

AGENDA
HYBRID MEETING OF THE BUSINESS AFFAIRS COMMITTEE
Community College of Philadelphia
Monday, June 24, 2024

TO: Business Affairs Committee and the Board of Trustees
FROM: Jacob Eapen
DATE: June 17, 2024
SUBJECT: **Hybrid Business Affairs Committee Meeting**

A hybrid meeting of the Business Affairs Committee is scheduled for **Monday, June 24, 2024 at 9:00 A.M.** Participants and attendees may attend in person in the Isadore A. Shrager Boardroom M2-1 or *via* Zoom. The Zoom information for the Public Session is as follows:

06/24/2024 Hybrid Meeting of the Business Affairs Committee

The Business Affairs Committee and the Board of Trustees will begin with an Executive Session

Executive Session will include discussions on labor negotiations and personnel matters. A private zoom link has been sent to the Trustees

PUBLIC SESSION AGENDA

<https://ccp.zoom.us/j/92058990246?pwd=NnF1dXI2d0xOVFdsanZHRVEzNHdRUT09>

Meeting ID: 920 5899 0246

Passcode: 8029

Please note that Attachment A contains a spreadsheet that lists the vendor/consultant, the amount, and the source of funding (i.e. Capital Budget, Operating Budget, Perkins Grant, or Bond Proceeds) which College Administration is seeking approval.

(1) 2024-2025 College Budget (Action Item)

The College is seeking approval for the 2024-2025 budget. The proposed budget includes a \$142.7 million for operating expenses, \$9.6 million for capital expenditures, and \$11.7 million for the Catto Scholarship Program, totaling \$164 million. Please refer to Table I (Attachment B).

(2) Insurance Renewal (Action Item)

The College's insurance program is reviewed annually prior to the July 1 renewal with its insurance brokers, Willis Towers Watson (WTW) and One Digital (formerly Bradley & Bradley) herein after "WTW"). The commercial insurance marketplace in 2024 has continued to exhibit signs of stability that we saw in 2023 after nearly four years of extreme hard market conditions (e.g. insured price and retained loss escalation, insurer coverage limitations). While the commercial casualty insurance market is still experiencing difficulties driven by continued rising defense costs, nuclear verdicts leading to larger liability awards, and increased severity in sexual abuse and employment practices claims, premium corrections over the past few years have led to improved combined ratios. This has, in turn, stabilized premium increases when compared to the insurance market results of 2019 – 2022. The commercial property insurance market also has shown signs of stabilizing. However, insurance carrier scrutiny over adequate asset-insured valuation and aggregated loss costs due to water damage claims and weather-related incidents remain evident in pricing. While carriers continue to focus on insured values to bring property portfolio replacement cost valuations in line with inflationary trends, we are starting to see value trend increases slowdown in 2024. Rate increases (largely dependent upon individual insured loss history) have also eased in 2024, primarily driven by a decrease in catastrophic weather events in 2023, which led to more favorable carrier reinsurance treaties in 2024.

The insurance renewal strategy meeting held on February 13, 2024, focused on incumbent carrier relationships and securing early terms to ultimately determine our marketing strategy. Prior to the 2023 portfolio renewal, one of The College's primary insurance carriers (CM Regent) elected to non-renew their coverages due to unfavorable loss experience. This allowed us to secure alternative carriers for the current portfolio. Property coverage was moved to Liberty Mutual, one of the leading insurance carriers in the Higher Education sector. General Liability and Excess Liability coverages were transferred to United Educators (UE), the leading casualty insurance carrier in the Higher Education sector. UE was The College's previous casualty carrier and continues to write The College's Educators Legal Liability coverage. Business Automobile coverage was placed with PMA, which also writes The College's Workers' Compensation coverage. Finally, Primary Crime coverage was moved to Travelers, who was already providing Excess Crime coverage over CM Regent's primary coverage. The strategy for the 2024 insurance renewal was to leverage these new relationships and secure favorable renewal outcomes. Through the combined College and WTW due diligence and effective risk exposure information gathering coupled with WTW's market relationship leverage, The College achieved favorable results. The College's anticipated insurance renewal premium costs (including the interests of CATC and WTW / One Digital's contracted professional brokerage fees) are approximately \$1.53M; a 6% increase over last year's approximate \$1.44M. Despite the increase, the current marketplace pricing for Higher Education risks has been averaging between 6-10%.

A highlight of the key results follows:

Property

The incumbent carrier, Liberty Mutual, offered a renewal premium of \$379,325, which represents a 5.6% increase over the expiring premium of \$359,052. This increase was derived by a small 1% increase in the insured property to keep up with inflationary trends, coupled with a 4.6% increase in the rate applied to the insured values. Liberty Mutual also provided a more competitive option for Terrorism (TRIA) coverage in 2024 priced at \$31,651, which brings the total premium for the property coverage to \$410,976. Including the TRIA coverage within the property policy results in approximately \$3,000 in net premium savings. Liberty Mutual is maintaining the standard deductible of \$25,000 per loss at renewal, still one of the lowest deductible levels for similar-sized institutions, and a \$500M Policy Loss Limit. Liberty Mutual did have to implement a higher deductible of \$250,000 for water damage losses resulting from the current exposed roof elements at the CATC building, but this clause will be removed once the repair work has been completed and Liberty Mutual re-inspects the building to confirm the repairs are satisfactory.

General Liability

The incumbent carrier, UE, offered a renewal premium of \$275,231, an increase of \$22,034 compared to the expiring policy. A deductible of \$50K per occurrence applies. There were no material changes in terms or conditions.

Automobile

The incumbent carrier, PMA, offered a renewal premium of \$31,075, an increase of \$3,210 when compared to the expiring premium of \$27,194. The automobile policy covers employees driving College-owned, rented, or hired vehicles as well as provides damage protection (collision and comprehensive coverage) for the College's current fleet. No material changes in terms or conditions.

Workers' Compensation

The incumbent carrier, PMA offered a renewal premium of \$310,894 which is \$12,833 or 4% higher than the expiring premium. This increase was driven by a corresponding 4% increase in reported payroll exposure, with the renewal rate remaining flat compared to the expiring policy. PMA, continues to offer Sliding Scale Dividend which could provide CCP with the possibility of two dividend payments, applied to CCP's earned premium (not inclusive of Terrorism Premium) based on CCP's loss ratio over the next 30 months - the maximum return could be 18% with little to no loss activity. **NOTE** - dividends are based on the financial performance of PMA and are not guaranteed) The Human Resources Office and the College's Safety Committee continue to review all work-related claims and offer recommendations and training efforts where needed. The College's Safety Committee again received re-certification from the PA Department of Labor which automatically makes the College eligible for a 5% reduction in premium. No material changes in terms or conditions.

Excess Liability

Incumbent carrier, UE, provides The College with a \$25,000,000 limit for catastrophic casualty events. UE offered a renewal premium of \$164,536, an increase of \$17,226 when compared to the expiring policy. Like the GL policy, United Educators provides the broadest scope of sexual misconduct liability coverage in the marketplace. No material changes in terms or conditions. Please note that the 10-year reporting provision (e.g. sunset provision) for sexual misconduct claims remains. This provision states that if a sexual misconduct claim occurs during the policy period and is first reported to UE 10 years or more after the end of the policy term, the limit of liability will be reduced to the lesser of \$5,000,000 or the remaining unexhausted amount of the Annual Aggregate Limit.

Educator's Legal Liability (ELL)

The College's ELL policy has a limit of \$15 million and provides protection for both the College's and Foundation's Board of Trustees against professional management liability wrongful acts as well as Institutional protection for employment practices wrongful acts, employed lawyer's professional wrongful acts, and College educators (tenured and adjunct) professional wrongful acts. Incumbent (UE), the longtime incumbent carrier, provided a renewal quote of \$224,703, which represents an increase of \$17,989 compared to the expiring premium. This renewal offering includes maintaining a competitive \$75K Per Claim Retention (\$0 Retention for Governing Board Directors, Trustees, or Officers, Who Cannot Be Lawfully Indemnified). General Counsel continues to work closely with UE and selected outside defense counsel actively managing the College's litigation matters. No material changes in terms or conditions.

Student Professional Liability - Medical Malpractice

Driven by the need to protect The College's Student Nurses under their Nursing program and internship services, CNA quoted a premium of \$4,333, an increase of \$589 from expiring \$3,744 based on an increased student enrollment count for professional programs of nearly 388. The number of students participating in clinical settings directly affects the cost of this insurance. There has been no rate increase for this coverage over the past several years. This policy provides \$1 million in coverage per claim and \$5 million in the aggregate to the College and to students and faculty related to their activities in a clinical setting. No material changes in terms or conditions.

The College also explored alternative coverage through UE's Internships and Professional Liability policy. The College ultimately decided to renew coverage with CNA given the difference in pricing (United Educators quoted premium was \$11,236) and comfortability with CNA's coverage given the scope of the student's current clinical exposures. If scope of student clinical exposure or The College's professional service offerings expand in the future, we will revisit potential coverage under the Internships and Professional Liability policy.

Crime & Excess Social Engineering

This policy provides the College with protection against 1st party (employee) theft and 3rd party theft and fraud for a limit of \$5M. It also covers "social engineering fraud/ funds transfer" should an employee unwittingly transfer College assets to a fraudulent third party due to deceptive and fraudulent practices. Incumbent carrier Travelers offered a renewal premium of \$14,807, which represents a 3% decrease when compared to the expiring policy. Travelers quoted terms include a \$250K

submit for Social Engineering claims. In order to provide more robust limits for this coverage, a \$250K Excess Social Engineering policy is placed with AXIS, providing a total limit of \$500K through the Crime Program. AXIS provided a slight decrease in their renewal premium at \$2,975.

International Liability

This policy provides foreign-based general liability, automobile liability, and worker's compensation coverage, as well as travel, medical, and security assistance services for faculty and staff traveling abroad, representing the interests of The College. This policy, placed with The Hartford, also includes kidnap and extortion coverage. The premium for this coverage is slightly lower than last year's premium, with the quoted premium at \$2,936 for the 2024 renewal. No material changes in terms or conditions.

Fine Arts

This policy, placed with Aspen, provides comprehensive loss or damage to the College's identified Fine Arts collections as well as collections on loan with limits of \$275,000 while at named CCP locations, and \$100,000 at any other location worldwide and \$100,000 while in transit worldwide. The renewal premium increased slightly from \$1,236 to \$1,298 while adding coverage for the Bronze Lion and 2 P statues. No material changes in terms and conditions.

Security and Privacy (Cyber Insurance)

This insurance offers critical insurance protection to the College if there were data security breaches or compromises of student and/or employee "private" information (as determined by federal and state jurisdiction). The carrier will provide forensic and legal assistance from a panel of experts to help determine the extent of the breach and the steps required to comply with applicable laws, include the following: notification to persons who must be notified under applicable law or on a voluntary basis; offer 12 months of credit monitoring to affected individuals; identify theft-related fraud resolution services for individuals enrolled in credit monitoring who become victims of identity theft; and extend coverage for theft, loss or unauthorized disclosure of information held by business associates as defined by HIPPA. First party benefits include protection for data recovery and business interruption, extortion threats (e.g. ransomware), and regulatory defense and penalties. The policy also protects the College against 3rd party legal action for damages arising from the alleged breach (including defense costs). The College currently has a policy limit of \$3 million. Given the improving Cyber Liability landscape, the WTW Cyber brokerage team undertook a marketing campaign to a number of leading carriers in the Cyber Liability marketplace. While incumbent carrier Coalition quoted a renewal premium of \$40,968, alternative carrier Cowbell was able to provide a more competitive quote at \$27,476 while maintaining the same limit (\$3M) and retention (\$50K) structures. Currently, Cowbell has one outstanding subjectivity that needs to be satisfied in order to bind coverage, which The College's IT team has confirmed will be able to be satisfied by 6/15/2024.

Broker Fee

WTW and One Digital's professional brokerage services are captured under an existing multi-year (5-year term) agreement that was incepted in 2021. The annual fee for 2024-25 is \$55,000 for their combined risk management and insurance brokerage services.

Recommendation

College staff is requesting that the Business Affairs Committee recommends to the full Board of Trustees that the College procure insurance as detailed in Attachment C. The 2024-25 Property and Casualty Insurance Renewal Package, including the \$55,000 broker fee, totals \$1,529,703. The source of funding will come from the Operating Budget.

(3) Contract with Honeywell International (Action Item)

The staff is proposing to enter into a 3-year agreement with Honeywell International Inc., through its Honeywell Building Technologies Services business unit to provide maintenance and compliance services for our building systems. The Facilities department is recommending approval for the 3-year service agreement with Honeywell International, Inc. for the following reasons:

- Comprehensive Coverage: The agreement provides extensive maintenance and compliance services for critical building systems, ensuring operational reliability and regulatory compliance.
- Expertise and Reliability: Honeywell’s expertise in building technologies and their proven track records enhance our confidence in the quality and reliability of their services.
- Cost Management: The outlined costs are competitive for the scope of services provided. The investment in proactive maintenance and compliance can potentially prevent more costly repairs and penalties for non-compliance in the future.
- Continued Partnership: Leveraging our existing relationship with Honeywell ensures continuity and maximizes the benefits of our past investments in their technology.

FINANCIAL OVERVIEW

Year 1 Jan 1 – Dec 31, 2024	\$ 324,839
Year 2 Jan 1 – Dec 31, 2025	\$ 345,316
Year 3 Jan 1 – Dec 31, 2026	<u>\$ 357,402</u>
TOTAL	\$1,027,557

Staff requests that the Business Affairs Committee recommend to the full Board that the College enter into a 3-year agreement with Honeywell International for maintenance and compliance services for building services for a total of \$1,027,557. The contract will be paid from the College’s operating budget.

(4) Elliot-Lewis (Action Item)

The staff is proposing to enter into a 3-year agreement for building operation services with our current provider, Elliot Lewis. This recommendation is based on the current successful team who is familiar with our systems, and provides good customer service. The Facilities department has been unable to find and retain Building Engineers, and outsourced to Elliot Lewis after soliciting three (3) bids from COSTAR vendors.

The college who will provide a new quote (See Attachment D) from Elliot Lewis, a COSTAR vendor, four (4) supplemental employees over the next three (3) years. The cost breakdown will be as follows:

Aug 1, 2024 – July 31, 2025	\$ 612,664
Aug 1, 2025 – July 31, 2026	\$ 634,108
Aug 1, 2026 – July 31, 2027	<u>\$ 656,304</u>
TOTAL	\$1,903,076

The COSTARS program leverages procurement contracts established by the PA Department of General Services (DGS) and utilizes the competitive pricing strategies to achieve the best value for member organizations. Through the COSTARS program, local government members are provided with the option to participate in cooperative purchasing opportunities for products and services.

Staff is requesting that the Business Affairs Committee recommend to the full Board that the College enter into a 3-year agreement with Elliot Lewis at a total of \$1,903,076. The funds will be from the Operating Budget.

(5) Resolution: Officers Designated to Sign Contracts with the City of Philadelphia

Community College of Philadelphia designators to sign contracts for FY 25 contracts with the City of Philadelphia's Office of Children and Families, Adult Education Department (OCF-AE) – Adult Education Services (Free Libraries of Philadelphia), and Pathways Program (Adult Education Instructor Training).

(6) Next Meeting – Business Affairs Committee of the Board of Trustees
(Information Item)

The next meeting of the Business Affairs Committee is scheduled for Wednesday, July 17, 2024 at 9:00 A.M.

JE/tn

c:

Ms. Mindy Possoff
Mr. Michael Soileau
Dr. Donald Generals
Mr. Gim Lim
Ms. Marsia Henley
Mr. Derrick Sawyer
Mr. John Wiggins
Dr. Judith Gay, Vice President Emerita

ATTACHMENT A
FUNDING FOR ACTION ITEMS
MEETING OF THE BUSINESS AFFAIRS
COMMITTEE OF THE BOARD OF TRUSTEES

AGENDA: June 24, 2024

Agenda No.	Vendor/Consultant	Amount	Source
2	Willis Towers Watson (WTW)	\$1,529,703	Operating Budget
3	Honeywell International	\$1,027,557	Operating Budget
4	Elliott Lewis	\$1,903,076	Operating Budget

ATTACHMENT B

TABLE I

**BUDGET SUMMARY – FUNDING SOURCES AND
APPLICATION OF FUNDS FOR THE FISCAL
YEAR JULY 1, 2024 – JUNE 30, 2025**

TABLE I

**BUDGET SUMMARY - FUNDING SOURCES AND APPLICATION OF FUNDS
FOR THE FISCAL YEAR JULY 1, 2024 - JUNE 30, 2025**

FUNDING SOURCES	Operating	Capital	Catto Scholarship Program	Total
Student Tuition	\$43,933,842			\$43,933,842
Student Technology Fee	7,669,137			7,669,137
Credit Course Fee	2,874,305			2,874,305
Distance Education Fee	1,720,464			1,720,464
Adult Literacy Program Fee	82,400			82,400
Senior Citizen Fee	8,240			8,240
Other Non-Instructional Fees	824,000			824,000
City of Philadelphia	39,850,940	\$4,458,267	\$11,693,974	56,003,181
Commonwealth of Pennsylvania	36,364,688	4,458,267		40,822,955
Interest Income	33,344			33,344
Indirect Cost Allowances	301,558			301,558
Vocational Education Support Funds	350,000			350,000
Miscellaneous Income	4,547,576			4,547,576
Reserves	1,801,638			1,801,638
Total Current Operating Revenues	140,362,131	8,916,534	11,693,974	160,972,639
Student General, and Other Fees	1,508,718	330,054		1,838,772
Grant Capital Revenues		400,000		400,000
Total Educational and General Revenues	141,870,850	9,646,588	11,693,974	153,564,824
Auxiliary Enterprises	806,753			806,753
TOTAL SOURCES OF FUNDS	<u>\$142,677,603</u>	<u>\$9,646,588</u>	<u>\$11,693,974</u>	<u>\$164,018,165</u>
APPLICATION OF FUNDS				
Operating Budget Salary Expenses	76,329,932			\$76,329,932
Operating Budget Staff Benefits Expenses	34,112,038			34,112,038
All Other Operating Budget Expenses	29,920,161			29,920,161
Catto Scholarship Program Expenses			\$11,693,974	11,693,974
Reduced Current Operating Expenses	140,362,132		11,693,974	152,056,106
Student Activities & Commencement	1,695,447			1,695,447
Total Educational and General Expenditures	142,057,578		11,693,974	153,751,552
Auxiliary Enterprises	620,025			620,025
Capital Acquisitions		\$730,054		730,054
Debt Service		8,916,534		8,916,534
TOTAL USES OF FUNDS	142,677,603	9,646,588	11,693,974	164,018,165
TOTAL APPLICATION OF FUNDS	<u>\$142,677,603</u>	<u>\$9,646,588</u>	<u>\$11,693,974</u>	<u>\$164,018,165</u>

ATTACHMENT C

2024-2025 PROPERTY AND CASUALTY INSURANCE RENEWAL PROGRAM

2024-2025 Property and Casualty Insurance Renewal Program

Coverage	Carrier	Renewal (2024-25) Premium	Renewal (2023-24) Premium
Property	Liberty Mutual	\$410,976	\$359,052
Terrorism Risks (\$250M)	London Market	N/A - Included in Property	\$ 34,010
General Liability (\$1M)	United Educators	\$275,231	\$253,197
Automobile	PMA	\$31,075	\$27,194
Workers' Compensation	PMA	\$310,894	\$298,061
Excess Liability (\$25M)	United Educators	\$164,536	\$147,310
International Liability Package	Hartford	\$2,936	\$3,688
Crime (\$SM)	Travelers	\$14,807	\$15,244
Excess Social Engineering (\$250K x \$250K)		\$2,975	\$2, Y8:l
Educators Legal Liability (\$15M)	United Educators	\$224,703	\$206,714
Student Medical Professional Liability (\$1M)	CNA	\$4,333	\$3,744
Travel Accident (Full 3 Year Premium)	AIG	\$3,462	\$3,462
Fine Arts Collections	Aspen	\$1,298	\$1,236
Security & Privacy Events	Cowbell (New)	\$ 27,476	\$ 33,830
Brokerage Services Fee	WTW/B&B	\$ 55,000	\$ 50,000
			\$1,236
TOTAL PORTFOLIO COSTS		\$1,529,703 (+6%)	\$1,440,704

ATTACHMENT D

**ELLIOT-LEWIS PROPOSAL
CONTRACTOR AGREEMENT RENEWAL**



PA COSTARS #008-550

2900 Black Lake Place
Philadelphia, PA 19154
Phone: (215) 698-4400

May 22, 2024

Community College of Philadelphia
1700 Spring Garden Street
Philadelphia, PA 19130

Reference: Contractor Agreement Renewal

Subject: Elliott-Lewis Proposal

Dear CCP team,

Elliott-Lewis' annual budgetary pricing to renew Building Operations Service (BOS)+ Contractor Agreement (effective May 24, 2023) at the Community College of Philadelphia is as follows for your review.

August 1, 2024 – July 31, 2025

- \$612,664.00 *based upon (4) full-time BOS staff, hourly rates below:*
 - Lead HVAC Maintenance Engineer - \$68.50 (ST), \$102.75 (OT)
 - Building Engineer - \$68.50 (ST), \$102.75 (OT)
 - Building Engineer - \$68.50 (ST), \$102.75 (OT)
 - Building Engineer - \$68.50 (ST), \$102.75 (OT)
- Pricing for on-demand Mechanical Services Technician
 - HVAC \$159.00/hour
 - Plumbing \$163.00/hour
 - Building Controls \$163.00/hour

August 1, 2025 – July 31, 2026

- \$634,108.00 *based upon (4) full-time BOS staff, hourly rates below:*
 - Lead HVAC Maintenance Engineer - \$70.90 (ST), \$106.35 (OT)
 - Building Engineer - \$70.90 (ST), \$106.35 (OT)
 - Building Engineer - \$70.90 (ST), \$106.35 (OT)
 - Building Engineer - \$70.90 (ST), \$106.35 (OT)
- Pricing for on-demand Mechanical Services Technician
 - HVAC \$162.00/hour
 - Plumbing \$166.00/hour
 - Building Controls \$166.00/hour

August 1, 2026 – July 31, 2027

- \$656,3014.00 *based upon (4) full-time BOS staff, hourly rates below:*
 - Lead HVAC Maintenance Engineer - \$73.38 (ST), \$110.07 (OT)
 - Building Engineer - \$73.38 (ST), \$110.07 (OT)
 - Building Engineer - \$73.38 (ST), \$110.07 (OT)



PA COSTARS #008-550

2900 Black Lake Place
Philadelphia, PA 19154
Phone: (215) 698-4400

Building Engineer - \$73.38(ST), \$110.07 (OT)

- Pricing for on-demand Mechanical Services Technician
- HVAC \$165.00/hour
- Plumbing \$169.00/hour
- Building Controls \$169.00/hour

Anticipated Schedule

Elliott-Lewis @ CCP

WEEKLY SCHEDULE

	1-Jul Mon	2-Jul Tues	3-Jul Wed	4-Jul Thu	5-Jul Fri	6-Jul Sat	7-Jul Sun
Lead HVAC Maintenance Eng	7:30a-3:30p	7:30a-3:30p	7:30a-3:30p	7:30a-3:30p	7:30a-3:30p	7:30a-3:30p	X
Building Engineer	7:30a-3:30p	7:30a-3:30p	7:30a-3:30p	7:30a-3:30p	7:30a-3:30p	X	X
Building Engineer	7:30a-3:30p	7:30a-3:30p	7:30a-3:30p	7:30a-3:30p	7:30a-3:30p	X	X
Building Engineer	2:00p-10:00p	2:00p-10:00p	2:00p-10:00p	2:00p-10:00p	2:00p-10:00p	X	X

- The above pricing is inclusive of all terms and conditions as understood by Elliott-Lewis in correspondence with Community College of Philadelphia prior to submittal. If Community College of Philadelphia is compelled to increase or reduce the levels of staffing, we are willing to discuss potential alternatives through further negotiation.
- Above pricing reflects Steamfitters Local 420 rates.
- Annual price increases align with CBA increases.
- Fill-Time not included
- Labor rates for Additional BOS Staffing to be negotiated upon approval to hire.
- Elliott-Lewis agrees to continue using Community College of Philadelphia for staff training courses.
- Elliott-Lewis agrees to pursue potential EITC partnership with Community College of Philadelphia.

We truly look forward to continuing our relationship with Community College of Philadelphia and believe that our corporate motto of **“Response You Can Depend On”** will be delivered on a daily basis.

We are available to discuss this proposal in greater detail at your convenience. Should you have any questions regarding this proposal, please contact me at (267) 254-1530.

Sincerely,

Keith Olkowski
Vice President, Facility Service