



Maricopa County Community College District Governing Board Minutes April 2, 2013

A Capital Planning Retreat of the Maricopa County Community College District Governing Board was scheduled to be held at 2:30 p.m. at the District Support Services Center, 2411 West 14th Street, Tempe, Arizona, pursuant to A.R.S. Section 38-431.02, notice having been duly given.

PRESENT

GOVERNING BOARD

Doyle Burke, President
Dana Saar, Secretary
Randolph Lumm, Member
Ben Miranda, Member (Absent)
Debra Pearson, Member (Absent)

ADMINISTRATION

Rufus Glasper
Debbie Thompson
Jim Bowers
Lee Combs
Shari Olson
Gene Giovannini
Irene Kovala
Anna Solley
Chris Bustamante
Paul Dale
Shouan Pan
Linda Lujan
Ernie Lara

WELCOME AND OPENING

The capital planning retreat was called to order at 2:36 p.m.

President Burke called the meeting to order and welcomed participants to the retreat. He then introduced Vice Chancellor Debbie Thompson to provide opening comments.

Ms. Thompson greeted participants and reminded them the meeting was to discuss capital planning for a future bond program. There will be three more retreats planned this year. The day's discussion would provide a summary of the capital planning process and a timeframe for a capital development program, history and status of the 1994 and 2004 bonds, a series of overviews on the current and future economy, including trends (demographic, IT, workforce development), and financial impacts of a future capital program. Implications of a smaller more focused bond will be presented due to considerations of the current economic factors, low population and enrollment growth patterns, etc. Ms. Thomson then introduced Mr. Gary Eberhard, Architectural Project Manager from Facilities Planning and Development.

ANALYSIS OF 2004 BOND PROGRAM

Mr. Eberhard provided an overview of the historic bond components for the 1994 and 2004 bond programs. The 1994 bond was \$385,800,000 and 52% was focused on construction, 22% on college-managed IT, 8% each on occupational/vocational education and maintenance/security programs, 6% on land purchases, and 4% on energy/water conservation efforts. The 2004 bond was \$951,400,000 and 57% was focused on construction, 24%

on college-managed IT, 7% each on occupational/vocational education and maintenance/security programs, 3% on land purchases, and 2% on energy/water conservation. The percentage breakdown between the two was essentially the same, with the same emphasis on specific areas. The next bond will require a different strategy to deal with current circumstances—increased technology, aging facilities, and more maintenance for those aging facilities. Although 55% of MCCCCD facilities are less than 20 years old, 45% are over 20 years old. In the next four years, several things will need to be done for a new capital development program including deciding whether to proceed with master planning, an amount for the program, and specific plans for the system and each college. Mr. Eberhard concluded his presentation and introduced Mr. Arlen Solochek, District Director of Facilities Planning and Development.

OVERVIEW OF SPACE AND EFFICIENCY STUDY

Mr. Solochek presented information on the progress of a current district-wide instructional space utilization study to determine how well MCCCCD is using existing space. The current study is being done by *Paulien & Associates, Inc.* and is projected to be completed in late spring using semester data from fall 2012 and spring 2013. The study measures how efficiently MCCCCD uses classrooms and labs looking at the number of hours per week or use for each room, number of seats filled for each class in the room, and square feet per student station for the room. These measures will be compared against 32 peer higher education institutions. Impacts of distance learning will be reviewed and best practices to increase utilization rates will be offered. The study is not intended to determine how faculty use the classroom for instruction, analyze or make recommendations regarding the number of sections taught by faculty, measure faculty performance, modify the mix of traditional in-class instruction versus non-traditional delivery, or analyze or make recommendations on section sizes, increasing class section enrollment, or adjusting student to faculty mix.

The study will compile and report data for district-owned space (not leased space) building by building at each location, location by location (main campus, centers) for each college, total per college, and total across the district. It will analyze reported seating capacity versus district space standards and peer institution space benchmarks; class enrollment versus listed room capacity; and room use by day of the week and hour of each day. Selected comparable institutions used for benchmarks are two-year public community college or technical schools, or four-year schools that are focused on associated degrees; have larger enrollment; are in urban/urban fringe/suburban settings; and are multi-branch or multi-location systems. The study will compare MCCCCD utilization rates versus peer institutions; compare reported versus maximum room seat counts; and determine whether section sizes match existing classroom sizes and seating capacities. This will allow the district to determine if more classrooms are needed, should they be larger, smaller, or is the current mix appropriate. District can also decide if current classrooms can be remodeled/combined/divided to meet needs.

Classroom utilization benchmarks include: weekly room hours, student

station size, laboratory station occupancy, and laboratory weekly room hours. *Paulien* will identify over-use or under-utilization during times of the day or days of the week and identify classrooms that have significantly lower utilization rates than similar or adjacent rooms. The impact that alternative delivery instructional delivery methods, such as distance learning, have on space utilization, space planning, and space needs will also be provided. The study will help determine how much space MCCCCD needs to plan for future enrollment based upon the split of distance learning versus in-seat enrollment.

Study results will demonstrate stewardship of taxpayer assets and provide data for bond planning and enrollment growth support. It will also allow the Chancellor and the Board to establish utilization rates and standards and allow capital funding and additional space construction to be linked to achieving Board established utilization benchmarks. Preliminary reporting stats will be shared at the next Capital Planning Retreat scheduled for June 11, 2013.

Board Member Randolph Lumm asked how MCCCCD determines the number of morning and evening classes. Mr. Solocek replied data are looked at which show high peak times. Governing Board Member Dana Saar asked if MCCCCD would need to change for CTE needs. Mr. Solocek replied that MCCCCD needs to look at all data to see what the needs are and to determine if there are underused areas on campus that could be addressed in response. Mr. Solocek then introduced Mr. Lionel Diaz, Associate Vice Chancellor, Capital Planning, to speak. President Burke announced a brief break before Mr. Diaz's presentation.

PRIORITIES FOR NEXT BOND PROGRAM

Mr. Diaz presented a scenario and focused his presentation on the following scenario.

\$500,000,000 bond which, with interest, will have a total cost of approximately \$735,000,000. The annual additional debt service will range between \$3.7 million and \$48 million. The 2004 and 2016 Annual Debt Service could range between \$17 million and \$118 million. It would be repaid by 2036. MCCCCD operating costs are estimated at \$20 million annually. This option would have an annual long-term commitment in the budget, draws resources that could be available for other needs, and if MCCCCD was unable to honor the commitment, it would need to rethink proceeding with a bond program. The history of state aid shows a marked decline in the past 10 years. College and district budgets have been cut \$35.3 million since 2010. Mandatory expenditures have a projected cost of \$6.43 million, leaving approximately \$2.19 million to support all additional initiatives with current projected revenue sources. Several important and strategic needs have been identified which will cost around \$12.45 million to support.

The scenario presented for discussion is a \$500 million program broken down to provide \$250 million for remodeling and renovation (capital investment), \$200 million for IT systems and IT infrastructure, and \$50

million for major maintenance. This scenario to be discussed assumes: no new operating funds for buildings and no new buildings, increased utilization of existing space, no development of empty lands parcels, an eight year duration of bond program, and the next future district bond program in 2024.

Mr. Diaz said future capital planning retreats will occur on June 11 (enrollment projects, population projections, space utilization study and recommendations), September 19 (results of second voter poll, IT plans and costs for 2016 bond program), and October 21 (2016 total amount and related operating costs, decide go/no go for 2016 bond planning).

He then opened up discussion with the group.

DISCUSSING THE IMPACTS OF A BOND PROGRAM

Comments and Observations Included:

- This very conversation is happening nation-wide.
- It was acknowledged there would be different interests based on age and location of the institution. MCCCDC should look at One Maricopa and the SSE and recognize that students are coming in a different manner.
- Concerns regarding the need to support CTE changes and maintaining vital programs were reiterated.
- MCCCDC needs to look at population growth by region.
- What flexibility would the colleges have with potential growth for other options than those presented? Would the option of leasing space be available until the next bond program ends in 2024? Mr. Diaz responded that yes, he would encourage the colleges to look into partnerships, lease existing commercial spaces, etc.
- There was a question about what engagement with municipalities is being taken and if their efforts to drive population growth are being considered. Mr. Diaz again responded that colleges should encourage partnerships and engage with municipalities and talk about these plans.
- Another question was if the district had considered a facility condition index study as well to ensure that the quality of the facilities available within Maricopa should be the same across the board. Mr. Solocheck replied that a series of ideas has been put together for planning a new bond including master planning, facilities index, etc. A decision has not been made yet. Another question was if there was any consideration for other infrastructure needs, not just buildings, like athletic fields. Mr. Diaz replied they are looking at student enrollment growth, population growth, and it makes sense to be flexible. Not all colleges are the same and they are going in it prepared to respond to needs.
- Concerns and questions were expressed about whether decisions have been made about the size and composition of the bond or if this still is a participatory discussion. Mr. Diaz responded that the scenario reflects data that has already been seen. The scenario

may help to look at future needs in a different manner. This idea is simply a proposal. Ms. Thompson responded that this presentation was designed to provoke broad thinking. Related to this was a comment about capital impacts from the 60/40 plan, regionalization of programs, centers of excellence—these are all critical activities that would inform what is being discussed.

- It was noted that content delivery is changing dramatically (i.e., MOOC, online, need for students' flexible time). It is in MCCCDC's best interest to accommodate student needs. The success of online learning is because it is flexible and a better fit for students' time. Other methods of content delivery will require 24/7 delivery and support. MCCCDC needs to spend time thinking how groups of students work together—but where that happens may change. MCCCDC also needs to consider student needs.
- It then was noted that these comments have gotten the speaker thinking there is not one approach. MCCCDC needs to think about many approaches. Even if online enrollment continues to increase, students still need physical facilities (i.e., library). Some students are demanding more quiet study spaces. Colleges need a good place with technology support where students can socialize and work together as a group. Physical spaces can reinforce online learning. MCCCDC needs to consider how technology will change in the next 15 years. Consider a recent report that new students are not driving cars because of mobile technology. Also, competition for online is so intense. It behooves MCCCDC to invest in technology and responsive services.
- It was remarked that it was hoped this was the beginning of the conversation.
- If this scenario is MCCCDC's master plan it will dictate how MCCCDC behaves as a district. If MCCCDC plans to invest more in recruitment and retention of existing students how will MCCCDC serve that student enrollment?
- Even with regionalization, will smaller colleges still need to be comprehensive to meet local community needs? Community colleges no longer have a monopoly on Associates degrees. MCCCDC may need to consider offering Bachelor's degrees or come up with other options. MCCCDC needs to look at what the competition is doing in response to changing demographics and take advantage of these discussions to determine where and how to move forward.
- When technology is put in the forefront, it does affect the response and changes the way MCCCDC does business. There are others who are wanting to do more 24/7 asynchronous delivery. Maricopa is leading the way but if MCCCDC doesn't pay attention to products, is MCCCDC going to just compete for existing students who pass around from college to college? MCCCDC must fully leverage what has already been built and provided. The question to be answered is who is going to do it and how.
- Staffing needs will be affected as well. What kind of expertise will staff need to have to meet the needs of future students? What are

- employment needs going to be 15 years from now?
- Are there lessons to be learned from ASU's One University efforts? Regionalization of programs is driving efforts, not location. MCCC needs to look at facilities planning strategies. SSE will support this for Maricopa. MCCC needs to look at things from a systemic viewpoint without forgetting small campuses need to be comprehensive to meet community expectations. Could MCCC partner with ASU? The idea being, once students are on campus, they will seamlessly transfer to ASU. GCC used to be on the ASU West campus years ago and now there is new thinking how it might work again. MCCC should look to other partnerships with other institutions. The Communiversity model in Surprise is worth thinking about.

NEXT STEPS

Chancellor Rufus Glasper thanked Mr. Diaz and his presenters for challenging everyone in the room with today's discussion and for the detailed thinking on the planning process. He encouraged everyone to step back and allow for free thinking outside the box. He has heard university and city partnerships but what about K-12 and state partnerships. Considerations: should we purchase existing commercial facilities and remodel to suit? Currency of equipment also wasn't mentioned but MCCC needs to stay at least current with high schools so that MCCC has at least what students had in high school. Need to talk about leveraging resources. Data will come, but one thing to allow different conversations would be a funding formula for the system. This is a good opportunity to step back. Consider alternatives to an 8-10 year program.

A member of the audience suggested having focus groups with students to see how they picture MCCC and what they are expecting and ask them what they would change at the college.

ADJOURNMENT

President Burke adjourned the retreat at 4:24 p.m.

Dana G. Saar
Governing Board Secretary