



## **SMMUSD Financial Oversight Committee Minutes**

**Date: Thursday, October 11, 2012**

**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**

The meeting was called to order at 7:04p.m. by Ms. Wagner.

Committee Members: Carrie Wagner, Chair                      Craig Foster  
Daniel McGee    Paul Silvern  
Shelly Slaugh Nahass    Cynthia Torres  
David Vukadinovich

Board Liaisons:                      Jose Escarce arrived @ 7:20p.m.

Student Members:                      Emma London, Malibu HS

Staff:                                      Jan Maez                                      Kim Nguyen

Absent:                                      Elliot Baumohl, SAMOHI                      Laurie Lieberman  
Craig Hamilton    Tom Larmore  
Gordon Lee    Patricia Hoffman  
Nimish Patel

Public:                                      Linda Greenberg Gross – Ed Foundation  
Heidi Kleis – SMMCTA left @ 7:15pm

### **II. Approval of Minutes                      September 13, 2012 meeting**

A motion was made by Mr. Silvern and seconded by Mr. Foster to approve the September 13, 2012 Minutes. The motion passed unanimously. Mr. Hamilton, Ms. Hoffman, Mr. Larmore, and Mr. Lee were absent.

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

- A. Budget Update: Ms. Maez reported that Proposition 30 was polling a little bit better than Proposition 38 at this time. Senior Cabinet has begun an extensive conversation about 2013-14 budget development process. They plan to begin in November with pathway meetings similarly to past conversations to educate, inform and bring constituents together. The group will include representations from every single school and will include teachers, classified employees, parents and students. The Governor is expected

to propose a new budget in January 2013 based on projection of revenues for next year and implications of the results of the November election.

- B. Measure ES Update: Ms. Maez reported that Superintendent Lyon sent an open letter to the Santa Monica and Malibu Communities on October 11, 2012. She described that within the bond measure, there was a 20% committed allocation (approximately \$77M) for Malibu. At the October 4<sup>th</sup> Board Meeting, a structure of a decision making body for the Malibu allocation was discussed. At the October 18<sup>th</sup> Board meeting, the item will come back to the Board for action. Feedback loops are critical to this structure to ensure the Malibu Community helps set direction for projects. The technology endowment portion of the bond is about \$20M or \$25M. That amount will be determined after the bond is passed in November. That allocation will provide a sustainable source over time to implement a technology plan for our schools. The largest amount is for SAMOHI. During the August 1<sup>st</sup> Board presentation, Mr. Stuart Sam outlined the remaining facility needs of the district.
- C. Cash-flow implications if Prop 30 passes: Ms. Maez reported that up until January, there is no difference in cashflow implications if Prop 30 passes because the State was currently paying the District as if the tax measures do not pass. The State is setting aside money if the Measure should pass. The District will get an influx of cash in June but the deferrals would be larger amounts in July and August. At the request of Los Angeles County Office of Education of all districts, the District is running two separate sets of cashflow to see what the cash positions would be. The District has \$10M cash from TRANS available and was not experiencing a severe impact although cash balances were declining every month. Projections show that even if the measure fails, the District will have sufficient cash at the end of the year. It is during 2013-14 that cashflow get “dicey”. The District can borrow between funds with the exception of bond funds. There is room to borrow from redevelopment fund, developer fee fund, and almost \$2M cash in fund for retiree benefits.
- D. Mandate “Block Grant” Program: Ms. Maez reported that the District’s decision was to participate in the block grant program. At a County Chief Business Officer meeting, a show of hands indicated approximately of the 90% of the CBOs in attendance were opting into the block grant program.
- E. Labor Negotiations Update: Ms. Maez reported that Management met with Classroom Teachers Association (CTA) in three (3) sessions. They have taken the big issue of what do we do if Prop 30 fails and are working on a process to establish options of what can happen around labor negotiations should that occur. There are several committees working on the details of those options. There was a two-day training with Service Employees International Union (SEIU). At least 18 employees with representation from across the District from the Union and Management were in attendance.

#### **IV. Discussion/Action Items**

- A. FOC Ad Hoc Subcommittees: The FOC discussed the addition of District Fundraising and Local Business Partnership as suggested by Boardmember Escarce at the June 7, 2012 Board / FOC joint meeting and continuing the work of Comparative District Research on Financial Practices. The FOC suggested that the comparative district research previously compiled might be updated by an intern. Ms. Maez will look into that suggestion.

#### **V. Update from Ad Hoc Committees**

- A. Nomination Committee (*S. Slaugh Nahass, C. Torres, P. Hoffman, C. Foster*): Ms. Slaugh Nahass reported that the nomination ad hoc committee started. There were two (2) applications received. The goal was to submit a recommendation to the Board in November and have the new appointees at the January 2013 FOC meeting.
- B. Superintendent Advisory Committee (SAC) (*D. Vukadinovich*): Mr. Vukadinovich reported that the last meeting was on September 24, 2012. The task committee from the Superintendent Advisory Group comprised mostly of PTA presidents, principals, board members and Ed Foundation brought everyone up to speed on the previous year's work. The meeting was open to the public although not a Brown Act committee because it was brought forward by the Superintendent and not by the Board of Education. The master agreement between the District and Ed Foundation is in progress with specific timelines, a naming policy, gift recognition policy, and redefined role of Foundation Board are some of the activities that are occurring. The FOC was informed of the \$4.8M gift recently received by the Ed Foundation. The dollar a day campaign is in November.

Ms. Greenberg Gross commented that there was confusion between the goal of \$1M versus \$4M needed by January 2014. After discussion with the Superintendent, it would be much clearer if it was stated that the goal is \$4M by January 2014 and going forward, \$4M annually. The Ed Foundation has not sent their annual appeal letter because Ms. Greenberg Gross is holding until after the November election.

- C. Per Pupil Budgeting (*C. Wagner, C. Foster, P. Hoffman, S. Slaugh Nahass*): Ms. Wagner reported that the ad hoc committee will meet in the next month.
- D. Detailed Budget Review (*C. Hamilton, G. Lee, C. Torres, D. McGee*): Ms. Torres reported that the ad hoc committee met with Ms. Maez on October 10, 2012 regarding the scope of the committee. It was regarded that the financial reporting from Palo Alto Unified School District is the "best practice" example as it is nationally recognized reporting of 333 pages. The committee plans to conduct internal interviews with a few key administrators. Identified financial topics included looking at reserves to comparative districts, comparative class sizes, revenue strategies, supplemental hourly programs such as summer schools, comparative health benefits for employees and comparative teachers' salary schedules and structures.

Mr. Foster asked how to communicate Keygent presentation at the last meeting to the Board. Ms. Maez responded that copies of the presentation could be forwarded to the Board through their weekly Friday packet.

Ms. Wagner asked that the committee looks at the budget so that it would be clear to other members.

- E. Malibu Unification (C. Foster, T. Larmore, P. Silvern, D. Vukadinovich, E. Baumohl, E. London): Mr. Foster reported that the ad hoc committee was waiting for a non-preliminary report from WestEd that will be circulated to the FOC.

**VI. Receive and File (Limited Discussion):**

- A. 2012-13 Senior Exemption from Measure R Parcel Tax
- B. Statement on District-wide community service requirement for graduation (*from public comment at 9/13 meeting and email dated 9/18/12*)
- C. Open Letter to the Santa Monica and Malibu Communities from Superintendent Sandra Lyon

**VII. Public Comments:** None

**VIII. Next Meeting:** November 7, 2012 - 7:00 p.m.

**Adjournment:** It was moved by Mr. Foster and seconded by Mr. McGee to adjourn at 8:15pm. The motion passed unanimously. Mr. Hamilton, Ms. Hoffman, Mr. Larmore, and Mr. Lee were absent.