

CAMPUS REENGINEERING COMMITTEE
MAY 11, 2007

MEMBERS PRESENT:

Larry Furukawa-Schlereth, Chair
Ruth Burke
Letitia Coate
Katharyn Crabbe
Erik Dickson
Dolly Freidel
Ian Hannah
Lori Heffernon
Bill Ingels
Nate Johnson
Paul Lange
Laura Lupei
Peter Neville
Tom Ormond
Katie Pierce
Chuck Rhodes
Floyd Ross
Andrew Sloan
Whitney Diver for Nadir Vissanjy
Jason Wenrick

Melinda Barnard
Tristan Kelley for Steven Campbell
Dan Condron
Jenifer Crist
Christopher Dinno
Peter Flores
Sue Hayes
Tyson Hill
Carol Ingerman
Kelley Kaslar
Rick Ludmerer
Charles Mikulik
Eduardo Ochoa
Janice Peterson
Anna Reynolds
Vincent Richman for Elizabeth Stanny
Sam Scalise
Tim Tiemens
Tim Wandling

MEMBERS ABSENT:

Susan Kashack
Perry Marker
Neil Markley
Robert McNamara
Erica Wilcher

Mike Kiraly
Rich Marker
Elain McDonald
Gloria Ogg
Xiaodong Zhu

GUESTS PRESENT:

Dee Dee Brannan
Jeremiah Grim
Scott Miller
John White

Timothy Dondero
Bennett Hall
Brian Orr

AGENDA

- I. APPROVAL OF THE MINUTES
- II. VICE-PRESIDENT'S REPORT
- III. CLASSROOM RENOVATION PROGRAM
- IV. AUDITED FINANCIAL STATEMENTS 2005-2006
- V. CAMPUS FINANCIAL AFFAIRS
- VI. SSU ACADEMIC FOUNDATION
- VII. DIVISION STRATEGIC PLAN 2007-2008
- VIII. PERIODIC REVIEW OF VICE-PRESIDENT FOR ADMINISTRATION AND FINANCE – CHIEF FINANCIAL OFFICER
- IX. ITEMS FOR THE GOOD OF THE ORDER

I. APPROVAL OF THE MINUTES

April 6, 2007

Laurence Furukawa-Schlereth called the meeting to order at 12:24 p.m. Schlereth noted that there were a few adjustments to the agenda. Item VIII, the Periodic Review of Vice-President Schlereth will be a time certain item about ten minutes before the 2 pm break. Additionally, the meeting will be adjourned early to allow Schlereth to attend a 3:30 pm conference call.

Schlereth asked for a motion to approve the minutes from the April 6, 2007 meeting. Jason Wenrick moved and Floyd Ross seconded. No objections or changes were heard. The minutes were approved unanimously with abstentions from those who were not in attendance at the April meeting.

Charles Mikulik introduced the incoming Chair of the Student Union Board, Bennett Hall. Schlereth also welcomed Whitney Diver, the newly elected AS President and Tristan Kelly, the new AS VP of Finance. Andrew Sloan introduced Tim Dondero and Jeremiah Grim. Schlereth also noted that Scott Miller, the soon to be Academic Senate Chair-Elect is also joining the CRC.

II. VICE-PRESIDENT'S REPORT

Division Organizational Chart

(Please refer to the May 11, 2007 agenda packet for related documents)

Schlereth provided a copy of the updated Administration and Finance Organizational Chart. Elaine McDonald-Newman had requested that an updated Administration and Finance Organizational Chart be presented due to the changes with Human Services and EH&S. This new organizational chart will also be updated on the web.

Outsourcing Study Group

Schlereth provided an update on the status of the work of the outsourcing study group. This group began in response to the questioning of the decision to outsource the SSU

Bookstore to Barnes and Noble. The group will not only analyze the implications of outsourcing the bookstore but will also look at other campus operations. This study group is a joint effort between the CRC and the Academic Senate. The first meeting is scheduled for May 21st and Schlereth will continue to report progress to the CRC.

Tuscany

Schlereth acknowledged the hard work of Tim Tiemens, Neil Markley and Christopher Dinno in preparing to present the Tuscany project to the Board of Trustees next week. A problem arose related to sewer capacity and the solution has been determined to be the construction of a sewer tank that will standardize the flow and adjust for heavy days. This was approved by the Campus Planning Committee and now needs to be approved by the Trustees. The cost for this addition will be built into the project. If the project is approved, design will begin immediately and the construction will start in about a year. Additionally, Schlereth added that this project will include the removal of the trees on Petaluma Hill Road near the South entrance since they present a fire issue. These trees will be replaced with regional trees.

General Fund Reimbursements – Grants and Contracts

Schlereth and Eduardo Ochoa met with the Faculty Subcommittee on Sponsored Programs earlier in the day. The group is analyzing the issue of indirect cost recovery. This was the third meeting and the meetings have had highly positive discussions. Schlereth is hopeful that this signals a new era of collaboration and coordination regarding the activities of research and sponsored programs for both pre- and post-award. Schlereth thanked Ochoa and Carol Blackshire-Belay for their support in this area.

Use of Commons and Student Union

The Use of the Commons and Student Union Study Group continues to explore possible uses for the Commons and Student Union after the University Center opens. This has been difficult because both structures would need to be retrofitted which would be costly. So, it must be considered who could move into the spaces without requiring much work. Melinda Barnard asked who the faculty representative is for this study group and Schlereth responded that it is Tom Ormand. Andrew Sloan asked if there is a process in existence to identify the campus needs for space and advertising this new space as being potentially available. Schlereth asked Katie Pierce to join the study group as a representative of the Campus Space Committee.

Faculty in Residence Program

Chuck Rhodes provided a report regarding the meeting of the Faculty in Residence Program Study Group. The group resolved that this is a great concept that should be pursued. It would assist in expanding the academic environment to the residential community and recruiting and retaining faculty. Sauvignon Village was highlighted as a good location because it was initially designed for upper classman but is housing more and more freshman students. The group identified several potential themes such as creating a First Year Experience environment and having “open house” type events as well as hosting guest lecturers on the residential side of campus. The second idea was the creation of an “honors” living community where the role of the faculty would be to create

programs. The group believes that a pilot program could be launched as early as Fall 2008.

Entrepreneurial Services Assessment

Schlereth announced that the assessment of Entrepreneurial Activities should begin in the summer and a report should be provided in the fall.

Information Technology Assessment

The assessment of Information Technology has not yet begun. The Division is currently in the process of identifying an external consultant to carry out the assessment.

Food Policy Revisions

Schlereth asked Rick Ludmerer to provide a report on the status of the food policy revisions. Ludmerer said that there is not much more to report on since the last meeting. Craig Dawson is taking the lead on this project and is working with the Health Department. We should have a revised policy to present in the fall to reflect the current reality, however, efforts to revise that policy to best suit our needs as a campus will continue.

Traffic

Schlereth noted that there has been a lot of talk on the staff-link listserv regarding traffic and concerns about pedestrian safety. This information was forwarded to Chief Nate Johnson for response. Johnson said that he was aware of the issues being outlined on staff-link. Traffic problems can be mitigated in three various ways – engineering, education and enforcement. Johnson outlined the way that all three of these approaches have been used to increase traffic safety this year. First, the C.O.P.P.S. newsletter is circulated to assist in educating the campus community. Second, additional speed-bumps and signs have been added to campus as well as the addition of the electronic speed signs. These are examples of the engineering approach. In order to further improve traffic safety, Police Services brought in a survey engineering crew that made suggested changes such as adding a crosswalk along south Sequoia for Beaujolais students and moving the crosswalk between E and F lots to the other side of the entrances. The campus will soon be implementing these suggestions. Lastly, Police Services has added a motorcycle cop this year, who will assist in enforcement and deterrence for those inclined to speed on campus. Tim Wandling thanked Johnson for his efforts and added that we tend to focus only on the negative situations, but we need to keep in mind that, for the most part, people are generally courteous on the roads.

III. CLASSROOM RENOVATION PROGRAM

(Please refer to the May 11, 2007 agenda packet for related documents)

At the last CRC, there was a discussion of the deferred maintenance list and concern expressed that classroom renovations were not as sufficiently funded as they should be. Schlereth presented a proposed classroom renovation program as an action item to the committee. The first year of the program will be in 07/08. The Classroom Renovation Review Committee is comprised of various faculty, staff and administrator

representatives. In the past, we have used some of our minor capital outlay money to upgrade and update six to eight classrooms per summer. This includes floor replacement, painting, new ceilings, new lighting and window blinds as well as some smart technology upgrades. This classroom renovation program would revive the program and the plan goes through the 2010/2011 year. The classrooms that need the most attention have been identified. The money comes from two funding sources. First, we receive money from the system for deferred maintenance and about \$200,000 for minor capital outlay money. Additionally, the Division of Administration and Finance is committing an additional \$100,000 to augment the funds for each year in the plan. Schlereth asked the committee for their feedback on the proposed program.

Sloan asked how the need for smart classrooms is determined. Dinno replied that it is mostly determined by IT based on the needs of the departments using the classroom. Mikulik believes that this program is important. His experience as a student would have been better if the classrooms had been in better shape. Schlereth noted that this plan includes renovating about nine classrooms a year, so that with the amount of classrooms we have on campus, we will be doing a refresh of the rooms about once a decade. Dolly Freidel noted that there was a push to become more technological as a campus and we are now more dependent on technology so we should make it a priority. Sam Scalise added that we must remember that as we add more technology to classrooms, we will need more support for those rooms as well. Dinno mentioned that those rooms that are upgraded to smart technology seem to be the rooms that receive regular IT support already. Ormand said that it would be great if we could upgrade all of our classrooms all at once, but considering the fiscal constraints, this is a good plan. Ross asked if there was any consideration given to planning building-wide renovations for Stevenson and Ives since they are older buildings and there are additional concerns for those spaces beyond just the individual classrooms or technology needs. Schlereth responded that Stevenson is on the major capital outlay list for a full renovation with the relocation of the Business and Economics and Education Schools to the Professional Schools Building. However, funding Ives may be a harder political battle.

Schlereth asked that the committee take a vote on approval of this program. There would not normally be a vote, but since it is a high commitment of money over a ten year time period, the committee should vote. The committee unanimously approved the classroom renovation program. Schlereth thanked Dinno, Pierce and the Classroom Renovation Committee. Johnson suggested that the faculty representatives on the committee ensure that the information about the funding and approval of this program is reported to their committees and departments.

IV: AUDITED FINANCIAL STATEMENTS 2005-2006

(Please refer to the May 11, 2007 agenda packet for related documents)

Campus financial statements have been prepared and audited annually for the past eight years. Twenty years ago, the campus did not prepare audited financial statements. However, in the mid-90's, the CSU decided to follow Generally Accepted Accounting Principles (GAAP) standards and provide audited financial statements. This is especially

relevant right now due to assertions that there is excess money that could be used for different purposes. A review of the audited financial statements provides a good way to understand where our money lies and how it is spent. Schlereth introduced Brian Orr, a CPA in our Financial Services department. Orr is the one who is actually responsible for preparing the campus financial statements. Orr provided a presentation on the 2005/2006 SSU Audited Financials including the Statement of Net Assets and the Statement of Revenues, Expenses and Change in Net Assets. The audited financials consist of the University net assets in one column and its' four auxiliaries in a second column. The figures provided in the presentation represent the University column.

A breakdown of the \$21.2 million in unrestricted net assets was provided by Orr and Schlereth clarified the uses of these funds. \$7.7 million in Housing funds consists of reserves to cover their associated debt along with about \$3 million that is being held for the future purchase of the faculty/staff housing land. \$5 million sits in various miscellaneous trust accounts which mostly is restricted by agreements with each account holder. A fiduciary responsibility exists to follow these agreements and follow the intent of the trust. The \$3.4 million in Student Union funds is mostly related to reserves for debt service for the Recreation Center. The \$3.4 million in Parking is also composed of reserves for debt along with about \$1 million for the faculty/staff housing land acquisition. The \$1.6 million in Sponsored Programs are funds that remained at year end, but have since been reduced to about \$400,000. Of this \$400,000, \$200,000 belongs to the Anthropological Studies Center and the other \$200,000 belongs to CIHS and will be used to pay the lease payment on a facility operated by CIHS. The \$1.2 million in the Lottery Education fund is a higher amount than usual because the Chancellor's Office provided \$1 million in 05/06 for the GMC. The \$1 million in the Extended Education fund is the working capital balance and the negative \$2.6 million reflects General Fund employee vacation accruals.

These figures, classified as unrestricted net assets, were mentioned by the CFA recently as possible funds to cover faculty salaries. However, Schlereth pointed out that these funds are not truly "unrestricted". All of these funds are classified as "unrestricted net assets" by GAAP standards, but it is clear that they are not actually truly unrestricted. GAAP classifies them as unrestricted because the funds are restricted by the State of California. Since SSU is a part of the State of California, according to GAAP, the restriction is imposed by the same entity, although it is actually imposed by a party external to the campus. This is also true on the financial statements of the other CSU campuses.

Schlereth emphasized the importance of campus reserves sufficient to provide proper debt coverage ratios. This provides strength to our financial position and assists in the bond rating. Schlereth further explained that parties external to the campus examine the overall health of SSU's financial situation by examining these audited financial statements. These statements are comparable to other Universities as the same GAAP definitions are used and they do not follow unique organizational structures. The audited financial statements are usually the most accurate and comparable method of describing the financials of an institution. SSU has a healthy balance sheet. There is substantial

debt, but that is typical for a younger institution and that debt is covered by healthy reserve amounts and a strong enrollment picture.

Tim Wandling thanked Schlereth for his clear explanation of these funds. Tim Tiemens noted that it has taken the campus 25 years to build up these reserves. Schlereth added that last year, we didn't meet our enrollment target and Housing lost \$1 million in revenue. Thus, the reserves are also important as a financial cushion for unexpected issues. Schlereth noted that this will be important information when discussion begins regarding how to fund the salary increases.

Orr continued with the presentation, moving on to discuss the University's revenue streams. Schlereth pointed out that, on the revenue side, what is called the student fees and state appropriations, non-capital make up what we call our general fund. Most of the other funds shown here are restricted. Thus, student fees are a large component of our salaries and as state revenues go down, student fees go up. Katharyn Crabbe pointed out that student fees make up about 1/3 of the General Fund. This figure includes the state university fee, campus based fees, non-resident tuition and an admission fee, so that the student university fees alone do not make up 1/3 of the budget. Letitia Coate added that this statement doesn't really measure cash flow because it includes accruals and capital, among other things. These statements presented today are the ones normally presented to boards and the trustees.

V. CAMPUS FINANCIAL AFFAIRS

(Please refer to the May 11, 2007 agenda packet for related documents)

Schlereth presented the 2007/2008 General Fund Budget Requirements. There will be additional charges for the compensation agreements since the salary increases are above the compact revenue in the Governor's January budget. For the CSU, this will total about \$40 million more that we have. Janice Peterson is currently performing an analysis to determine what the impact will be at SSU. Schlereth estimated that it would be about \$800,000 to a \$1 million in additional costs. Next week, the Governor releases the May budget revision and it is possible that more money may be received to fund this cost. If not, we need to find the money from campus funds.

We are targeted to grow by an additional 350 full time students and there are costs associated with this growth. The faculty development item at \$200,000 for phase one has been mandated by the President. There is some debt associated with the deficit in CIHS which will be between \$2 and \$3 million. This will be financed and there will be associated debt service payments. Increased utility costs are listed at \$100,000 for the General Fund and is based on the rising costs of utilities, sewer, electricity, and natural gas.

Melinda Barnard asked if the General Fund would be affected by the CIHS loan payment since we can't use General Fund monies to repay the loan. Schlereth clarified that we cannot borrow from the General Fund, but we can use those funds to make loan

repayments. So, we will borrow the money from one of the unrestricted trust accounts, like Housing or Parking, but make the payments back from the General Fund.

Schlereth presented the Foundation Board's recommendation for the distribution of endowment earnings. This year, over \$1 million will be distributed.

VI: SSU ACADEMIC FOUNDATION

(Please refer to the May 11, 2007 agenda packet for related documents)

Bill Ingels and Ian Hannah provided a PowerPoint presentation overview of the Academic Foundation. Schlereth then presented the fundraising activity at the University from 1992 through 2007. These assets, totaling over \$150 million, are held in trust at the university and are assets of this campus. These funds represent our future in many ways. Fundraising activity has been extraordinary on this campus in the past 15 years. This \$150 million does not include the Green Music Center fundraising. These funds will have an impact on the teaching and learning activities at this campus.

VII: DIVISION STRATEGIC PLAN 2007-2008

Item deferred.

VIII: PERIODIC REVIEW OF VICE-PRESIDENT FOR ADMINISTRATION AND FINANCE – CHIEF FINANCIAL OFFICER

Sue Hayes circulated a questionnaire for completion by the members about the leadership capabilities of Schlereth for his annual review.

IX: ITEMS FOR THE GOOD OF THE ORDER

Fridays at Four

Schlereth announced that the last Fridays at Four of the season would be taking place in the University Club at 4:00 pm and invited all members of the committee to attend.

Ross put forward to the CRC a resolution to support the leadership of President Armiñana. The resolution reads as follows:

Resolution in Support of President Armiñana

“The Campus Reengineering Committee of Sonoma State University supports the leadership, vision and unwavering commitment to education demonstrated by President Ruben Armiñana. He has been instrumental in increasing the status of and community support for SSU locally, regionally, state-wide and nationally, as well as within the CSU during his tenure as President. Under his leadership the university has demonstrated sound administrative practices, robust inflow of non-state financial support for the instructional programs and has consistently advanced the mission of SSU.”

Ross moved that the resolution be approved; multiple committee members seconded the motion. The resolution passed unanimously with no objections and five abstentions.

Schlereth thanked the committee for their support and help over the year and wished everyone a good summer.

Schlereth adjourned the meeting at 3:30 pm.
Minutes prepared by Laura Lupei.