



SMMUSD Financial Oversight Committee – Minutes

Date: Tuesday, September 8, 2009

Time: 7:00 pm to 9:00 pm

**Location: Testing Room, SMMUSD Admin. Offices
1651 16th Street/Santa Monica, CA 90404**

Attendance: (*Committee Members*) Joan Chu Reese, Craig Hamilton, Patricia Hoffman, Gordon Lee [*Vice Chair*], Nimish Patel, Paul Silvern, Cynthia Torres [*Chair*], (*Board Liaison*) Barry Snell; (*Staff*) Jan Maez, Dawn Smithfield; (*Board Member*) Ralph Mechur.
Absent: *Manel Sweetmore, Carrie Wagner and (Board Liaison) Jose Escarce.*

I. Call to Order

The meeting was called to order at 7:05 p.m. by Ms. Torres

II. Approval of Minutes 7/28/09

A motion was made by Mr. Hamilton and seconded by Mr. Silvern to approve the Minutes, as amended. Motion passed unanimously.

III Staff Report: Chief Financial Officer Janece L. Maez (*Limited Discussion*)

A. 2009-10 Budget Update: Ms. Maez reviewed the 2008-09 Unaudited Actual Financial Report, which will be submitted for Board approval on 9/17/09. In addition to the Board item, an FOC preview of the *2008-09 Unaudited Actual Summaries* powerpoint was distributed. Ongoing maintenance monies have been transferred from the Building Fund to the General Fund for the last two years. Staff has reserved a portion of the General Fund reserves to return these funds. The cost for a 1% salary increase for all bargaining groups is approximately \$1 million. Due to mid-year cuts, some of that Fund balance was used instead of cutting programs.

B: Year End Closing Update: Ms. Maez explained that the delay in the State budget, finally approved in August, affected the prior year closing. The State shifted funds to the 2008-09 fiscal year with plans to reduce the revenue limit in 2009-10.

In regard to the final audit, Ms. Maez noted that we should have the final audit report by late November, which must be sent to the State by mid-December, and will be submitted for Board approval in January 2010.

The December 10th Board Meeting has been set as the deadline for the parcel tax committee's recommendations on the new parcel tax. LACOE is expecting an expenditure reduction plan no later than with the submission of 2nd Interim report, which is due 3/15/10; the 1st Interim Report is due 12/15/09.

C. Sale of Bonds – Update: Copies of the Closing Memoranda were distributed for the General Obligation Bonds/Build America Bonds (*BABs*) and the Bond Anticipation Notes (*BANs*). Ms. Maez said the closing went fairly well, even though it was a rough day in the market. We're the first district in the Los Angeles County to sell Build America Bonds. The *BANs* sold really well.

In response to a question regarding bargaining unit negotiations, Ms. Maez said that we're in current negotiations with SEIU. The Personnel Commission completed a classification study which is quite complex and still being discussed, and both sides are trying to get proposals on the table, however, the language issues have been handled. We have been at impasse with SMMCTA since June. Mediation sessions can take awhile to be scheduled, and our date is October 13th. The main issues are salaries and benefits, but we're still working on a few of the language issues. Superintendent Cuneo sent a letter prior to the close of 2008-09 to both certificated and classified members about possible salary reductions, furlough days, benefit changes, etc. The Board was supportive of that letter; it was requested that a copy be given to FOC members. Ms Maez shared that a few other school districts have rolled back salaries, but more are talking furloughs and reducing the number of work days. We're not alone as more districts are at impasse in negotiations. FOC members agreed that whether or not the parcel tax passes, the District must stop deficit spending. The FOC subcommittee, *Public Education Program Related to District Finances*, was directed to research and make recommendations about expenditure reductions, help the Board to decide on either a 3% or 5% reserve and how much of it should be used, and how to keep one-time monies off the bargaining table.

IV. Update from Subcommittees

A. District Bond Program: It was reported that the mission was accomplished. The District also applied for qualified school construction bonds but was not successful in the lottery system used to distribute them.

B. Review of Special Education Budget: Mr. Hamilton and Mr. Silvern Craig met with Jan and the Special Education District Advisory Committee and helped to educate SEDAC members with the complex nuances of school funding. They noted that categorical expenses, including NPA, NPS and legal fees, have remained fairly constant at approximately \$4 million per year, however, instructional aides and services have increased. The Special Education Program Task Force, under the direction of Dr. Chou and Dr. Woolverton, is looking at programs, services and students to get an understanding of how it affects the budget. Settlement amounts now reported out at the end of Closed Sessions separate services and legal fees. The FOC subcommittee will continue to update FOC, with their ultimate goal being to have one document that includes everything. Ms. Maez said that we're working with the SELPA to improve the timeliness of information.

C. Public Education Program Related to District Finances: This subcommittee report is under item VI B.

V. Measure BB Update

Mr. Hamilton reported that the next meeting is scheduled for 9/14/09 as a review to bring new members up-to-speed; Dennis Crane will serve as co-chair of the BB Committee. He noted that projects are moving along, and the main thing will be for the District to develop a communication plan because projects will affect the next school year. Projects have been submitted to the DSA. The Mitigated Negative Declarations (*MNDs*) for Lincoln and Adams will be finalized soon and the CEQA process moving along. The Adams parking lot project, which combines funding from BB and the Boys and Girls Club, has begun and the curbs and gravel have been installed. Phase 1 has begun for all projects, and we're getting temporary

housing to prepare for demolition. Mr. Hamilton again stressed the need for a good communication plan.

Ms. Maez received confirmation that we're on the California Coastal Commission agenda in October for the permit amendment for the Malibu lights. We've answered their questions and concerns. This is not part of BB because these are temporary lights. There was no challenge to the MND.

VI. Discussion/Action Items

A. District Strategic Plan Development: Ms. Chu Reese and Ms. Torres need to meet w Superintendent Cuneo. Ms. Maez will give them the outline that he covered last month with the management team, noting that he had identified three components on which to focus.

B. Revenue Enhancement Suggestions: Ms. Chu Reese, Ms. Torres and Ms. Wagner reviewed the eight areas of revenue generation, noting that four ranked quite high. The parcel tax was the highest ranked area, and the second area was the fundraising effort geared toward alumni and current students. The third area was the attendance campaign, in which a .72% increase could generate \$500,000 per year, but that might have to be shared with sites. Ms. Maez said that School Innovation & Advocacy has a program to increase attendance called "Attention to Attendance", which looks like a communication project, and also sets up competition among schools. Ms. Maez will meet with them to discuss the costs, the details of system, and hopefully will have something to report to the FOC in the future. It was emphasized that we need to keep attendance in the forefront of everyone's mind. Ms. Maez stated that an attendance workshop will take place on 9/24/09, to be presented by the District's auditors and Ms. Ruthy Mangle, Director of Information Services. The fourth area was to generate licensing fees, and Mr. Patel and Sweetmore met with Steve Fenton at Beverly Hills USD regarding licensing agreements. There is no upfront funding, but anytime a shirt or hat is sold, a portion of that revenue would go to the District. The downside is we have to pay finder's fee to Beverly Hills Unified School District, but only if we proceed with Mr. Fenton's company. There is not much to lose, but it could generate an estimated \$500,000 per year. Four other areas of revenue generation had very rough estimates: to better utilize District assets (such as Barnum Hall and the Greek Theater), creating a Special Education Center of Excellence (with SMMUSD providing special education services to outside students, drawn from the SELPA, generating advertising fees (on buildings, lunch trays, flyers, scoreboards/events) and maximizing contributions from Medi-Cal (billing Medi-Cal and capturing all reimbursements). Members agreed that the order of priority is correct and it was agreed to focus on the top four priorities. Mr. Hamilton, Mr. Patel and Mr. Silvern are on the parcel tax committee. Mr. Mechur said it would be put as an "emergency funding measure" for 3 to 5 years. If we move ahead, that would give time to develop other fundraising measure to get them up and running. He further stated that it would be useful to flesh out ideas more so they can be presented to Board and shared with LACOE, especially because we can't count on parcel tax funding unless the measure passes.

Board members have been asked about increasing permits to the maximum authorized 200 students without increasing staff, and being spread across the District. Mr. Mechur said the Board will revisit this permit policy in the near future for the 2010-11 year.

C. Update on Quarterly Joint Meetings with the Board of Education: Superintendent Cuneo will speak with the Board within the next two weeks regarding additional joint meetings with the FOC.

VII. Receive and File

- Updated Roster
- Measure R – Letter to Santa Monica Rent Control Board
- Measure R – Revised Exemptions from 2003-04 to 2009-10 (*previously emailed*)
- School Services of California, Inc.: *Fiscal Reports (7/24/09, 8/7/09 and 8/21/09)*

VIII. Public Comments

None

IX. Agenda Planning for Next Meeting 10/6/09

X, Adjournment

Meeting adjourned at 9:01 p.m.