



**Santa Monica-Malibu Unified School District  
Board Committee**

**Financial Oversight Committee**

**Minutes**

**May 9, 2006**

**Time: 7:00 to 9:00 p.m.**

**Location: Testing Room of the School District's  
Administrative Offices - 1651 16th Street, Santa Monica, CA**

Attendance: *(Committee Members)* Paul Silvern [*Chair*], Carolyn Galantine, Craig Hamilton, Patricia Hoffman, Denny Kernochan, Mike Phillips,, Cynthia Torres. *(Staff)* Winston Braham, Dawn Smithfield. *(Public)* Jim Jaffe. *Absent:* *Chris Harding, Cheryl Stecher [Co-Chair], (Board Liaisons) Julia Brownley, Oscar de la Torre.*

**I. Call to Order**

The meeting was Called to Order at 7:08 p.m. by Committee Chair Paul Silvern.

**II. Approval of the Minutes:**

A Motion was made by Ms. Hoffman and seconded by Mr. Kernochan to approve the Minutes from the April 4, 2006 Meeting. Motion passed unanimously.

**III. Staff Report: Chief Financial Officer Winston A. Braham**

**A. Governmental/Legislative Issues Concerning District Finances:**

**1. General Update:**

- School districts are awaiting information from the May Revise.

**2. Report on Rating Agency Meeting on 5/8/06 with Standard & Poor's**

- Mr. Braham met with representatives from Standard & Poor's Rating Agency in order to instill their confidence in SMMUSD's finances and creditworthiness to secure a Rating upgrade.
- Moody's Investors Services has already given the District a good rating of AA3.

**3. Interim Superintendent Report to Santa Monica City Council RE: Utilization of Annual \$6.0 Million Joint Use Agreement Contribution**

- The Meeting was cancelled. The City of Santa Monica seems interested in engaging in discussions regarding the \$6.0 million yearly contribution.
- The Joint Use Agreement comes up for renewal in January, 2007.

**4. Status of Property & Liability Premium Negotiations for 2006-07:**

- District staff and Mr. Phillips (as FOC rep) met with staff from the Alliance of Schools for Cooperative Insurance Programs (*ASCIP*) regarding their 2006-07 Liability Proposal which will cost \$770,000 with no deductible, or \$500,000 with \$25,000 deductible per occurrence.
- (2) Proposals for providing Property & Liability are now being analyzed by a neutral third party. Upon completion of the analysis, it will be forwarded to the FOC and Board of Education for their review and comments.
- The District has settled a number of liability cases, some longstanding, which should improve our Risk/Experience Rating.
- The District is focusing on cleaning up risks and developing better claims management, including loss prevention and training.

**5. Update: Addition of 2.0 New FTEs Plant Manager Positions Filled:**

- Both positions have been filled, and efforts are being made to clean up restrooms/ remove graffiti, especially to get everything ready for graduation ceremonies when the schools are on display.

6. Status of Developer Fee Increase Justification Study:

- The District is complying with the required process to increase Developer Fees by placing Public Notices in the *Santa Monica Daily Press* and the *Malibu Surfside News*.
- The Study will be discussed at the June 1, 2006 Board Meeting (and given to the FOC at the next meeting) then submitted at a subsequent Board Meeting for approval to increase, as follows:
  - < Residential: from \$1.93 to \$2.63 per square foot
  - < Commercial: from \$.31 to \$.42 per square foot
- Eliminate square footage cap and restrict “disaster” relief to the owner at the time of the disaster.

B. Pending Board of Education Items with Financial or Financial Management Implications:

1. Charge Citizens Committee to Examine Feasibility of Bond Measure - Nov '06 Election (5/4/06)

- Board unanimously agreed to move forward with possible Bond Issue and authorized contracting of survey firm, Fairbank, Maslin, Maullin & Associates, which will do a Baseline Poll, to be followed-up by a Tracking Poll.
- Board agreed to appoint the Ad Hoc Facilities Committee (*AHFC*) as possible Bond advisory (Blue Ribbon) committee to help the Board decide whether or not to go ahead with the Bond. The decision must be made by July, 2006, at which point, a citizens committee will be formed.
- At this time, Mayer, Brown, Rowe & Maw, LLP will provide General Counsel, but the Board will decide who will provide Bond Counsel and Disclosure Counsel. Piper Jaffray recommended as Bond Financial Advisor.
- The amount of the Bond must be determined (88) days prior to the Election, and will be guided by the survey results and the project list from the planning process.
- State of California will put a \$10 billion Bond Measure on the November Ballot, so the District should plan projects which will get the highest available matching funds. This can be used as a campaign strategy to help pass the Bond, but all campaign information must be done outside the District to avoid any appearance of bias.

2. State Approval of District's 2004-05 Financial Audit (5/4/06)

- Board Item I.1 was distributed, along with a copy of a letter from the State Controller's Office approving the District's 2004-05 Audit Report.

3. LACOE Approval of District's 2<sup>nd</sup> Interim Report (5/4/06)

- Board Item I.2 was distributed, along with a copy of a letter from LACOE, concurring with the Positive Certification.

4. L.A. County Board of Supervisors Resolution Authorizing the Levy of Taxes...(5/4/06)

- Board Item I.3 was distributed, along with a copy of the L.A. County Resolution in connection with the refinancing of District Bonds, allowing a savings of over \$500,000 over the payback life of the debt.

**IV. FOC Priority Policy Issues (Primary Discussion Items)**

A. Facilities Master Plan (FMP):

- Mr. Hamilton stated the last community workshop (pending appointment of a Superintendent) took place on April 29, 2006 with more complex planning at sites and other ongoing meetings.
- The Process has been elongated due to the Superintendent search and the Board is looking at possible Bond Issue.
- Information is being obtained from sites which could possibly feed into the planning process for the possible Bond Issue, and it's important that the election piece is included in that process.
- Ms. Torres attended the meeting and felt encouraged by the direction the process is taking.

B. Measure “S” Oversight:

- Ms. Smithfield reported that the 2006-07 process has begun: Public Notices were published in the *Santa Monica Daily Press* and the *Malibu Surfside News* on April 27; a Press Release was sent to several newspapers, Libraries, Senior Centers and City Clerks in Santa Monica and Malibu; the District’s website has been updated under *Senior Exemption*; mailing to approximately 3,500 senior citizens has begun and flyers have been posted at Administration Offices and Drop Box.

C. Status of District’s Deficit Reduction Plan:

1. Maxim Contract Self Insured Retention (SIR) Issue (*Special Education*)

- Ms. Torres and Ms. Hoffman met with Mr. Braham and Tim Walker to discuss the Special Education Deficit Reduction Plan.
- The District is focusing on cost containment by looking at Workers’ Comp, eliminating positions in accordance with staffing ratios, hiring freeze, health care coverage and possibly increasing Developer Fees.
- To ensure compliance with the law, Mr. Walker is training staff on Individual Education Plans (IEPs) being updated and including appropriate services for students, and ensuring that 504 paperwork is done.
- Mr. Walker is bringing in families to resolve conflicts instead of using outside attorneys. Legal costs are down, but settlement costs are higher.
- Maxim is a national company that provides allied health type services with a very high self-insured retainer of \$5.0 million.
- The District is recruiting staff internally for SE services instead of using outside vendors and handling certain tasks in-house so that, over time, reliance on outside vendors will be reduced.
- Mr. Walker reviews SE permits and sent letters stating that permits will be renewed on an annual basis, and those students must meet criteria such as adequate grades, behavior and attendance per Board Policy to ensure permit renewal.
- Special Education Deficit is projected to be at approximately \$1.0 million higher than previous years, partly due to bringing those services in-house.
- Ms. Torres will email the Special Education Meeting recap to the FOC.

D. Improving/Creating Consistent Budget Format/Process & Public Presentation of Budget:

1. Status of 2006-07 Budget Development Calendar and Milestones:

- Mr. Kernochan and Ms. Torres met with Mr. Braham regarding improving/simplifying presentation ideas for the Budget. It was suggested that Mr. Kernochan and Ms. Torres met with Steve Stark at the City of Santa Monica to research the City’s 3-page summary budget.
- The District should prepare a 1-page summary with budget highlights “in layman’s language” that is generally available to the public, and a 3-page version with more detail, pie charts, graphs and a year-by-year comparison.
- It was suggested to include the cost to the District for lost ADA (such as walkouts) and to inform parents to make medical/dental appointments for their children in the afternoon.

E. Enrollment Forecast/Long-Range Trends:

- As previously requested, a copy of the *SMMUSD Enrollment Projections with Permits Shown 2006-07* by Dr. Staine was distributed.
- Some errors were noted in the spreadsheet and requests made to include permit numbers and extensions, and note the month on which the enrollment was based.
- A request was made for Ms. Smithfield to ask Laurel Schmidt to call Ms. Hoffman regarding welcoming to SMMUSD those students at the CCSM new housing.
- Planning for declining enrollment should be included in the FOC’s Joint Mtg. Report to the Board

- F. Monthly Revenues, Expenditures Summary & Adopted Budget Comparison:
- Mr. Phillips worked with District staff on a revenue and expenditure report format, and distributed a copy of *Budget Summary, Fiscal Year 2005-06*.
  - This data was taken from the District's 2<sup>nd</sup> Interim Report, and shows salary and benefits as the largest expenditure. A request was made for a variance report comparison with the previous year.
- V. **New Business** (*for Discussion*)
- It was agreed to re-order future FOC Agendas to begin with the FOC Priority Policy Issues.
  - Mr. Harding will be resigning from the FOC and the Superintendent's Office will need to begin the recruitment process.
- VI. **Receive and File** (*Limited Discussion*)
1. School Services: *Fiscal Report* dated March 17, 2006 (*handout*)
  2. School Services: *Fiscal Report* dated March 31, 2006 (*handout*)
- VII. **Public Comments:**  
Jim Jaffe
- VII. **Agenda Planning for the Next Meeting:**
- |         |                 |  |
|---------|-----------------|--|
| May 30  | Special Meeting | ( <i>2006-07 Preliminary Budget and Joint Meeting Report</i> )                 |
| June 6  | Regular Meeting | ( <i>Tim Walker-SE Deficit Reduction &amp; Finalize Joint Meeting Report</i> ) |
| June 15 | Joint Meeting   | ( <i>Santa Monica City Council Chambers</i> )                                  |
- VII. **Adjournment.** Meeting adjourned at 9:15 p.m.