



SMMUSD Financial Oversight Committee Minutes

Date: Thursday, February 13, 2014

Time: 7:00 pm to 9:00 pm

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

I. Call to Order

7:06 pm

Committee Members: Patricia Hoffman
Joan Krenik
Peter Lippman
Paul Silvern
David Vukadinovich

Tom Larmore
Gordon Lee
DeAndre Parks
Cynthia Torres

Staff: Jan Maez Kim Nguyen

Absent: Jose Escarce Craig Foster
Laurie Lieberman Shelly Slaugh Nahass

Public: Calvin Alagot, LA Weekly Marc Sanschagrin, SMMCTA
Samantha Smith

II. Approval of Minutes

7:08 pm

A motion was made by Mr. Lee and seconded by Mr. Silvern, ~~and voted 9/0~~ to approve the January 9, 2014 minutes as amended.

- Page 1: Under Call to Order, to reflect Mr. Lippman as present at the meeting.
- Page 1: Under Approval of Minutes, to reflect aye vote for Mr. Lippman.
- Page 2: Last sentence of Staff Report, Mr. Silvern commented that the agreement should come to the FOC first rather than otherwise.
- Page 3: To reflect Mr. Lippman's aye votes to recommend Board approval of the District audit, and to commend Ms. Maez and the Fiscal staff for their work that resulted in a very clean audit.

AYES: Eight (8) (Ms. Hoffman, Ms. Krenik, Mr. Lee, Mr. Lippman, Mr. Parks, Mr. Silvern, Ms. Torres, Mr. Vukadinovich)

NOES: None (0)

ABSTAIN: One (1) (Mr. Larmore)

ABSENT: Two (2) (Mr. Foster, Ms. Slaugh Nahass)

III. Approval of Notes

7:13 pm

The January 30, 2014 notes were accepted by the FOC.

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

7:14 pm

A. Budget Update: Ms. Maez informed the committee that the February 1, 2014 budget workshop was tentatively rescheduled to March 8, 2014. In response to Mr. Lippman,

Ms. Maez informed the committee that there are documents on the website through budget presentations where the Board is reminded of program changes and cuts over the years. Program changes were mostly reduction to programs and not elimination of programs. The 2nd interim budget report will be presented with an updated multi-year projection that will tie into the AB1200 discussion at the March 6th board meeting.

Ms. Maez provided the committee with a handout of a draft 2nd interim Unrestricted General Fund worksheet in two formats. She noted that it was still a work in progress. The handouts illustrated the Department of Finance's suggested outlook at a higher percentage than School Services of California. The report will **reflect** Vision for Student Success (VSS) revenue and expenditures in 2014-15. At the February 6, 2014 Board meeting, the Board of Education agreed to fund the difference between the amounts raised (\$3.2M) and the VSS plan (\$4M). There is included recognition of LCAP funds of about \$1.1M to \$1.3M. Ms. Maez focused on what is happening with the operational deficit. While the report reflects growth in fund balance, she reminded the committee that the SMMCTA agreement is for certificated employees only and this report did not include classified or management employee salary increase. A similar agreement to those groups would be about \$2M per year.

Mr. Lippman asked whether mandated **reimbursement** block grant is revenue from the state. Ms. Maez explained that the block grant is still in the Governor's budget and allows the district to receive revenue without having to go through process of ~~getting~~ **submitting** claims. Mr. Silvern and Mr. Larmore commented that the Prop Y increases are conservative in comparison to the City of Santa Monica's mid-year report.

Ms. Maez informed the committee that at the public posting, the Superintendent and Chief Business Official signed a certification indicating ~~whether~~ **that** they agree or disagree ~~with the Board action~~ **with the proposed settlement**. When the agreement comes back to the Board on February 20, 2014, the Board President will sign the final document. The document will then be sent to the Los Angeles County Office of Education that the public has been noticed of potential agreements being made so they can comment.

In response to Mr. Lippman, the committee was informed that the District receives approximately \$500k per year in interest.

Ms. Maez' handouts can be found at the end of these minutes.

- 7:25 pm
- B. Environmental Update: Ms. Maez reported that the district is in the final stages of completing contract negotiations with ENVIRON. On January 16, 2014, the Board approved the recommendation by the panel of district staff, Environmental Task Force members, interested community members and experts in the field to direct the Superintendent to enter into a contract with an environmental engineering firm. The contract is being finalized and will be formally taken to the Board on March 6th. At the February 6, 2014 Board meeting, the Board approved the voluntary investigation agreement with Department of Toxic Substances Control (DTSC) who will provide oversight in actions taken in remediation and plans for additional testing as they come from ENVIRON. ENVIRON will develop them and DTSC will oversee that work. The

cost for DTSC was estimated at \$40k. Task force meetings are continuing but they have not met the last few weeks.

Mr. Silvern asked whether these costs would be a bond reimbursable expense. Mr. Lee advised that he had spoken with bond counsel who is finalizing the language on the reimbursement resolution that will be forwarded to Ms. Maez upon completion. The law allows reimbursement to be retroactive 60 days prior to commencement of the initial project. If the Board approves it as a project, then it can be reimbursed. With the resolution in place, the District will have that option.

V. Discussion/Action Items

7:35 pm

- A. SMMCTA tentative agreement: Mr. Larmore noted that the SMMCTA contract had been discussed at length at the January 30, 2014 special meeting. Ms. Maez was available to discuss the contract with FOC members who had not been able to attend that meeting on February 12, 2014. Mr. Larmore also noted that those members who had attended the January 30, 2014 special meeting were comfortable with the financial aspects of the contract in the context of AB1200 based upon Ms. Maez's report. Ms. Hoffman asked Mr. Sanschagrin's opinion of the tentative agreement. Ms. Maez informed the committee that the tentative agreement was successfully passed and ratified per SMMCTA President Harry Keiley.

A motion was made by Mr. Silvern and seconded by Ms. Hoffman that, based on the draft AB1200 analysis provided by the Chief Financial Officer, the FOC finds that the proposed financial aspects of the tentative agreement with SMMCTA are financially sustainable and therefore the FOC recommends that the Board of Education approve those financial aspects of the agreement and that Mr. Larmore be directed to communicate this resolution to the Board. A copy of Mr. Larmore's memorandum can be found at the end of these minutes.

AYES: Nine (9) (Ms. Hoffman, Ms. Krenik, Mr. Larmore, Mr. Lee, Mr. Lippman, Mr. Parks, Mr. Silvern, Ms. Torres, Mr. Vukadinovich)

NOES: None (0)

ABSENT: Two (2) (Mr. Foster, Ms. Slauch Nahass)

- B. Appointment of FOC member to Local Control Accountability Plan (LCAP) committee: A motion was made by Mr. Silvern and seconded by Ms. Hoffman to recommend Ms. Krenik as the FOC liaison to the Local Control Accountability Plan (LCAP) committee.

AYES: Nine (9) (Ms. Hoffman, Ms. Krenik, Mr. Larmore, Mr. Lee, Mr. Lippman, Mr. Parks, Mr. Silvern, Ms. Torres, Mr. Vukadinovich)

NOES: None (0)

ABSENT: Two (2) (Mr. Foster, Ms. Slauch Nahass)

VI. Update from Ad Hoc Committees

7:45 pm

- A. Malibu Unification (C. Foster, T. Larmore, P. Lippman, P. Silvern, S. Slauch Nahass): Mr. Larmore reported that the ad hoc committee received communications from the lawyer hired by AMPS to look at issues raised from the subcommittee last year. There continues to be questions and additional analysis was requested. Until there is additional

information received, there was not sufficient data for the ad hoc committee to meet. Comments were sent and the committee is waiting to hear from the attorney. Issues continue to involve parcel tax; allocation of current bond debt and impact on property owners if Malibu was withdrawn; and how assessments for ES bonds will be done in the future. There is also uncertainty whether ~~the~~ any special legislation that may be required could pass so that a new district could keep the current parcel tax assessment without 2/3 vote approval in Malibu.

7:47 pm B. Detailed Budget Review (*T. Larmore, G. Lee, C. Torres*): Ms Torres reported that the ad hoc committee will meet sometime next week.

7:47 pm C. Retiree Benefit Obligations (*J. Krenik, P. Hoffman, D. Parks*): Ms. Hoffman stated that no one has volunteered to call the meeting. She reported that SMMCTA President Harry Keiley was invited to the next FOC meeting on March 13, 2014.

7:49 pm **VII. Update regarding SMMEF**

Mr. Vukadinovich reported that SMMEF raised \$3,203,730 of the \$4M target as of January 31, 2014 that will be allocated starting in the fall. There were 100% participation from parents at Olympic High and Will Rogers. Other sites achieved record participation as well. SMMEF may readjust their fiscal year to be aligned with the district's fiscal year where the reporting will be streamlined. The first community wide event "Pier Party" will be held on April 27, 2014. There will be varying levels of participation for everyone from all-day wristbands to signature taste of Santa Monica restaurants. The Foundation focus is fundraising and programmatic planning such as 25:1 staffing ratio and increasing literacy coaches. Ms. Hoffman suggested calling the Santa Monica Mirror and Daily Press as well as a press release with SMMEF email address for those who would like to add money.

A motion was made by Mr. Silvern and seconded by Ms. Hoffman that the FOC sends a letter to the Santa Monica-Malibu Education Foundation congratulating the organization on a very successful first year of its new fundraising program. A copy of Mr. Larmore's letter can be found at the end of these minutes.

AYES: Eight (8) (Ms. Hoffman, Ms. Krenik, Mr. Larmore, Mr. Lee, Mr. Lippman, Mr. Parks, Mr. Silvern, Ms. Torres)

NOES: None (0)

ABSTAIN: One (1) (Mr. Vukadinovich)

ABSENT: Two (2) (Mr. Foster, Ms. Slauch Nahass)

VIII. Receive and File (Limited Discussion)

IX. Public Comments: Ms. Stephanie Smith addressed the FOC regarding ENVIRON.

X. Next Meeting: Thursday, March 13, 2014

XI. Adjournment: The meeting adjourned at 8:11p.m.

Conservative

**SANTA MONICA - MALIBU USD
MULTI-YEAR PROJECTION
UNRESTRICTED GENERAL FUND**

DRAFT

1/31/2014

Description	2013-14 REVISED BUDGET	2014-15 PROJECTED BUDGET	2015-16 PROJECTED BUDGET
Revenue:			
Property Tax	61,392,544	58,592,544	58,592,544
Education Protection Account (EPA)	2,183,302	8,238,447	8,238,447
ADA Transfer to Adult Education	(262,628)	(262,628)	(262,628)
State Aid / LCFF	6,392,972	8,745,131	12,371,449
Subtotal LCFF Funding	69,706,190	75,313,494	78,939,812
Fair Share Deductions	(5,246,567)	-	-
Other Federal	100,000	100,000	100,000
Lottery	1,358,701	1,358,701	1,358,701
Mandated Reimbursement Block Grant	405,563	405,563	405,563
Meas. "R"	11,164,948	11,410,577	11,661,610
Prop. Y / City of SM	7,200,000	7,300,000	7,400,000
Joint Use Agreement/ City of SM	8,282,650	8,448,303	8,617,269
All Other Local Income	3,344,202	3,027,355	2,987,355
Vision for Student Success (VSS)		3,200,000	4,000,000
Local General Fund Contribution	(19,729,403)	(20,025,344)	(20,325,724)
TOTAL REVENUE	76,586,284	90,538,649	95,144,586
Expenditure:			
Certificated Salary	44,271,860	44,935,938	45,609,977
Classified	13,742,078	13,948,209	14,157,432
Benefits	19,231,801	20,193,391	21,203,061
Supplies/Books	1,298,890	1,300,000	1,300,000
Other Operational Costs	7,344,823	7,400,000	7,400,000
Capital Outlay	24,206	10,000	10,000
State Special Ed School	31,590	31,590	31,590
Indirect	(855,037)	(700,000)	(700,000)
Interfund Transfer Out	217,382	110,000	110,000
Incremental LCAP Funds		1,103,784	848,894
VSS Project Costs		4,000,000	4,000,000
TOTAL EXPENDITURE	85,307,593	92,332,912	93,970,954
Increase (Decrease) Fund Balance	(8,721,309)	(1,794,262)	1,173,632
Beginning Fund Balance	24,751,270	16,029,961	14,235,698
Ending Fund Balance	16,029,961	14,235,698	15,409,330
Reserve - Revolving cash, Store	80,000	80,000	80,000
Reserve - Deficit Spending	1,794,262		-
Reserve for LCFF Growth Increment			3,626,318
3% Contingency Reserve	3,758,556	3,861,654	3,925,375
Unappropriated Balance	10,397,142	10,294,044	7,777,637

SANTA MONICA - MALIBU USD
MULTI-YEAR PROJECTION
UNRESTRICTED GENERAL FUND

Dept of Finance

DRAFT

1/31/2014

Description	2013-14 REVISED BUDGET	2014-15 PROJECTED BUDGET	2015-16 PROJECTED BUDGET
Revenue:			
Property Tax	61,392,544	58,592,544	58,592,544
Education Protection Account (EPA)	2,773,215	8,238,447	8,238,447
ADA Transfer to Adult Education	(262,628)	(262,628)	(262,628)
State Aid / LCFF	6,392,972	8,745,131	14,607,681
Subtotal LCFF Funding	70,296,103	75,313,494	81,176,044
Fair Share Deductions	(5,246,567)	-	-
Other Federal	100,000	100,000	100,000
Lottery	1,358,701	1,358,701	1,358,701
Mandated Reimbursement Block Grant	405,563	405,563	405,563
Meas. "R"	11,164,948	11,410,577	11,661,610
Prop. Y / City of SM	7,200,000	7,300,000	7,400,000
Joint Use Agreement/ City of SM	8,282,650	8,448,303	8,617,269
All Other Local Income	3,344,202	3,027,355	2,987,355
Vision for Student Success (VSS)		3,200,000	4,000,000
Local General Fund Contribution	(19,729,403)	(20,025,344)	(20,325,724)
TOTAL REVENUE	77,176,197	90,538,648	97,380,817
Expenditure:			
Certificated Salary	44,271,860	44,935,938	45,609,977
Classified	13,742,078	13,948,209	14,157,432
Benefits	19,231,801	20,193,391	21,203,061
Supplies/Books	1,298,890	1,324,868	1,351,365
Other Operational Costs	7,344,823	7,491,719	7,641,553
Capital Outlay	24,206	30,000	30,000
State Special Ed School	31,590	31,590	31,590
Indirect	(855,037)	(700,000)	(700,000)
Interfund Transfer Out	217,382	110,000	110,000
Incremental LCAP Funds		1,105,798	1,372,379
VSS Project Costs		4,000,000	4,000,000
TOTAL EXPENDITURE	85,307,593	92,471,513	94,807,357
Increase (Decrease) Fund Balance	(8,131,396)	(1,932,865)	2,573,461
Beginning Fund Balance	24,751,270	16,619,874	14,687,009
Ending Fund Balance	16,619,874	14,687,009	17,260,470
Reserve - Revolving cash, Store	80,000	80,000	80,000
Reserve - Deficit Spending	1,932,865	2,573,461	-
Reserve for LCFF Growth Increment			5,862,550
3% Contingency Reserve	3,664,230	3,715,851	3,789,158
Unappropriated Balance	10,942,779	8,317,697	7,528,762