

WILLIAM RAINEY HARPER COLLEGE
1200 West Algonquin Road
Palatine, Illinois

COMMITTEE OF THE WHOLE MEETING

Agenda

May 10, 1989

7:30 p.m.

- I. Call to Order
- II. Roll Call
- III. 1989-90 Preliminary Budgets
 - Operations and Maintenance Fund (Restricted)
 - Bond and Interest Fund
 - Auxiliary Enterprises Fund
 - Restricted Purposes Fund
 - Audit Fund
 - Liability, Protection and Settlement Fund
 - Working Cash Fund
- IV. 1989-90 Repair and Renovation Program
- V. Continue Discussion of 1989-90 Education Fund and
Operations and Maintenance Fund budgets
- VI. Other Business
- VII. Adjournment

WILLIAM RAINEY HARPER COLLEGE
BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT #512
COUNTIES OF COOK, KANE, LAKE AND MCHENRY, STATE OF ILLINOIS

Minutes of the Committee of the Whole meeting of Wednesday, May 10, 1989.

The Committee of the Whole meeting was called to order at 7:36 p.m. in the Board Room of the Administration Building, 1200 West Algonquin Road, Palatine, Illinois

Present: Chairman Barbara Barton, Members John Coste, Kris Howard and Susanna Orzech

Absent: Members Michael Miller, Lawrence Moats, Molly Norwood and Student Member Darlene Ivarson

Also present: Paul Thompson, President; Bonnie Henry, V.P. Student Affairs; Vern Manke, V.P. Administrative Services; David Williams, V.P. Academic Affairs; Felice Avila, Executive Assistant to the President; Kathy Clavey, Recording Secretary; Vic Berner, Dean of Business Services and Finance; Chuck Harrington, Dean of Instruction; George Voegel, Dean of Curriculum Development; Don DeBiase, Director of Physical Plant; Larry Haffner, Dean of Academic Computing. Classified Staff/Pro Tech: Bill Neumann, Chairman, Classified Employee Council; Laurie Wren, Secretary to Vice President of Administrative Services and Leon Hussissian, Audio-Visual Technician.

In the absence of Secretary Norwood, Chairman Barton appointed Member Orzech as secretary pro tem.

President Thompson said that at the last meeting of the Committee, the preliminary budgets of the Education Fund and Operations and Maintenance Fund were discussed; and that at the current meeting, the preliminary proposed budgets for the remaining funds would be discussed.

He made the following comments on four of the funds that would be reviewed, indicating that each fund was either balanced or had revenues exceeding expenditures. Regarding the Operations and Maintenance (Restricted) Fund, he asked the Committee to keep in mind that because local levy funds come in on a semiannual basis, the budgeting for some projects is split over two budget years. Regarding the Auxiliary Fund, he indicated that it was projected that the revenues would exceed the expenditures; he reminded the Committee that the Fund includes the Bookstore, Food Service, Continuing Education accounts, among others; and that there are some staff and capital equipment additions included in these budgets. He also said that preliminary projections indicate that following the 1989-90 budget year it will no longer be necessary to loan money from the Education Fund to the Auxiliary Fund in order to keep it balanced. Regarding the Liability, Protection, Settlement Fund, which includes property/casualty insurance, workers' compensation, unemployment compensation and the College's portion of medicare payments, he pointed out that these commitments

continue to grow and that the College must remain accountable to its employees for the different parts of this fund. Regarding the Working Cash Fund, Dr. Thompson explained that it will no longer be necessary to borrow from this fund since the passing of a new law now permits permanent transfer of interest income from this fund to the Education Fund and the Operation and Maintenance Fund. This year \$800,000 of that interest will go to the Education Fund and \$100,000 will go to the Operations and Maintenance Fund. He concluded by saying that the other funds up for consideration are as represented and there are no significant changes in them. He asked Vice President Manke to proceed with the discussion.

Member Orzech asked for further clarification on the Working Cash Fund. Vice President Manke explained that in the past the money had to be loaned to the Education Fund or to the Operations and Maintenance Fund, allowing the interest to accrue there in order to use it there. The loans would then be paid back to the Working Cash Fund. The new law makes it unnecessary to loan the money; instead, it allows for the permanent transfer of the interest money only. In 1989-90, it is projected that the interest income from the Working Cash Fund will be all that is needed for the Education Fund and the Operations and Maintenance Fund. Therefore, in the preliminary budget it has been proposed that \$800,000 of interest income from the Working Cash Fund be permanently transferred to the Education Fund, and that \$100,000 of interest income from the Working Cash Fund be permanently transferred to the Operations and Maintenance Fund. He said that if this budget is approved the transfers will take place in June, 1990.

Vice President Manke then moved on to discuss the Operations and Maintenance Fund (Restricted). He explained that the fund is used to account for monies which are restricted in usage. The budgeted expenditures for this fund exceed the budgeted revenues. He referred the Committee to the revenue portion of the Fund and explained that interest from the sale of the second site proceeds is projected to be \$540,000 and interest from the fund balance is projected to be \$50,000 in this fund. In addition, the real estate taxes for Life/Safety projects are accounted for in this fund. The College receives two installments for the taxes, one in March and one in August.

Vice President Manke reminded Board members that also in this budget are the expenditures for the roofing project which the Board approved in 1988 and were part of the 1988 levy. This project is budgeted in this fiscal year because the College would not get this part of the 1988 levy money until the 1989-90 budget year. Upon a question from Member Howard, Vice President Manke clarified that what is shown as the real estate taxes for 1988 is definite income, and what shows as the real estate taxes for 1989 is the presumption that a Life/Safety levy will be made for 1989. He continued the discussion of the tax rates for Life/Safety, noting that the 1988 rate is not yet known because the assessed value has not yet been determined and released by the Cook County Assessors Office. Therefore, the College is using the same estimate that was used last year when the Life/Safety levy was discussed, approximately 3.46 cents per \$100 of assessed value. For 1989, based on this

presumption of the projects presented, the Administration is estimating the levy based on the assumption that the assessed value will go up 10 percent because of the quadrennial reassessment year. So, the tax rate is projected to be 3.29 cents per \$100 of assessed value which is a slight decrease over last year. He noted that in 1988 for Life/Safety the College levied \$2,380,530. The 1989 projected levy is \$2,472,500. This is about \$91,970 more than last year, but because the assessed value has gone up, the tax rate will be less. Vice President Manke called attention to the expenditure for roof replacement to be paid from the 1988 levy. This project has been bid, and came in below the total amount that was levied for it. The reason that the budget still shows the total amount is because, as the work progresses, there may be change orders. He noted that bids came in at approximately \$450,000 to \$480,000. The excess funds levied will first cover any possible change orders, and after the project is completed, the balance will remain in the College budget as a Life/Safety project allocation. Next year if other Life/Safety projects are recommended, we would then use those funds before requesting another Life/Safety levy. At this point, we are completing the three-year list of serious projects that were identified in 1985. The next round of projects that are going to need attention are much less serious in nature, but need to be addressed in order to keep the institution in good repair. These monies that are in excess would then be applied to Life/Safety needs prior to determining the 1990-91 levy, and after ascertaining project costs.

He noted that repair and renovation are coming along well, but that any campus that is twenty years old and continuing to age will always have repair projects that need attention. He commented that the College is now on the offensive instead of the defensive and repairs are being taken care of as the need arises. Member Howard asked if the College would need to continue to fund some of them to much less amount out of Life/Safety, rather than from the Operations and Maintenance Fund. Vice President Manke agreed, but noted there will be some projects which will not qualify for Life/Safety which should be funded out of the Operations and Maintenance Fund. However, there are projects that do qualify and should be funded from Life/Safety, because it is source of funding that was intended to be used to maintain the buildings. He noted that depleting the Operations and Maintenance Fund too much could put the College in a undesirable financial position.

He directed the Board's attention to a new project being proposed for the 1980 levy of Life/Safety, the mechanical repair for Buildings A, B, D, E, F, H, I, J, M and P. He noted that there are other aspects of the renovation and repair that need to be done on those buildings, and backup is provided on that in the Repair and Renovation list. This is budgeted at \$1,271,000.

Another new project not on the original list for the three year plan, but that cannot be deferred is rest room renovation in Buildings I and J. These rest rooms are severely deteriorating, with fixtures falling off the wall, ceramic tile coming off and walls crumbling. These buildings were built at a time when the Capital Development Board was trying to cut back on building costs

per square foot, and used a new technology or a new concept of construction which has not held up. The College attorney has been made aware of this problem, and it will be brought before the Board in the future if it is determined there is cause for litigation against the architect and the contractor. This happens to be a different architect than CRS, and we are not locked out of suing either this architect or the contractor on these buildings. We are still within the statute of limitations based on cursory view of all technicalities that go into litigation. In response to a question from Member Coste, Vice President Manke stated that the buildings are the newer buildings on campus. He concluded by noting that discussions with the attorneys indicated the College is still within the time frame for such legal action. The way to repair these defects is with Life/Safety Funds, but he stated he would probably come back and recommend that the College consider action against the architect and contractor; this is a decision for the Board to make at a later time. In response to Member Howard's question about the urgency of this repair project, Vice President Manke stated that this would probably be the first project to have the architect and engineer work on and to get out for bid, so that work can be started during the Christmas break when the College is shut down. There are 12 rest rooms in Buildings I and J.

Vice President Manke stated that in the last tour of the Palatine Fire Department, the College was cited for a defect or a deficiency in one of the Building I exits. This defect has never been cited before, but the doors open up into a stairway, and the situation is hazardous in the event of a fire. The College must take care of this matter to comply with the fire safety code, even though this project was not on the three-year plan.

Member Coste wanted to know the total for the new projects. Mr. Manke responded that it was \$2,472,500. Member Coste asked if there are other major projects to be done out of this fund. Vice President Manke indicated there were not, unless the Board wished to discuss roadway repair and parking lot repair. He said that it had been agreed that roadway and parking lot repair would be held up this year until further review. The roadway repair bids came in under what had been budgeted, but there will be a recommendation for a change order to do additional roadway patching. Not all the roadways are in need of total renovation, and some patching will defer major repair a few more years. The bid included pricing per cubic yard of asphalt. The areas that need patching will be identified and the Administration will come back with a change order recommendation for the asphalt and the work required to do the patching while the paving company is on the site.

Member Orzech expressed reservations about the amount of Life/Safety expenditures, saying she had thought it was going to decrease considerably this year, in spite of the continuing electrical and mechanical repair. Vice President Manke noted that without the unexpected repairs in the rest rooms and stairway, the Life/Safety request or the proposed Life/Safety levy would be reduced by more than \$500,000, which would make the projects less than last year as was predicted.

Moving on to the Bond and Interest Fund, Vice President Manke explained that this fund is used to pay for the principal and interest on the bonds the College district sold in prior years. He indicated that projections are for revenues in the amount of \$1,617,100, based on the predetermined levy at the time of the sale of the bonds. This cannot be changed. Principal and interest payments for 1989-90 will be \$1,617,100, which was also predetermined by resolution when the bonds were sold.

The next fund discussed was the Auxiliary Enterprises Fund. He stated that this fund deals with the Community Counseling Center, the Assessment Testing Centers, the Child Care Programs, Food Service, Continuing Education Programs, some of the physical education facility rentals among others. Revenue is projected at \$5,161,747 and the expenditures are projected to be at \$5,054,080. Most of the budgets in this fund are balanced budgets or are budgets where the revenue exceeds the expenditures. The fund is basically a self sustaining fund.

Member Howard inquired as to what was being done about air conditioning of the gym, since she felt this affects rental and usability of the facility. Vice President Manke responded that there were plans for renovation of air circulation for the gym that would most likely be funded by Life/Safety monies and that there were plans to air condition the Cardiac Rehab Lab and the Super Circuit area in Building M, but that there were no plans for air conditioning of the gym. There was a brief discussion pertaining to the configuration of air conditioning units for Building M.

The next fund discussed was the Restricted Purposes Fund. Vice President Manke explained that this fund was established to account for project monies that have restrictions regarding their use, such as Disadvantaged Student Grant, Advanced Technology Grant, Economic Development Grant, etc. He said that in this fund, accounts are balanced because revenues will be matched by expenditures. In most instances, grant money not used must be returned. However, at times, there are excesses due to some grants allowing for administrative expenses that are normally covered by individual departments. Total amount of revenue budgeted for this fund is \$1,084,826.

The Audit Fund was the next fund discussed. This fund is a very specific fund used to pay for the audit and is a levied fund. Projections are for the 1988 taxes at \$21,000, and the 1989 taxes at \$22,000 for a total of \$43,000. Expenses are also projected at nearly \$43,000. Member Orzech inquired what would happen if the projected expenses increased unexpectedly if there were a change in auditors. Vice President Manke responded that a deficit would make it necessary for more to be levied the following year in order to catch up.

The next fund discussed was the Liability, Protection and Settlement Fund. Covered in this fund are tort liability, unemployment insurance, employee medicare insurance, and the

workers' compensation insurance. This is a levied fund. Revenues in this fund are projected at \$910,000, with expenditures for the same amount.

The Working Cash Fund is included as part of the budget to provide for the permanent transfer of interest income. As discussed earlier, interest is projected at \$900,000. This interest will be transferred in the amount of \$800,000 to the Education Fund and \$100,000 to the Operations and Maintenance Fund.

He went on to discuss the section of the budget devoted to new personnel. He pointed out that there is a budget increase of \$21,000 in the Auxiliary Enterprises Fund with the recommendation of a new position, assistant exercise physiologist, with a salary of \$18,000, and an increase in hours of the Continuing Education coordinator for Physical Education resulting in a salary increase of \$3,000 over last year. Member Coste wanted to know the total number of upgraded and new positions in the total 1989-90 proposed budget. It was determined that there were five upgraded positions and eleven new positions.

Mr. Manke next discussed the Capital Outlay for the Auxiliary Fund, summarizing that there was a total of \$74,179 requested--\$614 for the Child Care Center, \$120 for Child Care Center at the Northeast Center, \$15,650 for the Cardiac Rehab Center, \$45,900 for the CAD/CAM Center, \$2,000 for Continuing Education Programs and Services, \$7,195 for Food Service and \$2,700 for the Bookstore. In answer to Member Orzech's question as to the reason for replacement of CAD/CAM Center equipment, it was stated that the equipment has become obsolete.

Vice President Manke invited questions from the Board members.

Member Orzech requested another copy of Life/Safety information showing dollar amounts and tax rates for 1986 through 1989. She also asked for a rationale of new positions in the Student Affairs area.

Chairman Barton questioned whether faculty from departments with declining enrollments are reassigned to departments with increased need for faculty.

Vice President Williams indicated that faculty assignments may change within a department as a result of shifting emphasis. In a department where fewer faculty are needed, positions vacated through retirement or resignation have not been refilled. He noted that the overall full-time/part-time ratio has been approximately 50/50, and the total number of full-time faculty has been 189-190 for about 10 years. He also noted that unit costs for instruction have remained stable for the total College program.

In response to questions from Board members about retraining, he indicated that although the College does not initiate retraining, the individual faculty member may take the initiative in taking course work necessary to be able to teach in another discipline or area. He noted that most shifts are accomplished when a faculty

With no further business, Member Orzech moved, Member Howard seconded, that the meeting be adjourned. Motion carried and the meeting adjourned at 9:13 p.m.

Barbara Barton
Chairman

Susanna Orzech
Secretary pro tem