

**Malibu Unification Negotiations Committee
Meeting Agenda**

Thursday, April 14, 2016

7:00 - 9:00 pm

Malibu City Hall,

23825 Stuart Ranch Road, Malibu, CA

- I. Call to Order / Roll Call
- II. Approve April 5, 2016 Meeting Minutes
Attachment: April 5, 2016 meeting minutes
- III. Status Reports on the Selection of Consultants
 - Update on the retention agreement with Procopio. (Shenkman, Larmore)
 - Update on the selection of Education/Financial consultant (Silvern, Sweetmore)Attachment: Proposal from School Services of California, Inc., April 8, 2016
- IV. Initial Sharing of Interests
 - Each team will have up to 20 uninterrupted minutes to share its interests with the members of the other team, who will then have the opportunity to ask any questions to clarify their understanding of the interests shared. After each team has had the chance to share its interests and answer clarifying questions, there will be a group discussion about what was collectively learned.
 - The order of teams will be decided by a coin flip.
- V. Review of Revised Issues List (with issues further refined by listing sub-issues)
 - Topic #1: Balance Sheet Allocations
 - Topic #2: Allocation of Bond Debt and Authorization to Issue New Bonds
 - Topic #3: Financial Impacts
 - Topic #4: LitigationThe handout for this item will be provided at the meeting. (Larmore, Silvern, Sweetmore)
- VI. Public Comments
- VII. Topics for Next Agenda
 - Worksession to sort and sequence Committee's work on specific topics/issues, which will include taking into account the expected timing of products needed from consultants.
 - Review of proposals from Education/Financial Consultants.
 - Identify what materials to send to which consultants.
- VIII. Adjournment

Upcoming Meeting Dates and Location

- Tuesday, April 19, 2016 at SMMUSD District office – Board Conference Room
- Tuesday, April 26, 2016 at Malibu City Hall
- Tuesday, May 3, 2016 at SMMUSD District office – Board Conference Room
- Tuesday, May 10, 2016 at Malibu City Hall
- Tuesday, May 17, 2016 at SMMUSD District office – Board Room

**MALIBU UNIFICATION NEGOTIATIONS COMMITTEE
MINUTES**

**Tuesday, April 5, 2016
7:00-9:00pm
SMMUSD District Office Conference Room
1651 16th St., Santa Monica, CA 90404**

- I. Call to Order / Roll Call
 - *The Committee called the meeting to order at 7:03pm.*
 - *Committee members present were:*

<i>Tom Larmore</i>	<i>Laura Rosenthal</i>
<i>Debbie Mulvaney</i>	<i>Kevin Shenkman</i>
	<i>Manel Sweetmore</i>
 - *Committee member Paul Silvern was absent.*
 - *The Committee's Facilitator, Karen Orlansky, was also present.*

- II. Approve March 29, 2016, Meeting Minutes
 - *By consensus of those present, the Committee approved the 3/29/16 minutes.*

- III. Approve Revised Ground Rules for Committee
 - *The Committee reviewed and agreed by consensus to the Ground Rules, including the role of the facilitator, as revised by the Committee on March 29, 2016 and handed out at the April 5, 2016, meeting. (A copy of the adopted version is attached.)*

- IV. Retention of Education/Financial Consultant
 - *Mr. Sweetmore informed the committee that both School Services of California (SSC) and Capitol Advisors (CA) were asked to submit proposals.*
 - *The Committee discussed whether previous work of a consultant for SMMUSD and/or LACOE's guidance should be a factor in selection.*
 - *The Committee expressed its hope that review of the consultants' proposals can be an item at the Committee's April 14, 2016 meeting.*

- V. Retention of Legal Consultant
 - *Mr. Shenkman reported that he reviewed a first draft of a retention agreement from Procopio and recommended changes to clarify that AMPS will be paying the legal consultant's fees for supporting the Committee's work. The revised agreement, which Mr. Larmore will also review, should be completed by next week.*

- VI. Worksession on Committee's Work Plan
 - *For the Committee's consideration, Ms. Orlansky provided an overview of a recommended group process for resolving problems. In sum, the four steps are:*
 - Step 1: Develop an issues list*
 - Step 2: Educate Committee on issues to be discussed and resolved*
 - *Share and discuss interests*
 - *Jointly identify background information*
 - *Agree on data to use*
 - Step 3: Jointly create options for resolving each issue*
 - Step 4: Jointly evaluate options and reach consensus*
 - *Establish criteria*

- *Apply criteria*
 - *Work until consensus is reached*
- *Following a group discussion, the Committee agreed (by consensus of those present) to proceed with a Plan of Work that generally adheres to these four steps. The Committee agreed on the need to be flexible so that any Plan of Work will be viewed as a “living document,” subject to Committee amendment along the way.*
- *Mr. Larmore then presented an initial draft Plan of Work that he and Mr. Silvern had developed for the Committee’s consideration. The draft Plan of Work proposed organizing the issues for the Committee to address into four major topics:*
 - *Topic #1: Balance Sheet Allocations*
 - *Topic #2: Allocation of Bond Debt and Authorization to Issue New Bonds*
 - *Topic #3: Financial (Operating Budget) Impacts*
 - *Topic #4: Litigation*
- *Mr. Larmore explained that the primary sources for the list of issues under each topic were the FOC’s July 15, 2015, memorandums to the Board of Education and the Board’s December 17, 2015, action that established this Committee.*
- *Following a group discussion, the Committee agreed (by consensus of those present) to adopt the document prepared by Mr. Silvern and Mr. Larmore as an initial Plan of Work with the following edits:*
 - *Add “including any off balance sheet items” at the end of the first sentence in Topic #1, Issue #4.*
 - *Under Topic #3, combine Issue #2 and Issue #6 into a single issue.*
- *With respect to next steps on the Plan of Work, the Committee agreed (by consensus of those present) to:*
 - *Further refine the issues into sub-issues. Mr. Larmore agreed to draft sub-issues for Topic #1 issues; Mr. Sweetmore agreed to draft sub-issues for Topic #4 issues; and Mr. Silvern was nominated (unanimously) to draft sub-issues for Topic #3 issues.*
 - *Sort and sequence the Committee’s work on specific topics/issues. The sorting will include identifying issues that may be suitable for a condensed group problem solving process; and organizing the Committee’s work on certain issues to align with the expected timing of products needed from consultants.*
- *During discussion of this agenda item, the Committee added “Other Post Employment Benefit (OPEB) Liability” to its vocabulary list.*

VII. Public Comments

- *Mr. Foster described his positive experience with the Interest Based Bargaining (IBB) process that the District is using during collective bargaining negotiations.*

VIII. Topics for Upcoming Agendas

April 14, 2016

- *Initial sharing of team interests*
- *Review of revised issues list (refined to include sub-issues)*
- *Review of education/financial consultant proposals*

April 19, 2016

- *Worksession to sort and sequence Committee’s work on specific topics/issues.*
- *Decide what materials to send to which consultants.*

IX. Adjournment

- *The committee adjourned the meeting at 9:00pm.*

Attachments:

- The Committee's Ground Rules, adopted April 5, 2016.
- The Committee's initial Plan of Work, as amended on April 5, 2016.

Upcoming Meeting Dates:

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- *Tuesday, May 17, 2016 at SMMUSD district office – Board Room*



April 8, 2016

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Ms. Sandra Lyon
Superintendent
Santa Monica-Malibu Unified School District
1651 16th Street
Santa Monica, CA 90404

Dear Ms. Lyon:

School Services of California, Inc., (SSC) is pleased submit the following proposal to provide the Santa Monica-Malibu Unified School District (District) negotiating committee (Committee), as convened by the District's Board of Education (Board), with independent and impartial consulting services to assist in the development of a formula to address fiscal disparities that may arise from the reorganization of the District into two unified school districts.

We understand that over the past five years the District has analyzed the impact of reorganizing into two separate districts: the Santa Monica Unified School District (SMUSD) and the Malibu Unified School District (MUSD). Through the course of that review and analysis, recent revenue projections indicate that SMUSD could experience a material decline in revenues when compared to the current configuration as measured on the basis of average revenues per pupil.

To address this issue and others that may arise from a reorganization, the District has established a negotiating committee comprised of two three-member teams, one representing SMUSD and one representing MUSD. The teams will work cooperatively to develop and agree upon terms that promote, among other things, the equitable allocation of resources and costs under a unification reorganization plan consistent with the aspirations of the District.



Objectives and Scope

In accordance with the action of the Board in establishing the Committee, the Committee is seeking the services of an independent educational consultant to provide expert advice on a variety of questions related to school district revenues and budgeting, as outlined in the following proposed scope of work:

- **Present “School Finance 101”**—Provide a basic overview of the District’s operating budget, including its general structure, primary sources of revenue, and an explanation of the other various funds in addition to the unrestricted General Fund. In the context of the District’s operating budget, describe and explain the operation of the Local Control Funding Formula (LCFF) and the major factors that affect LCFF funding levels, including the key differences among school districts in state aid, minimum state aid, and basic aid status.
- **Review Multiyear Projections**—Review the multiyear unrestricted operating budget projections and related memoranda completed to date that relate to the proposed reorganization of the District into two unified school districts: SMUSD and MUSD. This review includes four documents: projections prepared by WestEd in collaboration with representatives of the proposed MUSD, projections prepared by the District for SMUSD, the District’s Financial Oversight Committee’s July 2015 memorandum to the Board, and the Financial Oversight Committee’s November 2015 update to the Board.

The scope of review of these documents should focus on examining the revenue assumptions in the respective analyses, including the calculations and procedures used to estimate the impact of the LCFF minimum state aid adjustment. The review should also include a general examination of operating expenditure assumptions, noting any potential opportunities for cost savings related to the potential structural change from one to two school districts and assuming continuation of the current education program now delivered by the District to all schools.

- **Assess the Sensitivity of Forecasts to Changing Factors**—Provide a sensitivity analysis of factors that may affect the multiyear projections for the major revenue drivers that the Committee should consider and the potential impact of those sensitivities on analytic results. Examples may include pending changes, if any, in the LCFF or in other factors that could alter the conclusions of the analyses completed to date and the application of these factors as projections are extended over a longer time period.
- **Explore Solutions**—Assist in developing options to minimize the difference in revenue per student in a new SMUSD as compared with revenue per student in the existing District, and in identifying the pros and cons of each option.

- **Identify Alternatives to Implement the Preferred Solution**—Identify alternative methods to assure that the preferred solution will be enforceable, such as by contract, state legislation, or other appropriate means, and the pros and cons of each alternative.

Consultant's Services

SSC proposes to divide this engagement into two phases, which are outlined below with a summary cost estimate provided for each phase.

Phase 1

The first phase of our work will consist of (1) providing the “School Finance 101” workshop, (2) reviewing the multiyear projections developed by District staff and WestEd and reports prepared by the Financial Oversight Committee, and (3) conducting a sensitivity analysis for key variables affecting revenue forecasts and an extension of multiyear projections over a longer time horizon.

School Finance 101

The workshop will be approximately 60 to 90 minutes, depending upon the needs of the negotiating committee and will consist of handouts and a PowerPoint presentation.

Review of Reports and Projections

Our review will include an assessment of reports, and the financial data associated with those reports, as requested by the Committee and as outlined in the scope of work. The results of our review and conclusions will be documented in a written report to the Committee and through a consulting staff presentation provided for Committee members. Additional time will be allotted for questions and discussion among staff and the Committee members.

Sensitivity Analysis and Long-Term Projections

We will test the impact of variability on key factors to which school district revenue estimates will be sensitive and assess how that variability may affect conclusions drawn from analyses of the fiscal impact of reorganization on the newly formed school districts, both in the near time and over an extended time horizon to be determined by the Committee.

Phase 1 Cost

We estimate that the Phase 1 component of this engagement will cost \$39,000.

Phase 2

Phase 2 will encompass hourly technical assistance working closely with Committee members to (1) assess solutions and develop formulae as needed to address disparities in financial impact that may occur through a reorganization of the District and (2) identify and evaluate alternatives that are effective in implementing and enforcing the preferred solution. Both deliverables identified as part of Phase 2 will be documented in a report prepared by SSC describing the alternatives considered, the process for review, and the criteria for selection of a recommended solution and of a process for implementation and enforcement.

Currently, the time needed to carry out Phase 2 of the project is indeterminate, so we propose to assist the Committee in this work on an hourly basis and only as requested by the members of the Committee. Absent a definitive estimate of consulting time, we nonetheless believe that a range of between 60 and 100 hours of work by the consultants to complete Phase 2 is reasonable.

Phase 2 Cost

Our hourly fee for consulting services is \$280, and we estimate that the Phase 2 component of this engagement will cost between \$17,000 and \$28,000.

Study Timeline

We will commence work on the proposed services upon execution of a services contract. We understand that the Committee is charged with completing its work within 60 to 90 days.

SSC's Consultants

Lead staff for this project will include two consultants from SSC—Robert Miyashiro and Michael Ricketts. Other staff may be assigned as determined by the lead consultants consistent with an identified need for additional expertise in specific areas. Staff assigned are full-time career employees of SSC and as such, are available for daily professional communication and attention, as required of a project of this scope. Please see Appendix A for complete biographies.

Cost of the Proposal

We propose to perform Phase 1 of this study, the terms of which are described above, for \$39,000, plus expenses. We propose to perform Phase 2 of this study on an hourly cost basis, and estimate the range to fall between 60 and 100 hours at a cost of \$17,000 to \$28,000, plus expenses. “Expenses” are defined as actual, out-of-pocket expenses, such as travel, meals, shipping, and duplication of materials.

The cost of the study includes the time of the consultants to make four trips to meet with the Committee. Airfare and car rental will be billed at actual costs, which we estimate at approximately \$1,000 per trip. If additional meetings are required that are not described in this proposal, a charge of \$280 per hour, per consultant will be billed plus actual and reasonable expenses. We will submit monthly billings for services associated with the project.

After reviewing the proposal, if you decide the proposed scope should be expanded or contracted, we would be happy to make modifications and provide a revised estimated fee. If the proposal meets with your approval, please sign the enclosed Agreement for Special Services and return it to our office, whereupon a final executed agreement will be returned for your records. Our proposal is valid for 60 days from the date of this letter.

We appreciate your interest and look forward to discussing this service further with you. Please contact us if there is any additional information we can provide.

Very truly yours,



MAUREEN EVANS
Vice President

Enclosure

AGREEMENT FOR SPECIAL SERVICES
Unification Financial Review

This is an Agreement between the **SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT**, hereinafter referred to as “Client,” and **SCHOOL SERVICES OF CALIFORNIA, INC.**, hereinafter referred to as “Consultant,” entered into as of April 8, 2016.

RECITALS

WHEREAS, the Client seeks technical assistance to support school district reorganization negotiating teams for the development of a formula to address fiscal disparities that may arise from the reorganization of the Client into two unified school districts; and

WHEREAS, the Consultant is professionally and specially trained and competent to provide these services; and,

WHEREAS, the authority for entering into this Agreement is contained in Section 53060 of the Government Code and such other provisions of California law as may be applicable;

NOW, THEREFORE, the parties to this Agreement do hereby mutually agree as follows:

1. The Consultant agrees to assist the Client with the development of a formula to address fiscal disparities that may arise from the reorganization of the Client into two unified school districts.
2. For Phase 1 of the study as described in Consultant’s April 8, 2016, proposal to the Client, the Client agrees to pay the Consultant a fee of \$39,000, plus expenses, upon receipt of billing from Consultant. For Phase 2 of the study as described in Consultant’s April 8, 2016, proposal to the Client, the Client agrees to pay the Consultant a fee of \$280 per hour, not to exceed 100 work hours unless authorized in writing by the Client, plus expenses, upon receipt of billing from Consultant.
 - a. “Expenses” are defined as actual, out-of-pocket expenses, such as travel, meals, shipping, and duplication of materials.
3. This Agreement shall be for the period commencing April 8, 2016, and terminating December 31, 2016. It may be terminated at any time prior to December 31, 2016, by either party on thirty (30) days’ written notice. In case of cancellation, the Client shall be liable for any costs accrued to date of cancellation.

4. It is expressly understood and agreed to by both parties that Consultant, while carrying out and complying with any of the terms and conditions of this Agreement, is an independent contractor and is not an employee of the Client.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as indicated below:

BY: _____
SANDRA LYON
Superintendent
Santa Monica-Malibu USD

DATE: _____

BY: _____
MAUREEN EVANS
Vice President
School Services of California, Inc.

DATE: _____

Robert Miyashiro

Vice President



Area of Service

- Budget Reviews
- Mandate Consulting
- Executive Searches
- Fiscal and Budget Services
- Fiscal Health Analysis
- Legislative Services
- Organizational/Management Studies
- Research Projects
- Special Education Fiscal Support
- Reorganization/Unification/Territory Transfer Studies
- Workshops and Training

Experience

Robert Miyashiro, Vice President, has worked on numerous consulting projects, including budget reviews, efficiency studies, retirement system analyses, and CBO searches. In addition, he provides consulting services on state mandate issues. Prior to joining SSC, he had a distinguished career in California state government, focusing on school finance. He most recently served as the Deputy Director of the Department of Finance, where he oversaw the department's position on all pending legislation and provided advice to the Governor and Director on legislative and budget issues.

Prior to that, he served as the Director of the Education Finance Division in the Department of Education; Principal Consultant for the Assembly Budget Committee; Director of Expenditure Forecasting for the Commission on State Finance; and an analyst with the Legislative Analyst's Office.

Robert graduated from the University of California, Berkeley, with a B.A. in Economics and Political Science and from Harvard University with a master's degree in Public Policy.

Professional Certification

B.A., Economics and Political Science, University of California, Berkeley

M.A., Public Policy, Harvard University

Contact



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Michael Ricketts

Associate Vice President



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- Legislative Services
- Coalition Facilitation
- Property Tax Financing
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- Proposition 98
- Workshops and Training

Experience

Michael Ricketts, Associate Vice President, has been with SSC since 2011 and brings more than 30 years of experience in public education policy and finance. At SSC, Michael is responsible for all levels of governmental advocacy, including working with members and staff in the legislature, the Governor's office, and state and federal agencies on education issues important to SSC clients. He is also a recognized expert in school finance and school finance reform, basic aid financing, and Proposition 98.

Prior to joining SSC, Michael's background includes serving as Deputy Director of the California County Superintendents Educational Services Association (CCSESA) where he was responsible for state and federal advocacy, and as Chief Consultant to the Assembly Education Committee where he managed a staff of legislative consultants in support of the policy committee. Michael also staffed the Joint Committee to Develop a Master Plan for Education, was Interim Undersecretary of Education and Assistant Secretary for Fiscal Policy under former Governor Gray Davis, and served as Director of Expenditure Forecasting for the Commission on State Finance.

Michael received his post-secondary education in Psychology at the Davis campus of the University of California.

Contact



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