernization	F	PW	893,000
Kern, Cerro Coso College	Main Building Modernization	C	PW	1,107,000
Kern, Delano Center	DC-LRC Multi-Purpose Building	B	PW	1,948,000
Kern, Porterville College	PC Allied Health Facility	B	PW	861,000
Long Beach, Long Beach City College, Liberal Arts Campus	Multi-Discipline Facility Replacement	B	PW	1,668,000
Long Beach, Long Beach City College, Pacific Coast Campus	Construction Trades, Phase I	C	PW	567,000
Los Rios, American River College	Liberal Arts Modernization	C	PW	318,000
Los Rios, Natomas Center	Natomas Center, Phase 2 and 3	B	PW	772,000
Los Rios, Sacramento City College	Mohr Hall Modernization	C	PW	509,000
Los Rios, Cosumnes River College	College Center Expansion	E	PW	220,000
Los Rios, Folsom Lake College	Instructional Buildings Phase 2.1	B	PW	1,560,000
Merced, Merced College	Agriculture Science and Industrial Technologies Complex	B	PW	416,000
Monterey Peninsula, Fort Ord Center	Public Safety Center Phase 2	D1	PW	717,000
Monterey Peninsula, Monterey Peninsula College	Arts Complex	C	PW	645,000
Mt. San Jacinto, Menifee Valley Center	Math and Sciences Building	B	PW	3,224,000

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Community College Board of Governors Project List - Continued

DISTRICT, COLLEGE/CENTER	PROJECT NAME	CATEGORY TYPE	PHASE	2012-13 AMOUNT
Napa Valley, Napa Valley College	Building 700 (1800) Modernization	C	PW	193,000
Palomar, Palomar College	Library/Learning Resource Center	B	PW	3,942,000
Peralta, Merritt College	Child Development Center	D1	PW	371,000
Rancho Santiago, Santa Ana College	Science Building	B	PW	1,736,000
Rancho Santiago, Santiago Canyon College	Fine and Performing Arts Center	D1	PW	1,504,000
Redwoods, College of the Redwoods	Utility Infrastructure Replacement/Seismic Strengthening	A3	PW	3,387,000
Rio Hondo, Rio Hondo College	Fine Arts Center	B	PW	942,000
Riverside, Moreno Valley College	Health Science Center	B	PW	2,205,000
Riverside, Norco College	Center for Health Performance and Kinesiology	D1	PW	1,317,000
Riverside, Riverside City College	School for Performing and Media Arts	B	PW	3,031,000
San Francisco, City College of San Francisco	Advanced Bio/Stem Cell Technology Center	B	PW	5,578,000
San Francisco, San Francisco Downtown Center	Downtown Campus Modernization	C	PW	1,256,000
San Joaquin Delta, San Joaquin Delta College	Planetarium	B	PW	394,000
San Mateo County, Skyline College	Workforce and Econ. Development Prosperity Center	C	PW	751,000
Santa Barbara, Santa Barbara City College	Administration Building Modernization	C	PW	2,186,000
Santa Barbara, Schott Center	Schott Center Modernization	C	PW	1,228,000
Santa Monica, Santa Monica College	Math/Science Addition	B	PW	2,102,000
Sequoias, College of the Sequoias	Basic Skills Center	C	PW	1,187,000
Sequoias, Tulare Center	Tulare Center Phase II, Academic Buildings	B	PW	2,033,000
Solano, Solano College	Building 1200 Theater Modernization (H&S)	A	PW	1,174,000
South Orange County, Irvine Valley	Fine Arts Building	B	PW	1,693,000
South Orange County, Saddleback College	Sciences Building	B	PW	2,474,000
State Center, Fresno City College	Child Development Center	D1	PW	789,000
State Center, Reedley College	Child Development Center	D1	PW	735,000
Ventura County, Moorpark College	Technology Building Modernization	C	PW	1,225,000
West Hills, West Hills College, Lemoore	Instructional Center	B	PW	975,000
West Hills, North District Center	Center Expansion	B	PW	2,073,000
West Hills, West Hills College, Coalinga	Initial Buildings Modernization Phase II	C	PW	858,000
West Kern, Taft College	Vocational Center	B	PW	1,231,000
West Valley-Mission, Mission College	Main Building Replacement	C	PW	2,028,000
West Valley-Mission, West Valley College	Applied Arts and Sciences	C	PW	787,000
Yuba, Woodland College	Performing Arts Facility	D1	PW	1,045,000
	TOTAL			128,774,000
READY ACCESS PROGRAM PROJECTS²				
Barstow, Barstow College	Initial Buildings Modernization	C	PWC	14,476,000
Cerritos, Cerritos College	Burnight Center #21 Replacement	C	PWC	35,054,000
Citrus, Citrus College	Hayden Hall Bldg #12 Renovation	C	PWCE	1,628,000
Desert, College of the Desert	Learning Resource Center	B	PWCE	27,221,000
El Camino, El Camino College Compton Center	Instructional Building 1 Replacement	A3	PWCE	13,908,000
Foothill-DeAnza, DeAnza College	Learning Center Renovation	C	PWC	9,680,000
Foothill-DeAnza, Foothill College	Library and ISC Renovation	C	PWCE	7,243,000
Mt. San Antonio, Mt. San Antonio College	Business and Computer Technology Center	B	PWCE	27,843,000
Mt. San Jacinto, Mt. San Jacinto College	Replace Fire Alarm System	A4	PWC	4,742,000
North Orange County, Cypress College	Science /Math Building 3 Renovation	C	PWCE	21,949,000
North Orange County, Fullerton College	Business 300 & Humanities 500 Modernization	C	PWCE	12,796,000
Peralta, College of Alameda	Modernize Library, Building 17	C	PWCE	12,647,000
Peralta, Laney College	Learning Resource Center	B	PWCE	21,975,000
San Bernardino, Crafton Hills College	Humanities (General Education) Building	B	PWCE	8,549,000
San Mateo County, Canada College	Multiple Program Instructional Center – Building 13 Modernization	C	PWCE	9,104,000
San Mateo County, College of San Mateo	Gym Modernization, Building 8	D1	PWCE	13,378,000
Santa Clarita, Canyon Country Educational Center	Science Building	B	PWCE	13,310,000

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Community College Board of Governors Project List - Continued

DISTRICT, COLLEGE/CENTER	PROJECT NAME	CATEGORY TYPE	PHASE	2012-13 AMOUNT
Solano, Solano College	Library Building 100 Replacement	C	PWCE	18,157,000
State Center , Career & Technology Center	CTC Site Development & Phase I Facility	B	PWCE	45,983,000
	TOTAL			319,643,000
DESIGN-BUILD PROGRAM PROJECTS³				
Sierra Joint, Sierra College	Science Replacement Facility	B	D	1,977,000
	TOTAL			1,977,000
	TOTAL – ALL PROJECTS			450,394,000

¹ The State funds shown in the attachment are used to finance specific phases of each project. These phases are designated by the following letters: Preliminary Plans (P), Working Drawings (W) Construction (C), and Equipment (E).

² Ready Access Program Projects–Projects that participate in the program receive lump-sum state funding for all project phases (PWC OR PWCE) in one Budget Act appropriation. The goal of Ready Access Program is to save state bond dollars with no cost to the General Fund while allowing local community college districts the ability to complete their projects faster in order to address growth and modernization facility needs. The program saves the state money because a local contribution to offset state supportable costs is required in order for districts to participate in the program and shortens the period to complete projects by at least one budget cycle.

³ Design-Build Program Projects-Projects that participate in the program receive state funding in the following phase: Design (D), Build (B) and if applicable Equipment (E). Because use of the Design Build delivery method is a new program for community colleges, district are given at least a year to complete the D phase before the funding of the B phase is authorized.

Enrollments Grow Despite State Cutbacks

According to data from the Chancellor’s Office, community college enrollments have remained at a very high level despite reductions in state funds over the past few years. The following tabulation shows the enrollments (funded and unfunded) since 2006-07.

	Funded Enrollments	Unfunded Enrollments	Actual Enrollments
2006-07	2,578,867		
2007-08	2,631,611	29,300	2,660,911
2008-09	2,713,052	123,068	2,836,121
2009-10	2,613,724	201,407	2,815,130
2010-11	2,681,372	87,759	2,769,131

As shown in the tabulation, many colleges are carrying unfunded students, but this is a short term solution. Continued de-funding of the community colleges will result in reduced enrollments over time. The data shows headcount rather than Full-Time Equivalent Students (FTES). ●

18th Annual CCFC Conference Scheduled Slightly Earlier This Year

The 18th Annual CCFC Conference will be held a few days earlier this year due to a calendar aberration and a facility scheduling issue. The Early Bird Reception will be held at 6:00 PM on October 31 (Monday) and the Conference will get underway on Tuesday morning (November 1) and finish at 1:00 PM Wednesday (November 2). ●

Budget Allocations Of 2006 Community College Bonds

The original allocation for community colleges in the 2006 Higher Education bond was \$1,507,000,000. The following budget appropriations have been made from these funds:

2006-07 Budget	491.7 million
2007-08 Budget	479.4 million
2008-09 Budget	412.5 million
2009-10 Budget	92.553 million
2010-11 Budget	99.143 million
2011-12 Budget	48.168 million
TOTAL	1,740.5 million

The budget allocations total more than the original community college entitlement, but project savings have occurred primarily due to a favorable bidding climate. The Chancellor's Office estimates that at the end of the 2011 calendar year there should be a balance of between \$30 and \$40 million. ●

Mark Your
Calendar



18th Annual Conference
Oct. 31 - Nov. 1, 2011

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Treasurer Throws Cold Water On 2012 Bond Prospects

In a report released on September 30th, State Treasurer, Bill Lockyer, indicated that the state's current debt load, with no further bond sales, is 7.8% of the General Fund. He also outlined the following possible scenarios:

- If the state sells no more bonds over the next 10 years the percent of General Fund devoted to debt service would fall to 4.1% in 2020-21.
- If the state sells all of the currently authorized debt of \$49.1 billion the debt service cost would fall to 6.8% in 2020-21.
- If the state sold an additional as yet not authorized \$20 billion plus the above \$49.1 billion the debt service cost would decline slightly to 7.7% in 2020-21.

The Treasurer also provided a few other depressing factors about California's debt load. California's debt as a percentage of personal income is 6% versus a national median of 2.8%. Also California's per capita debt is \$2,542 versus a national median of \$1,066. California currently has the lowest bond rating of any of the states.

While all of this is pretty discouraging, according to a recent article The Economist, Britain is reconsidering its total squeeze on expenditures to balance its budget. It is examining capital outlay as a possible relief to unemployment as well as economic growth. It is still possible for the Administration to determine that reduced unemployment has priority over fiscal policy considerations. ●

October 2011



Community College Facility Coalition

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RETURN SERVICE REQUESTED

For more info visit our website www.caccfc.org

CCFC

Membership

CCCFC is a statewide coalition composed of community college district facility planners, architects, developers, financial institutions, attorneys and consultants.

Our major purpose is to advocate for adequate State and local revenues for facility construction and to provide comprehensive information regarding community college construction and funding issues. Our highest priorities are:

- Increasing the funding level provided for community college capital outlay.
- Modifying the approval process to permit quicker approval and construction of needed facilities.

- Providing information to districts regarding changes and new requirements in the approval process.
- Identifying alternative funding sources for community college facilities.

It is our aim to include as many colleges as possible as members of the coalition, as well as those business entities that are involved in the community college facility

process. With the membership of college presidents, facilities specialists and business entities, we believe a formidable alliance can be forged.

We believe membership in this coalition is important to your facility program.

For more information about joining CCFC, please visit our website at www.caccfc.org or call the CCFC office at (916) 446-3042. ●

Fee Schedule

Community College Districts
(based on your Full Time Enrollment)

0-4,999	\$ 550
5,000-14,999	\$ 825
15,000 +	\$1,100

Organizations
Corporations, including private companies and consultants

\$ 600

Affiliated Organizations
(other government agencies)

\$ 550