

Monterey Peninsula Community College District

Governing Board Agenda

August 24, 2010

New Business Agenda Item No. _____

Administrative Services
College Area

Proposal:

That the Governing Board approve the updated Facility Construction Plan (revised August 3, 2010) as recommended by the district's Facilities Committee and College Council.

Background:

The district's Facilities Committee is a subcommittee of the College Council. The committee works to keep the district's construction program current. The committee is recommending adjustments to reflect updated projections for interest income and adjust project budgets based on recent bids and updated projections on projects in the drawing stages.

Total bond fund principle is \$149,239,351 (\$40,000,000 in 2003 + \$4,240,051 refinancing 2006 + \$104,999,300 in 2008). Bond funds are deposited with the county treasurer and earn interest that the board has designated be used for bond program management services and project expenses. Current bond project budgets approved by the Board in December 2009 total \$153,590,326, assuming \$4,350,975 in interest above program management expenses would be earned that could be used for projects. Based on the district's June 2010 financial reports (before closing and before audit), \$5,253,764 in interest income has been recorded through 6/30/10 (\$7,132,599 in interest earned less \$1,878,835 write off in investments). Bond Program Management expenses total \$4,320,626 leaving only \$933,138 available for projects. Program Management expenses have averaged over \$600,000 annually. Interest earnings through the county and Local Agency Investment Fund (LAIF) are currently in the range of 0.5% and the current balance in bond funds is \$72,116,583 which will only generate a little more than half of the average annual expenses for bond program management.

The following indicates the project budget adjustments being recommended to reduce the overall bond funded projects \$4,350,975 (from \$153,590,326 to \$149,239,351) and create a general contingency of \$1,667,699.

<u>Project</u>	<u>Budgeted</u>	<u>Forecasted</u>	<u>Difference</u>	<u>Notes</u>
New Ed Center Building at Marina	\$11,000,000	\$9,100,000	\$1,900,000	Updated for actual bids, final amount will be determined when completed.
Public Safety Training Center	\$9,000,000	\$7,500,000	\$1,500,000	Updated for actual bids, final amount will be determined when completed.
New Student Services Building	\$11,000,000	\$9,500,000	\$1,500,000	Updated for actual bids, final amount will be determined when completed.

Business Computer Science	\$2,593,854	\$2,300,000	\$293,854	Updated for actual bids, final amount will be determined when completed.
Life Science / Physical Science	\$18,532,645	\$14,500,000	\$4,032,645	Estimated cost based on updated drawings
Gym 1st Floor	\$2,527,498	\$3,900,000	(\$1,372,502)	Estimated cost based on updated drawings
Pool/Tennis Courts Renovation	\$400,000	\$2,000,000	(\$1,600,000)	Estimated cost based on updated drawings
General Contingency	\$0	\$1,667,699	(\$1,667,699)	Total amount not committed
Completed Projects Costs	\$53,732,326	\$53,967,649	(\$235,323)	Updated with actual expenses as of 6/30/10
Total			<u>\$4,350,975</u>	

The attached Master Budget (revised August 3, 2010) indicates the current budgets and recommended budgets for all projects.

In addition, bond cash available for investment will decline as work continues further reducing interest income available to pay for bond program management services. The district will need to reassess services being used and/or further reduce project budgets.

The Facilities Committee will continue to work to ensure the district's construction program remains current.

Budgetary Implications: Total project budgets are reduced \$4,350,975, from \$153,590,326 to \$149,239,351.

Resolution: **BE IT RESOLVED**, that the Governing Board approve the updated Facility Construction Plan (revised August 3, 2010) as recommended by the district's Facilities Committee and College Council.

Recommended By:

Joseph Bissell, Vice President for Administrative Services

Prepared By:

Suzanne Ammons, Administrative Assistant

Agenda Approval:

Dr. Douglas Garrison, Superintendent/President