BEVERLY HILLS UNIFIED SCHOOL DISTRICT
FINANCE COMMITTEE

February 25, 2016
3:30 p.m. – 5:30 p.m.
Board Room

I. Meeting called to order – Not Noted

II. Attendance:
- Committee Members – Collen Knerr, Marilyn Gallup, Joe Safier, Terry White
- Board Member – Howard Goldstein, Lisa Korbatov, Mel Spitz
- Staff Members – La Tanya Kirk-Carter, Steve Kessler

III. APPROVAL OF AGENDA – Approved

IV. APPROVAL OF MEETING MINUTES – January 28, 2016 – Not Available - Tabled

V. SUPERINTENDENT’S REPORT
Update from the Special Board Study Session regarding construction: We have given the Board information from two different companies regarding the possibility of floating a bond in November. The Board is still considering this.

Mr. Eitan Aharoni presented the Board with a presentation with where we stand with all of projects. The Board has given direction to use up the remaining Measure E funds by doing the following:

- Horace Mann – Completion
- Beverly Vista – Will move forward with completing $4.9 million of construction.
- El Rodeo – Will continue to develop entire campus with the exception of phase two being Building E and the semi-subterranean parking garage.
- Beverly Hills High School – Will complete work on B-1 (math patio), the main hallway (both floors), and the Ken Peters Auditorium. We have also been given direction to complete the plans in the performing arts area which we call B-4.
- Hawthorne – Will complete the auditorium. With the idea in mind that if the Board decides to out for a general obligation bond and technology bond in November, if it passes then we would just have to do the entire project. If it does not pass as least we’ve moved forward to have plans developed.

**Where do we stand on the existing Measure E bond authorization? Have they all been sold?**
No, they have not all been sold.

**When you said the Board is considering going out for a bond, did you mean selling Measure E bonds or going out for a new vote?**
What was previously described by the Superintendent will use up the original $334, the original Measure E.

Can you or La Tanya remind the committee where we are on the original Measure E bonds? I thought at one point we said we can’t sell them all because we don’t have enough room. We do have enough room now.

So we can sell the remaining issue. Has there been any discussion with your financial consultants as to whether or not we should do that before go out for a new authorization?

As a district we’ve discussed whether or not we want to retire that original authorization or keep that authorization before going for a new bond. There has been no direction from the Board as yet as to which way to go, but we do have a lot of room.

To do the projects previously discussed does that use up the funds that we have sitting in our account or does that use the rest of the authorization? It is using up all of the $334 million that was originally authorized.

So we can’t really do all of the construction mentioned until we sell additional bonds.

Correct.

The committee recommends that the Board have a financial consultant weigh in on what is the best approach to handle an additional bond. If the Board goes out for a new issue and it isn’t approved will there be a reticence to sale the remaining issue? The worst option would be that use the funds that we have remaining. At some point the window to sell these bonds advantageously will begin to close.

VI. NEGOTIATIONS UPDATE – YOLANDA MENDOZA

All four unions in the district have sun shine their articles that were to open for negotiations. We have met with three of units and CSEA should come to the table next week. The umbrella organization CTA represents all three of the unions, teachers, office clerical and the instructional aides. The first item on this agenda was to change the 2016/2017 calendar for next school year because the Board felt that the community wanted to start school a little later. The 2016/2017 school site calendar will begin on August 15, 2016 and we have made some additional minor adjustments throughout the calendar year. We have opened up two other articles that we are moving through and that is class sizes (certificated) and health and welfare issues (all units).
The committee has discussed the issue of how this District negotiated and it was brought up that we were using something called Interest Based Bargaining. It was pointed out that it wasn't in the best interest of the District to use that model and a recommendation came from this committee to move away from that model after we discussed it. Have you moved away from that model in your negotiations?

Ms. Mendoza stated that she has only been with this District since June 1, 2015 and the Board has given her direction to bring in an attorney to help move away from Interest Based Bargaining. However, this isn’t as easy as just saying “Stop”. Ms. Mendoza has provided the committee with a hand-out that shows Positional Bargaining which is what most districts use and Interest Based Bargaining. Copies were only provided to the committee members.

Is the method of basing raises on property tax revenue up for negotiation this year? When will that article be opened?

That has not been opened up for this year. Our plans are to open it the fall of 2016 for the 2017/2018 school year.

The committee believes that two very important goals in the role of administration will need to continue to be the following:

1. Interest Based Bargaining
2. Renegotiating salary raises

Staffing
We are approaching our deadline for March 15th notices. Ms. Kirk-Carter has implemented a very successful retirement incentive program. We also hire about fourteen temporary teachers. When anyone that leaves the District, goes on pregnancy leave or gets sick in the middle of the year, etc., rather than giving someone a permanent contract they are given them a temporary contract.

The deadline for the retirement incentive has just passed and now we are able to see the type of teachers that District would be losing. We needed to see if we would be losing teachers in areas that we know we are a little bit over staffed in. Ms. Mendoza has been working very closely with the high school principal to determine areas that can possibly be collapsed. We may be doing a small layoff, probably in Physical Education, English and Social Science. We may do a very small lay off in that regard. We should see a reduction of 10% in the certificated staff with the reductions from retirees, temporary teachers and a small layoff.
How much money do you think we're going to save at the end of the day by lay-offs, and retirements, etc.?

For an experienced educator you budget close to $99,000 per school year. For a beginning educator you budget close to $85,000 per school. Those amounts take into account for their salary and their benefits.

Are we overstaffed in the classified units?
Ms. Kirk-Carter has been working with Mr. Jackson at the high school to determine staffing there. We do have a few retirees who will be leaving the high school so we will work on reconfiguring there. We will also be looking at the classified staffing at similarly sized high schools. We have previously revamped our food services, custodial staffing and staffing in other offices. The retirement package was also offered to classified employees which is something that we haven't done before.

The committee would like for administration to come back in the summer or the fall and give a summary of the budgetary impact these current reductions have had.

VII. SPECIAL EDUCATION UPDATE – JOHN HESS
Mr. Hess is currently traveling. However, the Superintendent has had numerous discussions with Mr. Hess as well as his predecessor Ms. Curtis and they are looking at different ways of reducing the Special Education budget. Currently considering formulating rotations, clustering kids in different grade levels, and possibly taking the prime program which is our moderate to severe children and spreading them out to possibly to one or two other campuses. They are all currently at Horace Mann.

VIII. BUDGET UPDATE – REDUCTION AND POLICY RECOMMENDATIONS
The committee would like to be given information regarding the budget (i.e., the second interim) a few weeks prior to a Finance Committee Meeting. If a draft is given a head of time the committee can have time to properly review the information to come back with comments, questions, and suggestions. Mr. Kirk-Carter will review the calendar for the Finance Committee to determine which meetings the drafts of the budget should be brought to for review.

Going into 2016/2017 does the committee want to look at recommendations in the budget cuts such as class sizes?

The committee doesn’t believe it should review the tactics that District and the Board will be taking but we should be reviewing the result. If you are considering a change you should bring the results of a possible change to the committee and the committee can weigh in on that.

When we met with the Board for the first interim budget report I actually took the projection out to 2019-2020 with the increase in the STRS and the PERS which
is much more than you have to do for the budget which is only two years. One thing that has helped with the unions CTE/BHEA that is the thing that killed the budget is that the STRS and the PERS weren’t factored in in those increases.

IX. BOARD REQUEST ITEM/ISSUES TO DISCUSS WITH COMMITTEE

None Given

X. FINANCE COMMITTEE GUIDELINES

The original mission statement and a draft of the revised mission statement was given to committee members. The Board wants to the finance committee to weigh in on its mission statement, policies and procedures and any revisions that the committee will have in your actual mission. We do not believe the previous mission statement was ever Board approved.

The revised policy has changes to the following:

2. The Chair and Vice Chair of the Finance Committee shall be filled by Board appointed committee members only and voted in by the committee following Roberts Rules of Order.

3. Members of the Finance Committee shall consist of the following:
   a. (5) Members shall serve as Board appointees

4. Seats vacated by committee members appointed by the Board shall be filled by the Board member who made the appointment.
   a. If a seat is vacated and the Board Member who made the appointment is no longer in office, then a new Board Member shall make the appointment.
   b. The determination of which new Board Member is to make the appointment shall be decided by the Board President.

5. Members shall serve on the Finance Committee for a (2) year period at which point the new Board may reappoint members.
   a. Members shall serve no more than (2) terms.
   b. Chair and Vice Chair shall serve a (12) month term.

Suggestions from committee are as follows:
1. It is suggested that the two (2) year terms be changed to up to three (2) year terms.
2. The Chair and Vice Chair can serve up two consecutive annual (1 year) terms.
3. Members of the committee have skills in accounting, finance or management.
4. Board members in attendance suggest that there be at least one person with an education background be on the committee.

The Finance Committee approved all suggested changes.
XI. PUBLIC COMMENT
None Given

XII. OTHER ITEMS

Colleen Knerr: With previous administration I reported verbally to the Board. Will I no longer need to do that?
The Board will rotate hearing from the Finance Committee and the Citizens Oversite Committee once per month.

Joe Safier: Can we have an update on the Doheny House?
The 7-11 committee is still in the process of being organized. A committee must be formed to declare the house as surplus property regardless if we sell or lease it.

Joe Safier: Would like to set up a meeting to go to the Tax Assessors Office to get a copy of the Tax Rate Area maps. Can we e-mail Grace at the Tax Assessors Office to remind her once again about the maps because she offered them to us?

XIII. FUTURE ITEMS FOR DISCUSSION

- OPEB ARC Discussion
- Property Tax Audit
- Internal Auditor Update
- Transportation

XIV. ADJOURNMENT – Not Noted