

ALPENA COMMUNITY COLLEGE
BOARD OF TRUSTEES
REGULAR MEETING
Thursday, February 21, 2008
7:00 p.m.
665 Johnson Street
Alpena, MI 49707

NOTICE DATE: February 8, 2008

The Alpena Community College Board of Trustees will convene its regular February meeting on Thursday, February 21, 2008, in the Roger C. Bauer Board Room, 400 Charles R. Donnelly Natural Resources Center, 665 Johnson Street, on the College campus.

Elizabeth L. Spragg
Secretary of the Board of Trustees

REGULAR MEETING
ALPENA COMMUNITY COLLEGE BOARD OF TRUSTEES
February 21, 2008
7:00 p.m.
Roger C. Bauer Board Room
400 Charles R. Donnelly Natural Resources Center
665 Johnson Street, Alpena, Michigan 49707-1495

Volume XXV

- 1) Call to Order
- 2) Pledge of Allegiance
- 3) Approval of Agenda
- 4) Approval of January 17, 2008, Retreat Minutes and January 17, 2008, Regular Meeting Proceedings
- 5) Introduction of Guests and Public Comment
- 6) Communication(s)
- 7) Board Member and Subcommittee Report(s)
- 8) Faculty Report
- 9) Student Report
- 10) President's Report
- 11) Action Items
 - 2.405 First Reading of Board Policy on Fund Balances
 - 2.406 Bids: Carpeting for Huron Shores Campus
 - 2.407 Millage Renewal and Restoration
- 12) Information Items
 - 3.590 Financial Report
 - 3.591 Personnel Report

3.592 Gifts and Grants Report

- 13) New Business
- 14) Suggested Future Agenda Items
- 15) Next Regular Meeting: March 20, 2008
- 16) Adjournment

2.405 First Reading of Board Policy on Fund Balances

In an environment of declines in state funding, both absolute and as a percentage of ACC's operating costs, and a recent history of mid-year executive order cuts to community college funding enacted at the beginning of the state's fiscal year, it is both necessary and prudent for ACC to hold reserves of its own in order to secure the achievement of its mission through financially uncertain periods. Two years ago, the Michigan Education Association surveyed audited community college financial statements for the fiscal year ending June 30, 2005, that show fund balances ranging for 4.4% of general operating expenses at Gogebic Community College to 107.2% at Macomb Community College. That year the fund balance of Alpena Community College stood at 5.4%, second lowest in the state, and the situation has not changed materially since then. Only five colleges had balances of less than 15%, and three out of five had balances greater than 20%. The average balance for Group I colleges was 20%.

In addition to the security needed for general operating expenses, foresight is also required to reserve funds for maintenance and replacement of facilities and equipment essential for ACC's educational programming. By traditional practice, a minimum of \$100,000 is transferred annually from the General Fund to the Maintenance and Replacement Fund, in addition to deposits made directly to the fund from the \$6/contact hour facilities maintenance fee. Expenditures from the fund are substantially based on projects deemed critical in the annual update of the facilities replacement costs on a rolling basis over a three-to-five-year horizon. These revenue and expenditure mechanisms have barely sufficed over the past three years but have brought the maintenance and replacement fund balance to unacceptably low levels with little margin for covering major unplanned expenditures requiring immediate action.

The rationale for ensuring healthy but not excessive balances in both funds is essentially the same:

- Preparation for uncertainties of state funding
- Reduction of cost to borrow funds needed to maintain cash flow
- Assurance of meeting basis expenses (payroll, utilities) to complete a semester even under catastrophic conditions
- Movement toward balances typical for Group I colleges
- Moderation of tuition rates

A target of FY10 will direct the positive variance of FY08 toward the fund balances and allow a full cycle of FY09 planning and budgeting to occur with the goals of the proposed policy in mind.

Therefore,

The following resolution is proposed:

That the Alpena Community College Board of Trustees approves the following new policy on first reading.

Policy XXXX General and Maintenance/Replacement Fund Balances

Beginning with Fiscal Year 2010, Alpena Community College shall budget for and maintain a General Fund balance equal to 15% of annual General Fund expenditures, unless a temporary resolution otherwise is approved by a two-thirds majority of the Alpena Community College Board of Trustees.

Furthermore, beginning with Fiscal Year 2010, Alpena Community College shall budget for and maintain a Maintenance/Replacement Fund balance equal to the cost of critical maintenance /replacement projects over the next three years as determined by the annual facilities assessment and other relevant documentation.

2.406 Bids: Carpeting for Huron Shores Campus

In an effort to make the Huron Shores Campus in Oscoda a compelling and attractive institution of choice for all learners, and recognizing the contribution that Iosco County students make toward ACC, College staff have closely inspected the condition of the campus and have identified a number of areas that need immediate attention. The College has already replaced window blinds that were in poor condition. Painting will be the next step in improving the appearance of the campus.

Finally, all of the carpet is in need of replacement. Since the third floor is not currently being used, staff members recommend proceeding to install new carpet on the first and second floors, covering an area of approximately 1,700 square yards. Bids have been taken for commercial grade with a four-inch cove base installed throughout. The carpet will be scheduled for installation over our spring break (March 17-21) in order to minimize disruption to instruction.

The following bids have been received:

Bidder	Location	Amount
Carpet One	Alpena, MI	\$29,633.00
Stanson Floor Covering	Alpena, MI	\$30,077.00
Alpena Furniture	Alpena, MI	\$35,365.12
BJ Brugger Interior Design	Tawas City, MI	\$30,378.50
Wojahn Carpet and Furniture	Tawas City, MI	\$39,904.55

Appropriate members of the College staff have reviewed the bids and recommend the bid submitted by Carpet One at a price not to exceed \$29,633.00. Therefore,

The following resolution is proposed:

That the Board of Trustees authorizes appropriate College officials to contract with Carpet One of Alpena, Michigan, to supply and install carpet as specified in the bid documents, to include four-inch cove base, at a price not to exceed \$29,633.00. Funds are made available out of the Maintenance and Replacement Fund.

2.407 Millage Renewal and Restoration

About 20% of Alpena Community College's General Fund operations are supported by a local taxation district comprised of Alpena County in its entirety as well as Presque Isle and Krakow Townships of Presque Isle County. In return, residents of the district attending Alpena Community College pay tuition that is only half what is charged to students outside the College's service area. Voters in the district cumulatively approved a rate of 2.5 mils, consisting of 1.5 mils of charter millage (not subject to renewal) and 1 mil of serial millage (subject to renewal). Due to the effect of the Headlee rollback legislation, the current rate has eroded to 2.4358 mils on property in the district valued at approximately \$950 million.

Although the property valuation in ACC's district is the third lowest in the state, ACC's millage rate is moderate (15th of 28 colleges), unlike other community colleges with low valuations offset by very high millage rates. Most recently, in November 2003 the serial millage was renewed by voters in the district by a 2:1 margin for a period of five years.

Protecting local taxation revenues become an increasingly important priority for continuing ACC's quality of education and expansion of programs, insofar as state revenues have declined by \$381,000 since FY02 and, to compensate for lost state revenue, ACC's tuition rates are among the highest in the state.

As a result of studying millage election results of other entities in the area, discussion among Trustees, College staff, and community members has resulted in a consensus on what to bring to the voters in the district:

- A ten-year term in order to avoid the \$30-40,000 expense of an additional election.
- An August date in order to share election expenses with other entities placing measures on the ballot.
- A restoration of millage rates originally approved by voters in order to offset losses due to Headlee legislation.

Therefore, the following resolution is proposed:

That the Alpena Community College Board of Trustees approves the following ballot language as recommended by College staff working with legal counsel:

Alpena Community College Millage Proposal

This proposal will restore the full amount of the previously authorized Charter (1.5 mils) and Serial (1 mil) millages for Alpena Community College which will expire at the end of 2008.

Shall the charter tax rate limitation of .9817 mill previously approved by the electors of Alpena Community College, Michigan, which has been reduced by the millage reduction fraction required by Section 34d of The General Property Tax Act ("Headlee Amendment"), be renewed by .9743 mill (\$0.9743 on each \$1,000.00 of taxable valuation) and increased by .0642 mill (\$0.0642 on each \$1,000.00 of taxable valuation) for a period of 10 years, 2009 to 2018, inclusive, to be used for all purposes authorized by law; if approved, the estimate of the revenue the community college district will collect the first year of levy, 2009, is approximately \$1,100,000 (this is in part a renewal of millage which will expire with the 2008 tax levy and an increase of .0642 mill to restore the Headlee reduction)?

3.590 Financial Report

January 2007

Note: New features of the financial statements are due to implementation of the FRX feature of the Datatel system.

General Fund Revenue and Expense (Year to Year Actual Comparison)

- Property taxes showed a decline of \$66,966 due to slow receipts to the County and timing of payments to the College.
- The \$818,846 increase in tuition/fee revenue is due to the tuition increase, increased fall enrollment, onset of registration for next spring, faster enrollment processes, and the convenience of online tuition payments used by a growing number of students.
- A new comparison, Sales and Service, brings out \$6,992 less revenue in this category than last year.
- The \$493,607 increase in state aid reflects the restoration of the skipped payment in August and the 2.7% increase in ACC's FY08 allocation.
- The federal revenue increase of \$36,598 is traceable to the Community Based Job Training Grant.
- The \$10,617 decrease in instructional expense is due to unfilled faculty positions (as planned) and a contractual change of deferring overload until March.
- A new expense comparison, MIS, shows an increase of \$37,706 due to payroll, fringe benefit, and maintenance costs (as planned).
- The increase of \$58,274 in instructional support expense comes from contractual obligations and severance arrangements for a retiring administrator.
- Student service and institutional administration are as expected due to contractual obligations.
- The physical plant increase of \$32,143 results from contractual obligations and higher energy costs (as expected).

General Fund Revenue and Expense (Budget to Actual Comparison)

- Reflecting the slippage in January, actual property tax revenue is behind by 4% compared to last year.
- Tuition and fee revenue is ahead by 12% due to enrollment and tuition rate increases.
- State aid revenue is ahead by 10% due to the restoration of the skipped payment in August.
- Federal revenue is ahead 38% primarily due to the Community Based Job Training Grant and the end of the H-1B adjustment period made last year.
- The salaries and fringe benefits are about where they were last year.

- Advertising expenses are ahead 11% mainly due to requirements of the marketing plan.
- Supply expenses are up 6% mostly because of timing of regular orders.
- Telephone expenses are down 35% because the invoice for the annual maintenance payment to Verizon has not yet been received.
- Other items are within normal variations from year to year.

General Fund Month to Month Comparison

- This new report is a feature of the FRX financial reporting system that is presented for the Board's consideration.

3.588 Personnel Report

Additions/Replacements

Scott Ratz

Permanent Full-Time Chemistry Instructor
(Effective January 8, 2008)

Resignations

None

Retirements

None

Others

None

3.592 Gifts and Grants Report

This report reflects the following activity for pledges and gifts received between January 3, and February 5, 2008.

Company Alpena News Publishing
Alpena Power Company
Mr. and Mrs. Roger Anderson
Anonymous
Mr. Nicholas Bancroft
Mrs. Donna Beck
Mark Beins
Jim and Kristin Berles
Besser Foundation
Jim & Penny Boldrey
BorgWarner Foundation
Mr. & Mrs. Eugene Boyk
Mr. & Mrs. Harold Bredwell
Mrs. Agnes Briggs
Ms. Wendy Brooks
Mr. & Mrs. George Burrows
Mr. & Mrs. Wayne Calkins
Mr. & Mrs. Nelson Carr
Cracker Barrel Party & Deli
Mr. & Mrs. Gary Dawley
Deputy Ryan Seguin Memorial Fund
Mr. & Mrs. Jac Donald
Mr. John Briggs and Esther Donald-Briggs
Dow Corning Corporation
Dr. and Mrs. Allen Dunckel
Ms. Lori Dziesinski
Mr. Andrew Eggan
Mr. Richard Engstrom
Ms. Agnes Ferguson
Mr. David Glomski
Great Lakes Energy Cooperative
Nan Hall
Mr. & Mrs. Hank Hanson
Deborah Hautau
Mr. Andrew Hier
Drs. Christopher & Aimee Hier
Mrs. Anne Ilsley

Integrated Architecture
Olin & Patricia Joynton
Audrey Julian
Mr. & Mrs. Michael Kelley
Mr. & Mrs. Craig Kendziorski
Mr. & Mrs. Robert Kenyon
Ms. Jennie Kerr
Ms. Carol Kindt
Mr. Joseph Klemens
Dr. Kevin Kozicz
Ms. Vicky Kropp
Timothy Kuehnlein
Mr. & Mrs. Bernard Lamp
Jewel Lancaster
Mr. & Mrs. Robert Lewandowski
Ms. Vivian Lewis
Mr. Max Lindsay
Carolyn Losinski
Evelyn Lounsberry
Mr. Thomas Ludwig
Ms. Elsie Lumsden
Mr. James MacConnell
Mr. Matei Machedon
Mr. & Mrs. Robert Martinez
Mr. William Matzke
Mr. & Mrs. Calvin McCaslin
Ms. Katherine Meharg
Mr. & Mrs. Gerald Mellen
Ms. Kathryn Momrik
Billi Murch
Desiree Nowaczyk
Dr. and Mrs. Frederick O'Dell
Mrs. Margaret Olsen
Mr. & Mrs. Ed Palmer
Till Peters
William & Arlene Peterson
Mr. & Mrs. Loren Powell

Mr. & Mrs. Donald Powers
Mr. Edward Retherford
Robert and Lorraine Reuther
Mr. & Mrs. Russell Rich
Ms. Julie Robarge
Don MacMaster
Mary Schulke
George Schwedler
John & Nancy Seguin
Mrs. Geraldine Shea
Mr. Loren Simons
Mr. Roy Smith
Ms. Susan Spitzer
Elizabeth Spragg
Mr. & Mrs. Philip Straley
Kendall Sumerix
Mr. Richard Sutherland
Mr. Kevin Sylvester
Mr. David Szatkowski
Mr. Gary Thompson
Mary Jane Thomson
Ms. Elizabeth Truman
Mr. & Mrs. Gill VanWagoner
Ms. Betty Vieu
Denis J. Walterreit
M. Frances and Alan Westerholm
Ms. Yvonne White
Mr. Steven Wilson
F. Thomas Winter
Wolverine Power Cooperative

Total Donors: 104

Total Gifts: \$88,730.32

