

Due Diligence Report to the Clackamas Community College Board of Education

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INTRODUCTION

At its March 2014 meeting the Board of Education provided direction to the President to conduct due diligence: prepare a recommendation and complete the paperwork necessary for the Board to consider a bond measure for the November 4, 2014 ballot.

DUE DILIGENCE PROCESS

Clackamas Community College (CCC) was founded in 1966. In looking ahead to the next 50 years of service beginning in 2016, the CCC Board of Education developed an engagement process called Imagine Clackamas to help it better understand what its students, businesses, and community members most value about the College. Imagine Clackamas illuminated areas where the College needed to improve and adapt its educational and training programs to better meet the needs of the community it serves, both today and tomorrow.

The due diligence to prepare a recommendation to the Clackamas Community College Board of Education included the following:

1. Identify short and longer term actions informed by the Imagine Clackamas Special Report and ensure that the College's activities remain in alignment with its Mission and Strategic Priorities;
2. Incorporate community, business, and employer feedback and industry trends for the district and region to ensure education and job training consistently meets future career needs, today;
3. Conduct a comprehensive Facilities Condition Assessment both to ensure the public's assets meet current health and safety standards and to identify high risk capital maintenance areas;
4. Identify through a Strategic Facilities Assessment the type of infrastructure, facilities and learning spaces (laboratories, classrooms and student study areas) that exist currently and how well they will meet future education and job training needs; and
5. Report to the community and make appropriate adjustments of bond deliverables.

The final step in due diligence was to prioritize projects where public investment would provide preservation of the existing public assets and where public investment can create the best opportunities for education and career training. Prior surveys from our voting public indicated a "no new tax" strategy was important for supporting a bond initiative. This proposal incorporates that request by continuing the average annual tax rate of 19 cents per \$1,000 of assessed valuation (\$38 annually for a \$200,000 home).

This report will highlight the results of items 1 through 5 listed above. The recommendation will include general projects and proposed draft language of a ballot title and supporting language, and finally, next steps and timelines for placing a measure on the November 4, 2014 ballot.

DUE DILIGENCE RESULTS

1. Identify short and longer term actions informed by the Imagine Clackamas process and ensure that the College's Mission and Strategic Priorities remain in alignment.

2012-2013 Imagine Clackamas – Community Engagement & Business Roundtables

The Imagine Clackamas engagement process utilized a variety of research tools to gather input from the community. Shaped by more than 100 district members over the summer of 2012, the entire first phase of the community engagement process took one full year to complete.

These tools included an online survey, intercept surveys, and business focus groups. As a part of the discovery process, more than 1,500 CCC students, businesses, faculty, staff, and community members completed the online survey; approximately 750 high school students and community members participated in face to face intercept surveys; and more than 100 business professionals took part in a series of focus groups.

Mission, Indicators and Strategic Priorities – What we do and how we measure success

Through Imagine Clackamas we learned what the community most values: gaining certificates and degrees leading to employment; keeping affordable transfer to university options; accessing the skills training required to keep up-to-date in their employment; providing modern learning facilities and updated equipment; and providing education that attracts and retains businesses in the district.

These values are reflected in the College's Mission, Core Themes and Strategic Priorities (listed below). The Mission and Core Themes identify our long term commitment to our district. Strategic Priorities focus our efforts over a three-year period. Included are a few examples that reflect what we measure to focus resources and attain the results our community values.

Mission: To serve the people of the college with high quality education and training opportunities that are *accessible* to all students, *adaptable* to changing needs, and *accountable* to the community we serve.

- *Academic Transfer* - We provide education that results in successful academic transfer to a four-year institution. Our Strategic Priorities are to increase retention and persistence. Examples of indicators are number of transfer degrees awarded and number of students who transferred.
- *Career and Technical Education* - We provide education and training that reflect the economic needs of the community and region and lead to employment. Our Strategic Priorities are to Increase credential completions, transfers, and job placements. Examples of indicators are number of certificates and degrees awarded; number of students employed; those employed who retained employment or advanced their career.
- *Essential Skills* -We provide education that supports high school completion and English proficiency, and develops essential skills such as mathematics, reading, and writing. Our Strategic Priorities are to increase retention and persistence. A key indicator includes the number of students who complete a developmental writing course and complete a degree related writing course.

- *Lifelong Learning* - We provide diverse special events, enrichment programs, and continuing education opportunities and develop strong partnerships with our community agencies. Our Strategic Priority is to strengthen our community connections. A key indicator is partnerships with education, business, industry and community organizations to provide education and enrichment programs.

We learned that we are in alignment with our mission, and we are holding ourselves accountable to those values our community sees as vital to the education, social, and economic service we provide.

2. Incorporate business and employment data for the district and region to ensure education and job training builds careers for tomorrow.

According to the Oregon Employment Department and Bureau of Labor Statistics, Oregon will add 258,000 jobs between 2012 and 2022. This represents a 15 percent increase in employment over 10 years. The growth stems from anticipated private-sector gains of 232,000 jobs (17%) and the addition of 26,000 jobs (9%) in government.

The 2012 to 2022 employment projections reflect several ongoing trends: continuing recovery from the Great Recession, particularly for trade, transportation, and utilities which will pick up 34,000 jobs over the 10-year period. A growing health care sector, due in part to an aging population, will increase by nearly 45,000. The need for replacement workers due to baby boomer retirements in manufacturing is estimated at 38,368, an increase of 23 percent.

Health Sciences, Agriculture & Natural Resources, Professional & Public Services, Manufacturing & Technology and Film & Media are key economic sectors in the county and region. These sectors represent the largest potential for future new job growth and in replacing retiring employees. Board members and staff met with over 100 business leaders in economic sector roundtables.* These facilitated roundtables provided an opportunity to learn about their workforce development needs.

Essentially, good jobs are out there in a variety of industries from manufacturing to health sciences to engineering. These jobs and those of the future require higher levels of skill and specialization than are currently attained. Current employees and CCC students must continue to advance in their skill application in both simulation and work-based learning. All students must incorporate technology into their daily work and be committed to maintaining their skills across their professional lives.

Health science, science, engineering and technology based professions such as nursing, water treatment plant operators, computer aided design, and machining create opportunities for local employment at higher than average wages. Supporting this are graduate follow-up surveys that show 87 percent of our occupational degree and certificate holders were employed within 6 months of graduation. Almost all found employment within their field of study and nearly half in Clackamas County.

Additionally, business leaders emphasized that CCC must lead economic change initiatives that keep our businesses strong through professional development training while updating the technology our students learn and apply across the curriculum.

These programs are in high demand both from students and from employers. Each of the departments housing these programs has identified growth for these areas and the need for facilities as part of the Academic Master Planning process.

3. Conduct a comprehensive Facility Condition Assessment of the public's assets that identifies deferred capital maintenance items, along with health and safety issues at the three College campuses.

In January of 2013, the Board of Education approved the Facility Condition Assessment (FCA) for Clackamas Community College. The report was completed by a joint venture of OPSIS Architects (Portland) and MENG Analysis (Seattle). The study and resulting FCA were developed to guide the College in understanding the magnitude of deferred maintenance present at College's facilities. The final report helps to effectively guide planning, budgeting and development of a comprehensive capital and maintenance plan.

The report assigns values to two separate items; Observed Deficiencies (OD) and Predicted Renewals. Observed Deficiencies are those items that were identified by the survey team when inspecting each of the College's facilities and account for items that budget constraints have limited or prevented necessary maintenance and/or replacement. Predicted Renewals are theoretical estimated values of the future funding needed to continue to keep the College's facilities operational.

Observed Deficiencies as determined by the FCA total \$80 million dollars. The FCA reports the OD's in three ways: deficiencies by system value, deficiencies by building, and deficiencies by the value of the building. Examples of buildings with the highest percentage of deficiency compared to their value are:

- Community Center
- Barlow Hall
- Pauling Science center C**

The top three buildings by cost include:

- Barlow Hall (\$11.1million)
- Randall Hall (\$7.1 million)
- Pauling Science Center C (\$4 million)

The top six system cost categories for OD are:

- Parking Lots (\$14.1 million)
- HVAC distribution (\$9.6 million)
- Heating Distribution (\$5.6 million)
- Roof Coverings (\$5.2 million)
- Exterior Walls (\$4.9 million)
- Legally required improvements to Roadways (\$4.3 million)

It is readily apparent that the proposed bond cannot adequately address all deferred maintenance items in the FCA. Balancing the need to expand facilities while addressing ODs, College staff has determined

those deferred maintenance items most necessary to bring the existing buildings to current standards, extend their useful lives, replace facilities where the cost to meet standards exceeds the building's value, address seismic improvements, or reduce operating costs.

4. Identify through a Strategic Facility Assessment the type of facilities, learning spaces (laboratories, classrooms, and student spaces) that currently exist and what is needed to meet the future education and job training needs of the district.

Following up on the completion of the FCA, the College contracted with OPSIS Architects to develop a Strategic Facility Assessment. The SFA provides the foundation for ongoing long term planning, ensuring that facilities are able to meet our students' future needs. The investigation activities included two College staff surveys asking for input on existing and future facility needs; a review of both Imagine Clackamas and business round table findings; and in-depth interviews with each College department's staff, department chairs, and deans. The results of these efforts are summarized in the SFA and discussed below.

Industrial Technical Center: One of the messages reiterated during the investigation and interview phase of the SFA was the need to better train students in the traditional Career Technical Education sector (manufacturing, automotive science, welding and renewable energy) of the College. This need, coupled with a percent increase in student demand and an estimated 23 percent growth in jobs resulted in a proposed new Industrial Career Technical Building with modern equipment that provides the hands on training to meet industry demands. This facility would replace the existing 13,000 square foot facility in Barlow Hall with a new 53,500 square foot facility designed to meet the growing needs of these programs.

DeJardin Science Labs Phase 2: In 2009 CCC launched Engineering Sciences. Science labs are at capacity and outdated for the Science Technology Engineering and Mathematics (STEM) programs. While interviewing staff, the aging condition of the College's science facilities was emphasized as an area of deficiency. Science is primarily taught in the Pauling Science Buildings. These facilities were constructed in 1982 and have served the College well. However, aging teaching facilities, class crowding and long wait lists contribute to students not getting the courses when they need them in their degree program. There are also safety concerns. The most cost effective way to address these factors is to add a new science wing to DeJardin Hall. This new 18,355 square foot facility would add five state-of-the-art science laboratories for chemistry, biology and microbiology along with informal learning space lab support/prep space.

Harmony Phase 2: Using the 2009 Harmony Community Campus Conceptual Master Plan as a guide, the SFA confirmed the vision to expand the Harmony Campus. The former junior high school jointly owned by OIT and the College is over 61 years old and has been largely vacated by OIT. The 1953 building's exterior has significant wear with heat loss and rot; the roof is in poor condition, as are HVAC and building systems. The estimated remaining useful life of the building is under 15 years. The space is not designed to meet the programmatic needs we have identified. The replacement 43,850 square foot facility would address the more than 25 percent increase in demand for allied health opportunities, allow for more university transfer classes, and enhance the center for work force and small business development in the district.

Student Services and Classroom Building: The College’s community center was constructed in 1975. This building was evaluated in 2009 (Catena Consulting Engineers) to determine the seismic deficiencies of that structure. The report lists seven major structural and ten non-structural components of the building that may fail during an earthquake event. The report summarized that “the building may partially collapse during a Maximum Considered Earthquake and does not meet Life Safety performance objectives” (page 5). The scope of work for the seismic evaluation did not include upgrade costs, but post-report conversations with the engineer of record stated that the improvement costs would surpass the replacement value of the building, estimated to be \$10.5 million. That, in addition to the Observed Deficiencies of \$3.3 million dollars, makes it unwise to further invest in this 40-year old building.

The building currently houses the Veterans Education and Training Center, the Army Strong Centers, the Counseling and Advising department, public meeting spaces, Associated Student Government, and food services.

The SFA identified a need for a new facility to better meet our obligations to our students and our community. Such a building could house additional flexible classrooms and meeting spaces, provide for more seamless student services and student support services.

Renovations and Remodels: The SFA also determined the need for classroom upgrades and renovations. With the construction of the two non-replacement facilities mentioned above, existing spaces can be enhanced to further the College’s mission. This includes doubling the current size of the Automotive Science labs with the move of manufacturing to the new Industrial Technical Center, the addition of classrooms in Pauling C as the science labs are relocated to the DeJardin Science addition, and renovation to McLoughlin for enhance Digital Media Communications space.

5. Refinance existing Certificate of Participation (COP) debt that funded the nursing and health sciences building at the Harmony campus in 2007

The outstanding full faith and credit debt is callable in 2016 and can be included in the bond at an amount equal to refinance the entire debt (\$15 million) and remove the debt service obligation from the general fund. This also can free up a portion of the reserves set aside for debt service payments over the next few years.

2013-2014 Financial Analysis

The \$90 million proposed bond measure will be supplemented by at least \$21 million in matching funds from a variety of sources.

\$16 million matching funds from the State

Over the past three-years, CCC Board of Education and Foundation board have worked to secure state funds available to support science, industrial and workforce capital expansions available through Article XI G bonds (State matching funds require a one to one match).

The Oregon Legislature has approved \$8 million in matching funds for an industrial technical center at the Oregon City campus and \$8 million to invest in a workforce development center at Harmony. These funds do have a time limit to secure the match. The workforce facility match expires in June 2015, and

the industrial technical center match expires June 2017. No other matching programs are expected to be funded in the near future.

Additional Funding Sources and Community Partnerships

The Clackamas Community College Foundation has committed to raising \$5 million for capital improvement and facility support.

Our continued Utility Training Alliance with Portland General Electric (PGE) will see improvements at the Wilsonville Campus supporting utility training, energy resource management, and apprenticeship preparation.

Our regional high school partners are eager to expand the College's Advanced College Credit offerings. These partnerships allow high school students to take affordable university transfer and job training classes from CCC.

At the time of this report, CCC is in conversation with additional partners to increase the available resources for investment in the public's community college.

Tax Supported Investment

Piper Jaffray Seattle-Northwest Division prepared a General Obligation Bonds Levy Rate Analysis. The College district's Measure 5 real market value for fiscal 2013-14 is \$33.2 billion. Under ORS 341.675 the district's bond indebtedness limit is \$500 million.

The current average annual rate of 19 cents per thousand of assessed value is not expected to increase. By targeting only those projects that meet community values, prepare for future careers, and keep opportunity for education toward a four-year degree, \$90 million or 19 cents per thousand of assessed value is sufficient to meet needs that will carry the college well into the next 50 Years.

2014 Spring Report Out and Open Houses – Feedback on Possible Projects

The following proposed bond project list was developed, and Open Houses and Report Outs have been conducted to solicit feedback.

Clackamas Community College Education and Job Training Bond Proposal

During a two-year public engagement initiative, the community asked CCC to update and modernize classroom space that would provide more opportunities for job training and education. The response is a proposal for a \$90 million bond measure for the Nov. 4, 2014 election. The bond proposal would include projects that are the highest priority for the community based on a series of surveys and business focus groups.

Clackamas Community College contributes to the local economy by providing quality job training for high-demand fields. Businesses looking to relocate are attracted to an area by high-quality educational and training programs that can provide a skilled workforce.

The goals of the bond projects are to:

- Increase local access to affordable educational programs that would allow students to transfer to four-year universities or obtain training for family-wage jobs
- Train students in high-demand careers, such as nursing, engineering and manufacturing
- Update and modernize equipment, labs and facilities so students are adequately trained to meet current industry standards

Possible bond projects include:

- Constructing an industrial technical learning center with labs and classrooms that will benefit programs for: electronics, automotive, manufacturing, welding, skilled trades and apprenticeships, such as electricians and plumbers
- Expanding, updating and modernizing equipment and facilities for training in high-demand careers, including healthcare, science and engineering
- Making improvements to existing buildings by replacing worn-out electrical, heating, ventilation and plumbing systems
- Replacing the 61-year-old building at the Harmony Community Campus with an updated workforce development and training facility

A proposed workforce development center would replace the old building on the Harmony Community Campus to support economic development, high demand careers and transfer degrees.

The new building would use the same square footage, replacing the current building. New construction at Harmony Community Campus would not disrupt traffic on Harmony road.

The proposed bond debt service in the future is anticipated to be the same as the average it has been over the last ten years.

More than fifty student, community, and business meetings were held between April and June 2014. CCC representatives met with over 1,000 people about the Imagine Clackamas findings and proposed bond elements. Clackamas Community College Associated Student Government also conducted surveys and requested presentations of concepts to students during two events. Over 500 students representing all aspects of our mission and age groups participated.

Comments regarding the proposed list were very positive. Students supported the improvements in classrooms, the addition of science labs, the inclusion of industrial technical space and automotive sciences as well as repurposing classrooms at Wilsonville, and creating learning and business development programs in a workforce facility at Harmony.

The continuation of the current average annual tax rate of 19 cents per thousand also was received positively.

We did receive a few comments that suggested the college consider a larger request to modernize more of the college learning environment and expand deferred maintenance support.

As a result of the report out and open houses, the projects and estimated costs on the table on page 10 were recommended for consideration as we narrowed down the bond request, which is leveraged with \$21 million in additional support from other sources.

Clackamas Community College			
2014 Bond Proposal			
Estimated Costs (June 18, 2014)			
Revenue			
		\$ 90.0	Proceeds from 2014 bond sale
		\$ 5.0	Foundation Funds
		\$ 8.0	State Match - Harmony
		\$ 8.0	State Match - Industrial Technical Center
		\$0.8	Bond interest/earnings
	Total	\$111.8	
Refund/Refinance			
	Refund Harmony COP	\$ 14.7	
New Buildings			
	Harmony Addition	\$ 16.0	
	Purchase remainder property	\$ 3.3	
	Demo/Pave	\$ 1.4	
		\$ 20.7	
	Industrial Technical Center	\$ 16.1	
	Auto Science Upgrades	\$ 3.1	
	ITC Equipment	\$ 2.1	
		\$ 21.3	
	DeJardin Science Addition	\$ 7.6	
	Student Services/Community Commons	\$ 19.6	
	New Buildings Total	\$ 69.2	
Other			
	Classroom upgrades	\$ 0.8	
	Security Upgrades	\$ 0.7	
	Title IX Compliance	\$ 0.3	
	Information Technology	\$ 5.0	
	Meyers Road (city required)	\$ 4.2	
	McLoughlin Upgrade	\$ 3.2	
	Deferred Maintenance		
	Parking Lots	\$ 14.2	
	Stormwater Upgrades	\$ 2.4	
	Roads	\$ 4.4	
	Roof Coverings	\$ 5.2	
	Pedestrian Paving	\$ 2.0	
	Medium Voltage Upgrades	\$ 3.4	
	Sanitary Sewer	\$ 3.4	
	Randall Seismic	\$ 1.2	
	McLoughlin Seismic	\$ 0.6	
	Clairmont Seismic	\$ 0.5	
	Cooling Generating System	\$ 2.2	
	Water System Upgrades	\$ 2.0	
	Heating/Heating Distribution	\$ 15.3	
	Other Total	\$ 70.9	
	Bond Issuance	\$ 0.4	
	Total Capital Cost	\$ 155.24	

The Draft Proposal Ballot title and Explanatory Statement only includes projects that will be supported through the \$90 million bond request.

Recommendation

I recommend that the Board of Education, after due consideration of the information in this report, adopt and refer to the Oregon Secretary of State a Ballot Title and Explanatory Statement for the November 4, 2014 election to address the capital needs of Clackamas Community College.

Draft Proposed Ballot Title and Explanatory Statement

CAPTION: (10 words, 10-word limit)

**COMMUNITY COLLEGE BONDS TO CONSTRUCT, EXPAND FACILITIES,
UPGRADE TECHNOLOGY, EQUIPMENT**

QUESTION: (20 words, 20-word limit)

Shall Clackamas Community College construct, repair, update facilities and equipment; maintaining estimated current average tax rate by issuing \$90,000,000 bonds? If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

SUMMARY: (161 words, 175-word limit)

This Clackamas Community College measure would:

- Construct, equip, furnish Industrial/Technical Learning Center with labs and classrooms benefitting electronics, automotive, manufacturing, welding, skilled trades and apprenticeships;
- Add, equip, furnish science classrooms; modernize, renovate, furnish other college classrooms and facilities; update and modernize equipment, technology, especially for training in high-demand careers, including healthcare and engineering;
- Replace worn-out electrical, heating, ventilation and plumbing systems to reduce operating costs and extend the life of college facilities, and make improvements to address seismic, deferred maintenance and security concerns;
- Construct, equip, furnish a new workforce development facility by replacing the 61 year old building on Harmony Community Campus; purchase property and remaining interest in facilities;
- Replace, equip, furnish Student Services Center on Oregon City campus with expanded facility to meet student needs;
- Refinance current college debt used for capital costs;
- Finance demolition, site improvements and bond issuance costs.

Bonds would mature in twenty six years or less from issuance and may be issued in multiple series.

Timeline

July 16, 2014	Board resolution to place bond on ballot
September 4, 2014	Election filing deadline
November 4, 2014	Election

*Business Roundtables Facilitation and individual interviews were conducted by Barry Hendrix, faculty member of our Customized Training and Development Department and retired OECO CEO. Pacific Scientific-OECO is a member of the Meggitt Equipment Group. Local film and media companies participated in roundtables facilitated by Mark Grabow of Portland State University's Hatfield School of Government.

** Facility Condition Assessment FCI's – Facilities Surveyed FCI DM + Renewal (2012-2018)