



SMMUSD Financial Oversight Committee – Minutes

Date: Tuesday, March 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*) Cynthia Torres [*Chair*], Joan Chu Reese, Craig Hamilton, Patricia Hoffman, Gordon Lee [*Vice Chair*], Nimish Patel, Paul Silvern, Carrie Wagner; (*Board Liaison*) Jose Escarce; (*Staff*) Jan Maez, Dawn Smithfield, Board Member Ben Allen; (*Public*) Janis Gabbert; Absent: Patty Mulvey, Barry Snell (*Board Liaison*)

I. Call to Order

The meeting was Called to Order at 7:08 p.m. by Ms. Torres. She introduced our new FOC member Nimish Patel, noting that he is a partner in a law firm, with prior CPA experience and children in SMMUSD. The other FOC members introduced themselves and gave their backgrounds.

II. Approval of Minutes: A motion was made by Mr. Silvern and seconded by Mr. Hamilton to approve the Minutes from the 2/10/09 meeting. Motion passed unanimously.

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

- A. 2008-09 Second Interim Report: Ms. Maez explained the four reporting periods: First Interim, Second Interim, Unaudited Actual, and Audit Report, noting that the budget must be adopted by 6/30 each year. This year, due to the state's budget delay, the Second Interim Report used assumptions from the Governor's January Budget, which have changed dramatically. In response to a question about the status of the City of Santa Monica-SMMUSD Joint Use Agreement, Ms. Maez responded that a letter will be sent to LACOE with the Second Interim stating that meetings have taken place and it appears an agreement is being reached, keeping the agreement as it currently is, using the same CPI adjustments. She reported that there have been positive discussions and that the new agreement is expected to go before the City Council soon for approval.
- B. Follow-Up and Recap of Board Budget Workshop: FOC members commented that the workshop was very productive and helped to raise the understanding of the budget. They commended staff on the workshop materials and hoped for more budget workshops before budget adoption. FOC members appreciated Ms. Leon-Vazquez's request that school sites look for alternative ways to reduce the budget, as well as Mr. Allen's similar request of the District Advisory Committees (*DACs*). Ms. Maez explained a trend analysis that showed that \$700,000 was over-budgeted in Special Education positions. It was noted that programmatic recommendations will come from the Special Education working group. The FOC's Special Education Subcommittee will try to find out how the overbudgeting of Special Education positions occurred, and if the District has used outside contractors instead of filling positions. Ms. Torres will forward to the Subcommittee a copy of her notes from her and Ms. Hoffman's meeting with Tim Walker. It was suggested that Ms. Torres should write a letter to the media supporting the Budget Workshop and its outcome. Ms. Maez announced the newly-formed Superintendent's Budget Advisory Committee.

There will be a first meeting on 3/25/09 of the Committee, which will include representation from both unions, as well as teachers, principals, Ed Services, SMMEF, PTA, FOC, and staff from Maintenance and Fiscal Services. Members were in support and also suggested a bilingual community member.

Members discussed the need to make recommendations about a revenue enhancement plan, pointing out that the Budget Workshop had primarily focused on budget reductions. This suggestion was referred for further discussion to the Public Education Program Related to District Finances Subcommittee. (It was requested that a list of the subcommittees and members be emailed so that our new members may be added to one of the subcommittees.) Members also requested that central office departments should prepare reduction targets for the CFO with a deadline for those responses. Fundamental and structural changes were discussed (i.e., closing schools, changing elementary schools to K-8) as a way to deliver the same services at less cost. FOC believes everything should be reviewed, especially when looking at declining enrollment at sites.

- C. Federal Stimulus Dollars: Ms. Maez advised members that its not certain when funds will be distributed as the State can retain the funds for six months before they begin to distribute, and can take up to two years. Although these are dollars we should be expecting, until the State begins making payments we should not rely on this funding. She further noted that the most reliable information at this time is that Title I funds may be \$820 more per pupil, but clarified that Title I funds are categorical, not General Fund money. Since this is one-time funding, federal stimulus dollars should not be used for ongoing expenditures. SMMUSD's share may be over \$2 million over two years, and this money may be more directly related to the General Fund. It was discussed that the District may need outside help to apply for U.S. Dept. of Education funds, for which there is a lot of competition, and which may require detailed knowledge, paperwork and follow-up to the application.

IV. Update from Subcommittees:

- A. District Bond Program: Ms. Maez informed the FOC of a Board item scheduled for 3/19/09 to adopt a Resolution for Tax and Revenue Anticipation Notes (*TRANS*) with Keygent. This action authorizes short-term loans that must be paid back within 12 months and is needed for cash flow needs due to the State deferring apportionments.
- B. Review of Special Education Budget: No report.
- C. Public Education Program Related to District Finances: No report.

- V. **Update of Status of the Measure BB Facilities Bond Program**: Mr. Hamilton reported that due to her City Council appointment, Gleam Davis had resigned from the Committee, and he is now the Chair. He stated that much progress has been made on the development of projects, some to begin this summer. Ms. Maez said that the DSA may approve changes to the Adams parking lot next week. There is a need to strategize about ~~and build~~ escalation factors built into the budget, which may be reduced ~~for possible allocation~~ and reallocated to projects. This needs to be done systematically to ensure equity across the

district, especially for add alternates (projects included in core program with no budget). Funds may need to be kept until the end of the project for possible seed money in the future; this will be discussed at the next Measure BB Committee meeting. Efforts are being made to include the Samohi in the Civic Center Plan Joint Use Project with in the City of Santa Monica as the #Redevelopment #Agency's next five year capital plan. The new science and technology building is already funded.

VI. New Business (for discussion):

- A. Santa Monica High School Reorganization: Ms. Maez stated that senior staff is working with various groups at Samohi, including SCORE, other administrative groups and students, to look at alternative ideas rather than just eliminating one House. Members were concerned that each plan serves one group, that only one plan has been publicized, but would like all plans to be presented to the Board for consideration. They were supportive that Samohi is trying to come up with alternative ideas on how to save \$550,000 instead of closing one House. Members suggested that these ideas should be agendized for discussion at an upcoming Board Meeting.
- B. Reducing District Contracts: A copy of a spreadsheet, *Account Number 58xx*, detailing the District's various contracts by location, was distributed. Members requested a future report with more detail.
- C. Development of Prioritized Expenditure Reduction Lists: Tabled for next FOC meeting.
- D. Projected District Reserve Levels: Tabled for next FOC meeting.
- E. District Strategic Plan Development: Ms. Maez spoke with Superintendent Cuneo, who thinks that this may happen in the fall. Ms. Torres, Ms. Hoffman, Mr. Hamilton and Ms. Chu Reese would like to be included in the meetings.
- F. Alternative Compensation Models: Members of the *Public Education Program Related to District Finances Subcommittee* should contact Mike Matthews regarding alternative models for compensation.
- G. Scheduling of Additional Budget Workshops and FOC Meetings: Ms. Maez noted that an additional budget workshop with the FOC will be scheduled, possibly for 5/5/09.
- H. Measure BB Audit Report: A copy was distributed; members noted it was a clean audit. They requested that future reports be forwarded to them in January at the same time as the regular and Measure R audit reports.
- I. Discussion of Replacement Member to the FOC: A draft Board item for 3/19/09, *Replace Member on the Financial Oversight Committee*, was distributed due to the resignation of Patty Mulvey, who is relocating. The interview panel again stated they were very impressed with Manel Sweetmore. A motion was made by Ms. Hoffman, and seconded by Ms. Wagner, to nominate Mr. Sweetmore to replace Ms. Mulvey on the FOC. Motion passed unanimously.

VII. Receive and File (*Limited Discussion*)

- Updated Roster
- School Services of California, Inc: *Fiscal Reports (2/6/09 and 2/2/09)*
- *Education: California to Receive Large Boost in Federal Funding for Education*

VIII. Public Comments: A copy of a letter from Susan J. Hartley, Esq. regarding interdistrict permits was distributed in the meeting packets.

IX. Agenda Planning for Next Meeting: April 21, 2009

X. Adjournment: Meeting adjourned at 9:28 p.m.