



SMMUSD Financial Oversight Committee Minutes

Date: Tuesday, November 30, 2010

Time: 7:30 pm to 9:00 pm

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

I. Call to Order

The meeting was called to order at 7:34 p.m. by Ms. Wagner.

Committee Members:

Carrie Wagner, Chair
Joan Chu Reese, Vice Chair
Craig Hamilton
Patricia Hoffman

Nimish Patel
Paul Silvern
Cynthia Torres

Board Liaisons:

Jose Escarce
Ralph Mechur

Staff:

Jan Maez
Kim Nguyen
Dawn Smithfield

Public:

Tom Larmore

Absent:

Gordon Lee

II. Approval of Minutes 11/16/10

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

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

A. PDMSC Update: A copy of the staff report to be presented December 2, 2010 to the Board with staff recommendation to deny the Pt. Dume Charter Petition was discussed. The report was previously emailed to the FOC. Ms. Maez explained that staff will recommend the Board deny the Charter as it was presented because the petitioners are demonstrably unlikely to successfully implement the program. Promises made in the petition appear to be difficult and challenging to meet and maintain such as the expected enrollment growth and the founding teachers' salary commitments. Other areas of concern include lack of food services and how mirroring will be achieved. The largest area of concern however, is with the financial and operating plan. Section B of the factual findings report addresses the 16 elements that a charter petition must address. Another issue is the inconsistent application of the enrollment to average daily attendance ratio. The goal stated 93% but 95% was used in one instance and a range from 90-95 in another. The actual site ratio is only 91%. Fundraising and lack of documentation for community support, lottery, class size reduction, cash (in revenue area), and salary and benefit projections will also be addressed in the presentation. Projections of existing salaries for founding teachers are understated. The other major salary and benefit issue is

the current fundraising efforts pay for about \$190,000 in a variety of support in the area of certificated, marine science teacher, art, P.E., etc. These salaries are not included in their budget. Books and supplies appear to be underfunded by about \$10,000. In the supply area, the petition does not foot and add forward. Legal services were allocated at \$800/year which is considered unrealistic. Staff developed three different scenarios based on adjustment to their budget. The bottom-line is in the first year of operation is that they will have a negative \$273,474 fund balance in Scenario 1. Scenario 2 removes the fundraising efforts. The last scenario is everything in the first two with their revenue adjusted to more realistic enrollment projections and staffing. The balance of the staff report addresses the 16 elements required for charter approval. There are curricular and instructional issues that need to be identified. They are not demonstrably certain that they will be able to deliver the same program.

Staff reviewed the current funding of the site. Pt Dume students directly bring in revenue from ADA, lottery, and class size reduction but there are more costs at the school than revenue. School revenue is \$1,341,350 and expenditure is \$1,519,011. The FOC plans to make a statement during public hearing that the financials were reviewed by the committee with staff and that the FOC concurs with the staff report.

- B. Budget Update: The Fiscal Report and Editorial Comments regarding 2010-11 Governor's Budget were enclosed with the FOC agenda packet. The First Interim report will be on the December 9, 2010 Board Agenda. The report will show an updated 3-year projection and results in positive certification.

IV. Update from Ad Hoc Committees

- A. Researching District Revenue Enhancement (*G. Lee, J. Chu Reese, C. Torres*): Ms. Chu Reese reported that the ad hoc committee had a meeting set up with Education Foundation to discuss long term strategy.
- B. Reviewing Special Education Budget (*C. Hamilton, P. Silvern*): Mr. Silvern indicated that there will be no report this month. A report after the 1st Interim will be presented to the SEDAC/FOC ad hoc committee.
- C. FOC Interviews (*C. Hamilton, G. Lee, P. Silvern, J. Chu Reese*): Ms. Chu Reese will replace Ms. Wagner and Mr. Lee will Chair the ad hoc committee. Dr. Escarce will participate in the interview process as an observer. The ad hoc committee consists of four (4) members. If there is a tie, the ad hoc committee will bring it to the FOC for a tie-breaker vote.

V. Discussion/Action Items

- A. FOC Mission Statement: The committee discussed revising the mission statement. Mr. Silvern advised that the mission statement was originally crafted under the Board's direction and the FOC may need to make request through the Board for any revisions. A few suggested revisions include: #1 be subsumed, combined, or switched with #3; combine #1 and #2; preserve or streamline by retaining only the first sentence in #4 (about Measure R) as it is very long; and take out "oversight" in #6. Mr. Silvern pointed out that the Master Facility Use agreement provides language where the Superintendent and City Manager are to provide the public with information but the contract language does not mention oversight. The intent is that if there are changes to the contract, the FOC may have input on the terms and mechanics. The contract will be out of extension

options in 2012. There were no revisions to #7, #8, and #9. There is an issue on Y and YY looking at both of them together or separately. Mr. Mechur suggested that the FOC look into interim memorandum of understanding (MOU) because City Council discussion may take time to figure out the mechanics.

Mr. Patel informed the FOC that there is a junior at SAMOHI who is interested in being a student liaison to the committee. Ms. Hoffman stated that there were student seats on the committee in the past. The FOC would like to invite the student to attend the next meeting as an observer.

- B. FOC Committees Discussion: A committee on comparing districts and educating general public on school finance was suggested. Ms. Torres indicated that the FOC previously went to the Board for a charge on the three (3) existing committees. If the FOC wants to add a new committee, the FOC would need to go to the Board again with the change. Ms. Hoffman stated she would like to see several educational sessions on school finance. Ms. Chu Reese believes that it would be good to provide the sessions to the public now. Mr. Silvern suggested that with the strategic plan coming out and with Y and YY support, it could be an opportunity to thank the public and demonstrate how we are going to use the educational dollars. Ms. Wagner and Ms. Hoffman expressed interest in being a part of that committee.
- C. Open Process to Replace FOC Members / Reappointment of Terms: An open process for applications will be established due to Mr. Patel's election to the Board, Mr. Sweetmore's resignation, and term ending on December 31, 2010 for Mr. Silvern and Ms. Hoffman.
- D. Nursing Positions Proposal: The Board had received a report on nursing staff at their last meeting. The presentation was in a different format, more abbreviated version, than how it had been presented in the past. The Board did not take any action as it was not an action item. At the Board meeting, there was discussion on how the reduction of two nursing staff has impacted the district. Nursing staff advocated to the Board to restore both positions. Dr. Escarce stated that using registered nurses exclusively may not be the optimal solution. He pointed out that Las Virgines has 16 schools and 18 FTEs, we have 9 FTEs for 16 schools. Dr. Escarce asked if the FOC would support the notion that healthcare delivery be reconfigured. Ms. Torres indicated that there may be a role for FOC as topic areas surface such as health services or library.
- E. Strategic Plan Update: No Report.
- F. Reminder of Holiday Social Event: 3:00 p.m. – 5:00 p.m. on Sunday, December 5th at the residence of Ms. Torres.

VI. Receive and File (Limited Discussion)

- A. *SSC Fiscal Report: Editorial Comments Regarding the January 2010-11 Governor's Budget (12/03/10)*

VII. Public Comments: None

VIII. Next Meeting: January 18, 2011 from 7:00 p.m. - 9:00 p.m.

IX. Adjournment: Meeting adjourned at 9:13 p.m.