

**MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, February 19, 2020– 9:00 A.M.**

Present: Lydia Hernández Vélez, Esq. (Chair), Mr. Rob Dubow, Mr. Harold Epps, Mr. Steve Herzog via teleconference, Dr. Donald Guy General, Mr. Jacob Eapen, Dr. Judith Gay, Mr. Gim Lim, Mr. James P. Spiewak, Victoria Zellers, Esq. and from the Radnor Property Group, Mr. David Yeager

AGENDA

PUBLIC SESSION

(1) Presentation of The Hamilton – Phase I and II (Information Item):

A briefing on The Hamilton project was presented by Mr. Eapen and Mr. Yeager. Mr. Eapen gave an overview of The Hamilton project including the College's housing strategy, the benefits of using a Private Public Partnership, and details associated with the January 2016 RFP selection process leading up to the Board approving RPG as the Developer in June 2016. Attachment A contains the PowerPoint presentation utilized by Mr. Eapen. He noted that the facility was an asset in the recruitment of international students and that there are currently 35 students residing at The Hamilton.

Mr. Yeager of RPG provided an overview of Phase I of The Hamilton. He described the courtyard, the south view – full buildout, and the amenity space. Mr. Yeager provided the unit pricing for Phase I which includes a total number of 279 units, as well as a market comparison of The Hamilton compared with the Summit and Evo in University City; The Hamilton in the favorable price range. Mr. Yeager stated that Phase I is 90% occupied. He noted that the number of units rented to CCP students is 15: 5 studios, 5 one-bedroom and 5 two-bedroom. The Hamilton also has a significant number of residents from Temple and Drexel Universities. The mix of residents is about 50% student and 50% professionals.

Mr. Yeager stated that Phase II will consist of a total of 297 units and that the unit mix will be equal among the three types. He provided an overview of Phase II construction schedule noting that the anticipated completion date is November, 2021. Attachment B contains the PowerPoint presentation utilized by Mr. Yeager. In response to Committee members' questions, he stated that the two-bedroom units were more highly desired than anticipated and that led to the decision to adjust the mix of units for Phase II. He noted that Bozzuto, their leasing management company, has done a great job and is very experienced with student housing.

(2) 2019-2020 Budget Update (Information Item):

Mr. Eapen and Mr. Spiewak presented an update on the College's 2019-2020 budget status. Mr. Spiewak reviewed the enrollment information and the operating budget projections that are contained in Attachment C. He noted that through the Spring 2020 semester, credit hours are 4.3% below budget which translates into a decrease in student tuition and fees of

approximately \$2.6 million. However, in comparison to the original revenue projections there are positives. The State increased the College's appropriation by 2% from the previous year (\$633,000) and the original budget contained flat funding. An additional \$821,000 of the City appropriation can be applied towards the operating budget since there will only be one debt service payment associated with the second phase of financing for the Career and Advanced Technology Center project. Overall, revenues are projected to be \$969,000 lower than the original budget. Mr. Spiewak stated that the College has been delaying the filling of vacant administrative and classified positions, and freezing some positions, to offset the decrease in revenues. It is projected that spending on full-time positions will be \$1.275 million lower than budget. Additionally, there are savings in part-time and summer instructional salaries due to offering lower number of sections than originally budgeted. Total salaries are projected to be \$1.4 million lower than budget. On the negative side, medical claims are trending about \$1 million higher than budget due, in part, to four large claims. Total staff benefits are projected to be \$.7 million higher than budget. All other expenses are projected to be at the budgeted levels. Based upon the revised revenues and expenses, a shortfall of \$273,000 is projected.

Committee members and staff discussed how the recent changes to the CBA related to full-time faculty course loads have affected the budget and the FT/PT ratio. A high-level discussion concerning the FY 2020-2021 budget and the "Promise Scholarship" program being proposed by the City took place. Mr. Spiewak noted that the College will complete its internal budget process for FY 2020-2021 later in the semester. Dr. Generals stated that enrollment continues to be a concern, but the "Promise Scholarship" program and other current and planned initiatives will help retention and should promote enrollment growth.

(3) Board Approval Needed to Issue Purchase Order for the IT Infrastructure Equipment for the Library & Learning Commons to Graybar, the Second Lowest Bidder in the Amount of \$114,000 (Action Item):

Information: Mr. Eapen stated that the Board previously awarded a purchase order, subject to the terms and conditions of the RFP, to Worldwide Services, LLC in the amount of \$111,037 for Cisco equipment for the Library and Learning Commons. Worldwide Services, LLC is a federal contractor and had been identified as the lowest responsible bidder. Mr. Eapen stated that Worldwide Services, LLC was unable to provide proof that the licensing, warranties, and maintenance for the equipment would be properly registered in the College's name; and based on Worldwide's failure to comply with the terms and conditions of the RFP and purchase order, the College cancelled the purchase order. Mr. Eapen stated that the staff recommends that the Business Affairs Committee recommend to the full Board to award the purchase order to Graybar, the next lowest bidder, in the amount of \$114,000. Graybar is an authorized Cisco dealer and will be able to provide the proper licenses and warranties.

Action: Mr. Dubow moved and Mr. Epps seconded the motion that the Committee recommended to the full Board the awarding of the purchase order for the IT Infrastructure Equipment for the Library & Learning Commons to Graybar, the next lowest bidder, in the amount of \$114,000. The motion passed unanimously.

(4) Next Meeting

The next regularly scheduled meeting of the Committee will be held on **Wednesday, March 18th at 9:00 A.M.** in the Isadore A. Shrager Boardroom, M2-1.

AGENDA

EXECUTIVE SESSION

An Executive Session followed the Public Session.

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Attachments

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ATTACHMENT A

**Briefing on The Hamilton Project
Presented by Mr. Jacob Eapen**

The Hamilton

Presentation to the Business Affairs Committee
February 19, 2020

CCP's Housing Strategy

- **Unlock the value of CCP's valuable land assets to realize the Strategic Plan with outside capital investment from development partners.**
- **Use experienced professionals with a track record of developing and managing near campus housing as partners, and transfer of the risk associated with the project from the College to the developer.**
- **Use a ground lease structure that has no impact on CCP's credit rating.**
- **Preserve CCP's capital for core educational and academic priorities.**

Benefits of Private Public Partnership

- **No capital investment required of the College.**
- **CCP's ownership of the land is retained and becomes an income-producing asset.**
- **Project reversion to College upon expiration of lease or earlier lease termination due to event of default.**

The Selection Process

- College issued an RFP on January 29, 2016.
- Received 4 proposals of which 1 was non-responsive.
- Selection Committee recommended Radnor Property Group.
- RPG was viewed as better meeting CCP goals:
 - ❖ World Class Facilities
 - ❖ Greater variety of housing options
 - ❖ More affordable housing options for students
 - ❖ More desirable designs.
- Board approved RPG as the Developer in June 2016.

ATTACHMENT B

**Presentation of The Hamilton
Project – Phases I and II
Presented by Mr. Dave Yeager, RPG**



The Hamilton

1500 & 1520 Hamilton Street
February 19, 2020

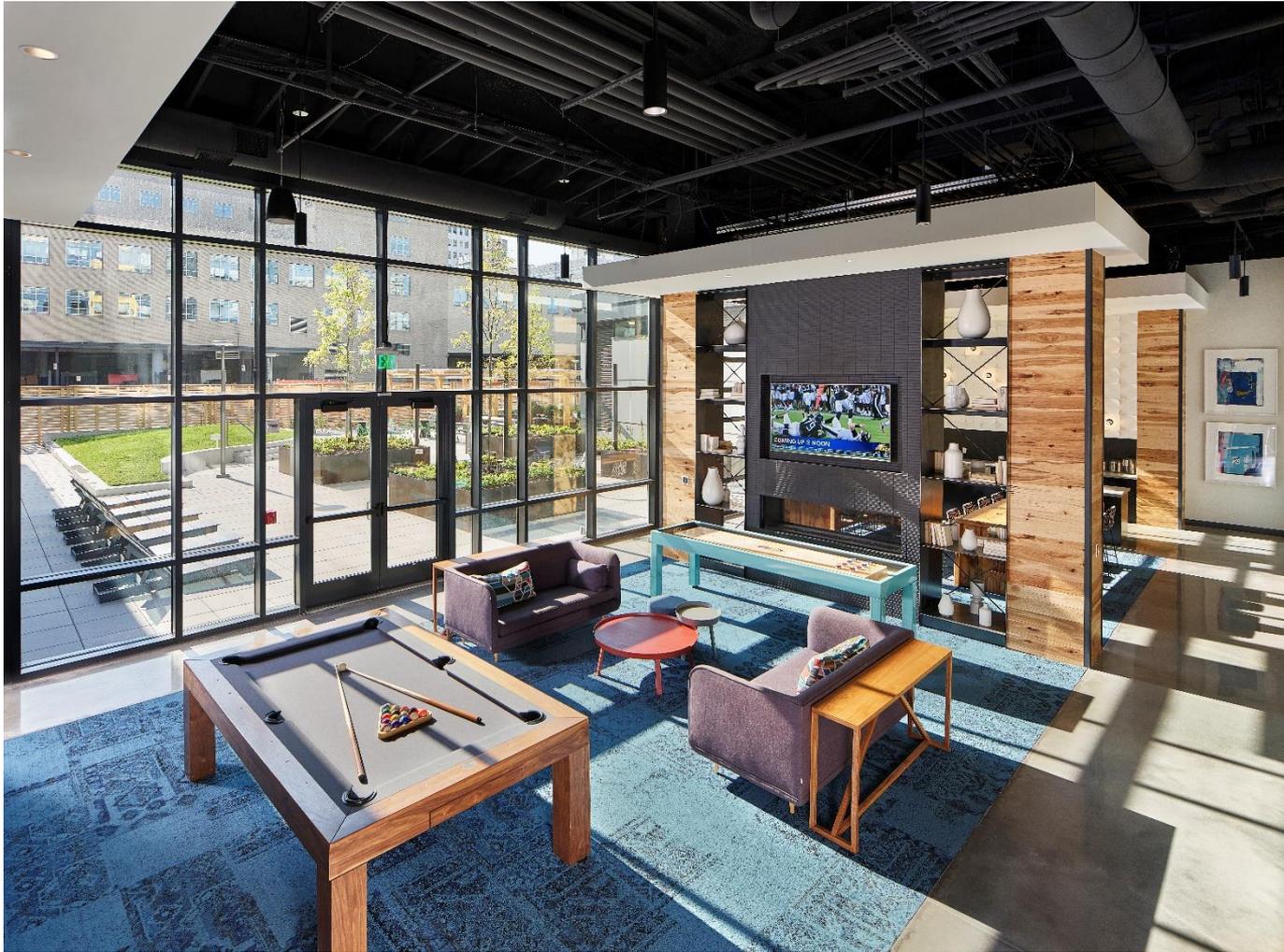
Phase I Courtyard



South View – Full Buildout



Phase 1 Amenity Space



Phase 1 Amenity Space



Phase 1 Amenity Space



Phase 1 South View



Unit Pricing

Phase 1	Total	Studio	1 BR	1 BR - Shared	2 BR	2 BR - Shared
Total # of Units	279	81	135		63	
Total # of Units Occupied	255					
Total # of Units Available	24	1	20		3	
% Occupied	91%					
# of Units Rented to CCP Students	15	5	5		5	
# of Residents Attending CCP	34	5	10		19	
% of Units Rented to International Students	93%					
June 2016 - RFP Interview #3		\$ 1,650	\$ 1,926	\$ 963	\$ 2,900	\$ 725
November 2018 - Construction Completion		\$ 1,661	\$ 2,210	\$ 1,105	\$ 2,817	\$ 704
June 2019 Board Presentation		\$ 1,653	\$ 2,198	\$ 1,099	\$ 2,805	\$ 701
February 2020		\$ 1,685	\$ 2,152	\$ 1,076	\$ 2,991	\$ 718
Current Starting Rent		\$ 1,415	\$ 1,910	\$ 955	\$ 2,454	\$ 614
% Change from RFP to February 2020		2%		12%		2.5%

*** Pricing includes furniture & utilities

Phase 2

Total Units – 297

Studio – 132

1BR – 69

2BR – 96

Market Position – February 2020

Market Rent Survey - University City Comparable Product (Including Furniture & Utilities)			
Project	Hamilton	Summit	Evo
Studio	\$1,415 (Starting)		\$1,978
1 Bedroom (Single)	\$1,910	\$1,969	\$2,609
2 Bedroom (Shared)	\$614	\$879	\$715

Phase 2 Progress

- Caissons 70% complete
- Foundations Start February 24, 2020
- Steel Start March 31, 2020
- Building Structure Top Out September 2020
- Building Enclosed December 2020
- Elevators Start September 2020
- Elevators Finish July 2021
- Apartment Fit Out – 2nd Floor September 2020
- Apartment Fit Out – 16th Floor January 2021
- Turnover #1 (Floors 1-3) July 2021
- Turnover #1 (Floors 4-10) September 2021
- Turnover #3 (Floors 11-16) November 2021

Construction Camera

- <https://www.senserasystems.com/public/project/hamilton>

ATTACHMENT C

2019-2020 Budget Update

Community College of Philadelphia
Credit Enrollment Information (FTEs and Credit Hours)
Fiscal Year 2019-2020

	Actual FTEs FY 18-19	Actual Credit Hours FY 18-19	Budgeted FTEs FY 19-20	Budgeted Credit Hours FY 19-20	Actual FTEs FY 19-20	Actual Credit Hours FY 19-20	Credit Hour Variance - Budgeted vs. Actual	% Variance
<u>CREDIT</u>								
Summer 2	1,650	19,803	1,666	20,001	1,647	19,663	(338)	-1.7%
Fall	11,372	141,273	11,476	142,685	11,055	137,153	(5,532)	-3.9%
Winter	86	1,035	87	1,045	99	1,191	146	14.0%
Spring	10,424	129,639	10,561	131,016	10,561	124,194 *	(6,822)	-5.2%
Summer 1	1,950	23,405	1,991	23,890				
Credit Year-to-date Totals - Annual FTEs	<u>12,741</u>	<u>315,155</u>	<u>12,891</u>	<u>318,637</u>				
Total Credit Hours through Spring Semester		291,750		294,747		282,201	(12,546)	-4.3%

* Projected as of 2/14/2020

**Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2019-2020**

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>Variance</u>
<u>REVENUES</u>			
Student Tuition and Fees	\$69,688,003	\$67,063,303	(\$2,624,700)
Commonwealth of Pennsylvania	31,791,114	32,437,263	646,149
City of Philadelphia	29,190,402	30,012,363	821,961
Other Income	2,488,216	2,676,188	187,972
TOTAL REVENUES	\$133,157,735	\$132,189,117	(\$968,618)
<u>EXPENSES *</u>			
Salaries, Net of Lapsed Funds	\$76,725,016	\$75,323,125	(\$1,401,891)
Fringe Benefits	33,001,000	33,707,473	706,473
Other Expenses	23,431,719	23,432,000	281
TOTAL EXPENSES	\$133,157,735	\$132,462,597	(\$695,138)
Excess Revenues (Expenses)		<u>(\$273,480)</u>	

* Excludes impact of GASB 75 & 68

Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2019-2020

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>Variance</u>
<u>OPERATING REVENUES</u>			
State Funding	31,653,624	32,287,263	633,639
State Lease funding	<u>137,490</u>	<u>150,000</u>	<u>12,510</u>
Total State Revenues	31,791,114	32,437,263	646,149
Tuition - Credit Students , net of write-offs, discounts and other offsets	53,658,073	51,395,071	(2,263,002)
Technology Fee	9,873,030	9,458,212	(414,818)
Course & Other Fees	4,246,800	4,299,920	53,120
Student Regulatory Fees	1,155,100	1,155,100	-
Net Contribution from Noncredit Programs	<u>755,000</u>	<u>755,000</u>	<u>-</u>
Total Student Tuition & Fees	69,688,003	67,063,303	(2,624,700)
City Operating Funds	29,190,402	30,012,363	821,961
Investment Income	744,800	832,772	87,972
Vocational Education Funding	300,000	400,000	100,000
Indirect Costs, Administrative Allowances	500,000	500,000	-
Parking Proceeds & Miscellaneous Income	<u>943,416</u>	<u>943,416</u>	<u>-</u>
Total Other Income	2,488,216	2,676,188	187,972
TOTAL OPERATING REVENUES	<u>133,157,735</u>	<u>132,189,117</u>	<u>968,618</u>

Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2019-2020

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>Variance</u>
<u>OPERATING EXPENSES *</u>			
<u>Salaries</u>			
Full-Time Administrative Salaries	19,591,528	19,591,528	
Less: Projected Lapsed Salaries	<u>(1,000,000)</u>	<u>(1,400,000)</u>	
Net Full-Time Administrative Salaries	18,591,528	18,191,528	(400,000)
Full-Time Faculty Salaries	28,247,458	28,247,458	
Less: Projected Lapsed Salaries	<u>(200,000)</u>	<u>(575,000)</u>	
Net Full-Time Faculty Salaries	28,047,458	27,672,458	(375,000)
Full-Time Classified Salaries	10,677,611	10,677,611	
Less: Projected Lapsed Salaries	<u>(700,000)</u>	<u>(1,200,000)</u>	
Net Full-Time Classified Salaries	9,977,611	9,477,611	(500,000)
Full-Time Salaries	56,616,597	55,341,597	(1,275,000)
Part-Time & Overload Credit Salaries	10,366,248	10,183,248	(183,000)
Summer Credit Instruction	4,040,036	3,946,020	(94,016)
All Other Salaries	4,932,260	4,852,260	(80,000)
Early Retirement Incentive Payments	<u>769,875</u>	<u>1,000,000</u>	<u>230,125</u>
Other than Full-Time Salaries	<u>20,108,419</u>	<u>19,981,528</u>	<u>(126,891)</u>
Total Salaries	76,725,016	75,323,125	(1,401,891)
<u>Staff Benefits</u>			
Medical Program	21,208,200	22,208,200	1,000,000
Retirement Contributions	6,365,500	6,270,018	(95,483)
FICA	3,203,000	3,154,955	(48,045)
All Other Benefits	<u>2,224,300</u>	<u>2,074,300</u>	<u>(150,000)</u>
Total Fringe Benefits	33,001,000	33,707,473	706,473

**Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2019-2020**

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>Variance</u>
<u>Facility Expenses</u>			
Utilities	2,027,170	1,930,817	(96,353)
Contracted Security	2,085,145	2,117,145	32,000
Contracted Cleaning	1,560,696	1,560,696	-
All Other Facility Expenses	<u>2,533,811</u>	<u>2,624,311</u>	<u>90,500</u>
Total Facility Expenses	8,206,822	8,232,969	26,147
<u>All Other Expenses</u>			
Leased Equipment & Software	4,226,810	4,278,000	51,190
Contracted Services	2,088,203	2,338,203	250,000
Catalogs and Advertising	1,795,250	1,914,000	118,750
Supplies-Pool	1,329,758	1,294,000	(35,758)
Institutional & Departmental Contingency	782,221	361,400	(420,821)
Insurance	735,400	733,000	(2,400)
Legal Fees	411,000	565,000	154,000
Other Expenses	<u>3,056,255</u>	<u>2,915,428</u>	<u>(140,827)</u>
Total All Other Expenses	14,424,897	14,399,031	(25,866)
PowerUp Your Business	800,000	800,000	-
TOTAL OPERATING EXPENSES	<u>133,157,735</u>	<u>132,462,597</u>	<u>(695,138)</u>
Excess Revenues (Expenses)		(273,480)	

* Prior to impact of GASB 75 & 68