



**Santa Monica-Malibu Unified School District
Board Committee
Financial Oversight Committee
Minutes - Amended**

October 30, 2007

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*], Ben Allen (*via teleconference*), Craig Hamilton, Denny Kernochan, Gordon Lee, Cheryl Stecher, Carrie Wagner. (*Board Liaisons*) Maria Leon-Vazquez, Kelly Pye. (*Staff*) Steve Hodgson, Jan Maez, Dawn Smithfield. *Absent: Patricia Hoffman, Cynthia Torres.*

I. Call to Order

The meeting was Called to Order at 7:11 p.m. by Chair Paul Silvern.

II. Approval of the Minutes:

A motion was made by Mr. Allen and seconded by Ms. Stecher to approve the Minutes from the 10/9/07 Meeting. Motion passed unanimously.

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

A. Facilities Master Plan (*Craig Hamilton*)

B. Measure "S" Oversight (*Patricia Hoffman & Paul Silvern*)

C. Status of District's Deficit Reduction Plan (*Patricia Hoffman & Cynthia Torres*)

D. Improving/Creating Consistent Budget Format/Process & Public Presentation of Budget
(*Denny Kernochan & Cynthia Torres* ***Carrie Wagner***)

E. Enrollment Forecast/Long-Range Trends (*Cheryl Stecher and Paul Silvern*)

F. ~~Monthly~~ Revenues, Expenditures Summary & Adopted Budget Comparison (*Cynthia Torres*)

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

A. Governmental/Legislative Issues Concerning District Finances

1. Potential Budgetary Solutions Strategies: The updated *Potential Budgetary Solution Strategies* was distributed and Dr. Hodgson explained that it now includes a status column, as previously requested by FOC members. There is a continuing need to align staffing with students, and more adjustments will be needed in 2008-09, especially with declining enrollment. Department budgets have been implemented but had to increase due to higher utility costs. Dr. Hodgson stated that we're still looking for specific categorical program expenses to shift from the Unrestricted to the Restricted General Fund. More items need to be added to the Strategies document and ongoing cost-saving efforts made. The Superintendent is preparing a central office reorganization plan whose financial implications will be discussed at a later date.

2. BB Bond Market Analysis and Pricing Information: The *Market Analysis and Pricing Information* for the Measure BB Bond was distributed. Dr. Hodgson stated that the marketing and pricing of the Measure BB Bond ended favorably due to prepaying on 10/1/07. Our rates are very favorable compared to the market on 10/2/07. The projected tax rates were kept below \$30 per \$100,000 in assessed valuation, as promised to the voters. The bond rating was increased from Aa3 to Aa2. In anticipation of our next bond issue, FOC members suggested that proposals be solicited from other investment services to ensure we're getting the best prices.

3. Update on Facilities Master Plan: Mr. Hamilton stated that at the 10/18/07 Board Meeting, the Board approved the Measure BB Advisory Committee's "Scenario G", which commits \$10.0 million to Districtwide technology, fire alarms and relates safety improvements; \$57.0 million for projects at Samohi; \$13.5 million for Malibu High; \$6.0 for Olympic Continuation High School **and Child Development Services**; and \$24.5 million for construction of a new Edison Language Academy. This leaves about \$38.0 million **in money now available but unallocated, which is available for projects at all schools, and hopefully will be supplemented by additional funds.** ~~to be allocated for Middle School and Elementary School projects once the amounts of other funding, including State matching funds, become known.~~

The District received proposals from 35 architectural firms, 18 of which were interviewed and then site visits were made to check out the projects of the final six firms. Five of these firms were assigned to work on plans for specific sites: Samohi-R. L. Binder; Malibu High/Middle School, Cabrillo, Pt. Dume and Webster-HMC Architects; Edison-Daly Genik/IBI; Santa Monica middle and elementary schools northside-WWCOT; Santa Monica middle and elementary schools southside-Osborn/Konig-Eizenberg. The sixth firm, HED, is on hold. A District staff and Measure BB Advisory Committee recommendation to approve these selections and assignments will be on the 1/15/07 School Board agenda.

4. Update on GASB 45 - Post-Employment Benefit Actuarial Variation: Ms. Maez received the draft report from a Chicago firm and has reviewed their report. She explained that GASB 45 requires disclosure of liability, but not of the funding mechanism. In response to the question of whether disclosing that liability would affect our bond rating, she felt it probably would not affect it, due to our recent bond rating upgrade.

5. Special Education - Request for Qualifications (RFQ) and RFQ Process: The RFQ, list of vendors who received it and list of Special Education Review Process Committee members were distributed. This study was required by the City of Santa Monica; Ms. Torres is on the Committee.

Dr. Hodgson informed members that the RFQ involves a unique set of requirements and experience with Special Education programs, policies, practices and budgeting, and will require a team approach. An introductory pre-submittal meeting for interested firms will take place 11/2/07, with submittals due by 11/16/07, interviews on 12/3/07 and final selection on 12/5/07.

6. California Basic Education Data (CBEDs) Enrollment Update: The CBEDs reports were not available for the meeting but are being finalized and will be forwarded when finished. In addition to District staff's previous projected enrollment of <181> students, the actual enrollment count shows an additional decline of 92 students, for a total enrollment decline of <273> students.

7. Parcel Tax Update: On 10/25/07, a special Board Meeting was held with a recommendation from the Parcel Tax Renewal Feasibility Committee to place a ballot measure at the 2/5/08 Election. The Board approved this measure which would combine the current Measure "S" and "Y" parcel taxes, include a senior exemption for the entire combined amount, and an annual inflation adjustment on the Consumer Price Index for all urban consumers in the Los Angeles metro area (CPI-U), with no "sunset" clause. Three separate polls were conducted to test, among other things, two price levels, and the results were positive. The recommended approach could result in a modest loss in the early years due to the increased value of each senior exemption, but

over time the District would realize a net increase in revenue. As part of the new campaign, PTAs were asked to reserve money in their budgets and an organizing committee has been formed for a 30-day campaign after the holidays. Technical advisor firms have been interviewed but not yet selected. FOC Members requested staff to email the 10/25/07 Board Meeting Minutes.

FOC members agreed that the positive aspects of the District need to be emphasized in the campaign: the Measure BB Bond sale, the parcel tax Board item was passed unanimously, we continue to receive accolades, Edison and Muir now have API scores over 800, and a Samohi grad is now a Nobel Laureate, having worked on *An Inconvenient Truth*. Community meetings will be held next week in Santa Monica and Malibu to begin getting out the good news about the District.

8. 2007-08 Measure “S” Update: A copy of a memo to Dianne Talarico and Members of the Board of Education, *Measure “S” Senior Exemption from Parcel Tax - 2007-08 Error*, was distributed. There was an error this year in the translation of the senior exemption database records to the Excel spreadsheet, the format required by the L.A. County Assessor’s Office. The file used to transmit the information was not current and information sent was for the 2006-07 instead of the 2007-08 fiscal year. This glitch affected 358 out of about 3,800 of the parcels which are given the exemption. Information was immediately sent to owners of those 358 parcels, offering to refund the \$225 parcel tax upon receipt of their 2007-08 property tax bill, showing the Measure “S” charge. This amounts to \$80,550. The goal is to issue refunds prior to the 12/10/07 property tax payment deadline and Ms. Smithfield has been cross-trained to enter all affected senior citizens as vendors and to process those payments/refunds in the Carter-Pertaine financial system. In addition, there are 328 parcels in which property owners received exemptions, but should not have been. These property owners applied for and received exemptions in previous years, but did not return their forms by the 7/31/07 deadline. These exemptions resulted in a parcel tax revenue decrease of <\$73,800>. Several steps have been taken to prevent this error in the future, including an additional field in the database, written protocol and accuracy verification on a sample basis.

- B. Pending Board of Education Items with Financial or Financial Management Implications
FOC members requested that the 1st Interim Report be forwarded to them when the Board receives it.

V. New Business (for Discussion)

VI. Receive and File (*Limited Discussion*)

School Services of California, Inc: *Fiscal Reports: (9/28/07 & 10/12/07)*

SMMUSD: Our School Plan (*10/07*)

SMMUSD: Visual & Performing Arts - 2007-08

VII. Public Comments:

VIII. Agenda Planning for the Next Meeting: December 4, 2007

VIII. Adjournment. Meeting adjourned at 8:55 p.m.