



THE STATE UNIVERSITY of NEW YORK

MEMORANDUM

June 29, 2010

Office of the
Chancellor

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To: Members of the Board of Trustees
From: Nancy L. Zimpher, Chancellor
Subject: Facility Use Revenue – Erie Community College

I recommend that the Board of Trustees adopt the following resolution:

Whereas pursuant to Education Law §6306(4), income derived from the use of community college real property, title to which vests in the local sponsor, may be used to provide any part of the local sponsor's share of capital or operating costs, subject to the consent of the State University trustees; now, therefore, be it

Resolved that commencing with the 2009-2010 college fiscal year, income derived from the use of Erie Community College's real property, including income generated from such use by Erie Community College's auxiliary services corporation and/or foundation, may be used to provide a portion of the local sponsor's share of capital costs; and, be it further

Resolved that Erie Community College may maintain these funds in a restricted reserve account until the funds are needed to be transferred to Erie County as a portion of the local sponsor's share of capital costs.

Background

Erie Community College consists of three campuses, Downtown, North and South, encompassing 22 buildings with 1.3 million gross square feet of building space. Eighty-seven percent of these buildings are 30 years old, and some more than 50 years old. Pursuant to the Capital Reinvestment Study conducted by the State University of New York, the State University Construction Fund identified a backlog of \$38.3 million in deferred maintenance which would require an annual investment of \$9.6 million to maintain this backlog alone.

The Capital Reinvestment Study did not take into consideration the need for new buildings to meet the needs of an ever increasing student population that has increased more that 58% in the past 11 years.

In addition, Erie County has experienced fiscal exigencies prior to the current fiscal climate that resulted in the State establishing a control board for Erie County. As a result, the sponsor's commitment of capital funds has been less than the College requires to address its current and future capital needs. Recently, the local sponsor committed more than \$7.5 million towards the College's capital needs with the caveat that the College match this amount. If the College fails to match these funds, the College's ability to meet the needs of its students will be severely undermined. The approval of the College's request to transfer facility use revenues to the local sponsor as authorized by Education Law §6306(4) will enable the College to move forward with current and future capital projects.