



SMMUSD Financial Oversight Committee – Minutes-Amended

Date: Tuesday, November 10, 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, Gordon Lee [*Vice Chair*], Nimish Patel, Paul Silvern, Manel Sweetmore. Cynthia Torres [*Chair*], Carrie Wagner; (*Board Liaison*) Barry Snell; (*Staff*) Jan Maez, Dawn Smithfield
Absent: Patricia Hoffman and Jose Escarce (*Board Liaison*).

I. Call to Order

The meeting was called to order at 7:06 p.m. by Ms. Torres

II. Approval of Minutes 10/6/09

A motion was made by Mr. Lee and seconded by Mr. Patel to approve the Minutes. Motion passed unanimously.

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

A. Budget Update: Ms. Maez distributed the *SMMUSD Multi-Year Projection Unrestricted General Fund*. She explained how the State Fiscal Stabilization Funds (*SFSF*) are being used toward General Fund expenses. The previous deficit was approximately \$14 million, which has now been reduced to \$10 million due to the *SFSF* funds. All school districts in California are struggling now, some of which are in even greater financial difficulty, especially since the State applied an 18% deficit factor. FOC members felt that the public doesn't really understand the relationship between the State budget and SMMUSD's budget, and again stressed the need for a public information campaign about the State economy and how SMMUSD is affected.

Ms. Maez shared that staff is thinking about the implications of filing a "qualified" report for the 1st Interim period. If a qualified 1st Interim Report is filed, it would mean more oversight by LACOE and would require additional scenarios for further cuts and revenue enhancements. FOC members wondered about the ramifications of filing a qualified report, and how would it affect the possible parcel tax. They were also concerned about the way the 1st Interim Report is presented, and felt they should make a recommendation to the Board to help them make this decision. Ms. Maez pointed out the SSC Fiscal Report in the meeting materials, *Governor Signals \$7 Billion Current-Year Shortfall (11/13/09)*. There is a distinct possibility of State mid-year reductions. Ms. Maez said staff is already working on possible scenarios for cost reductions and explanations for the 1st Interim Report. In response to a question about bargaining agreements, she noted that a second mediation session with SMMCTA took place on 11/9/09, with the next one set for 11/18/09. Members believed that the dire budget situation should be shared with the unions, and Ms. Maez said the Multi-Year Projection information was given to them at the mediation session.

B. Recap of Workshop: Federal Funding and State Flexibility-Lessons Learned and Thoughts to Share: A copy of this information was distributed.

IV. Update from Subcommittees

A. District Revenue Enhancement (*J. Chu Reese, G. Lee, C. Torres, C. Wagner*): The subcommittee has been meeting and working hard to generate proposals. They handed out an updated *Initial Revenue Generation Opportunity Evaluation*, which listed eight revenue generating ideas, including the estimated potential revenue, whether the appropriate skill set exists in the District, the ease of implementation, and the overall rank. The first four proposals were the school funding measure/possible parcel tax, targeted fundraising for current cash needs, generation of licensing fees, and increasing the number of permit students. The purpose of targeted fundraising would be to preserve the District's current operations. Several other school districts are also engaging in active fundraising, particularly in their outreach to alumni at a greater magnitude than what's previously been done in SMMUSD. The District would have to invest in a professional Development Officer at a possible cost of \$250,000. The Revenue Enhancement Subcommittee will meet with a development officer who is familiar with the Westside.

The other four proposals included better utilization of District assets, creating a Special Education Center of Excellence, generating advertising fees, and an attendance campaign. Ms. Chu Reese met with Carey Upton and discussed renting out the Greek Theatre, which could bring in \$1 million per year for the summer series, but requires about 15 upgrades. The problem is that the potential capital may not be available until 2014. Members asked about utilizing targeted fundraising for the Greek Theatre, and Ms. Chu Reese said she will meet again with Mr. Upton. Advertising fees could be generated from banners at school sites, and naming rights on buildings is another source of revenue. Mr. Lee will arrange for the subcommittee members to meet with potential advertisers.

B. Review of Special Education Budget (*C. Hamilton, P. Silvern*): Mr. Hamilton said they're trying to get a handle on how best to control the growth of Special Education spending. Ms. Maez has met with Mr. Silvern and Mr. Hamilton, **along with representatives from SEDAC,** and their goal is to come up with a common set of reports with language being the same so it can be used by any of various groups, including the Special Education Task Force.

C. District Financial Strategy (*P. Hoffman, N. Patel, M. Sweetmore*): **Mr. Hamilton, Mr. Patel and** Mr. Silvern ~~and Mr. Carey~~ are ~~both~~ on the parcel tax committee, and met with Superintendent Cuneo regarding the need for a ~~P~~ublic ~~I~~nformation ~~O~~fficer **strategy to communicate the State/School District funding situation.**

V. Measure BB Update

Mr. Hamilton explained that the process is moving along. Much effort is going into the documents for preparation, how each project is procured, and Mr. Hamilton noted that the CEQA documents for middle schools have begun. Ms. Maez noted that there has been more wastewater discussion in the Malibu area. Mr. Snell said that Board Members are increasing their efforts to meet with the City of Malibu representatives to develop stronger relationships.

VI. Discussion/Action Items

A. Election of Chair and Vice Chair: It was moved by Mr. Silvern and seconded by Mr. Hamilton for Ms. Torres to continue as Chair for the 2009-10 fiscal year. A motion was made by Mr. Silvern and seconded by Ms. Torres for Ms. Chu Reese to take over as Vice Chair. Both

motions passed unanimously. The FOC meeting time was also discussed and it was agreed to keep the meeting time at 7:00 p.m.

B. Follow-up to 10/26/09 Board Meeting Item on District Strategic Plan Development: Ms. Torres summarized the meeting, noting that the Board discussed and agreed to hire the Gensler firm for the Strategic Plan. An FOC representative will be included on the steering committee. A comprehensive outreach effort will be made to reach all groups. Interviews will take place, that information brought back and distilled, then a round of further interviews will happen. Objectives and a list of priorities will be set with a deadline of one year to develop the Strategic Plan. Ms. Torres spoke with Jim Oswald of Gensler, who is willing to meet with some members of the FOC and the Superintendent regarding the process. Mr. Hamilton, Mr. Sweetmore, Ms. Chu Reece, and Ms. Torres all would like to be included in that meeting.

C. District Cost Reduction Strategies: Ms. Maez mentioned the District's Superintendent's Budget Advisory Committee (SBAC), which has been looking at possible cost reductions. At the last meeting, they spoke about district-wide class size adjustments, which could cut \$2 million. Cost reduction solutions can no longer be addressed only by attrition, but may require layoffs. A collective bargaining solution might include furloughs or salary reductions. One possibility is to reduce the school year by five days, with up to eight furlough days for teachers and even more furlough days for classified staff.

D. Preparation for Joint Meeting with the Board of Education – 11/19/09: This is a regular Board Meeting, and will include a session with the FOC and the SBAC, which has been time stamped for 7:00 to 8:00 p.m. In addition, there will be a televised public meeting on 11/21/09, which will allow the Board to continue the discussion and also allow the public to understand the seriousness of the financial problem. Ms. Maez is not sure about the format, but understands it to be similar to a regular Board Meeting, with one item – the budget. That meeting will take place from 9:00 a.m. to noon in the Board Room. The draft list of reductions should be presented at that meeting. FOC members will speak about revenue enhancement, philosophy on the budget, using up the District's reserves in 18 months and will make other points about the District's financial condition.

E. FOC Social Event in December: Cynthia has graciously offered her home for a social (not business) event for FOC members and their significant others to attend from 3:00 p.m. to 5:00 p.m. on 12/6/09. She'll provide appetizers, main courses and soft drinks and has asked members to bring either a bottle of wine or dessert to share.

VII. Receive and File

- School Services of California, Inc: *Fiscal Reports (10/2/09 & 10/16/09)*
- Various SSC Reports (*to be published 11/13/09*)

VIII. Public Comments

IX. Agenda Planning for Next Meeting: 11/19/09 Board Workshop
12/1/09 FOC Meeting

X. Adjournment

Meeting adjourned at 9:38 p.m.