



Fiscal and Facilities Advisory Committee Meeting

Minutes of the Committee - March 21, 2011

Committee members attending: Carol Ortiz, Jack Carroll, Danny Zumaran, Chris Hertz, Ian MacGregor, Michael Jones, Jenny Sarmiento, Bill Beecher, Jim Lalanne, Rich Puente, Nubia Padilla

District members attending: Brett McFadden, Rick Mullikin, Helen Bellonzi, Murry Schekman, Kathy Fuentes

Members absent: Francisco Rodriguez, Briton Carr, Elaine Legorreta, Sarah Ringler, Rhea DeHart, Sharon Gray, Kevin Jeffery

Brett asked members to introduce themselves and went over the day's agenda. He announced that we will be creating a spot on the district website to post agendas, hand-outs and minutes.

Brett felt like the committee should have a chair and a vice chair to represent the committee and work with staff to make sure member recommendations are being followed. He said the chair would help facilitate dialogue and process. Carol Ortiz felt it was too early to decide a chair because we need to see who will be there on a regular basis. The committee will wait to decide a chair until the next meeting.

Brett began by discussing vendors and services saying he had asked our Accounting Department to compile a list of vendors used in 08-09 and 09-10. He added that use of vendors was fairly broad because we were in program improvement mode and required Dait services. Brett reviewed types of legal services and costs to the district and recommend the formation of a sub-group to look at legal costs, consultants, and vendors to determine the best way to package and present the information to the group. He suggested Jack Carroll, Jenny Sarmiento, Jim Lalane, Bill Beecher and himself as a subgroup to support this effort and would like to see this be an annual report to the board.

Brett discussed the Employer Paid Benefits hand-out which shows dollars and percentages of employer paid benefits for district employees.

Brett then discussed the status of our budget development. He said we filed a qualified certification for our 2nd Interim Budget Report which covers the period from July 1 through Dec. 31, 2010. He explained that the COE tells us how to construct our budget based on assumptions. We were told to assume the

worst case scenario of \$350 per ADA reduction if the ballot does not pass which is a loss of approximately \$6 million. In addition, our third year shows a negative balance.

Jack Carroll asked if the reason we did the lay-off notices was to help our fiscal picture. Brett explained that last summer we received \$3 million from Obama's stimulus funding for federal education jobs which we saved for the budget. The Board voted for 3.5 million worth of reductions which included a \$1 million cut to the Adult Education budget. Brett recommend to the Board that if the election doesn't pass we adopt a 2 year fiscal reduction plan.

Brett told the group that his fiscal team meets every Thursday and is developing a master project list which includes items that have funding sources and some that don't. He met with secondary principals trying to save middle school sports but explained that fixed costs have to be addressed such as step and column which eat up about 85% of budget. He will be presenting the list to cabinet to get their input, then report to the committee. April 18 is the deadline to get the numbers together for budget. Brett is looking into getting a more user friendly version of the budget in the future and internally talking about doing a third interim report which is not a requirement, but gives us a snap shot of our variance at the end of the fiscal year.

A question was asked about the required 3% reserve and if other districts have used it. Brett says it can be used in expenditure projections but the year must start with the required 3% reserve. Helen says that doesn't even add up to one month's salary for all the employees.

Brett went over the budget timeline saying the law requires the district to have an adopted budget in place by July 1. The board has asked for an April update and will give their input, looking at two scenarios; the ballot passing or not. The Governor's May Revise will be an indicator of any additional changes or revisions to the budget.

Brett said that on March 9 the board asked his office to examine facility needs following a presentation which includes looking at a facility bond or parcel tax in 2012.

Rick Mullikin said that all school facilities are governed by OPSC and the Division of State Architect and must meet the Field Act. It states that every school building must be built as an emergency evacuation center and thus meet very high standards. Charter schools aren't required to meet the Field Act. Rick said that older schools went through the office of the State Architect to modernize according to DSA standards and then use a state inspector that verifies buildings according to new standards. CDE, OPSC, and Division of State Architect websites have information on those requirements.

Brett reviewed the history of the district with regard to facility funding. He said that in the late 1990's the district tried to pass a number of bonds but couldn't, then got 100% funding for State Facility Hardship Funds. In 2002 the district passed Measure J receiving \$58 million as its share. The district formed a Bond Oversight Committee with two different sub committees, the North and South/Central, to oversee specific projects. In May we are finishing up the last of the Measure J projects - the E.A. Hall gymnasium and may hold one more bond meeting.

Other facilities funding sources we have used include Certificates of Participation COPS (like a short-term loans) used for purchase of the ILC building. We are paying about \$125,000 per year. Payments come from the Adult Ed budget to pay off the COPS.

Brett says at this time we have no shovel ready projects. We have missed opportunities like the Qualified School Construction Bonds. We did not have any DSA approved projects so we could not take advantage of these. There is no long term strategy in place. We are required by law to do a facility needs assessment every 5 years and feels we need a facility needs assessment plan.

Brett explained that we have not staffed high enough in the area of maintenance and operations in recent years. In addition, Pajaro Valley High has some projects needing completion such as multi-purpose room. We also need an upgraded cafeteria at Aptos High School. There are safety and health concerns. Bond funding could be used for solar and other environmental upgrades as well and will help offset deferred maintenance funds or maintenance costs from the general fund. Parcel tax funding could be used to protect board priorities, technology, class-size reduction, art & music, libraries, and student health and safety concerns. Brett wants to take the committee on a bus tour next meeting to E.A. Hall to view construction of the new gym and Mintie White.

Jim Lalane asked about DSA involvement in projects. Rick says we have 12 sites qualified for funding, if we could match their funding and stay within their limitations. Any portable over 20 years and any building over 25 years qualifies. Rick would like to see us move on portable replacement. New construction is a different funding source. Modernization funds come from OPSC and funds vary by type of project. If we are modernizing we put in less money and they put in more. There needs to be a stamped plan from DSA first. DSA turn around is approximately 1-3 months for a small project and can be up to one year for a large project. Jack and Jenny want to assess potential growth by looking at demographics first. Jim Lalane suggests we look at whether we want to modernize portables or actually build. Brett would like the committee to recommend a study to breakdown down demographics by growth area. Bill Beecher wants to look at why enrollment is not equal at high schools and Jim Lalane wants to look at what charter schools do to the district.

Brett reminded the group of the bus tour of E.A. Hall and Mintie White for our next meeting on April 18. The group can meet at the schools or meet in Adult Education at 3:30 to ride the bus. The tour should be done about 5:00 and return to the district at approximately 5:15pm.

Brett thanked the members for coming and dismissed the meeting at 5:15 pm.