



SMMUSD Financial Oversight Committee – Minutes

Date: Tuesday, March 9, 2010

Time: 7:00 pm to 9:00 pm

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

Attendance: (*Committee Members*) Craig Hamilton, Paul Silvern, Manel Sweetmore, Cynthia Torres [*Chair*] and Carrie Wagner. (*Staff*) Jan Maez, Dawn Smithfield. (*Board Liaison*) Ralph Mechur. *Absent: Joan Chu Reese [Vice Chair], Patricia Hoffman, Gordon Lee, Nimish Patel, and Jose Escarce (Board Liaison).*

Call to Order

The meeting was called to order at 7:12 p.m. by Ms. Torres.

Approval of Minutes 2/9/10

A motion was made by Mr. Silvern and seconded by Ms Wagner to approve the Minutes, as amended. Motion passed unanimously.

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

A. Budget Update: Ms. Maez told FOC members that she and Pat Ho had met with all school principals regarding their sites' budgets. They're reviewing how much support is being given to each site for possible reductions. She explained that each staff has its own staffing allocation and formula money.

Ms. Maez also spoke about the 2009-10 Second Interim Report, which is being submitted for approval at the 3/18/10 Board Meeting. She will recommend that we submit to LACOE a Qualified Certification, rather than risk having LACOE reject our Second Interim Report and assign the Qualified Certification. The reason is that although we'll be able to meet our fiscal responsibilities in 2011-12, our financial projections must extend through that year. For the two out years, we are positive only because the \$8.9 million dollar reduction plan is included, and this plan does not have Board approval. Ms. Maez reported that if we self-qualify, a 2009-10 Third Interim Report is required by LACOE. The Board has discussed expenditure reductions for the past few months, but has not approved those reductions. If the Board had approved the \$8.9 million in reductions, Ms. Maez would press for a Positive Certification on the Report. FOC members encouraged the Board to take action on the reductions prior to the Measure A parcel tax initiative in the May Election. Members have researched other districts' websites, including those with upcoming parcel tax elections, and those districts' websites already list their Board-approved expenditure reduction plans.

B. Certificated Employee Early Retirement Responses: The early retirement incentive needed a minimum of 20 certificated employees to apply in order to be feasible, and 24 employees applied for the early retirement incentive.

C. Recap of 3/4/10 Board Meeting and Layoff Notices: The Board approved the AB1200 for both SMMCTA and SEIU. The SMMCTA AB1200 included a zero percent (0%) increase for 2008-09 through 2010-11, five unpaid furlough days in 2009-10, five unpaid furlough days in 2010-11 and no changes to health benefits from 2008-09 through 2010-11. The SEIU AB1200

included a zero percent (0%) increase for 2008-09 and 2009-10, five unpaid furlough days in 2009-10, five unpaid furlough days in 2010-11 and no changes to health benefits from 2008-09 through 2009-10. The Board also agreed to form a health benefits committee, and to meet to discuss an early retirement incentive for SEIU members. The Board also ratified the agreement with non-represented employees, which will include a zero percent (0%) increase for Management, Supervisory and Confidential employees in 2009-10 and 2010-11, five unpaid furlough days in 2009-10 and five unpaid furlough days in 2010-11. Superintendent and Senior Management compensation will be adjusted downward the equivalent of six days while the number of contract days remains the same. In 2009-10 and 2010-11, the Superintendent's automobile/phone/housing allowance will be reduced by 10% and the performance bonus will be waived. The 2009-10 Second Interim Report will include the savings from the five furlough days in 2009-10 and 2010-11, but not for 2011-12 as they haven't yet been negotiated.

IV. Update from Subcommittees: This was tabled to the next FOC meeting.

V. Discussion/Action Items

A. Measure R Annual Plan: Ms. Maez went over the Measure R requirements for the annual plan. The District must have the subsequent fiscal year's Measure R Annual Plan available for public review 90 days prior to budget adoption, then the Board holds a public hearing 60 days prior to budget adoption to allow for those public comments, then the FOC sends its comments to the Board 30 days prior to budget adoption. The Annual Plan will be posted on the District website by 3/18/10, and the public hearing will happen at the Special Board Meeting on 4/18/10. The FOC will review and prepare comments at the May meeting.

B. Preparation for 3/18/10 Board Budget Workshop (Cost Reduction Strategies): Ms. Maez spoke with Superintendent Cuneo, who felt the Board needs another separate budget workshop to prioritize the reduction list; he encouraged the FOC to attend. No dates have yet been set, but Ms. Maez believed the Saturday morning workshops have been very productive. FOC members stressed the need for long-term cuts for 2011-12 and 2012-13. They felt, for planning purposes, we should budget with the assumption that the parcel won't pass and noted that even if it does pass, there is still a deficit of almost \$5 million. We need to be transparent and plan for the worst case scenario, and if the parcel tax passes, some items can be added back. The Final Budget is due to be adopted on 6/18/10, which doesn't leave much time after the parcel tax election on 5/25/10. Members would like to have a prioritized expenditure reduction plan, with direction in order to get to a positive ending balance. They're also concerned about the May Revise, noting that the State reductions could increase. The problem with the current reduction list is that it doesn't provide enough choices for the Board, with possible trade-offs. Members have researched other school districts to get ideas about reductions and revenue enhancement. Ms. Maez said that we'll show how we're spending our Tier III funds at the 3/18/10 Board Meeting and that we may be able to take additional advantage of this flexibility. Members wondered how the FOC could help the Board prioritize their reductions and plan for unforeseen contingencies, and offered to meet weekly with Superintendent Cuneo and Ms. Maez in order to give direction. It was agreed that a Special Board Meeting will be needed immediately after the parcel tax election, possibly 5/27/10. Ms. Torres asked to meet with Ms. Maez to go over this information. The 3/18/10 Board Meeting may include a report to the Board from the FOC rather than a

meeting in a workshop format. Members preferred to keep the report as a discussion item at the Board Meeting.

C. Follow-Up to Meeting between Senior Staff and Revenue Enhancement Subcommittee: A meeting is schedule for next month. It was requested to agendize this for the next FOC mtg.

D. Measure BB Update: There are six projects out for bid or nearly ready to bid. The John Adams Mitigated Negative Declaration (*MND*) should be published this week, and the community meeting is next week.

E. Strategic Plan Update: Ms. Chu Reese's summary of the progress made by the Strategic Planning Team was distributed. It noted that over 50 interviews have been done, an environmental scan has been completed, and the Community Open Houses will take place on 4/12/10, 4/13/10 and 4/14/10.

F. Update on Upcoming Parcel Tax Election on 5/25/10: The campaign committee has been established and has begun fundraising. The Malibu City Council met yesterday, and most of the speakers were in favor of Measure A, but they're concerned that 20% of the revenue is given back to Malibu in the form of teaching staff, etc. The Malibu City Council unanimously endorsed Measure A. The website for the campaign is www.savesantamonicaschools.org.

G. Continuing Comparison with Other School Districts for Budget Reduction Strategies: Ms. Torres passed around the approved reduction plan from Pasadena USD. All reductions have been implemented, to some extent, by SMMUSD, with the exception of reducing athletics by 50%, reducing transportation by 50% and closing schools. She also distributed the San Marino School District information that was collected by Ms. Chu Reese, noting that it is committed to fundraising \$1million per year by asking each student to contribute \$1,000.

H. Follow-Up on DecisionInsite Report from 1/14/10 Board Meeting: This will be agendized for the next FOC meeting. FOC members had some concerns about school to school projections; Ms. Maez will follow-up with Dr. Matthews and report back.

VI. Receive and File (Limited Discussion)

- School Services of California, Inc.: *Fiscal Report (2/12/10)*
- Various SSC *Fiscal Reports*

VII. Public Comments

None

VIII. Agenda Planning for Next Meeting: April 13, 2010

IX. Adjournment

Meeting adjourned at 9:16 p.m.