



Fiscal and Facilities Committee Meeting

Pajaro Valley Unified

Minutes

April 15, 2013

Members present: Brett McFadden, Rick Mullikin, Helen Bellonzi, Rich Puente, Francisco Rodriguez, Jack Carroll, Danny Zumaran, Sylvia Mendez, Elaine Legorreta, Michael Jones, Jim Abendschan, Jenny Sarmiento, Bill Beecher, Andy Hartman

Members absent: Murry Schekman, Brian Saxton

Brett welcomed members to the meeting and distributed fiscal information regarding the bond sale. He said three bond architects and CM firms were hired along with Program Manager Total School Solutions. Rick Mullikin and Brett will oversee them but their main interface will be with TSS.

Brett said he and Dorma were able to secure a good bond credit rating of AA and A+ in December. They also refinanced Measure J at 2.3% interest instead of the current 5.5% we were paying.

Brett mentioned AB182 now in the legislature that would limit bond financing to a term of 25 years. If it passes, our 35 year term bond would shrink to 25 years. Our district and 25 others are trying to get grandfathered in under the old term laws.

Brett said the Measure L bond sale was completed in just two hours last week with the interest rate locked in at 4.1% and a payout of 2.20 to 1. The first issuance was for \$80 million. A good payout is considered to be anything below 4 to 1. Bonds were divided into series A & B with tax bills showing both as tax-exempt bonds. Technology and deferred maintenance endowments were funded at 50% with the rest funding in approximately five years. We paid off two Certificates of Participation with bond funding including the ILC Building being used by Adult Education at a cost of approximately \$120,000 per year now being credited back to them.

When the bond money comes in we will set up a separate non-general fund account with a separate reporting structure. We funded \$80 million of the bond now instead of \$150 million. Issued bonds have to be spent or recovered in three years or the money given back.

Rick Mullikin is now launching quick-start projects such as playgrounds that don't require DSA approval. Big projects include Watsonville High and Alianza while ADA compliance are considered smaller projects. In light of Sandy Hook we are starting to review and then install appropriate doors and locks at schools.

We have selected mostly local architects that have been recognized and certified by the state in school construction and have a lot of experience. Architects are paired with our construction personnel and work together on project assignments. Bond work was divided into three key areas North, Central, and South to more evenly distribute bond money and workload for the three architectural firms.

Brett said we will identify what groups of people in the district are the most important to give updates to on a regular basis. School staff and parents will have input on where things go and how they look but not decisions on what is going to get done.

Instructional Technology upgrades are being completed in the Aptos area and at Aptos High School. Bradley's information technology system is not up to code and will need to be updated.

Brett will launch solar with six sites hoping to ground break in September or October. Consultants will help with sizing the systems in order to get PGE rebates. They will also help with the RFP process, designing systems at schools and educating students. New solar systems can be monitored on computers.

Security systems would include lock-down hardware and double locking systems decided upon after Sandy Hook. Danny Zumaran suggests making campuses like Mintie White closed where no one could go off campus. Break-ins and security have been a problem at the school. Neighborhood parents could notify school officials if people are seen entering or leaving campus after hours.

Brett said that committees can start forming in August to discuss projects that will be done in the next four years. Projects at the three high schools will occur simultaneously.

Brett talked about the budget saying with the passage of Prop 30 we are stabilizing our financial system. We are currently in negotiations with CSEA and PVFT as to what our next fiscal budget should look like. The county office approved our multi-year projection and will issue a letter with commentary within the week.

We will now begin using the Local Control Funding proposal which is different than how we have been funded. LCFF will be implemented over seven years and reach targeted amounts for per student funding. We will get different dollar amounts for different grade groups. We have hired School Services to help with financing and mandated LCFF funding in July. Revenues should be higher and we hope to see a good May Revise.

Arguments against LCFF say we are just being paid back what's owed to us and the model uses a baseline from 07-08 when we weren't adequately funded. Our financial picture is brighter but Brett said we don't know how, where or when more funding will come about and will have to develop our own budget. We should ask what we need for salaries and budget projecting our needs out seven years. We still have a formula for revenue limit as well as state, federal, and categorical. LCFF decisions and adjustments would be made at the local level.

We need to get a district-wide budget plan in place and approved by the state. The Governor's common message is given after 2nd Interim, then again after the May Revise. Brett will also do a 3rd Interim Report. Rich Puente asked if the district will be ahead after Local Control. Brett said we'll do well as we have stabilized financially and are in a mode where we can talk about investments. He added that when we were audited two years ago we were good at identifying eligible students for free and reduced lunches which qualifies us for erate.

Brett added that sequestration could cut our funding but we have reserves. The county has not instructed us to do anything in our budget because of sequestration. Brett asked for any recommendations to take to the board.

A question was asked about the difference between the Bond Oversight Committee which met April 17 and Fiscal and Facilities Committee. Brett says the Bond Oversight Committee only oversees bond expenditures while this committee recommends and advises.

Jack Carroll asked how class size reduction affects facilities. If CSR is implemented we may need additional facilities, lead time and more space. Brett said DecisionInsite will be doing a study on enrollment and staffing then we can address facility issues. Jack added that today's learning environment requires less space because people are using technical devices like ipads. There was a suggestion to talk to Monte Vista and St. Francis schools who have given an ipad or computer to every student.

Brett thanked the committee for attending and said the next meeting would be sometime in August. The meeting was adjourned at 5:15 pm.