

**PHONE MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, September 21, 2016 - 9:30 A.M.
Isadore A. Shrager Boardroom, M2-1**

Teleconference: Mr. Jeremiah J. White, Jr., presiding; Ms. Suzanne Biemiller, Ms. Lydia Hernandez Velez, Dr. Donald Generals, Mr. Jacob Eapen, Mr. Todd E. Murphy, Mr. James P. Spiewak and Victoria Zellers, Esq.

AGENDA – PUBLIC SESSION

(1) Bid Results for Biology Lab Renovations (Action Item):

Discussion: Mr. Eapen stated that as a result of a multi-year collaborative study, involving specialized laboratory consultants, Biology faculty and staff, a comprehensive redesign of Biology Laboratory space on the 3rd floor of the West Building had been created. The space redesign addressed new strategies in pedagogy and included adding two new laboratories, enlarging and renovating five existing laboratory spaces (upon completion, the lab total will be 6 instructional labs and a Biology Tutoring/Open Lab), creating a faculty suite of supporting offices, student seminar and study areas, a dedicated Biology training classroom, prep area and specimen storages space. Specifications and drawings were created by Spiegle Architectural Group and divided into seven prime contract packages: General Trades; Mechanical; Electrical; Plumbing; Demolition; Painting; and Flooring. Using PennBid, a request for proposals was posted (RFP 9869) for the College to receive bid responses on September 6, 2016.

Mr. Eapen described the bid process utilized by the College including the thorough efforts undertaken to notify minority contractors about the project. He stated that a notice on the bid was sent to ten minority support groups requesting that they disseminate the College's bid information. Additionally, seven individual invitations were sent to the heads of those support groups asking that they attend the pre-bid meeting. The City of Philadelphia sent its contact list, and an additional 49 invitations to bid were sent to minority and women-owned contractors. These outreach efforts are in addition to the Legal Notices advertised with two MBE publishers, *Al Dia* Newspaper and the *Philadelphia Sun*.

The PennBid program utilized by the College uses a combination of DGS (Department of General Services) codes and the Pennsylvania DGS Website to invite all Disadvantaged Business Enterprises (DBEs) in those categories listed with the State of Pennsylvania.

A mandatory pre-bid conference was held on August 11, 2016 with 41 contractors in attendance, of which there 6 MBEs, 11 WBEs, and 2 MWBEs. College staff also attended an open house at The Enterprise Center on August 15, 2016 to promote minority and women-owned businesses to bid for College projects.

On September 9th and on September 12th, 2016, a post-bid scope conference was conducted with each of the low-bid respondents, where their scope of work was reviewed and confirmed. Subsequent to the above, the staff recommends awarding the contracts to the low bid respondents highlighted as follows:

General Trades to be awarded to Smith Construction in the amount of \$2,290,000;
Painting to be awarded to AP Construction in the amount of \$58,000;

Demolition to be awarded to Geppert Brothers in the amount of \$214,110;
 Electrical to be awarded to Mulhern in the amount of \$838,926;
 Plumbing to be awarded to Dolan Mechanical in the amount of \$782,000; and
 Mechanical to be awarded to Devine Brothers in the amount of \$873,000.

Bids Rec'd	Contract	Company	Status	Amount
2	General Trades	Smith Construction	WDBE	\$2,290,000
		AP Construction		\$2,342,000
1	Painting	AP Construction		\$58,000
3	Demolition	Geppert Brothers		\$214,110
		Delta Bids		\$248,900
		AP Construction		\$482,274
3	Electrical	Mulhern		\$838,926
		McGoldrick Electric		\$879,799
		Carr & Duff		\$920,000
1	Plumbing	Dolan Mechanical		\$782,000
3	Mechanical	Devine Brothers		\$873,000
		Allstates Mechanical		\$909,000
		Edward J. Meloney		\$1,248,000
1	Flooring – Non-responsive/non-compliant bid submitted – Rejected.			

In response to a funding question, Mr. Spiewak noted that at the time the College refinanced its 2008 bond issue, it borrowed \$5.9 million for the project and that the State is funding 50% of the debt service. Mr. Jeremiah White suggested that Dr. Generals communicate to Mr. Harold Epps concerning the College's minority contractor outreach efforts.

Action: Ms. Lydia Hernandez Velez moved and Ms. Suzanne Biemiller seconded the motion that the Business Affairs Committee recommend to the Executive Committee of the Board of Trustees that the bid results for the Biology Lab Renovation Project be awarded to the following contractors; and that the bid results be ratified by the full Board at the October 13, 2016 Board of Trustees meeting:

Smith Construction – General Trades: \$2,290,000;
 AP Construction – Painting: \$58,000;
 Geppert Brothers – Demolition: \$214,110;
 Mulhern – Electrical: \$838,926;
 Dolan Mechanical – Plumbing: \$782,000; and
 Devine Brothers – Mechanical: \$873,000

The motion passed unanimously.

(2) Biology Lab Fume Hoods (Action Item):

Discussion: Mr. Eapen explained that as a result of the phasing efforts (based on maintaining maximum course offerings) of the Biology Renovation project, it is necessary to pre-order long-lead laboratory hoods prior to the start of contractor services. Delivery of these items is critical to the success of the project.

Using PennBid, a request for proposals to furnish Laboratory Hoods was posted (RFP 9949) for the College to receive bid responses on August 18, 2016. Two bids were received, both offering the same product from the same manufacturer. The low-bid respondent was contacted and the scope of work was discussed in detail with the College and architect team.

Subsequent to the above, the staff recommends awarding the contract to Northeast Interior Systems, Inc. for the amount of \$164,500.

Northeast Interior Systems, Inc.:	\$164,500
VWR International:	\$195,714

Action: Ms. Suzanne Biemiller moved and Ms. Lydia Hernandez Velez seconded the motion that the Business Affairs Committee recommend to the Executive Committee of the Board of Trustees that the contract for the Biology Lab Fume Hoods be awarded to Northeast Interior Systems, Inc. in the amount of \$164,500; and that the Biology Lab Fume Hoods award be ratified by the full Board at the October 13, 2016 Board of Trustees meeting. The motion passed unanimously.

(3) Contract with Olaya Studio (Action Item):

Discussion: Mr. Eapen stated that the College has been using the services of Olaya Studios, a MBE firm located in the City of Philadelphia, on an "On-Demand" basis. They have been responsive and a resource to the College several times. The College desires to utilize their services again, but doing so brings the total of all their efforts to a value greater than \$100,000. The staff recommends the continued use of Olaya Studios services with the six (6) month service value as listed below:

Purchase Order	Purpose	Amount
P0018963	Permit drawings for building modifications in the Annex	\$1,635
P0019494	Full design documentation for Office relocations plans in Library	\$51,535
P0019495	W1-1 Office and space planning	\$17,610
Pending Approval	Full documentation for renovation to the Great Hall	\$59,680
	Six Month Total	\$130,460

Action: Ms. Lydia Hernandez Velez moved and Ms. Suzanne Biemiller seconded the motion that the Business Affairs Committee recommend to the Executive Committee of the Board of the Trustees the continued use of Olaya Studio services for a six month service value of \$130,460;

and that the continued use of Olaya Studio services be ratified by the full Board at the October 13, 2016 Board of Trustees meeting. The motion passed unanimously.

(4) 2015-16 Budget Results (Information Item):

Mr. Eapen and Mr. Spiewak provided an overview of the College's budget results for fiscal year 2015-16. The College began the 2015 – 2016 fiscal year with a balanced budget. The year ended with operating revenues exceeding operating expenses by \$2,160,223.

Student credit hours exceeded budget for the summer and fall 2015 semesters but spring and summer 2016 semesters were below budget as outlined in Attachment A. Overall total credit hours were 2% below budget resulting in approximately \$2 million less student tuition and fees than budgeted. State funds were budgeted at an increased amount of \$1.98 million, as originally proposed by Governor Wolf, but as a result of state budget negotiations were only increased by \$1.64 million. More of the City appropriation was able to be allocated to the operating budget because the State began funding 50% of the debt service of the 2013 loan that financed improvements to the West Building. Both investment income and income from miscellaneous sources were above budget.

Total operating expenditures ended the year \$4 million less than budgeted. Positions that were vacant for all or part of the year resulted in spending \$1.8 million less on full-time salaries than originally budgeted. Overall, total salaries were \$1,939,000 lower than budgeted. This had the impacted of reducing FICA costs which ended the year \$132,000 lower than budgeted. The fringe benefit budget was positively affected by a favorable year for the medical self-funded program. Final expenses associated with healthcare were almost \$600,000 below budget. Administration took advantage of the savings from the salary and fringe benefit lines and other expense lines to pay-off existing longer-term leases in the amount of \$1.577 million. This strategy provides flexibility in the College's operating budget for future years. Attachment A provides detail on the revenue and expenses variances. As presented in the FY 2016-17 budget that was approved by the Board on June 30, 2016, \$915,800 of the excess revenues from FY 2015-16 is required as a revenue source for FY 2016-17. Due to the lower-than-budgeted enrollments experienced thus far in FY 2016-17, additional amounts of the FY 2015-16 excess revenues may be required as a revenue source for FY 2016-17. The remaining excess revenues may be utilized to establish reserve funds for deferred maintenance and technology refresh needs.

Ms. Suzanne Biemiller congratulated the President and staff on their management of the operating budget given the difficult circumstances to balance the budget.

(5) Next Meeting:

The next meeting date of the Committee is scheduled for **Wednesday, October 19, 2016 at 10:00 A.M.** in the College's Isadore A. Shrager Boardroom, M2-1.

AGENDA – EXECUTIVE SESSION

Discussion of legal matters.

ATTACHMENT A

2015-16 BUDGET RESULTS

Community College of Philadelphia
 Enrollment Information (FTEs and Credit Hours)
 Fiscal Year 2015-16

	Actual Credit		Budgeted FTEs FY 15-16	Budgeted Credit Hours FY 15-16	Actual Credit		Credit Hour Variance - Budgeted vs.		
	Actual FTEs FY 14-15	Hours FY 14-15			Actual FTEs FY 15-16	Hours FY 15-16	Actual	% Variance	
<u>CREDIT</u>									
Summer 2	1,716	20,591	1,717	20,609	1,730	20,760	151	0.7%	
Fall	12,859	158,471	12,976	159,625	12,963	160,200	575	0.4%	
Winter	46	546	50	600	47	558	(42)	-7.0%	
Spring	12,587	155,231	12,801	157,209	12,056	149,185	(8,024)	-5.1%	
Summer 1	2,494	29,926	2,550	30,600	2,216	26,595	(4,005)	-13.1%	
Credit Year-to-date Totals - Annual FTEs	<u>14,851</u>	<u>364,765</u>	<u>15,047</u>	<u>368,643</u>	<u>14,506</u>	<u>357,298</u>	<u>(11,345)</u>	<u>-3.1%</u>	
<u>NONCREDIT</u>									
Summer 2	54		95		64				
Fall	501		658		384				
Spring	344		615		345				
Summer 1	115		236		111				
Noncredit Year-to-date Totals - Annual FTEs	<u>507</u>		<u>802</u>		<u>452</u>				

**Community College of Philadelphia
Operating Budget Projections
Fiscal Year 2015-16**

	<u>Original Budget</u>	<u>Final at June 30, 2016</u>
<u>REVENUES</u>		
Student Tuition and Fees	\$76,691,245	\$74,647,882
Commonwealth of Pennsylvania	30,621,805	30,128,342
City of Philadelphia	23,247,363	23,367,407
Other Income	<u>1,728,720</u>	<u>2,296,953</u>
TOTAL REVENUES	\$132,289,133	\$130,440,584
<u>EXPENSES *</u>		
Salaries, Net of Lapsed Funds	\$75,642,290	\$73,703,012
Fringe Benefits	34,124,000	33,150,262
Other Expenses	22,322,843	21,354,784
Student Financial Aid	<u>200,000</u>	<u>72,303</u>
TOTAL EXPENSES	\$132,289,133	\$128,280,361
EXCESS REVENUES (EXPENSES)	<u>(\$0)</u>	<u>\$2,160,223</u>

* Prior to impact of GASB 45 and 68 accruals

Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2015-16

	Original Budget	Final at June 30, 2016	Comment
OPERATING REVENUES			
State Funding	\$30,479,415	\$29,963,726	As a result of state budget negotiations, a lessor increase in state funding was received than originally budgeted.
State Lease funding	142,390	164,616	
Total State Revenues	30,621,805	30,128,342	
Tuition - Credit Students , net of write-offs, discounts and other offsets	60,784,200	58,909,256	Summer and Fall, 2015 semester enrollments slightly exceeded budget but Spring and Summer, 2016 enrollments were below budget. For the year, total credit hours were 3.1% below budget resulting in less than budgeted tuition.
Technology Fee	10,631,700	10,328,094	For the year, total credit hours were 3.1% below budget resulting in less than budgeted technology fees.
Course Fees	3,591,490	3,668,652	
Net Contribution from: Contracted Noncredit Instruction; Other Noncredit Instruction; Adult Community Noncredit Instruction	506,500	453,957	
Student Regulatory Fees	1,177,355	1,287,923	
Total Student Tuition & Fees	76,691,245	74,647,882	
City Operating Funds	23,247,363	23,367,407	
Investment Income	500,000	814,970	In addition to interest earnings of \$445,000, the College also had a gain on long-term investments in the amount of \$370,000.
Vocational Education Funding	200,000	267,588	
Indirect Costs, Administrative Allowances	300,000	368,579	
Parking Proceeds & Miscellaneous Income	728,720	845,816	
Total Other Income	1,728,720	2,296,953	
TOTAL OPERATING REVENUES	\$132,289,133	\$130,440,584	

Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2015-16

	<u>Original Budget</u>	<u>Final at June 30, 2016</u>	<u>Comment</u>
<u>OPERATING EXPENSES *</u>			
<u>Salaries</u>			
Full-Time Administrative Salaries	17,137,300		
Less: Projected Lapsed Salaries	<u>(900,000)</u>		
Net Full-Time Administrative Salaries	16,237,300	15,470,140	Higher than anticipated number of unfilled administrative positions during the year.
Full-Time Faculty Salaries	29,086,904		
Less: Projected Lapsed Salaries	<u>(150,000)</u>		
Net Full-Time Faculty Salaries	28,936,904	28,359,069	More lapsed funds than originally budgeted.
Full-Time Classified Salaries	11,052,934		
Less: Projected Lapsed Salaries	<u>(450,000)</u>		
Net Full-Time Classified Salaries	10,602,934	10,137,068	Higher than anticipated number of unfilled classified and confidential positions during the year.
Subtotal - Full-Time Salaries	55,777,138	53,966,277	
Part-Time & Overload Credit Salaries	10,985,389	10,975,763	
Summer Credit Instruction	4,064,938	3,954,464	
Noncredit Instructional Salaries	424,310	398,056	
All Other Salaries	3,940,515	4,138,800	
Early Retirement Incentive Payments	450,000	269,652	
Subtotal - Other than Full-Time Salaries	19,865,152	19,736,735	
Total Salaries	75,642,290	73,703,012	

Community College of Philadelphia
 Operating Budget Projection
 Fiscal Year 2015-16

	Original Budget	Final at June 30, 2016	Comment
Fringe Benefits			
Medical Program	22,853,700	22,257,501	Actual claims were lower than originally projected.
Retirement Contributions	5,893,500	5,842,259	
FICA	3,108,700	2,976,413	Lower than budgeted salary expenses resulted in a lower than budgeted FICA expense.
Tuition Remission	650,000	555,644	
Group Life Insurance	482,200	466,125	
Unemployment Compensation	200,000	232,954	
Workers' Compensation Insurance	346,700	281,691	Lower than budgeted premiums for workers' compensation insurance.
Unused Vacation	100,000	93,751	
Disability Insurance	304,200	298,785	
Forgivable Education Loan	185,000	145,139	
Total Fringe Benefits	34,124,000	33,150,262	
Facility Expenses			
Utilities	2,004,341	1,816,251	
Contracted Security	1,700,000	1,720,232	
Contracted Cleaning	1,178,760	1,205,363	
All Other Facility Expenses	2,333,717	2,291,167	
Total Facility Expenses	7,216,818	7,033,013	

Community College of Philadelphia
 Operating Budget Projection
 Fiscal Year 2015-16

	Original Budget	Final at June 30, 2016	Comment
All Other Expenses			
Leased Equipment & Software	5,425,659	4,981,904 +	
Catalogs and Advertising	1,418,856	1,555,482	Additional costs associated with 50th Anniversary Events and Spring 2016 Enrollment advertising
Supplies-Pool	1,395,718	1,315,273	
Contracted Services	1,805,175	1,820,065	
Consulting	538,300	836,331	Additional costs for: Facility Master Plan, Margolis-Healy Security Review, Economic Impact Study, Public-Private Partnership RFP, Hanover Research
Maintenance & Repairs	576,006	436,948	
Postage	315,200	257,348	
Insurance	662,000	622,190	
Legal Fees	322,000	808,543	Additional costs for Burt Hill claim, real estate firm, arbitrations, and negotiations.
Other Expenses	2,647,111	1,687,689	Reflects value of unspent contingency funds and various other budget lines.
Total All Other Expenses	15,106,025	14,321,772	
Student Scholarships	200,000	72,303	
TOTAL OPERATING EXPENSES	\$132,289,133	\$128,280,361	
Excess Revenues (Expenses)	(\$0)	\$2,160,223	

* Prior to impact of GASB 45 and 68 accruals

+ Includes the cost of payments made to pay off certain long-term leases.