Malibu Unification Negotiations Committee
Meeting Minutes
Tuesday, July 19, 2016

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 6:15 p.m. with the following committee members present:

Tom Larmore	*Laura Rosenthal*
Debbie Mulvaney	*Manel Sweetmore*
Paul Silvern	

Committee member Makan Delrahim was absent.

II. July 14, 2016 Meeting Minutes

Due to the unusually short time in-between the Committee's July 14th and July 19th meetings, the minutes for both of these meetings will be on the MUNC's June 26, 2016 agenda for approval.

III. Education on SMMUSD's Insurance

Ms. Jan Maez, Chief Financial Officer for SMMUSD, joined by Russell O'Donnell, Chief Operating Officer, Alliance of Schools for Cooperative Insurance Programs (ASCIP) and Gary Bradbury, ASCIP Risk Management Specialist, provided the committee with an overview of:

- *ASCIP's structure, members, staff, and types of insurance coverage;*
- *SMMUSD's property and liability insurance program with ASCIP; and*
- *ASCIP's risk control services for its members.*

Attached: Copy of the PowerPoint presentation that formed the basis for this briefing

A question and answer session followed the insurance briefing. With respect to the MUNC's work on environmental liability issues, Mr. O'Donnell informed the committee that:

- *The scope of SMMUSD's insurance program through ASCIP does not extend to the environmental concerns at the Malibu schools because of the standard exclusion of hazardous materials in property & liability insurance coverage (such exclusions are standard in both commercial and public sector insurance programs).*
- *No JPA exists in the state that would provide such coverage.*
- *In addition, there is no insurance coverage related to items raised by the America Unites lawsuit or for the remediation work being undertaken by SMMUSD.*

As a result of the briefing and discussion, the committee concluded that ASCIP's insurance product is not relevant to the environmental liability issues identified by MUNC that relate to the separation of SMMUSD into two separate school districts.

In response to questions from MUNC members about the source of funding for the Malibu schools' environmental-related expenses, Ms. Maez explained that SMMUSD has (to-date) used the Developer Fees Fund to pay for the costs of testing, remediation, and legal fees. The only cost covered by the General Fund has been for increased custodial staff assigned to the Malibu schools.

IV. Worksession with School Services of California, Inc.

The committee held a worksession with Mr. Mike Ricketts and Mr. Robert Miyashiro for the purpose of exploring and defining the committee's Phase 2 assignments to SSC.

Issues discussed by the committee and the SSC representatives included:

- *There are multiple ways to approach developing an allocation formula to achieve revenue neutrality for a new SMUSD.*
- *When assessing the pros and cons of different approaches, the factors to evaluate include: financial viability; predictability; revenue impacts; political feasibility/risks; and timing.*
- *The allocation formulas will also vary according to which sources of "other revenue" (that is, in addition to LCFF-related funding) are included in the calculations.*
- *One idea to consider is excluding "new" sources of revenue from the allocation formula, with "new" being defined as other sources of revenue that begin after separation occurs, e.g., a new sales tax generated by Malibu or Santa Monica.*
- *The process and time frames for gaining approval of the reorganization depend on multiple factors, including the need for special state legislation and decisions made about what needs to obtain voter-approval by which jurisdictions.*
- *There is a need to think through the intended and unintended incentives that might be created by different allocation formulas.*

For purposes of discussing options for developing allocation formulas structured to achieve revenue neutrality for a new SMUSD, the committee agreed on the following (temporary) nomenclature:

***Option 1**: An allocation formula that assumes:*

- *MUSD becomes a basic aid district immediately.*
- *SMUSD becomes a state aid district that is eligible for and receives additional state funding under LCFF, and that additional state funding continues until SMUSD qualifies as a basic aid district.*
- *The argument is successfully made (at the various decision points along the way) that the additional state funding for SMUSD does not violate Criterion 5.*

***Option 1A**: The same as Option 1, except that special state legislation is enacted that enables the reorganization of SMMUSD into two separate districts to occur with an exemption from the nine reorganization criteria.*

***Option 2**: An allocation formula that assumes:*

- *The reorganization of SMMUSD into MUSD and SMUSD occurs, but the revenue from the state remains unchanged from what it would have been had the districts remained combined.*
- *This arrangement remains in place until both MUSD and SMUSD qualify as basic aid districts.*
- *Without additional revenue from the state and until SMUSD qualifies as a basic aid district, MUSD would make up any "shortfall" calculated for SMUSD.*
- *Special state legislation would be enacted to accomplish this.*

Tentative decisions reached by the committee about SSC's Phase 2 assignments were:

- *The committee will establish basic principles for SSC to work from, as opposed to being stuck in the weeds on the math.*
- *Any recommended resolution to achieve revenue neutrality for SMUSD had to be "tested" for its impact on the financial viability of a new MUSD.*
- *Sources of revenue (defined as non-LCFF revenue) should be included in the calculations; however, it is possible that some sources of revenue will be excluded.*
- *Before deciding on a recommended allocation formula, the committee will need to consider the incentives (intended or otherwise) that the formula creates on things such as new revenue generation.*

By consensus, the committee decided on the need to schedule further discussion before making any decisions about the scope of SSC's Phase 2 assignments. The committee agreed to add this discussion to the committee's July 26 agenda, recognizing that it will probably need to be continued into the committee's August 2 meeting.

V. Public Comments

- *There were no public comments.*

VI. Topic for Next Agenda: July 26

- *Worksession on Topic 2 (Allocation of Bond Debt and Authorization to Issue New Bonds) with Procopio's participation via speakerphone.*
- *Discussion of SSC's Phase 2 work*.

VII. Adjournment

- *The committee meeting adjourned at 9:05 PM.*

Upcoming Meeting Dates and Locations: July 26 at Malibu City Hall; August 2 at District Offices; August 9 at Malibu City Hall; August 16 at District Offices

ASCIP A California Public Agency

Alliance of Schools for Cooperative Insurance Programs

Your Partner to Safer Schools

The ASCIP Difference

Santa Monica-Malibu USD
Tuesday, July 19, 2016

ASCIP's Purpose…

Safer Learning Environments for Our Members

Helping our members avoid "bad things" from happening and fiercely protecting their assets when the unfortunate "bad thing" does occur.

ASCIP www.ascip.org

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Understanding ASCIP

- Joint Powers Authority
- 147 Members
- 1.3 Million Students
- Geography – from the Bay area to San Diego County

- 30 full-time employees
- 40+ service partners state-wide to deliver services where our members are

- 2014-15 Revenues: $226 Million
- 2014-15 Assets: $370 Million
- Rebates over last 10 years: $23 Million

- Property/Liability
- Workers' Compensation
- Health Benefits
- OCIP

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The ASCIP Difference

- Governed by its Members
- Not-for-Profit
- Broad Coverage
- High Limits
- Rate Stability
- Risk Control Services

ASCIP
www.ascip.org

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Property/Liability Program

SMMUSD Member Since1985

Property & Liability Program

- Property Coverage
  - Buildings & Contents
  - Electronic Data Processing
  - Builders' Risk
  - Equipment Breakdown
  - Cyber
  - Limit – $600,000,000 per Occurrence
- Auto Physical Damage
  - Limit – RC or ACV
- Employee Dishonesty Limit
  - Limit – $5,000,000

SCIP www.scip.org

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Property & Liability Program

- Liability Coverage
  - General Liability
  - Auto Liability
  - Employment Practice Liability
  - School Board Liability
  - Sexual Abuse Liability
  - Cyber Liability
  - Limit – $5,000,000
  - Excess $50,000,000 w/SELF

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ASCIP's Risk Control Services

Loss Control Services

- Audits
  - General Safety
  - Security
  - Cyber
  - Emergency Preparedness
- Industrial Hygiene Consultation
- DMV Record Checks
- Material Safety Data Sheets/On-line
- Safety Credits & Grant Program

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Risk Management

- Risk Transfer
  - Contract Review
  - Field Trip & Facility Use Waivers
- Claims Review & Analysis
- HR Hotline
- Certificates of Insurance
- Special Insurance Placements

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Training Services

- Employee Safety Training
  - Regional Trainings
  - On-site Trainings
  - Webinars
- Learning Management System (LMS)
  - Over 100 On-line Trainings
  - Electronic Records of Trainings Completed
  - Automated Assignment of Training
- Roundtable Discussions with Peers & Experts
- Extensive Video/DVD Library Available

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