

# Navajo County Community College District Governing Board Meeting Minutes

April 16, 2013 – 10:00 a.m.

Painted Desert Campus, Tiponi Community Center  
2251 East Navajo Boulevard, Holbrook, Arizona

---

**Governing Board Member Present:** Ms. Ginny Handorf, Mr. Daniel Peaches, Mr. James Matteson, Mr. Prescott Winslow, Mr. Frank Lucero

**Staff Present:** President Jeanne Swarhout; Vice President Blaine Hatch; Vice President Mark Vest; Information Services Director Eric Bishop; Institutional Effectiveness Director Dr. Leslie Wasson; Recording Secretary to the Board Lisa Jayne.

**Others Present:** Everett Robinson, Wendy Shepard, Melissa Luatua, Stuart Bishop, Peggy Belknap, Bill Fee, Kenny Keith, Julie Wiessner, Beulah Bob-Pennypacker, Sharon Hokanson, Maderia Ellison, Margaret White, David Huish, Eric Henderson, Dave Roberts.

## **Agenda Item 1: Call to Order and Pledge of Allegiance**

Chair Handorf called the meeting to order at 10:00 a.m. Mr. Winslow led the Pledge of Allegiance.

## **Agenda Item 2: Adoption of Agenda**

Mr. Matteson moved to adopt the agenda as presented. Mr. Lucero seconded the motion. *The vote was unanimous in the affirmative.*

## **Agenda Item 3: Call for Public Comment**

None

## **Agenda Item 4: Reports**

### **4.A. Alumni Award – Director Ann Hess**

Director Ann Hess presented Ms. Amelia Flores for spring 2013 Alumni Award. Ms. Flores earned an AAS from NPC in 1997 while living in Parker, AZ. She earned her BS in Education from NAU and her Masters in Linguistics from U of A. Ms. Flores thanked the Board for the honor.

### **4.B. Financial Position – Vice President Hatch**

Vice President Hatch summarized the financial position report to the Board. Mr. Lucero asked if the money being pulled from reserves to cover budgeted expenses gets replaced after the funding comes in. Vice President Hatch stated that there is \$8.5 Million of fund balance budgeted to be used to fund operations, primarily as a result of the large transfer to the capital fund for the construction project. \$3.7 Million has been used out of the budget that won't be replaced for general fund activity out of the budgeted \$8.5 Million. Mr. Matteson asked for clarification on grants and contracts as they are budgeted at \$5.4 Million, but appear to be coming in at a rate



that exceeds that amount. Vice President Hatch stated that at this point the College is on target in that area. Mr. Matteson asked if Pell Grants were also on track. Vice President Vest stated that the College is still awarding for spring, and that Pell Awards will be pretty much even with last year. Mr. Matteson asked if it was a direct pass through of funds and Vice President Hatch stated it was.

#### **4.C. NPC CASO – Margaret White**

CASO Vice President Margaret White addressed the Board and stated that candy bar fundraising is still being held for student scholarships. Ms. White handed to the Board a copy of the CASO newsletter. She summarized for the Board the objectives of CASO to include fostering collegial relationships among all NPC staff employees, providing opportunity for professional staff development, publishing accomplishments of organization and individual employees, being involved in community, and providing scholarships to NPC students. NPC Picnic on May 3, 2013. CASO picked three charities to donate non-food items to: First Step Workshop in Holbrook, Naomi House in Joe City, Friends of CASA.

#### **4.D. Faculty Association– Kenny Keith**

Kenny Keith, President of the Faculty Association, addressed the Board and stated that Skills USA is a United States career and technical student organization serving more than 320,000 high schools and college students and professional members involved in training programs in technical skill and service occupations including health occupations. NPC did well again this year, and brought home two gold, 13 silver, and a couple bronze. Automotive won a silver and a bronze. Cosmetology won 1 gold and 1 silver and gold medalist will compete this summer in Kansas City. Welding also won 1 silver in the post-secondary and 3 silvers in the high school fabrication competition. In job interviews welding took 1 gold, 1 silver and 1 bronze. In welding sculpture NPC won 1 silver and 1 bronze. Faculty put a lot of time into the event.

Brian Burson and Ryan Jones attended HLC Conference in Chicago and brought back a lot of information they will be sharing with the faculty association in the near future. Faculty Association will be awarding scholarships over the next month, and will have a new faculty president at next meeting.

Mr. Winslow suggested that Skills USA could be an opportunity to recruit non-NAVIT high school students. Mr. Matteson stated he wanted to call attention to the welding program and their artistic garbage cans in Show low and some nice artistic pieces in the library, the skill and quality of the work is impressive.

#### **4.E. NPC Student Government Association- Wendy Shepard**

Melissa Luatua introduced President of SGA, Wendy Shepard, who addressed the Board and stated SGA next meeting was rescheduled to April 26 as its date conflicted with the AZ university road trip. The SGA meeting on April 26 is on x7479 at 2:00pm. BYU field trip on April 4-6 was very well attended. The Outdoor Club went to Colossal Cave in Tucson. On April 22, Earth Day, SGA is planting trees in Show Low Park. SGA is assisting with commencement ceremonies by providing refreshments for students. There are three students that have expressed interest in the Study Abroad Program. Mr. Matteson asked what kind of support the college



provides for SGA trips. Wendy Shepard stated that SGA offers scholarships for the Costa Rica trip that helps with tuition, housing and some meals. The student has to provide airfare and some other expenses.

#### **4.F. NPC Foundation- Lance Chugg**

Lance Chugg addressed the Board and congratulated Amelia Flores for receiving Alumni Award. He stated that building repairs are going well but will take about a month to finish. The Foundation held a board meeting at beginning of the month. Bonnie Adams was re-elected as President, President elect is Jason Whiting, and Jane Lee was re-elected as Secretary. Also in attendance were several new board members, Connie Kakavas, and Glen Newhart. Pat Ceballos also attended. At the meeting they approved the budget for the year and are projecting to continue funding at same level as last year. There was an expressed need to expand cash flow. The foundation is working with Jeremy Raisor in career placement to put something together for commencement students.

#### **Agenda Item 5: Consent Agenda**

A. March 19, 2013 regular meeting minutes.

Mr. Peaches moved to approve the minutes. Mr. Matteson seconded the motion. *The vote was unanimous in the affirmative.*

#### **Agenda Item 6: Old Business**

None

#### **Agenda Item 7: New Business**

##### **7.A. 2013-2014 Complete Budget Analysis**

Vice President Hatch covered the budget analysis with the Board. Mr. Winslow asked at what point the Board will get involved in financial sustainability discussions as over the next few years it is clear the budget is not sustainable long-term. Vice President Hatch stated that this discussion will be tied to the Strategic Plan that will be discussed in the fall at which time the Board could address long-term financial plans.

##### **7.B. 2013-2014 Primary Property Tax**

Vice President Hatch covered property tax information with the Board. Mr. Matteson stated he is struggling with the need to publish and go to the maximum tax levy rate right now. The proper and prudent thing to do would be to go up to, and not exceed, the TNT limit. Vice President Hatch stated that there are a couple of items he was just made aware of on Friday. The Transwestern Pipeline is an entity that presently has property that is valued in Navajo County. They have requested an adjustment on their valuation which will be about \$47,000 reduction in ability to assess and a worst case scenario of \$193,000, but it will probably not affect 2013-2014.

If the Board determines to levy a primary property tax that is below the maximum rate which doesn't require a Truth in Taxation Hearing, currently the College is levying \$13,167,562 with the addition of the \$11.8 million in new construction the Levy will go up as result. To retain same levy amount plus new construction the maximum tax rate would be \$1.4769, and would



bring in \$173,733 and the rate then would be set at \$13,341,335. The increase is 9.3% over the current tax rate but again would not require a Truth in Taxation hearing. Mr. Matteson stated that it was a delta of about \$268,000. Vice President Hatch stated \$266,759 would be what the College would not receive. Vice President Hatch did state that staff recommends levying at the maximum rate in order to demonstrate a continuing and consistent support of operations of the District by local taxpayers and also recognizing the value of the educational opportunity that's provided to our communities. Vice President Hatch referenced presented information detailing what other community colleges have done throughout the State in regards to a tax levy and stated NPC is significantly below the average when compared to other institutions' tax rates. Vice President Hatch stated that when the Board gets to agenda item to approve the preliminary budget, adjustments can be made at that point.

Mr. Winslow asked if there was a capital reserve. Vice President Hatch replied that when the Board adopts a capital plan the monies are then set aside. Mr. Winslow asked if there is a huge amount of deferred maintenance compared to other institutions. Vice President Hatch stated that currently the college is in good condition due to facilities being relatively newer. Mr. Matteson stated that the buildings are constructed of material that has long-life. Chair Handorf stated that a number of other community colleges dealing with deferred maintenance have decided they cannot wait any longer on State funding.

#### ***7.C. Request to Approve 2013-2014 Wage and Salary Recommendation and Salary Schedules***

Vice President Hatch reviewed the proposed salary schedule with the Board and stated that staff is recommending a 3% increase for faculty and staff. Vice President Hatch handed to the Board an updated Exempt Salary Range Chart 2013-2014 position titles being the only change from the initial chart proposed.

Mr. Matteson moved to adopt the FY 2013-2014 Wage and Salary Recommendation and Salary Schedules. Mr. Lucero seconded the motion. *The vote was unanimous in the affirmative.*

#### ***7.D. Request to Approve 2013-2014 Preliminary Budget***

Vice President Hatch summarized the 2013-2014 Preliminary Budget for the Board and stated staff recommends approval of budget as proposed. Mr. Winslow asked why retirement indebtedness fund was blank. Vice President Hatch stated that the retirement indebtedness plant fund includes long-term debt, and although the College has short-term activity, it has no long-term general obligation bonds. Mr. Matteson asked if the \$49 million represents the maximum tax levy. Vice President Hatch stated it includes the maximum tax levy but it also includes all the other resources available, including current fund balances or current reserves. Mr. Matteson asked if the College did not go to the maximum levy then \$49,852,493 would be reduced by \$266,000 which would be about a 5% increase, instead of 5.4%. Vice President stated that was the case.

If maximum tax levy is not approved, Vice President Hatch stated that he would recommend an adjustment be made in contingency; changing \$1.8 million to \$1.55 million. Mr. Winslow asked if the reason the expenditure limitation is millions of dollars less than the resources it will be spent on it because of exclusions. Vice President Hatch stated that there are a number of items



that can be excluded from expenditure limits; all capital expenditures, all debt service, even short-term debt service as well as other thing. That exclusion typically has been in the \$15-16 million range in the last several years of what is countable as expenditure limit expenses.

Mr. Matteson moved to approve the 2013-2014 Preliminary Budget except not to go to maximum tax levy, but instead to go the TNT levy and the \$266,000 change would show up on contingency budget. Mr. Lucero seconded. Chair Handorf asked if this motion would change the cash reserve item yet to be voted on as well as other fiscal items. Vice President Hatch stated that the cash reserve policy proposal would not be changed due to this motion. Vice President Hatch clarified that on the summary page instead of \$13,608,093 that would be \$13,341,335. The differential then instead of \$440,531, would be \$173,733 and the percentage would also be reduced. Mr. Matteson stated that was correct. The rate would change from 1.5064 to 1.4739, and that differential then would drop and the percentage change would drop to 9.3%. On the resources page the change would be made just in the one line on the primary property tax, dropping that from the current number to \$13,341,335, and then on the expenditure the contingency line dropping from \$1,790,906 by the difference of \$268,000 or so. Mr. Matteson stated that was his motion. Mr. Matteson stated that he felt raising the max levy would give the College a black eye in the community given the present economic environment, but he is supportive of a reasonable contingency fund.

Mr. Winslow asked if the motion as stated passes is the Board setting the tax rate. Vice President Hatch stated that if the motion passes then the College would not post truth in taxation hearing notices and would not schedule a truth in taxation hearing. What that would mean is the maximum the Board could levy would be \$1.4739, but at the May meeting the Board could decide to levy something less, but would not be able to levy more. Mr. Winslow asked Vice President Hatch of any long-term impact if the motion passes. Vice President Hatch stated that the net impact to this budget would be relatively minimal since changing the contingency line \$266,000 would not change plans for the upcoming year. What it means in the future is that the Governor's Office and JLBC understands the College's position and it wouldn't be held against the College, but it means the \$266,000 is money that will never be collected and will not be available to the College in the future. Long-term planning of institution will not be affected, but it will mean that at some point the College will continue to have a requirement to retain equalization funding the College will need to demonstrate it is doing everything possible locally and the State will make up the difference and when that point comes the College may have just as much of a challenge given economic conditions that exists in the county and people may not be happy when the increase returns.

Mr. Lucero asked if the contingency fund built in every budget has ever been fully expended. Vice President Hatch stated that it had not. President Swarhout stated that at some point if equalization is going to be part of the College's funding formula the College is going to be pressured to go to maximum tax levy. Mr. Matteson stated that that point was not now.

*The vote was passed by a majority, with one dissenting vote.*



**7.E. Request to Approve 2013-2016 Preliminary Capital Budget**

Vice President Hatch reviewed the 2013-2016 Preliminary Capital Budget with the Board. Staff recommends the Board approve budget as presented. Mr. Matteson asked if the mechatronic equipment purchase was included in the presented capital budget. Vice President Hatch stated that because the mechatronics purchase is grant funded it is not included. Mr. Matteson asked what the basis of the cost estimates were. Vice President Hatch stated that budget managers made recommendations as a budget development team after working through details. Mr. Matteson asked about the \$600,000 in the budget to repave the NATC track. Vice President Hatch stated that NATC improvements are not included in the totals for the College capital budget. Mr. Winslow asked if every project listed as being able to be postponed was included in the budget. Vice President Hatch stated that even if it was listed as able to be postponed it was included. Mr. Winslow asked if some of the proposals were enrollment driven. Vice President Hatch stated they were.

Mr. Lucero moved to approve the 2013-2016 Preliminary Capital Budget. Mr. Matteson seconded the motion. *The vote was unanimous in the affirmative.*

*Chair Handorf called for a break at 12:00 p.m., the Board reconvened at 12:15 p.m.*

**7.F. Request to Approve Cash Reserve Policy**

Vice President Hatch reviewed the proposed cash reserve policy with the Board and stated that Higher Learning Commission criteria reinforces the idea that cash reserves are important. Mr. Matteson asked what the current cash reserve was. Vice President Hatch stated estimated fund balance as of July 1 of \$31,593,000. Total expenditures are \$25,698,893. Six months of expenditures would be around \$13 million. Fund balances in the plant fund are estimated at just over \$10 million dollars and much of the \$28 million is capital related and could be moved to a designation in the capital fund as opposed to general fund which will impact future capital fund availability.

Mr. Peaches moved to approve the Cash Reserve Policy as presented. Mr. Winslow seconded the motion. *The vote was unanimous in the affirmative.*

**7.G. Request to Accept the Audited Annual Budgeted Expenditure Limitation Report**

Vice President Hatch reviewed the audit report with the Board and stated that staff recommends the Board accept the Expenditure Limitation Report. Mr. Matteson asked if the \$499,000 would be carried forward. Vice President Hatch stated it would not as the Expenditure Limitation Report deals with revenues, and only revenues that aren't expended can be carried forward. Chair Handorf asked if the College was addressing the findings in the audit. Vice President Hatch stated it was.

Mr. Lucero moved to accept the Audited Annual Budgeted Expenditure Limitation Report. Mr. Peaches seconded the motion. *The vote was unanimous in the affirmative.*

**7.H. Request to Approve Interagency Service Agreement**

Vice President Hatch stated that new legislation requires entities have information on website



regarding expenditures over \$5,000 and remain there for three years. Staff recommends the board approve the agreement. Mr. Winslow asked what impact this mandate has on staff. Vice President Hatch stated it's taken a significant amount of staff time. A retired IS employee was brought back to help with this process. Mr. Winslow asked if it would result in permanent new staff hours once up and running. Vice President Hatch stated it was not anticipated. Mr. Lucero asked if it was cheaper to do it in this manner. Vice President Hatch stated there was a \$3,000 initial set up fee and will cost \$2,000 a year but feels it is the least expensive route.

Mr. Matteson moved to approve the Interagency Service Agreement and authorize President Swarthout as signator. Mr. Lucero seconded the motion. *The vote was unanimous in the affirmative.*

#### **7.I. Request to Approve Line Extension Agreement and Utility Easement**

Vice President Hatch stated that site improvements at PDC in regards to the Skills Center construction project APS has agreed to extend underground electrical facilities and upgrade overhead facilities. The College will provide the distribution lines, the conduits, service line, and earth work. There will be no advance payment to APS but there will be an offset to the College's standard charges when the Skills Center starts using electricity. Also, connected with the line extension agreement, a recommendation and requirement of the agreement, is to convey a utility easement to APS. The easement is approximately 235 linear yards and is underground.

Mr. Matteson moved to approve the Line Extension Agreement and Utility Easement. Mr. Lucero seconded the motion. *The vote was unanimous in the affirmative.*

#### **7.J. Request to Approve Purchase of Amatrol Mechatronics Learning System from Klein Educational Systems**

Vice President Hatch summarized the purchase proposal from grant funding with the Board and stated that staff recommends the Board approve the purchase. The cost of the purchase is \$2.33 under budget. Mr. Matteson asked how the bid could be a sole source. Kenny Keith stated that he researched Amatrol and tried to find other comparable suppliers but was not able to find any other companies that provide a system that meets all the needs. Vice President Hatch stated that this bid qualifies as a sole source criteria according to College procedures. Mr. Lucero asked if there were any penalties if the system was not available in August. Kenny Keith stated that the project is currently 120 days out and Amatrol has guaranteed it will be here in 90 days. Mr. Lucero clarified that the guarantee was not in writing and suggested that a guarantee be obtained in writing. Mr. Winslow asked if the bid had met federal bid requirements. President Swarthout stated the feds had signed off on the purchase. Mr. Lucero asked if the funding is provided ahead of time or reimbursed. Vice President Hatch stated it was reimbursed. Dean Peggy Belknap stated that there is a contingency curriculum plan to start the program without the equipment if the equipment does not arrive on time or the building is not finished on schedule. Mr. Winslow asked what possible penalties for the College there would be if the building is not ready. Peggy Belknap stated it would be just the difficulty of storing the equipment, that there is no penalty from the feds.



Mr. Lucero moved to approve the Purchase of Amatrol Mechatronics Learning System from Klein Educational Systems. Mr. Winslow seconded the motion. *The vote was unanimous in the affirmative.*

**7.K. Request to Approve a Change in Terms of Employment, Faculty in Heavy Equipment**  
Vice President Hatch covered procedure 2720 with the Board and stated staff recommends a reduction in force due to the cancelation of the Heavy Equipment Program in Apache County. In August of 2012 the program cancellation was approved by the District Governing Board.

Mr. Matteson moved to approve the Change in Terms of Employment, Faculty in Heavy Equipment. Mr. Peaches seconded the motion. *The vote was unanimous in the affirmative.*

### **Agenda Item 8: Standing Business**

#### **8.A. Enrollment Report**

Vice President Vest reviewed the enrollment report with the Board, stating there were no significant changes in enrollment data as presented in the fall. The reason overall FTSE declined is largely due to law enforcement academy enrollment being counted in the fall and not in the spring. There is a fairly significant difference between FTSE decline and headcount decline, which reflects the same number of students taking fewer classes. The three other rural colleges like NPC FTSE is down on average 7.3%, NPC's FTSE is down 6.4%. Programs such as welding, cosmetology, automotive, nursing and allied health that leads to direct employment FTSE is stable or growing. It is in the area of general education courses that there is larger decline. Mr. Winslow asked if the Board could get information on total number of high school seniors in the District and a recruitment coordinator report. Vice President Vest stated he has recently seen reports on "college age" students and our region of the State is projected to shrink in this demographic.

#### **8.B. NATC Update**

Director of Public Safety Education, Stuart Bishop, addressed the Board and stated his position is responsible for the fire science program, administration of justice program, and is also director at NATC, the North East Arizona Training Center. NATC is also known as the Jake Flake Emergency Services Institute. NATC was formed in 2002 on 20 acres, 10.25 of it is paved. Current partners include the College, Northeast Arizona Fire Chief's Association, Northeast Arizona Police Association, Navajo County, Town of Taylor. The NATC board consists of Vice President Hatch, Vice President Vest, and Dean Peggy Belknap. All equipment is donated. NATC also has a six story burn tower, a mobile flash chamber that was purchased with a Carl Perkins Grant, and a confined space rescue trailer.

#### **8.C. Strategic Planning and Accreditation Steering Committee (SPASC) Report – Director Leslie Wasson**

Director Wasson stated the annual Higher Learning Commission conference was held in Chicago. Eight staff members were sent to help prepare the College for new accreditation requirements. Director Wasson stated that a subcommittee is going through the documents and reports to submit for accreditation bid. Chair Handorf asked what things the College is doing that is new to other institutions. One of the things discussed was what are general principles





when managing big changes like the new pathways; data that will be needed and begin to collect it, communicating about the changes and what things need to change in order to maintain success. President Swarthout stated that NPC is much more up-to-date on accreditation changes than other institutions.

**8.D. Human Resources Update – Sharon Hokanson**

Director Sharon Hokanson reviewed the Human Resources Update with the Board and stated that there is a new New Dual Enrollment Specialist, Barbara Aikans. Faculty in Philosophy offer is currently being made. Database Administrator interview will be tomorrow. Audio/Video Support Tech position interviews were held last Friday and will be making an offer. Groundskeeper III closed with several applications. Faculty in Industrial Maintenance and Operations Position is currently open. Mr. Matteson asked if there was much interest in faculty in Industrial Maintenance and Operations. Kenny Keith stated he has had quite a few people inquire about the Industrial Maintenance and Operations position.

**8.E. President’s Report – President Swarthout**

President Swarthout stated she will be attending Town Hall next week in Tucson and the Higher Learning Commission site visit will be at the same time. The College has participated in an All Arizona Activity for a tribal summit for colleges and universities with Native American associations. Five NPC staff are on each established committee to help study the problem of retention and enrollment. Outstanding Grad Luncheon is next week. Upcoming musical and play opens Thursday. Mr. Matteson asked how the basketball discussion went. President Swarthout stated she has heard nothing.

**Agenda Item 9: Board Report/Summary of Current Event**

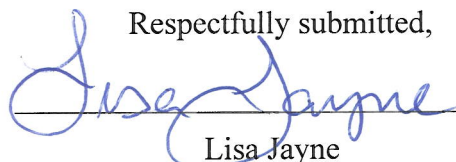
Last Friday in September will be AZDGB. Executive Director interviews for ACCCC are upcoming.

**Agenda Item 10: Announcement of Next Regular Meeting: May 21, 2013.**

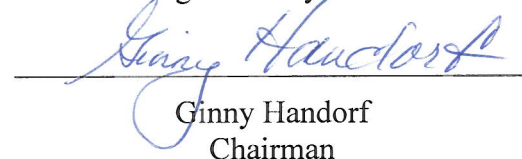
**Agenda Item 11: Adjournment**

*The meeting was adjourned at 1:38 p.m. upon a motion by Mr. Matteson, a second by Mr. Lucero., and a unanimous affirmative vote.*

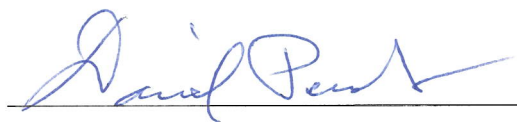
Respectfully submitted,

  
\_\_\_\_\_  
Lisa Jayne

Recording Secretary to the Board

  
\_\_\_\_\_  
Ginny Handorf  
Chairman





Daniel Peaches  
Board Secretary

---

APPROVED

