

Navajo County Community College District Governing Board Study Session Minutes

May 17, 2011

2251 East Navajo Boulevard, Holbrook, Arizona, 86025

Governing Board Members Present: Bill Jeffers, Ginny Handorf, Louella Nahsonhoya, E.L. Parsons and Daniel Peaches.

Staff Present: President, Jeanne Swarhout; Vice President, Blaine Hatch; Vice President, Mark Vest; Information Services Director, Eric Bishop; Recording Secretary to the Board, Russell Dickerson.

Reports:

1. Study Session Agenda Item 1.: Truth in Taxation (Informational) – Vice President Hatch

Prior to beginning his presentation, Mr. Hatch reviewed the Public Hearing and Special Meeting Agenda in which information is to be provided regarding a notice of tax increase and the 2011-2012 proposed budget that will both be followed by calls for public comment. Mr. Hatch explained that following adjournment of the two public hearings, the Board will enter into a special meeting in which the Board will be asked to take formal action on staff recommendations regarding the 2011-2012 proposed property tax increase and adoption of the 2011-2012 proposed budget. Mr. Hatch noted that a roll call vote is required for the proposed property tax increase. Mr. Hatch explained that following adjournment of the special meeting, the Board will move into the regular meeting. In response to a question from Chairman Jeffers, Mr. Hatch clarified that there is no call for public comment as the public may comment during the two public hearings.

Mr. Hatch reported that the college is required by statute to publish the Truth in Taxation Hearing – Notice of Tax Increase notice twice in a newspaper of general circulation. Mr. Hatch noted that for several years, the college has published the notice in the Holbrook Tribune-News and the White Mountain Independent to ensure appropriate county coverage. Mr. Hatch explained that statute requires adherence to specific publication timelines and this year, the notices were published an additional time due to the publication timing of local papers. Mr. Hatch reported that the college also issued a press release and posted notice of the tax increase on the college website. Mr. Hatch stated that the college has met all Truth in Taxation and Notice of Tax Increase publication requirements.

Mr. Hatch reported that staff is recommending approval of the maximum 2% levy increase. Mr. Hatch explained that decreased valuations will cause the tax rate to increase. Mr. Hatch reported that the college has implemented the maximum 2% levy increase each year since 2005. Mr. Hatch reported that the college eliminated the secondary property tax in the 2008-2009 year which was implemented in 1995 for the purpose of constructing new buildings. Mr. Hatch added that with the elimination of the secondary property tax, the tax rate decreased in 2009-2010 and 2010-2011. Mr. Hatch explained that due to decreased valuations, on average, the tax rate will increase for 2011-2012. Mr. Hatch reported that Navajo County, in general, falls in the bottom half of average property taxes statewide and NPC also falls in the bottom half of primary property taxes compared to other colleges in the state. Mr. Hatch reported that in 2005, due to the passage of Proposition 100, the college lost some capacity because the college, at that time, was not increasing the property tax levy at the maximum allowable rate. Mr. Hatch added that this loss of capacity also reduced the amount of equalization aid the college was able to receive. Mr. Hatch reported that in 2005, 17% of the \$8.80 Navajo County tax burden was attributable to NPC. Mr. Hatch reported that the amount of tax attributable to NPC has followed a downward trend to only 13% of the overall tax burden for 2010-2011. Mr. Hatch noted that despite the college's limited ability to increase taxes by 2% annually, the college is not growing at the same rate of tax revenue as other county entities. Mr. Hatch reported that during the special meeting, staff will seek approval for the 2011-2012 primary property tax levy in the amount of \$12,710,760 derived from a rate of \$1.2387 per \$100 of net assessed valuation.

Ms. Handorf noted that a letter to the editor in the White Mountain Independent incorrectly stated that the 2% tax levy increase would result in an extra \$8 million in revenue for the college. Ms. Handorf added that a college article appeared in the same issue and specifically mentioned that the 2% levy increase would result only \$249,000 which equates to a tax increase of \$2.43 for the year on a home with assessed valuation of \$100,000. Mr. Parsons stated



that the truth in taxation language downplays the change in the rate from 1.1308 to 1.2387, a 9.1% increase that results in a total tax increase of \$790,000, not \$243,000. Mr. Hatch explained that an expectation occurs in truth in taxation that all valuations change the same way resulting in an average. Mr. Hatch explained that truth in taxation assumes that all property valuations decreased in 2010-2011 by approximately 6%. Mr. Hatch explained that in individual cases where valuation decreased more than the 6% average, the individual tax bill will decrease; property tax bills will increase in cases where property valuation remained the same, decreased less than the 6% average, or increased. Mr. Hatch explained that in the current environment of decreased valuations, truth in taxation will overstate the tax rate. Responding to a question from Mr. Parsons, Mr. Hatch confirmed that a hearing would not have been necessary if the college only increased the tax levy at a rate of \$1.21 per \$100 in assessed valuation.

2. Special Meeting Agenda Item 2.: Request to Approve 2011-2012 Property Tax Increase (Action) – Vice President Hatch

See Study Session Agenda Item 1. above.

3. Study Session Agenda Item 3.: 2011-2012 Proposed Budget (Informational) – Vice President Hatch

Mr. Hatch began discussion of the proposed budget by stating that much of the information being presented is the same information that has been discussed for the past two months. Mr. Hatch reported that the proposed budget publication requirements are not as stringent and the college initially posted the budget to the college website and published it once in local newspapers, along with the notice of public hearing, on May 11, 2011. Mr. Hatch informed Board members of a correction to figures in the 2010-2011 budget forms and noted that the corrected figures were published as required. Mr. Hatch added that the 2011-2012 figures remained the same and have never been altered. Mr. Hatch reported that the budget is closely aligned with the multi-year college strategic plan. Mr. Hatch reported that there has been a lot of activity at the departmental level in developing the proposed budget, as well as extensive review by administration. Mr. Hatch reported that the proposed budget includes items the Board has already acted upon such as tuition and fees and wage and salary adjustments. Mr. Hatch reported that the college is not expected to breach the expenditure limit with the proposed budget. Mr. Hatch stated that a budget summary, consisting of information found on Schedule A of the official budget forms, will be presented during the budget public hearing. Mr. Hatch explained that following the budget hearing and period of public comment, the Board will be asked to take action on the staff recommendation to approve the 2011-2012 proposed budget in the special meeting.

4. Special Meeting Agenda Item 3.: Request to Adopt 2011-2012 Proposed Budget (Action) – Vice President Hatch

See Study Session Agenda Item 1. above.

5. Agenda Item 7.A.: Request to Accept Annual Strategic Planning Report (Action) – President Swarthout

Dr. Swarthout reported that annually, the college summarizes the college's actions, activities and completion of items related to the strategic plan for the preceding year and asks the Board to accept the report. Dr. Swarthout noted that in some areas, such as facilities and planning, the college did not accomplish much this year. Dr. Swarthout added that the accomplishments listed only relate to the strategic plan. Responding to questions from Chairman Jeffers, Dr. Swarthout reported that the rapid forward movements in the Information Services area and the amount of curriculum moved through Instructional Council are the greatest accomplishments for the year. Dr. Swarthout added that the college will need to work hard, and spend significant amounts of money, to address facilities and deferred maintenance.

6. Study Session Agenda Item 6.: 2011-2014 NPC Strategic Plan (First Read) – Director Bishop

Dr. Swarthout stated that the three year rolling strategic plan is being presented as a first read and will be brought back for approval at the June Board meeting. Dr. Swarthout noted that in the past, the college prepared five year plans and added that the shift to a three year rolling plan is more practical from a budget environment and accreditation standpoint. Mr. Bishop, SPASC Co-Chair, reported that for this revision, all six pillars were posted to MyNPC and the entire college community was asked to provide input and feedback. Mr. Bishop reported that pillar leads worked with faculty and staff to refine pillars, the president has updated her strategic initiatives that preface the plan and the list of abbreviations located on the last page of the plan has been expanded and updated. Dr. Swarthout reported that the strategic plan is very tightly linked to the accreditation criteria and added that major



changes to criteria, including the elimination of pillar 5 and the creation of a new pillar are expected to come from the HLC. Mr. Bishop noted that the strategic plan drives budgeting and this philosophy is enforced in the budget development process. Chairman Jeffers asked staff to explore additional non-monetary benefits for faculty and adjunct faculty. Dr. Swarthout noted that administration is working to reinstitute lateral moves for faculty and staff.

7. Agenda Item 7.B.: Request to Approve Server Equipment Purchase (Action) – Director Bishop

Mr. Bishop presented the staff recommendation and request to approve the purchase of three HP DL380G7 servers with VMWare virtualization software from MicroAge at a price not to exceed \$60,000. Mr. Bishop reported that the servers will replace an aging server that handles the Jenzabar system. Mr. Bishop explained that virtualization software will allow multiple instances to be housed on the three servers which, in event of a failure, can dynamically adapt and continue to operate. Mr. Bishop added that three servers will provide redundancy and improved performance and play an important role as the college moves forward with the Jenzabar system enhancement. Mr. Bishop assured Board members that the servers will be purchased at a cost equal to or below state pricing. Responding to a question from Chairman Jeffers, Mr. Bishop stated that the six year old servers will not be taken for trade in and due to their age, would not be suitable for transfer to a college partner.

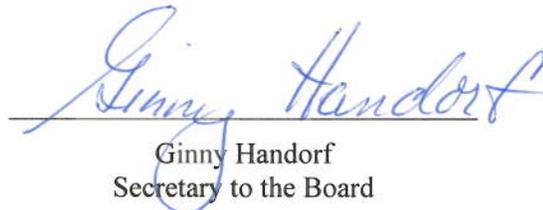
Study session ended at 10:30 a.m.

Respectfully submitted,



Russell Dickerson
Recording Secretary to the Board

Bill Jeffers
Chairman



Ginny Handorf
Secretary to the Board

