

CAMPUS REENGINEERING COMMITTEE
May 1, 2009

MEMBERS PRESENT:

Larry Furukawa-Schlereth, Chair
Courtney Buljan
Ruth Burke
Letitia Coate
Dan Condrón
Jenifer Crist
Christopher Dinno
Joe Diver
Peter Flores
Ben Ford
Ian Hannah
Sue Hayes
Lori Heffernon
Bill Ingels
Nate Johnson
Kelley Kaslar
Mike Kiraly
Paul Lange
Rick Ludmerer

Perry Marker
Nicolette Margi
Neil Markley
Elizabeth Martinez for Melinda Barnard
Robert McNamara
Scott Miller
Susan Moulton
Peter Neville
Eduardo Ochoa
Gloria Ogg
Janice Peterson
Chuck Rhodes
Robert Rosen
Floyd Ross
Sam Scalise
Kathleen Spitzer
Tim Tiemens
Tim Wandling
Jason Wenrick

MEMBERS ABSENT:

Meghan Buckner
Erik Dickson
Dolly Freidel
Bill Fusco

Susan Kashack
Matthew Lopez-Phillips
Derek Pierre
Xiaodong Zhu

GUESTS PRESENT:

Ruben Armiñana
David Crozier
Barbara Danelia (staff to committee)

Carol Ingerman
Richard Whitkus

AGENDA

- I. APPROVAL OF THE MINUTES
- II. VICE-PRESIDENT'S REPORT
- III. FINANCE
- IV. RECENT DIVISION APPOINTMENTS/SEARCH PRACTICES
- V. NORTH CAMPUS ENTRANCE - SIGNAGE
- VI. GREEN MUSIC CENTER HOSPITALITY CENTER
- VII. GREEN MUSIC CENTER FACILITIES OPERATIONS
- VIII. GREEN MUSIC CENTER ON CAMPUS PRESENTS
- IX. STRATEGIC PLANNING

I: APPROVAL OF THE MINUTES

March 27, 2009

Larry Furukawa-Schlereth called the meeting to order at 12:15 pm. The minutes from the March 27, 2009 meeting were approved unanimously.

II. VICE-PRESIDENT'S REPORT

Baseball Batting Cage Facility

Schlereth stated that the Baseball Batting Cage Facility project, which is being put out to bid, should have a cost of just under \$400,000. It is the plan for this to be funded from an inter-fund loan over a five year period and repaid from fundraising. The Administration & Finance division has agreed to step in and pay for the remaining funds if the fundraising efforts fall short.

Common Financial System

Schlereth indicated that the CSU continues to move forward with development of a Common Financial System (CFS) for all 23 CSU campuses. This project began around February and is anticipated to be completed around August. Implementation should begin around October and eventually all CSU campuses should be on the CFS.

Police Services Initiatives

Schlereth acknowledged Nate Johnson's efforts in the development of the new Police Services initiatives. These items were also disseminated to the campus via a campus-wide email from Johnson on April 27th. The newly implemented programs related to emergency communications and contact information are as follows:

- Police and Parking Services has a new phone number, 707-664-4444. The older number will still work, but the new number should be easier to remember.

- The GIS mapping of the campus has been completed for the 911 program. Most of the 911 calls made from mobile phones on campus are now routed to the Police Services building on campus.
- Emergency Services has just completed the installation and mock testing of the new Mass Notification System. This system will be reserved only for major emergency situations. A test will be run soon using the phone numbers and email addresses listed in PeopleSoft.
- A training video on how to personally protect yourself in an active shooter situation is now online and available for viewing from an on-campus source. The website is [mms://media.sonoma.edu/misc/shotsfiredcap.wmv](https://media.sonoma.edu/misc/shotsfiredcap.wmv).

Johnson thanked all members who served on the Mass Notification System committee as well as others who provided support in developing these new initiatives.

Name Change - Gym

Schlereth announced that the recommendation was made from the Campus Planning Committee and approved by the President to accept the designation “Wolves Den” as the new name of the University’s main gym.

CMS Language - Bookstore

The following language is being proposed to be inserted on the textbook link that is provided in Peoplesoft for students when purchasing textbooks: “NOTE: This link takes you to the Sonoma State University Bookstore. There are sources other than the campus bookstore for purchasing textbooks. Students are encouraged to compare prices and services.” The language has not yet been implemented as there has not yet been approval from the Academic Senate. Scott Miller felt it was appropriate to post the note as it currently reads, assuming it could be changed in the future if needed. The CMS team will soon insert the proposed language.

Reassignment of GIS Lab from Social Sciences to IT

It is the plan for the reassignment of the GIS (Geographic Information Systems) Lab from Social Sciences to IT to soon be underway in order to ensure that the appropriate security and capacity is available to manage the GIS. Schlereth noted that this action was previously agreed upon by Provost Ochoa and Dean Leeder, following a recommendation made in the IT assessment and is contingent upon university-wide off the top funding of \$120,000 to support the GIS.

Facilities Assessment

The draft Facilities assessment report has been received from the external consulting group (Pappas Consulting) and the assessment team will be on campus next week to review the report. Schlereth mentioned that this is the fourth assessment area for Administration & Finance, following Human Services, Entrepreneurial Activities, and Information Technology.

FISMA AUDIT

Schlereth informed the committee that FISMA stands for Financial Integrity and State Manager's Accountability Act. This biennial audit looks at SSU's ability to comply with CSU accounting and administrative internal control procedures. The draft report should be available to the campus shortly.

Google Email, Students

Schlereth indicated that he requested a feasibility study related to utilizing Google email (Gmail) for SSU student email accounts as this is currently a trend taking place on other CSU campuses. Sam Scalise will be reviewing the merits and consult with students to assess whether it makes sense from an economical and usability perspective. President Armiñana commented that there is a CSU system movement underway that should be looked at as well.

Outlook Exchange Email, Employees

Schlereth stated that he also requested an analysis of the use of Outlook Exchange email for SSU employees to allow additional capabilities, such as calendar use. Scalise noted that some campuses are using the Gmail system for employees as well but this was not well received in all cases.

Alternative Transportation Committee to Transportation Committee

Johnson noted that following a unanimous vote, the Alternative Transportation Committee has requested to change its name to simply the Transportation Committee. Johnson noted that promoting alternative transportation is not the only focus of the committee and thus eliminating the word "alternative" is more reflective of the committee's mission. Discussion ensued regarding the name change but ultimately the majority of CRC members were supportive and thus the committee will now be named the Transportation Committee.

North Campus Entrance Traffic Safety

No meeting has been scheduled yet between Schlereth, Johnson, Christopher Dinno, and Dan Condron but this group will soon meet to explore how to make the North Campus entrance safer.

2008-2009 Expenditure Plan (Black Book)

The 08/09 Expenditure Plan includes copies of the various financial audits during 08/09. Schlereth noted that the KMPG Financial Audit and the State Controller's Office (SCO) Audit have not yet been released to the campus but should be available soon. Thus the Expenditure Plan will be provided to the campus community once these audits are completed.

Fridays at Four

Schlereth noted that following the CRC meeting will be the last Fridays at Four gathering for the semester at the University Club. In the future it will be the plan to hold this reception in the GMC Hospitality Center. The special guest for today's reception will be the student group M.E.Ch.A.

III. FINANCE

(Please see the May 1, 2009 agenda packet for related documents)

Schlereth discussed various items related to the financial status of the campus.

2007-2008 External Audit

Schlereth reviewed the audit activity for SSU and its four auxiliaries during the 07/08 fiscal year. The University and each of its auxiliaries received an unqualified opinion regarding the accuracy and reliability of their financial statements and received no material recommendations as a result of these audits. Other audits during the year included the A-133 Audit of Federal Funds, CSU Trustee Internal Audits on Information Security and Student Records & Registration, and the State Controllers Office Audit. No material findings or recommendations were made during the course of these audits.

Schlereth turned to David Crozier, Assistant Controller for Financial Reporting, to provide a presentation on the University's Audited Financial Statements as of 6/30/08. Crozier reviewed the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Net Assets. The figures provided in the presentation represent the University and do not reflect the financials of the four campus auxiliaries. Crozier noted that the financial statements for our campus were audited externally by KPMG in accordance with Generally Accepted Accounting Principles (GAAP).

Total revenues of the University equaled \$172.7 Million for 07/08. The largest contributors to these revenues were \$64.7 M in State appropriations, non-capital and \$33.5 M in student tuition and fees. Another large revenue source was \$26.4 M in capital related revenues primarily as a result of transfers to the University from the Foundation to fund GMC construction activities. The tuition and fees revenue has increased from the prior year due to an increase in student enrollment and a 10% increase in the Student University Fee (SUF). Grants and contracts revenues have dropped significantly from the prior year due to the non-renewal of CIHS activities.

Total expenses equaled \$148.1 M in 07/08 and consisted of \$141.4 M in operating expenses and \$6.7 M in non-operating expenses. The \$141.4 M in operating expenses is broken out between instruction, public service, academic support, student services, institutional support, operation and maintenance of plant, student grants and scholarships, auxiliary enterprise expenses, and depreciation. All areas showed an increase in expenses from the prior year, with the exception of public service which

decreased by more than half, consistent with the drop in grants and contracts revenues. The \$6.7 M in non-operating expenses is made up primarily of interest expense.

The total assets of the University equaled \$363.3 M for 07/08, an increase of approximately \$73 M from 06/07. The primary reason for the increase from the prior year is due to a higher level of construction work in progress, particularly the GMC and Tuscany.

Total liabilities equaled \$215.1 M in 07/08, compared to \$166.8 M in 06/07. The primary reason for the increase from the prior year is due to additional debt obligations associated with the Tuscany housing project.

The University's \$172.1 M in long term debt obligations as of 6/30/08 is comprised of System-wide Revenue Bonds (SRB) for Housing, GMC SRB I and II, Parking, the Recreation Center, and a minimal amount of other campus debt.

Debt Service Coverage Ratios (DSCR) are to be monitored on all CSU campuses. Per CSU Executive Order 994, the pledged revenues at the campus level for repayment of SRB debt are to include Housing, Parking, Student Union, Health Center Facility Fees, and Continuing Education funds. DSCR is calculated as total annual net income divided by total annual debt service payments. The minimum DSCR for an individual campus is 1.35. As of 6/30/08, SSU had a DSCR of 1.64, well above the minimum requirement under EO 994.

Miller asked how the financial crisis would affect these figures. Schlereth responded that we will either need to keep revenues up or expenses down since annual debt service figures will not change once the debt is issued. Perry Marker asked what the take home points would be following this presentation. Schlereth commented that the University has a good balance sheet but is has a higher debt load than a more mature campus that is growing less. Also, the income statement will be affected due to the fact that State appropriations will be dropping and will not be fully offset by an increase in student fees. Marker noted that it would be beneficial if Schlereth could generate a few talking points in order to pass along to the larger community. Condron added that the results of the upcoming May 19th election will further affect the University's financials in the future.

Crozier reported that in 07/08, net assets were \$148.2 M, a \$24.6M increase from the prior year. The \$148.2 M is comprised of capital assets, net of debt of \$111.9 M, restricted net assets, expendable of \$4.4 M, and unrestricted net assets of \$31.9 M. From a GAAP perspective, the \$31.9 M is labeled under the unrestricted net asset category but the State still governs the use of these funds and they are designated. The majority of these funds are held in Housing, Parking, and the Student Union. These balances are held in an attempt to maintain adequate reserves in each of these programs sufficient to cover associated debt and other needs.

Crozier explained that EO 994 also provides guidance on the review and assessment of reserves and reserve policies applicable to programs which have projects funded by SRB debt. At a minimum, these reserves are to address needs associated with major maintenance and repair, working capital, capital development for new projects, and catastrophic events. Schlereth stated that meetings will be taking place with the managers of programs with SRB debt to assess the adequacy of their reserves. A report will then be developed following consultation with the various fund managers.

2009-2010 Budget Planning

SSU General Fund Budget Planning

Schlereth discussed the current outlook of SSU's General Fund budget for 09/10. When incorporating the proposed 10% State University Fee increase and factoring in the anticipated budget reductions and various mandatory costs, the total anticipated decrease to the SSU Operating Budget is in the \$2.7M range. This is in addition to the non-general fund budget challenges related to funding the Foundation's endowment distribution, athletic scholarships, classroom renovations, and a general fund allocation in lieu of an Extended Education Distribution. The combined budget shortfall for SSU in 09/10 is around \$5M. Schlereth noted that this figure is likely to deteriorate and is likely to be larger if the ballot measures in the May 19th special election do not pass.

Armiñana added that only two options exist, to increase revenues or decrease costs, and over 80% of the University's costs are in payroll. He explained that without the passage of the ballot measures, the State will have an additional approximately \$6B budget deficit. The State collects the majority of its revenues in December and April and then issues State Anticipation Notes until the revenues come in. The Universities should be able to open on time since monies received from Student Fees allowed for payroll and other expenses to be covered until the State appropriation is received. Schlereth indicated that SSU could operate through October on these funds. He added that all the financial aid that had been advanced by the University has since been reimbursed.

Gloria Ogg asked if the propositions do not pass, is it possible the SUF could be increased beyond 10%. Armiñana responded that this decision will be made at the CSU Board of Trustees meeting in May. However, in past years there has been a mid year fee increase and there is a strong possibility that will be the case next year. The University of California Regents are expected to increase fees of 9.6% but this equates to around \$600 annually per student, compared with the CSU Board of Trustees plan to increase fees 10%, equating to only approximately \$300 annually per student.

Administration and Finance Budget Planning

To date, some of budget shortfall specific to the Administration and Finance division in 09/10 has been identified, primarily through the elimination of positions as they have become vacant. Other strategies are currently being analyzed, such as 08/09 salary savings, division year end funds, partnering with other campuses to cut costs, assessing elimination of additional positions as they become vacant, and engaging in more

qualitative change and efficiency in operations, including the use of new technology. Schlereth added that furloughing is a difficult option because represented employees do not address furloughs in their bargaining contracts. Moulton inquired as to whether there have been promotions within the division. Schlereth responded yes, that a promotion may occur when combining positions due to a vacancy.

Budget Reduction Strategies – Campus Budget Forum Suggestions

Schlereth reviewed an analysis developed by Dinno in response to a suggestion of a possible reduction in custodial staff. Schlereth reported that the number of custodians has been reduced over the years from approximately 45 to around 20. After reviewing the proposal, there was generally no support for reducing additional housekeeping services/personnel.

IV. RECENT DIVISION APPOINTMENT/SEARCH PRACTICES

(Please see the May 1, 2009 agenda packet for related documents)

Schlereth stated that concern had been raised recently regarding how the hiring freeze was being implemented in the A&F division and how appointments are being addressed. A sheet was provided which outlined the A&F appointments for the period of October 2008 to the present. These included multiple permanent replacement positions as well as multiple temporary positions on both the State funded and non-state funded sides of the University. Moulton asserted that some of the confusion and concern could be as a result of the faculty hiring process, which is much lengthier and different than that for staff or management. Schlereth noted that the freeze applies less to the areas of police, landscapers, custodians, and positions related to the Tuscan project.

V. NORTH CAMPUS ENTRANCE – SIGNAGE

(Please see the May 1, 2009 agenda packet for related documents)

Schlereth noted that the concept for the North campus tower and signage was brought to the Campus Planning Committee on 5/8/03. The project cost totals approximately \$90,000. Materials were funded from A&F salary savings and labor for the project was completed by campus Facilities staff. This project could have been sent out for bid to an outside contractor but it was deemed more economical to have the current Facilities staff complete the work. This is the same process that was followed for the campus entrance into Sauvignon Village. Schlereth noted that two other campus signs are planned to be constructed. The old SSU sign at E. Cotati and Petaluma Hill will be replaced with one that has a similar look to the Sauvignon and North entrances. A sign is also to be constructed at Petaluma Hill and Rohnert Park Expressway. However, funding sources have not yet been fully identified for these projects.

VI. GREEN MUSIC CENTER HOSPITALITY CENTER

(Please see the May 1, 2009 agenda packet for related documents)

Schlereth outlined the main details associated with the GMC Hospitality Center. The University does not have plans to open a restaurant at this time and the Center will serve as a special event and meeting facility as well as a club facility when performances are being held. Debt service to construct the Center equals \$185,000 a year for thirty years and will be repaid from SSE and Housing revenues. Schlereth added that Neil Markley has deliberately held positions vacant in order to provide additional funds for positions in Entrepreneurial Activities at the Center. Moulton inquired about the possibility of a vineyard being constructed at the GMC site. Schlereth responded that an external group has expressed interest in using the space to create a vineyard and pay for the use of the space. In addition, this vineyard could hide a fence that could be constructed for the purpose of deterring people from coming onto the land during events. Dinno added that Dean Silver has been involved in terms of incorporating this concept into the Wine Business Program. Lastly, Schlereth informed the committee that future CRC meetings would likely take place at the Center and it is possible the Academic Senate meetings would also move there.

VII. GREEN MUSIC CENTER FACILITIES OPERATIONS

(Please see the May 1, 2009 agenda packet for related documents)

Schlereth outlined the GMC facilities costs, totaling approximately \$2.3M. This includes utilities, supplies, maintenance and staffing costs. These costs are to be funded from CSU facilities funds for new space, Executive Order 1000 funds for new space, and a \$5.00 facilities fee on all tickets sold. This assumes approximately 270,000 patrons per year and would require a reduction in staffing if this figure does not materialize. Schlereth stated that this is primarily a self supporting entity from a facilities operations perspective.

VIII. GREEN MUSIC CENTER ON CAMPUS PRESENTS

(Please see the May 1, 2009 agenda packet for related documents)

Schlereth stated that GMC On Campus Presents will be bringing together various campus organizations (ASI, CPA, SSE, CES, Housing, Res Life, and Student Union) in order to look at how the GMC, once completed, could be utilized to benefit the student body. The presenting season is still in the planning stage but a sample season schedule was reviewed by the committee.

Moulton asked what the estimated opening date would be for the GMC. Schlereth responded that it consists of a rolling opening. The Academic Building has already opened, the Hospitality Center should open around the end of the summer, and the remainder of the facility will be dependent on fundraising efforts. Schlereth noted that

the University plans to receive approximately \$2.5M from CSU resources to fund the chairs and certain audio/visual equipment.

IX. STRATEGIC PLANNING

(Please see the May 1, 2009 agenda packet for related documents)

University Strategic Plan

Schlereth stated that development of the University Strategic Plan began shortly after the accreditation process and considerable input has been made to the University Planning Steering Committee (UPSC) from the campus community. Schlereth acknowledged the work of Ochoa and the UPSC in developing the Strategic Plan. Moulton suggested prioritizing the plan and denoting it as a work in progress. An anonymous ballot was passed out to all members to vote on their endorsement or non endorsement of the plan as presented.

Collection of the completed anonymous ballot sheets provided the following voting results: 30 members endorsed the plan; 1 member did not endorse the plan; 1 member abstained.

Division Strategic Plan: Achievements to Date

The 07/08 & 08/09 accomplishments were provided in the packet.

Division Strategic Plan: 2009-2010

Schlereth noted that the division's plan focuses efforts within the goal areas that had been developed in the University's Strategic Plan.

X. CLOSING COMMENTS

Schlereth acknowledged that this was the last meeting for a number of individuals:

- Tim Wandling will be replaced by John Wingard, incoming Faculty Chair elect.
- Nicollete Margi will be replaced by Nick Curry, incoming AS VP for Finance.
- Derek Pierre will be replaced by Heather Hanson, incoming AS President.
- Courtney Buljan will be replaced by Meghan Buckner, incoming Chair of the Student Union Board of Directors.
- Peter Flores, Kelley Kaslar, and Xiaodong Zhu have completed the Management Trainee program and will no longer be members of the CRC as they begin their permanent position assignments. Jenifer Crist has one more year remaining under the program and thus will remain as a member of the CRC.
- Floyd Ross will be retiring in June after almost 40 years of service as an SSU employee.

Schlereth adjourned the meeting at 3:30 pm.

Minutes prepared by Ian Hannah.