

# Gavilan Joint Community College District Governing Board Agenda

September 12, 2006

Consent Agenda Item No.  
Information/Staff Reports No.  
Discussion Item No.  
Old Business Agenda Item No.  
New Business Agenda Item No.

Administrative Services

## **SUBJECT:** Measure E Master Budget

Resolution: BE IT RESOLVED,

Information Only

Action Item

### **Proposal:**

That the Board of Trustees approve the Measure E Master Budget, dated September 12, 2006.

### **Background:**

Dr. Steven Kinsella and Mr. Joseph Keeler asked Mr. Casey Michaelis (Kitchell) to prepare a draft Measure E Master Budget. The request was that the draft budget start with the original estimates that were included in the Measure E Bond language, itemize each project separately, and outline the various allocation programs used to distribute shared costs to and from each project. In addition, the budget should include various program contingencies.

Each project budget was then developed by determining hard cost numbers based on a conceptual scope of work to be completed. Items that were identified as "must do's" included code requirements and specific items promised in the bond language. Escalation (inflation) was factored in at 5.5% per year for each project depending upon when the project was scheduled to start construction. In summary, total project costs, including projected interest income, results in a deficit of (\$8,609,863).

Several factors that may influence the budget and reduce the deficit include:

- Projects may come in under budget. For example, both the boiler replacement bid and the infrastructure bid have been under the estimate.
- State funding for the modernization of the PE building and the Library is possible.

- Emergency state funding is being pursued for the water tank replacement project. Additionally, the College can forego repair of the water tank and continue to pay for water through the agreement with the City of Gilroy.
- Interest income may come in higher than projected.
- The rate of inflation may be lower than estimated.

In preparing this budget the central theme for the renovation program is to consistently apply the same level of renovation throughout all the projects. The scope of work is limited to the “must do” items only with the intent of implementing the specific items promised in the bond language. If we reduce the scope of renovation now on the first few projects and additional funds are available towards the end of the renovation period, it would be difficult and expensive to go back and retrofit the first few projects at a later date. As the renovation period continues, the scope of work will be continuously reviewed and revised if necessary.

The attached Measure E Master Budget is meant to be a “living document” during the life of the entire renovation program and will be revised and adjusted as the program progresses.

The Board reviewed a draft of the attached Measure E Master Budget at the August 8, 2006 Board meeting. It is presented here as an action item.

**Budgetary Implications:**

Expenditure of Measure E funds.

**Follow Up/Outcome:**

Align actual financial information to the Budget and make revisions accordingly.

Recommended By: Joseph D. Keeler, Vice President of Administrative Services

Prepared By: \_\_\_\_\_  
Joseph D. Keeler, Vice President of Administrative Services

Agenda Approval: \_\_\_\_\_  
Dr. Steven M. Kinsella, Superintendent/President