

**Allan Hancock Joint Community College District
Board Policy
Chapter 6 – Business and Fiscal Affairs**

BP 6601 OPERATIONAL COST FRAMEWORK: FACILITIES

Allan Hancock Joint Community College District is dedicated to maintaining a systematic approach for integrating institutional long-range planning with institutional fiscal resource planning. The approach includes projecting the total cost of ownership factors associated with operating and maintaining new and major renovated facilities for the first two years of operation. In order to provide a uniform process, the district has developed an “Operational Cost Framework” (OCF) model.

The purpose of the OCF is to provide an institutional systematic approach of projecting operational costs associated with operating and maintaining new and major renovated facilities. These cost projections will assist to inform long-range capital plans in supporting institutional improvement goals and reflect projections of the total cost of ownership of new facilities and equipment (Accreditation Standard IIIB.4).

References: Accrediting Commission for Community and Junior Colleges, Standard III.B.4

Adopted: 6/16/15

(This is a new board policy.)

Allan Hancock Joint Community College District
Administrative Procedure
Chapter 6 – Business and Fiscal Affairs

AP 6601 OPERATIONAL COST FRAMEWORK: FACILITIES

The Operational Cost Framework (OCF) is defined as the systematic fiscal quantification of all the anticipated costs associated with the operation and maintenance of a new or major renovated facility over the course of the first two years of operation. The superintendent/president shall assign a vice president the responsibility of developing the OCF.

The OCF is intended to capture the one-time start-up cost and the additional year's on-going operational reoccurring direct and indirect costs, such as staffing, institutional support services, supplies, maintenance, custodial services, technology services, utilities, and day-to-day operating expenses for the facility.

Operational Cost Framework Report

The OCF report is developed during the course of the project's planning phase. The OCF report consists of five segments; executive summary, program and project background, staffing needs narrative and organizational chart, and a financial overview.

Financial Overview

The financial overview should consist of a two-year longitudinal comparison of annual revenues less expenses for new programs. A three-year longitudinal comparison is needed if an existing program is relocating from an existing facility to a new facility – the first year to reflect the cost of the existing facility. The revenue section should include revenue generating opportunities and funding sources such as state apportionment, lottery, categorical, and grant funding. The expenses section should include Start-up One Time Cost, Direct Recurring Cost, and Indirect Recurring Cost. Revenue Generating Opportunities: Once the building is operational there may be strategies and opportunities for the district to generate new revenue streams. These new revenues may provide funding to support the short term/long-term operational and maintenance cost of the new or remodeled facilities. However, these opportunities are secondary to the institution's educational mission.

Start-up One Time Cost: Once constructed, furnishings/ equipment are in place, and the building is ready for occupancy, there are "one-time start-up costs" associated with

opening the building - that are not included in the cost of construction and furnishing the building. These costs may include operational costs, such as staff over-time, supplies, staff training, publication changes, and/or equipment rentals. In addition, there may be additional items that were not previously identified or not part of the construction scope or allotted for in equipment budget that the district desires to implement, for example, extra furnishing, extend warranties, service agreements, and/or signage.

Direct Recurring Cost: The ongoing operational costs directly associated with use or operation of the facility, for the purpose of the OCF, is a “direct recurring cost.” Examples include staffing, such as faculty, support staffing, custodial, and associated staff development; supplies and equipment; infrastructure operating costs, such as utilities, waste management, and technology; and maintenance and operations cost including service contracts, supplies, and alarm systems.

Indirect Recurring Cost: The “indirect recurring cost,” as outlined in this model, is defined as any institutional cost associated that supports the operation or use of the facility or programs. Examples include district-wide services staff support, such as payroll, human resources, student services, law enforcement, etc.; campus services department, such as maintenance, grounds, technology services, and media services; parking lot maintenance; district-wide indirect of cost of insurance; and other associated costs. These are shared costs, thus are a prorated percentage of the total for the district and calculated based on the project’s exterior building square footage footprint (Gross Outside Square Footage or GOSF).

References: Accrediting Commission for Community and Junior Colleges, Standard III.B.4

Approved: 5/19/15