

Navajo County Community College District Governing Board Study Session Minutes

August 18, 2009 – 9:30 a.m.

2251 Navajo Boulevard, Holbrook, Arizona, 86025

Governing Board Members Present: Bill Jeffers, Ginny Handorf, E.L. Parsons, Daniel Peaches and A.T. Siquah.

Staff Present: President, Dr. Jeanne Swarthout; Vice President, Blaine Hatch; Vice President, Mark Vest; Director of Information Services, John Velat; Recording Secretary to the Board, Russell Dickerson.

1. Request to Approve POS 221 and POS 222 Course Fees – Vice President Vest

Mr. Vest explained that the courses POS 221 and POS 222 are institutional anomalies in that their enrollments are so great as to overwhelm enrollment in all other Internet courses combined. Mr. Vest added that prior to the fall 2009 semester, there were individual technology fees attached to Internet based courses, an approach the college then moved away from with the implementation of a media fee charged to students enrolled in a minimum of three credit hours. Mr. Vest informed Board members that POS 221 and POS 222 are both one credit hour classes, a fact that was discussed in the spring. Mr. Vest reported that the dean of Arts and Sciences, Dr. Eric Henderson and the course instructor, John Deaton performed an analysis of the dramatic increases in enrollment over the last three years. This analysis, coupled with a tabulation of secondary costs for these courses, such as registrar's office resources, led staff to conclude that without a fairly significant course fee for these classes, the college loses money when students enroll for POS 221 and POS 222. Mr. Vest reported that last year there were 2,532 enrollments in these two classes alone. Mr. Vest requested the Board approve a \$50 course fee for the two classes due to the fact that approximately 95% of students enrolled in these classes do not pay the media fee and are heavy users of college technology. Mr. Vest added that prior to this year, the technology fee attached to these classes was \$35 and added that the proposed \$15 increase is based upon an analysis of the actual cost to implement the courses. Mr. Vest explained that approximately 75% of all transcript requests are for students enrolled in these two classes and that one staff member in the registrar's office spends 75% to 85% of her time, on a weekly basis, registering students in these two courses. Mr. Vest concluded by stating that significant costs are incurred both inside and outside the instructional area by offering POS 221 and POS 222.

Responding to a question from Chairman Jeffers, Dr. Swarthout explained that the proposed course fees have not been implemented but would be implemented immediately following Board approval. Mr. Vest explained that it is not too late to implement the proposed course fees this semester as the courses have been advertised in the course schedule and on the website as having a pending course fee. Mr. Vest outlined the plan for course fee implementation that would include closing out existing course sections and creating new sections in which enrolling student will be notified, prior to enrollment, of the new course fees. Mr. Vest added that those students already registered would not be charged the course fee retroactively. Mr. Vest commented that even with a \$50 course fee, the courses are still significantly less expensive than any other student option within the state. Responding to a question from Ms. Handorf, Mr. Vest confirmed that the large enrollments are partially due to the low cost. Mr. Vest added that course quality is the main reason they are hugely successful and have benefited from aggressive state-wide marketing by the instructor. Mr. Vest explained that almost all of the enrollments are for persons seeking teacher certification so there is a real drive and demand for students to complete the courses as quickly as possible.

Mr. Parsons commented that he would like to see the actual figures in order to determine the difference between what the college charges versus the course cost. Mr. Vest explained that the direct cost, what is paid to the instructor to teach the course, is approximately 90% of what is charged for tuition and that the remaining 10% must



cover all other associated expenses that include a full and half-time position in the registrar's office, one-fifth of the dean's secretary's time to process these classes, work performed in the business office, as well as the volume of calls that come into the college's technology support center. Mr. Vest explained that it is difficult to quantify without discussing specific staff salaries but estimated that at current enrollment levels, the courses cost approximately \$175,000 to \$200,000 per year. Mr. Vest added that enrollment of 2,532 represents approximately 15% of total college enrollment.

2. Request to Approve GADA Loan Payment – Vice President Hatch

Mr. Hatch explained that reimbursement to the Town of Taylor for GADA loan interest and principle payments is an ongoing activity between the college and NATC. Mr. Hatch requested approval of the payment and explained that the requested reimbursement payment of \$30, 537.19 exhausts the \$1 million state allocation with perhaps \$2,000 to \$3,000 left over. Mr. Hatch added that the college does not anticipate that any additional requests for these funds will be brought before the Board. Responding to a Board question, Mr. Hatch explained that this is not the last payment as the Town of Taylor's payment schedule extends through August 2024. Mr. Hatch added that following this reimbursement payment, the Town of Taylor will still have \$592,000 to repay on the GADA loan.

3. Plan to Relocate Modular Buildings to SCC (informational) – Vice President Hatch

Mr. Hatch explained that the college has modular buildings located on the former Painted Desert Hermosa Campus that are in good structural condition but would require renovation to be brought back to a usable state. Mr. Hatch explained that recently, NAVIT approached the college and proposed the relocation of four modular buildings to the Silver Creek Campus (SCC) for use by NAVIT personnel. NAVIT currently leases office space at SCC but due to growth, NAVIT would like to have increased office, bookstore and board meeting space. Mr. Hatch explained that NAVIT has proposed the relocation and remodel of four modular buildings to house NAVIT personnel at SCC. Mr. Hatch added that NAVIT would pay the entire cost of the project and will continue to lease the space after completion of construction. Mr. Hatch noted that at the time of the Board meeting, the proposal is somewhat in flux as the NAVIT board has since proposed an architectural study in order to refine costs before making a final decision. Mr. Hatch added that NAVIT has agreed to use the college architectural firm and will pay study costs.

Mr. Hatch informed Board members that in addition to the four modular buildings for NAVIT, the college would also like to relocate a fifth building to SCC to serve as storage for the Performing Arts Center. Responding to a question from Chairman Jeffers, Mr. Hatch explained that the college still has about eight years to move modular buildings off of the Hermosa campus and that in addition to the five aforementioned buildings, there are four buildings that can be moved, two that are not able to be moved as well as four units that were included in the transfer of property to the City of Holbrook. Mr. Parsons expressed concern over the 1975 model modular buildings citing extensive code changes in 1976 that could result in increased relocation cost stemming from the use of aluminum wiring, possible use of asbestos and window sizes that are not up to current building standards. Mr. Hatch explained that the buildings in question were previously in use and that code issues have been addressed over their service lives but reassured the Board that building code issues would be evaluated. Mr. Hatch noted that the reason this item has been brought to the Board is because the relocation of modular buildings onto a campus represents an opposite direction for development of college facilities. Mr. Hatch added that the college has been able to do exterior facing work on modular buildings to make them appear as integral parts of campuses.

Responding to a question from Chairman Jeffers, Mr. Hatch explained that NPC plans regarding the college bookstore, which would affect NAVIT, will be brought before the Board in the next couple of months. Mr. Hatch added that changes to the bookstore may occur as soon as spring 2010 or may not happen until fall 2010. Chairman Jeffers asked Board members if any one objected to an investigation of relocating modular buildings to SCC. Board members offered no resistance to investigating the possible building relocation.



4. NATC Update (informational) – President Swarthout

Dr. Swarthout informed the Board that she and Mr. Hatch have been in discussions with the college attorney regarding the position of the college related to the \$1 million state allocation to the college for NATC and whether those assets can be assigned to another party. Dr. Swarthout explained that attorney advice indicates that the college can be a party to assigning assets to a public entity provided there is a guarantee the NATC training center assets will be used for the public, that the public have access and that a reasonable and equitable fee schedule be in place. Dr. Swarthout noted that should assets and liabilities take place, the college would request a written statement of public access, reasonable and equitable fees and return this matter to the Board for approval.

Responding to a question from Chairman Jeffers, Mr. Hatch explained that the college has an existing educational provider agreement with NATC and that all NATC agreements would be taken on by the new entity in the event of a transfer. Dr. Swarthout reported that to her knowledge, NATC does not have a current business plan or fee schedule. Dr. Swarthout explained that the college currently pays a specific, negotiate amount to NATC for NAVIT classroom and office space. Peggy Belknap, Human Resources Director, and former Dean of Workforce Development, was asked by Dr. Swarthout for the amount the college pays NATC for space. Ms. Belknap reported that last year, the college paid \$6,000 for classroom space and \$3,000 for office space for a total annual amount of \$9,000. Dr. Swarthout added that NATC classroom and office space costs for the 2009-2010 academic year will remain the same.

5. ADEQ Update (informational) – Vice President Hatch

Mr. Hatch provided an update on the status of claim against the college and reported that the college received a draft consent order about a month ago and was instructed to either sign the order and agree to the ADEQ plan or submit back to ADEQ a red-line version of the consent order with only the ability to change the schedule for performing the site cleanup. Mr. Hatch reported that during the intervening time, a permanent new director of ADEQ has been put in place. Mr. Hatch explained that state statute provides an alternative option that is separate from the regulatory requirement of entering into the consent order. Mr. Hatch explained that section 49 allows the college to petition the ADEQ Director for exemption of certain material in general or certain material at a specific site and requires the applicant to demonstrate that material is unlikely to cause or substantially contribute to a threat to the public health or environment. Mr. Hatch reported that a letter requesting an exemption for materials located at 993 Hermosa Drive was submitted to the ADEQ Director on August 5, 2009. The request for exemption was based primarily upon the fact that approximately 90% of the material in the pit are not regulated, the possibility of water pollution is small due to soil conditions, the material is buried in a ten foot deep pit covered by two feet of compacted soil and that the materials contain nothing that would produce an odor, disease or other contamination. Mr. Hatch added that the ADEQ Director has ninety days from the time the petition is received to make a decision and that the college has confirmed that this exemption request essentially establishes a stay of the consent order. Mr. Hatch notified the Board that legislators have been contacted and that Senator Allen has sent a letter of support to ADEQ. Mr. Hatch anticipates letters of support from representatives Konopnicki and Brown. Mr. Hatch reported that the Mayor of Holbrook has been contacted, is supportive and will take this issue to the City Council for discussion and possible action at the next Tuesday meeting.

Mr. Hatch reported that the college is planning a contingency plan should the exemption request be denied. Mr. Hatch explained that the college has sufficient coverage in contractual agreements that do shift the burden of responsibility for the cleanup to other parties and that the college will continue to pursue those avenues. Responding to a Board question, Mr. Hatch reported that there are no issues with statute of limitations as any time limit began when the college received notice of the incident from ADEQ. Mr. Hatch reported that initial discussions and contact with ADEQ have been positive and that the response from the college's ADEQ contact have been supportive and in balance with ADEQ rules and regulations. Mr. Hatch commented that it is his sense that ADEQ recognizes that the college is doing the best things to address the situation.



6. Stimulus Update (informational) – President Swarthout

Dr. Swarthout reported that the college has applied for \$1.3 million in stimulus funds and that the application has been received by the Governor's office. The rules allow the college to apply for reimbursement for the period of March 1, 2009 to June 30, 2009. Dr. Swarthout reported that the college applied for the funds in only one category, instruction, which is faculty salaries and that this category should be easy to track should the college be required to complete time and effort sheets. Dr. Swarthout commented that she does not know when the college will receive the funds despite the fact that the first report of use of and financial management of funds is due on October 12, 2009.

Mr. Hatch reported that the total allocation to state community colleges is \$28,671,000. The amount for the college, \$1.3 million, represents 5% of the total allocation and is based upon the amount of capital funding the college received in 2008 as well as prorated state operating aid amounts. Mr. Hatch explained that for the initial allocation, the community colleges were considered separately from the universities as far as the maintenance of effort requirements. Mr. Hatch informed the Board that should community colleges be lumped together with the universities, the result could be the elimination of the second allocation. Dr. Swarthout noted that the college may also face difficulties in administrative overhead as it seeks to manage stimulus funds. Dr. Swarthout added that fund management may require additional staffing to handle a separate accounting system and create data reporting costs in the future. Mr. Hatch reported that the college will move faculty salaries from the general fund to the restricted fund and that this move will create reporting challenges as it will make 2008-2009 instructional expenses appear lower thereby making administrative costs appear higher as a percentage. Mr. Hatch added that this financial reporting anomaly will occur this year and possibly into 2009-2010 as funds are being moved after the fact. Dr. Swarthout added that this is an area of concern in reporting to the federal government, IPEDS and the annual report to the Higher Learning Commission which specifically asks for ratios of instructional expenditures versus administrative expenditures.

7. Discussion of Fall 2009 District Governing Board Retreat – President Swarthout

Dr. Swarthout proposed Monday, September 14th as the date of the Board retreat. The retreat will be held at the Performing Arts Center at the Silver Creek Campus and lunch will be provided. Ms. Handorf requested the Board consider also holding the regular September District Governing Board meeting the same day. Dr. Swarthout suggested that the regular Board meeting occur first, followed by lunch, with the retreat to begin after lunch. Dr. Swarthout asked Board members to email their specific questions to her in preparation for the retreat and informed Board members that college attorney Michelle Parker will attend the retreat for training and to answer questions. Dr. Swarthout notified Board members that the October Board meeting cannot take place in Holbrook as the meeting room will serve as the resource room for the upcoming Higher Learning Commission visit.

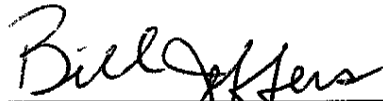
Study session adjourned at 10:37 a.m.



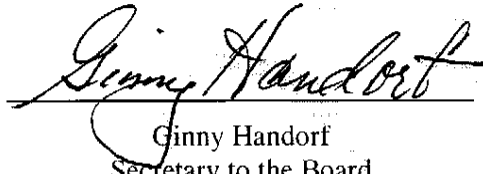
Respectfully submitted,



Russell Dickerson
Recording Secretary to the Board



Bill Jeffers
Chairman



Ginny Handorf
Secretary to the Board

