

OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE
September 21, 2010

A meeting of the Finance Committee was held in the President's Office conference room, Administration Hall on the Owens Community College Toledo-area Campus.

Call to Order – Finance Chair Rich Rowe called the meeting to order at 2 p.m., and directed the record to show that the Finance Committee meeting was held in accordance with the Ohio Revised Code, Chapter 3358, and the policies of the Board of Trustees.

Roll Call – Roll Call was taken and the following committee members were present: Mr. Allan Libbe, Dr. Ronald McMaster and Mr. Rich Rowe (3). Board Chair Dee Talmage was also in attendance.

Attendees –The following administrators were in attendance: Dr. Larry McDougle, Mr. John Satkowski, Dr. Renay Scott, Ms. Pat Jezak, Mr. Brian Paskvan, Ms. Laurie Sabin, Mr. Michael McDonald, Mr. Brad Meyer, Ms. Charlene Gilbert, Mr. Marty Stroud and Dr. Connie Schaffer. Guests included Gina Matsoukas of Sightlines and Marie Thomas, Bowling Green Sentinel Tribune.

Approval of Minutes – The minutes of the May 17, 2010 meeting were previously received, and Trustee Rowe declared that the minutes stand approved as submitted.

Status of Physical Plant ~ Sightlines Presentation – Ms. Gina Matsoukas, Director of Consulting, Sightlines, New York, presented on Sightlines assessment of the College's Toledo Campus physical plant status as of 2009 and some comparison data with peer colleges in Ohio. This state-wide assessment was facilitated by the Ohio Board of Regents. She commented that her company's data assessment provides their clients with support for capital appropriation requests or for benchmarking purposes. She stated that Sightlines analyses are a bridge between the boiler room and the board room. The four areas reviewed were Stewardship (annual funds spent for plant, operations, maintenance and capital), Asset, Operations and Service. She made the following points of core issues for the College:

- Distinct campus profile of a high headcount for 100,000 SF of space. This is four times the average.
- College is below its peers in terms of planning and preventative maintenance. College has a backlog of deferred maintenance. Deferred maintenance is \$6.7 million.
- Maintenance staffing with skilled trades certifications are needed due to the complexity of the College's facilities; and, custodial staffing is needed due to the high headcount of people traffic.
- College has strong operating funds budgeted for plant, operations and maintenance; however, utilities, especially electrical, are creeping up. This is an opportunity for cost savings. The Strategic Energy Plan initiative should address this.
- The age profiles is 50 percent of the campus is considered 10 years or less and this includes the buildings that have been gut-renovated as those life cycles are reset at that point; 20 percent of the campus is 15 to 20 years; 30 percent of the campus is 25 to 50 years.

- Capital spending included \$12 million on new space from 2005-2009; \$6.5 million on existing facilities. The College has made significant investment in mechanical systems, which has served as a wise choice from the life cycle perspective. When the College has funding; it is spent wisely.
- Peer colleges spend \$3.50 per SF on the average; Owens spends \$1.00 per SF on average. An assumption can be made that \$13 million was deferred away from facilities.
- The College has two portfolios on campus due to the age of its buildings with 50 percent being under the age of 10, which is keep-up mode; and older than 15 years, which is maintenance mode.
- How much SHOULD the College spend annually to maintain the Toledo physical plant? She responded \$6.9 million a year as a target goal; plus more should be set-aside in a reserve account. Owens actually spends 10 percent of recommended target amount (\$690,000). The target goal will continue to grow to keep up with added space and inflation.
- Per FTE custodial staff covers 30,000 SF of space, which is the same as peer colleges; however, the College's density of people is greater. Material costs are in line with peer colleges.
- Cleanliness score is 3.9 on a 5.0 scale; with more people using the facilities. The grounds staffing is less than peer colleges at 50 acres per FTE.
- Energy consumption of 120,000 BTU's is level with peer colleges; however, usage costs are higher for northwest Ohio. The College's involvement in the energy consortium should come into play here, which is not reflected in this 2009 analysis. Michael McDonald noted that the College is 85 to 90 percent complete on the implementation of the Strategic Energy Plan.

In Ms. Matsoukas' conclusion she recommended targeting projects; continue with strategic energy implementation and analysis, and perhaps conducting a customer survey. President McDougle noted that the peer colleges in the study, Cuyahoga Community College, Lakeland Community College, Lorrain Community College and Sinclair Community College, have local levies and more funding for operations and facilities. President McDougle commented that the deferred maintenance for the entire University System of Ohio is about \$60 billion.

Ms. Matsoukas left the meeting. Dr. Connie Schaffer and Marty Stroud arrived at the meeting.

Technology Infrastructure Plan

Dr. Connie Schaffer, ITS Chief Information Officer, and Marty Stroud, Network Administrator, presented on upgrade and replacement of the information technology infrastructure, which addresses concerns first noted in the independent consulting team report from the University of Cincinnati. She noted that an upgrade is needed to avoid failure, outage, security risk, etc. The computer equipment is antiquated and can no longer be supported by Cisco. Replacement is necessary to the continuation of instructional and administrative (business) operations of the College. The Technology Infrastructure Plan will position the College for the next ten years, provide improved services and redundancy. The estimated project funding is about \$2.2 million. John Satkowski noted that funding for FY 2011 is in contingencies. Mr. Satkowski stated that he would like to make this recommendation of the investment to the Board at their next meeting. Mr. Libbe made a motion and Dr. McMaster seconded the motion to include a recommendation on the October 5 Board Retreat agenda for the consideration of the whole Board.

Marie Thomas and Brad Meyer left the meeting.

Child Care Financial Review

Mr. Satkowski reviewed the revenue and operating expenses for fiscal years 2008, 2009 and 2010 for the child care centers. The Child Care Centers serve as a benefit for employees, a service to students and as a learning laboratory for the Early Childhood Education program. The ratios of student/employee and community children are 70 percent student/employees and 30 percent community members for Toledo and 70 percent community and 30 percent student/employees for Findlay. The College-provided subsidies, which come from Auxiliary Funds, are stabilized at \$261,743 for Toledo and \$145,839 for Findlay. Laurie Sabin stated that both centers are full and have waiting lists. The fee schedule is comparable to community child care centers; many students are on a federal sliding fee schedule. Mr. Satkowski stated that he recommends the child care center business operations continue as the subsidy has stabilized from when the Board first recommended the review years ago.

Compensation Pool

Mr. Satkowski stated that in the FY 2011 budget, a compensation pool of 2 percent for non-bargaining unit staff was included. He stated that Business Affairs, Human Resources and President McDougle are reviewing compensation strategies. Mr. Rowe asked if merit would be included for the compensation pool; and, President McDougle responded that the College's evaluation instrument is not ready for consideration of merit pay.

EXECUTIVE SESSION

Mr. Rowe announced an executive session to discuss property and matters of collective bargaining. Dr. McMaster made a motion to adjourn to executive session for the reasons specified. Mr. Libbe seconded the motion. Mr. Rowe called for a roll call vote. Roll Call: Allan Libbe, yea; Ronald McMaster, yea; and Rich Rowe, yea (3).

Upon return from executive session, roll call was taken and the following members were present: Mr. Libbe, Dr. McMaster and Mr. Rowe (3).

Other

State Funding - Mr. Satkowski announced that he learned at the OACC Fiscal Officers meeting that the State is planning to defer \$127 million in higher education payments for June 2011 State Share of Instruction (SSI) until July 2011. For Owens, this means that the \$3 million surplus built in as a budget cushion for FY 2011 would be decreased by \$2.6 million. Mr. Satkowski stated that in other news, the fiscal officers are planning on how to cover the FY 2013 and FY 2014 budget hole that is currently plugged by federal stimulus funding.

Adjournment – As there was no further business to discuss, Trustee Rowe declared the meeting adjourned at 4:35 p.m.

ATTEST

Patricia Jezak

Secretary to the Board of Trustees

Approved 11-11-10