Napa Valley Community College District

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES
August 5, 2006
9:00 a.m. Public Session
Room 211, McPherson Administration Building
Napa Valley College, Napa, California

1.0 CALL TO ORDER (9:00 p.m.)
Tom Andrews called the meeting to order at 9:10 a.m.

2.0 DISCUSSION ITEMS

2.1 Facilities Bond Program Study Session
At its meeting of July 20, 2006, the board agreed to conduct a workshop/study session on August 5, 2006.

JoAnn Busenbark asked that the Bond Implementation Plan Projects be reviewed to see what has been completed. The board reviewed the projects outlined in the original ballot language to determine the status of each of the projects and to see how closely we are following the building priorities set in the ballot language. The work has closely followed the priorities set forth in the ballot language.

Reasons for Budget Shortfall. The board reviewed the reasons for the significant rise in construction costs, including inflation, cost of gas, steel, glass, concrete, Hurricane Katrina and other factors worldwide. The original bond implementation plan estimated a 3% inflation rate, but construction inflation has exceeded 10% in the last few years. With interest income and projected state support, the available funds for all projects was approximately $167 million, at outset. We have spent $35 million and committed to projects estimated at approximately $98 million, so there is approximately $34 million left for the remaining projects. The task is now to review the remaining projects and reorder the implementation list.

Overview of Budget Scenarios Under Different Inflation Figures. The board reviewed various budget scenarios as they would evolve under different inflation figures. There is no way to predict inflation, and even though inflation appears to be slowing, there is no way we can complete all the projects originally planned and estimated. Soft costs (tests, architect costs, etc.) are currently running about 30% of building costs. Currently, there is $34 million left for projects not yet committed.

Discussion of Refinancing and Additional Revenue Options. The board reviewed refinancing and additional revenue options, as presented on a document, “Considerations Regarding General Obligation Funds,” prepared by UBS Investment Bank. Dr. McCarthy offered to invite our bond counsel and financial advisor to the September board meeting to give the board a better understanding of the options and allow opportunities for questions. The board expressed interest in hearing from its bond counsel and financial advisor, but did not plan to take action at
the September meeting. Dr. McCarthy distributed an Associated Press article that expressed a concern regarding refinancing by public agencies. He reported that our bond counsel has said it is legal, and that a large proportion of community colleges throughout the State have already done it. Under no circumstances would the limit of $25 per $100,000 of assessed valuation be exceeded.

Steve Reinbolt asked to see a legal opinion, prior to the board’s decision. Mr. Ketron stated he would like to hear specific concerns reportedly voiced by the County Treasurer. Information would be presented at a meeting in September.

**Rationale for Recommended Priorities.** Dan TerAvest reviewed the rationale for the recommended project priorities and called the board’s attention to the 2003 Facilities Assessment Report prepared for the Chancellor’s Office. Along with changing needs of programs, the Facilities Condition Index (FCI) referred to in the report is a relative measure of the status of a building and can be used to help determine modernization requirements and priorities.

Mr. TerAvest reviewed the NVC Bond Implementation Project List (August 5, 2006). Projects were divided into categories: Projects Approved by the Board that are pending; Projects Recommended to Go Forward in This Bond; Projects Recommended to Hold Until Funding is Certain; and Projects Recommended to be Developed (Post Bond). He noted that modernization projects from List A of the ballot language are most negatively impacted by this prioritization.

Bruce Ketron said that he has heard in the community concern over the projected development of the Fine and Performing Arts Center, given the difficulties currently experienced by the other theaters in filling to capacity and related financial problems. He also reported that donors are experiencing “donor fatigue” that may affect our future fundraising efforts. Dr. McCarthy noted that this is an instructional facility necessary for our programs in the dramatic, vocal and instrumental arts. Moreover, the current theater has no dressing rooms, the stairs are an obstacle for many audience members, the restrooms do not meet ADA standards, sets must be moved physically, etc. Mr. Baldini recommended that the college needs to develop a theater that does not replicate what is currently in the community, and Dr. McCarthy explained that the size of the theater determined by the number of seats necessary to make it self-sustaining. Dr. McCarthy thanked Mr. Ketron for raising the issue and said that the college needs to re-sell the concept to the community. He will follow-up with community leadership.

**Discussion of Priorities.** The board reviewed “Not Yet Committed Projects.” Funding available for projects that have not yet been committed currently stands at $41,904,945. (This amount includes the $10.5 from a possible bond refinancing and re-funding as well as $2 million from the State for Building 700).

While the board did not formally take action on any of the following projects, it supported moving forward on the following “Not Yet Committed Projects:” 700 (FPP); fieldhouse; renovation/modernization of 100, 200, 300; print shop; Math/MESA (possibly using modular buildings); Little Theater Renovation (seats only); night lighting; ceramics and utilities for South Campus Design. These projects would exhaust the $34 million currently available for “not yet committed projects.”
While the board did not formally take action on any of the following projects, it supported moving them forward, contingent on the refinancing of the bond: Building 1000 A Renovation; Ceramics & Utilities for South Campus Construction; ballfield parking expansion; wine storage; signage Phase II.

While the board did not formally take action on any of the following projects, it did not move them forward at this time: baseball dugouts; new criminal justice/tennis restroom building; police station/health center; Technology Building scope reduction. These projects will likely have to wait for another bond, possibly in 2008, or other funding.

Other Issues/Comments/Concerns.
- **Channel 28.** The board had previously discussed Channel 28 coming to campus. If a Technology Building is not funded, there would be no space available for channel 28.
- **Art Gallery.** If the Technology Building is not funded, the college loses the space planned for an art gallery.
- **Wine Storage.** Given how much support the college has had from the wine industry, the board felt it was important to go forward with the wine storage project (reflects Mr. Baldini also suggested looking for other opportunities.
- **2008 Bond.** The board agreed to agendize for a future meeting a discussion of the possibility of a 2008 bond measure.
- **Signage Project.** JoAnn Busenbark emphasized the importance of signage for “curb appeal,” and the board raised the priority of the project (reflected in the list above).
- **Other revenue.** Michael Baldini raised the subject of other revenue options, including the investigation of options for the corner property.
- **Negative Declaration.** The board received comments regarding the Negative Declaration for Magnolia Drive/State Route 121 Intersection submitted by Mr. Ketron.

**2.0 ADJOURNMENT**

M/S/C (Meng/Busenbark) to adjourn the meeting at 2:30 p.m.
ADJOURNMENT

State Route 221 Intersection Improvement