



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

Minutes - Amended

February 6, 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*], Craig Hamilton, Patricia Hoffman, Denny Kernochan, Cheryl Stecher [*Co-Chair*], Cynthia Torres. (*Board Liaisons*) Maria Leon-Vazquez, Kelly Pye. (*Staff*) Virginia Hyatt, Harry Keiley, Dawn Smithfield, Superintendent Dianne Talarico. (*Public*) Barbara Inatsugu, Jim Jaffe, Dan Kreinbring & Charles Terhune [*SGI*]. *Absent:* Carolyn Galantine, Gordon Lee.

I. Call to Order

The meeting was Called to Order at 7:10 p.m. by Chair Paul Silvern.

II. Approval of the Minutes:

A motion was made by Ms. Torres and seconded by Ms. Stecher to approve the Minutes from the 1/9/06 Meeting. Motion passed unanimously.

**III. FOC Priority Policy Issues (*Primary Discussion Items*)
(*Held for Future FOC Meeting*)**

IV. Discussion with Superintendent Dianne Talarico

A. Hiring of Interim CFO, Steve Hodgson

Dr. Stephen Hodgson has been hired as Interim CFO through 6/30/07. He retired from Glendale USD and is finishing up an Interim CFO assignment at Pasadena USD. He was unable to attend the FOC meeting, but has previously met with Mr. Silvern. Superintendent Talarico opined that he is very approachable, experienced and knowledgeable, including experience with facilities bonds, budget advisory committees and has a good working relationship with LACOE staff.

B. Status of Recruitment for Permanent CFO

Superintendent Talarico distributed a 2/1/07 draft of the *Search Timeline* and showed the draft brochure from the search consulting firm, School Services of California, Inc; the SSC contact is Maureen Evans. Superintendent Talarico requested that at least two FOC members volunteer to be on the interview committee; interested members should email Mr. Silvern. The initial interviews are scheduled for 4/17/07, with the chosen candidate to begin on 7/1/07. Superintendent Talarico will find out what national recruitment efforts are being made and has asked for applicant recommendations from Interim CFO Steve Hodgson and Anthony Bridges, Executive Deputy Director of FCMAT.

- C. Fiscal Crisis & Management Assistance Team (FCMAT) Review and Recommendations
Superintendent Talarico explained that Anthony Bridges, Executive Deputy of FCMAT, should have its Management Letter to Steve Hodgson by 2/8/07 and it should be posted on the District's website by 2/13/07. She will request that Mr. Bridges present the FCMAT Report at the 2/15/07 Board Meeting, and further clarified that the AB 1200 will be presented for discussion at the 3/1/07 Board Meeting with action to be taken at the 3/15/07 Board Meeting. Members discussed the possibility of having an extra FOC meeting before the end of February with a request for Steve Hodgson to attend that meeting. Mr. Silvern explained that whether the District needs a Recovery Plan for the AB 1200 is a function of the Report, and that if expenditures can be shifted to cover the minimum 3% Reserve through FY 2008-09, there may not be a need for a Recovery Plan.

Deadlines and timelines were questioned by members, especially in regard to teacher layoff notification letters and the possibility that LACOE may require the 5% teacher salary increase to be reflected in the 2nd Interim Report, even though that Report technically reflects the District's financial condition as of 1/31/07. Superintendent Talarico has requested principals to give a list of non-renewals for those new and temporary teachers who have been given support, but not lived up to expectations. Members felt that it would be reasonable to include the Tentative Agreement costs in the 2nd Interim Report. Mr. Keiley believed that the normal processes of teacher attrition, retirement and reduction in hiring would be enough to offset the need for layoffs.

- E. Recommendations for Future Size of the District
Superintendent Talarico said there was a discussion at the last Board Meeting in Malibu about the declining enrollment trend, how it affects overall staffing levels, and what size the District should be. This generated an emotional response, especially in regard to the permit policy, but she did not want the permit policy to drive the discussion of the District's size. She wanted to begin a dialog with the Board about the size of the District and get answers before the Measure "BB" expenditures associated with the Facilities Master Plan, including what should be done in Phase I as well as 20 years into the future, are made public. There were differences between enrollment projections from FCMAT, Schoolworks and Dr. Staine. In addition, due to inconsistencies in the capacity study by Harley Ellis Devereaux (HED) (e.g., some dedicated rooms were not counted, yet some closets were counted as rooms), she promised the principals and administrators that a "walk-through" at each school site would be done to ensure consistency and accuracy for capacity reporting. Members were concerned that enrollment data and capacity were not specific and accurate enough, and that HED criteria excluded classrooms under 600 sq. ft. in compliance with State and District standards, which may be out of date. Capacity could also be affected by Special Day Class (SDC) and Resource rooms which are on at some sites, and the FMP plans call for these to be equal at all sites. Members also felt that the size of the District must include some discussion of the permit policy. Superintendent Talarico said the District enrollment has decreased by 940 over the past few years, but if that continues, the District would be unable to provide the same level of services and programs we currently provide. If enrollment drops below 11,000, the overhead would exceed the revenue generated. Members have been concerned for a while about the need to align staffing with declining enrollment and encourage the Board to get the right tools to manage the District finances (e.g., staffing ratios, correct enrollment projections).

- F. Upcoming Negotiations with the City of Santa Monica
 At the Superintendent's request, Mr. Silvern participated in the initial meeting with City Manager P. Lamont Ewell and his staff, Mayor ~~Blum~~ **Bloom**, Superintendent Talarico and Board Members Wisnicki and de la Torre. Members cautioned about becoming involved in political factions, who should do their own talking with City Council members and help prevent the Superintendent from being blindsided, as had happened in the past. It was suggested that the Measure "S" report be provided to the City, and that an account code be created in the future specifically for City monies. It was suggested that the City Council be reminded about the good things about the District, such as improving test scores, how realtors promote buying real estate in Santa Monica relative to its good schools, and compiling a list of graduates who have been accepted to two and four year colleges and universities.
- G. Status of Measure "BB" Implementation
 A Board Workshop will take place in late February/early March to discuss the Facilities Master Plan (FMP) policies and to come up with a framework for Phase I priorities as indicated by community meetings. The Superintendent met with the new Measure "BB" Facilities Advisory Committee, comprised of Dennis Crane, Gleam Davis, Craig Hamilton, Ralph Mechur, Laura Rosenthal, Dave Reznick and Barbara Stinchfield. HED prepared a spreadsheet on each school with a list of projects and priorities; the principals reviewed them and gave feedback to Superintendent Talarico who will share that with staff and HED. Then the information will be re-sent to the principals to list their top two priorities. So far, highest priorities seemed to be kindergarten classrooms, shade structures, security/safety issues and relocatable classrooms. FMP includes a survey of students who want cleaner bathrooms and working lockers and water fountains.
- V. **New Business (for Discussion)**
Measure "S" Appeals
 Ms. Smithfield gave a report on the number of Measure "S" Senior Exemption appeals submitted for 2005-06 and 2006-07 and one-time refunds given. There were 25 refunds in 2005-06 totaling \$5,625 and 26 refunds in 2006-07 totaling \$5,850. It was suggested that Ms. Smithfield give that information to the District's Auditor, Roy J. Blair, to include in his 2006-07 Audit Report.
- VI. **Receive and File (Limited Discussion)**
 School Services of California, Inc:
Governor's Proposals for the 2007-08 State Budget and K-12 Education
Fiscal Reports: (12/15/06) and (1/5/07)
 EdSource Article (1/07): *Trends and Comparisons in California School Finance*
- VII. **Public Comments:**
 Barbara Inatsugu, Jim Jaffe
- VIII. **Agenda Planning for the Next Meeting:**
 March 6, 2007
- IX. **Adjournment.** Meeting adjourned at 9:25 p.m.