



North Idaho College

Dormitory Housing Commission Follow-up Meeting Minutes

November 5, 2020 at 4:30 pm

Meeting Held by Zoom

Call to Order and Verification of Quorum

Chair Marcheso called the meeting to order at 4:32 p.m. and verified that a quorum was present.

Attendance:

Commissioners: Chair John Marcheso
Vice-Chair Mic Armon
Commissioner Ann Thomas
DHC Secretary: Sarah Garcia

Chair Marcheso asked if we needed to review meeting minutes. Secretary Garcia indicated we will review the minutes at our annual meeting.

Introductions were made.

OLD BUSINESS:

Secretary Garcia shared that today's meeting was a follow up to the annual budget meeting as requested by the commissioners. The purpose of the meeting is to update the commission on enrollment and operations related to the dormitory housing commission.

Auxiliary Services Accountant Steve McGroarty discussed operational areas including:

Traditional Auxiliary Services

- Cardinal Bookstore
- Dining Services
- Residence Hall
- Student Union Operations

- Financial Services
- Student Wellness & Recreation Center (SWRC)

Funding Sources include:

Sales and Rentals of Goods and Services

- Student Service Fee
- Student Union Operations
- SWRC Operations
- Debt-Service
- Building Project

Auxiliary Services Mission Statement – Auxiliary Services supports student success and the academic mission of the college by providing quality products, services, and facilities to students, faculty, staff, and guests of North Idaho College.

As much as I dislike providing COVID 19 a voice, the reality of such is that this pandemic has played a pivotal role in operations, testing our ability to function, our responsiveness to a rapidly changing environment and our continued motivation to persevere.

The October 19, 2020 North Idaho College Fall Enrollment Report shows fall comparisons by head count and FTE shown by total credit hours divided by 15. You will notice a one-year FTE change is (162). The one-year change percentage is (5.36%) and the five-year change percentage is (12.21%). The fall FTE count of 2,862 is listed by both type and modality? Dual credit students do not pay a student fee other than typical course fees.

Student fees declined over a five-year period from fall 2016 to fall 2020. The overall amount of decline is (\$138,465). The percentage decline is (23.14%).

The FY2021 budget was created with a 9% enrollment decline from FY2020 actual. Fall 2021 enrollment decline was (5.36%) so we are outperforming budget. The North Idaho College Board of Trustees approved a mid-year step increase for full time employees on 8/24/2020. Our FY2021 budget included a full-year step increase. The expense for a mid-year step increase for our 12 full-time employees is about \$25,000. Also included is Facility Management.

Cardinal Bookstore - COVID 19 has had significant and negative impacts for the Cardinal Bookstore including our supply chain and staffing. The Cardinal Bookstore has experienced a sales decline of (17.28%) from July to September 2020. SHOPNICCARDINALS.COM our web-based store operated by Follett on demand is nearing completion.

Dining Services - We signed a contract with Sodexo agreeing to pay Sodexo a "Management Fee" of 5% of operating expenses. The original agreement called for a guarantee resident count of 185. At the beginning of the Fall Semester due to COVID 19, our resident count was 103 causing a potential gap payment of Sodexo of \$114,308. Rather than having to absorb this cost, we agreed to a cost-plus model through 6/30/2021. Pepsi contract expired 8/31/2020. Rather than go to market with a full RFP during the pandemic, we agreed to extend the existing contract until 8/31/2021. Welcome new snack vendor, Empire Vending. We will operate with one-year renewals through July 1st.

Residence Hall – Panhandle Health District recommended one resident per bedroom rather than our normal two. This recommendation along with reserving two suites for potential quarantine use came to an available bed count of 198 to 103. This created a fall 2020 budget deficit of (\$176,300). Due to the one-person recommendation, we charged all of our residents \$2,150 per semester, our normal double occupancy rate. In Spring 2021 we may further reduce our inventory from residents not returning to create additional quarantine rooms.

Student Union Operations - Funded by the student union fee is proceeding toward the original budget projection. There is an increasing use percentage of student union fees based on additional operating expenses with the declining fee.

Financial Services – No significant change to FY2021 budget.

Auxiliary Enterprise Fund – The largest variance line item is for the Residence Hall (305,064) for the aforementioned reasons.

Student Wellness & Recreation Center – The biggest change was the adoption of a block schedule creating labor dollar savings and cleaning time.

Debt Service Summary - The Series 2012 Residence Hall bond matures in 2022. The total debt service for the 2012 bond and 2016 SWRC bond shows a fund Balance Support for FY2021 of \$1,100,056 and \$589,156 for FY2022.

Forecast – Student fees are forecasted at a 5% decline for next year. We are optimistic that we will outperform this estimate as our strategic enrollment management team has most recently projected a 3% decline based on census data and enrollment trends since 2015.

Vice-Chair Armon asked if there is any ability to get CARES funding from the federal government for the offset or a portion of the offset. One of the criteria to get the CARES funding is to show that COVID had a documented impact on the revenue of an organization. It is pretty obvious that we are seeing that we dropped down from a pretty good level to a low level and we have the ability to recover going forward. What is the status for applying for CARES?

Auxiliary Services Accountant McGroarty shared that we did receive CARES funding of \$90,000 for meal plan replacement and about \$120,000 for our residence hall.

Vice President Chris Martin shared that we did keep the DHC whole last fiscal year so if there is any further impact this fiscal year beyond what was forecasted we have some flexibility to use CARES money for that at this time. We haven't offered any refunds or changes for FY21. There is some new guidance coming out about CARES and how we may be able to use it to backfill just from operating this fiscal year. As of right now, we haven't been able to do that unless we were able to show we had provided a refund to a student or another cause like that.

Chair Marcheso asked if there were any other funding opportunities possibly state funding or grants out there for the college that is available as a result of COVID?

Vice President Martin shared that there has been support from the state but it has been very specific. The state has provided some one-time funds outside of the CARES federal funding. It's in the form of the Governor's solution and another pot of money called CFAC. The way Idaho handled that is we had to submit specific requests for those funds that showed it would impact students so we made a lot of IT requests. Unfortunately, we haven't been given the opportunity to use those funds for operations or to cover shortfalls at this time.

Chair Marcheso asked if COVID is extended, how that might impact the budget?

Vice President Martin shared that we might have some possible good news. The Governor has suggested that he will consider rescinding the 5% holdback that higher education was hit with for our state appropriations after Tuesday's election. That would make a huge difference in overall operations and would allow us to help support the auxiliary services more if needed if we were to receive those funds. One of the things we've talked about is that it may not be possible to offer the same rate in the residence hall next fiscal year if we have to continue to have single occupancy. Graydon and Steve have been aggressive in negotiating one-year contracts with the renewals that we had opposed to locking us into something in to what I would agree might be the worst possible time to lock us into a long-term agreement. With the long-term impacts of COVID, we are going to have to make adjustments possibly including our fee and expense structure going into the future.

Chair Marcheso asked if there was any opportunity to renegotiate our long-term debt at a lower rate?

Secretary Garcia shared that the residence hall bonds are dated 2016 so there is a 5-year period before we can consider refunding and refinancing them. We would not be eligible until the fall of 2021. This fiscal year is the last fiscal year for the full \$800,000 annual payment. Next year will be just one \$400,000 payment and some interest and we'll be done.

Vice-Chair Armon mentioned Steve shared some maintenance type of things going forward but nothing for this year. Is there anything pending that we absolutely have to take care of versus putting it off and making a more expensive fix down the road?

Auxiliary Services Accountant McGroarty shared there has been a lot of interest regarding the student union chair replacement. It would really help with the COVID 19 environment to have chairs that are much easier to clean. We are spending a large amount of time investing in cleaning our chair inventory. The HVAC system in this building also requires fairly immediate attention but that does require us to really investigate that equipment because it may not have had the same usage as we would have forecasted a few years ago. Facilities has looked over the residence hall and we understand there is something from a roof perspective. The lighting project that we mentioned would ultimately save us some dollars so I think that would be an important project to consider.

Secretary Garcia shared that she and Vice President Martin had a call with Moody's yesterday to do an update of where the commission stands financially. They had a lot of questions related to losses due to COVID and coverage ratios and future expectations. They plan to write something up about the college and its state and as soon as we get that back, I would be happy to forward that on to the commissioners. I think Moody's felt comfortable about where we are and how we are managing things.

Vice President Stanley shared the strategic enrollment management committee put together a projection for enrollment for next year that we will be starting to build into our budget preparation for FY22. We are estimating a 3% decline and Steve shared how that impacts auxiliary services operations and that will be reflected in our budget planning for next year.

Action Item: ADJOURNMENT

Chair Marcheso moved to adjourn the meeting; Vice-Chair Armon seconded motion; Motion passed. Meeting was adjourned at 5:13 p.m.