

PIEDMONT UNIFIED SCHOOL DISTRICT
Council Chambers, City Hall
120 Vista Avenue
Piedmont, California 94611

MINUTES OF
Regular Meeting of the Governing Board

March 10, 2010

CALL TO ORDER	Board President Gadbois called the regular meeting of the Board of Education to order at 7:02 p.m.
ESTABLISHMENT OF QUORUM	President Ray Gadbois, Vice President Roy Tolles; Board Members June Monach, Martha Jones
BOARD MEMBER ABSENT	Board Member Rick Raushenbush (excused)
OTHERS PRESENT AT REGULAR OPEN SESSION	Constance Hubbard, Superintendent Michael Brady, Assistant Superintendent, Business Services Dr. David Roth, Assistant Superintendent, Educational Services
AGENDA ADJUSTMENTS	None
COMMUNICATIONS/ ANNOUNCEMENTS	
Association of Piedmont Teachers (APT)	APT President Harlan Mohagen again thanked the parent club community for their continued support by committing funds to close the budget deficit to help prevent layoffs and loss of program.
California School Employees Association (CSEA)	None
Associated Parent Clubs of Piedmont	None
Student Representative to the Board	Ally Leong, Student Representative to the Board, reported: <ul style="list-style-type: none">• Last year's spring dance was canceled due to inappropriate student behavior on campus. This year, there will be a spring dance on April 17th. Students are excited about a group, "Zion I", to perform the last hour of the dance. Administrators have allowed up to 300 outside "guest" students, so students are urged to buy their tickets online early.• The Associated Student Body held their biannual constitutional convention; the main goal was to incorporate Millennium High School students more. Student body elections are coming up in May and amendments will also be on the ballot.• Students are hearing that they may be able to move back to the campus over spring break, and they are very excited about the move.
PERSONS REQUESTING TO SPEAK ON ITEMS NOT ON THE AGENDA	None
Superintendent Announcements	Superintendent Hubbard announced that a community meeting will be held on Wednesday, March 31, 2010, from 7:00-8:30 p.m. in the Middle School multipurpose room to present and receive input on the four proposed bus routes for Wildwood students. District Bond Program Consultant Julie Moll, and a representative from the First

Student bus company and the Lamorinda Bus Program Joint Powers Authority will be there to answer any questions. Individual letters will be mailed out to residents who would be affected by the bus routes.

Superintendent Hubbard advised of a police notification regarding a sex offender living in Piedmont who was required to register. She wanted to make sure the community understands that parents and staff have been notified and staff are being vigilant and working with the police in the event of any issues. The police notification was also in the local newspaper, a copy of which was placed at the public information table tonight. All staff members are doing everything possible to protect students.

Superintendent Hubbard wanted to clarify the District's communications protocol. Parents are encouraged to talk with their child's teacher or site administrator regarding any questions or ideas they have. Community members, including the press, are asked to contact the Superintendent's office in order to be directed to the appropriate staff most knowledgeable about an inquiry, and to avoid having more than one staff member working on the same issue.

Board President Announcements

None

APT

Mercedes Foster, Piedmont High School teacher and Associated Student Body advisor, was introduced by APT President Harlan Mohagen.

REVIEW & ACTION ITEMS

Review 2009-10 Second Interim Financial Report of the District; Determine a *Positive Certification* of the District's Ability to Meet Financial Obligations for the Current Year and Subsequent Two Fiscal Years

Superintendent Hubbard informed the Board that the material being presented now will give them adequate time to review and understand what assumptions have been used at this point in time, and how the assumptions may change when the budget is adopted in June.

Assistant Superintendent Brady reviewed the Second Interim Financial Report. The budget document is a reflection of the District's goals and philosophy of providing a breadth and depth of educational program for all students, while maintaining highly qualified staff by providing a competitive compensation package.

The District submitted a *Positive Certification* for the 2009-10 First Interim Report presented in December 2009, with advance notice that given the State's current fiscal crisis, the District would outline, define, and implement at least \$1 million in reductions for the 2010-11 school year by this Second Interim report. Those reductions have been incorporated as part of the 2010-11 and 2011-12 multi-year projections, and represent a combination of one-time and ongoing cuts (including reductions in certificated Particular Kinds of Service [PKS] also placed on the March 10, 2010 Board agenda). The report as now presented reflects relevant information to budgets for 2009-10 through 2011-12 based on conditions as of January 31, 2010. Per guidelines established by the Alameda County Office of Education, the Second Interim report uses the School Services "Dartboard" which was updated based on the Governor's Proposed 2010-11 State Budget in January, 2010 for COLA, revenue limit deficits, and categorical funding. However, as was the case at the First Interim report (when the District chose *not*

to include the SSC projection of a .50% increase in COLA as part of its revenue limit calculations), we will continue taking a more conservative approach to PUSD budget development by considering elements of the Legislative Analyst's Office assessment of the Governor's 2010-11 Budget proposals.

The recently proposed 2010-11 Governor's Budget continues to target K-12 education, specifically introducing a new and ongoing cut of \$1.5 billion (a \$1.2 billion reduction targeted at administrative and "non-instructional activities," and \$300 million in cuts related to changes in laws restricting how districts contract out for services) from the Revenue Limit *after* application of the deficit factor of 18.355%. In other words, this ongoing reduction would continue even if the deficit factor is fully eliminated in the future. The calculation of this particular cut will vary from school district to school district, though the loss is assumed to be between \$200 and \$250 per ADA (as confirmed through direct communication between the PUSD Business Services Office and staff at the Legislative Analyst's Office in Sacramento). In addition, districts will lose the statutory .50% COLA provided under Proposition 98 with the imposition of a negative -.38% COLA which represents an additional \$24 per ADA (a loss already anticipated by PUSD in the First Interim report). The net loss to the Piedmont Unified School District, when combined with categorical funding reductions and enrollment adjustments, will reach or exceed \$700,000.

The financial summary of the Second Interim Report provided to the Board shows the condition of the District's General Fund as of January 31, 2010. Budget development assumptions as stated were in place at the point in time when each budget revision and multi-year projection was developed. The final page was a summary of the multi-year projection that establishes the District's ability to meet its financial obligations for the current year and 2010-11, plus corrective action to be implemented in 2010-11 (both in revenue enhancement and reductions) to maintain a full 3% reserve in 2011-12. The revised State Enacted Budget of May, 2009 temporarily lowered the minimum reserve requirement levels for economic uncertainties in Piedmont to 1%, but the PUSD Board of Education has remained resolute in its commitment to a 3% reserve, both anticipating the restoration of this requirement under ABX4 2 in 2012, and understanding that when reserve levels are reduced, it requires budget reductions or revenue enhancement of twice the amount lowered to fully restore them.

The District also continues to work within the parameters for use of one-time funds (Federal Stimulus dollars under ARRA and IDEA) as well as State categorical fund flexibility. As of June, 2010, per directive, all Federal Stimulus will have been expended. For State categorical funding flexibility as outlined in the Enacted 2009-10 California State Budget (and SBX3 4, Chapter 12, Statutes of 2009), PUSD is authorized to use money received from the State for Tier III programs for any educational purpose to the extent permitted by law. The flexibility to use funds from these programs is authorized for five years from 2008-09 through 2012-13 by Education Code 42605, and requires an annual public hearing on the proposed explicit use of the funds. At its May 27, 2009 meeting, the Board authorized budget

transfers from four of sixteen Tier III categorical programs to support K-12 education, including \$120,000 from Adult Education, and \$90,000 from Deferred Maintenance, but upheld virtually all categorical funding (\$850,000) to continue supporting existing K-12 categorical programs (e.g. GATE, K-3 CRS, 9th Grade CSR in English and Mathematics, State Instructional Materials). A similar hearing will need to be held this year to renew or expand this flexibility. The Board will have its final opportunity to “sweep” the ending fund balance from the Deferred Maintenance Fund to the General Fund by June 30, 2010. Deferred Maintenance is critical to the on-going maintenance of District facilities and once swept, may result in problems in the future. Staff is in the process of developing a contingency plan for Board consideration to be decided as part of the required hearing for transfer of categorical funds that must be held prior to June 30, 2010.

The budget documents presented in the Second Interim report continue to serve as a reflection of the District’s goals and philosophy of spending current funds on current students. They also reflect the tremendous support of the community as expressed in revenues from the Measure “E” Emergency Parcel Tax; continuing annual support from the Piedmont Educational Foundation General and Endowment funds; the funding of personnel and direct per-student contributions from parent clubs; numerous donations and grants from service organizations and support clubs like PRAISE, CHIME, and PAINTS; and philanthropic efforts from individuals and foundations like the Lois Blair Rawlings Foundation. Furthermore, for 2010-11, the Piedmont Educational Foundation, parent clubs, and other support groups have pledged an additional \$450,000 in one-time contributions to preserve the existing program for students next year as part of the “2010-11 PUSD Program Preservation Fund.”

As the District develops its budget for 2010-11, staff will begin the process of identifying how to close a \$1.4 million shortfall for 2011-12 and to address the loss of an additional \$1 million in funding for 2012-13 (when the Emergency Parcel Tax - Measure “E” expires).

The following budget development principles approved by the Board at the First Interim Report will inform this process:

- Maintain and improve current academic program opportunities for all students by providing a depth and breadth of offerings. This includes student support systems as part of the base program, and is the program supported by the current budget. It also anticipates an educational program vision to be approved by the Board resulting from current planning efforts by the Piedmont educational community in the “Shaping Our Future” process.
- Attract and retain highly qualified personnel (who with their representative associations work in partnership to provide quality programs for all students) while maintaining long-term fiscal solvency.
- Continue to work in partnership with support organizations (parent clubs, the Piedmont Educational Foundation, and support groups) and the Piedmont community to maintain the

excellence of Piedmont schools.

- Eliminate dependency on one-time funds, including the Emergency Parcel Tax (Measure E) approved by the voters in June 2009 that will expire no later than July, 2012.
- Implement conservative fiscal policies that include “worst case” scenarios from the State and Federal government as sources of revenue; reduce dependency on local revenue from parcel taxes and support organizations to maintain programs; identify and reduce \$1 million in expenditures to maintain a balanced budget for the current year and two subsequent years as part of the annual Second Interim report; identify and set-aside, if any, for a parcel tax reserve fund for use in the final year of the current parcel tax (Measure B).
- Include a minimum 3% reserve in all multi-year projections (in addition to additional reserve levels in 2009-10 to support the 2010-11 budget); fiscal implications for program decisions are based on assumptions at the time of required budget adoption and interim report periods; confine multi-year projections to the three-year horizon of AB1200.
- Present for Board approval, when possible, Positive Certifications of the District’s ability to meet its financial obligations: to demonstrate sound fiscal management; to secure and maintain the District’s favorable credit rating for future bond issuances.
- The Board retains final decisions on programs based on approved vision and goals, fiscal realities and projections, Superintendent recommendations based on student program priorities, and input from professional staff, parents, and the community.

Second Interim (as of January 31, 2010) – Revenue: + [\$187,835]

The Revenue Limit is based on an Average Daily Attendance (ADA) of 2475 as projected from the P-2 from 2008-09. We anticipated relatively flat enrollment for the current year; and the District’s enrollment from our annual CBEDS (California Basic Educational Data System) report from October 7, 2009 is 2554 students. The District is funded on the current or previous year’s ADA, whichever is higher. The prior year figure is used for current year calculations. The Revenue Limit remains virtually unchanged. A modest adjustment in State revenue from Class Size Reduction (CSR) Grade 9 apportionments (\$11k), school safety (\$12k) and professional development and English language development (\$5k), account for a \$28,669 increase in State funding.

The accounting structure for the transfer of \$243,029 in Adult Education (AE) funding has been changed. No longer is the AE income and subsequent transfer shown on the revenue side of the ledger as it was at the First Interim. Instead, AE State funding is reported separately as income and then booked as an expense, thus inflating both figures. An increase of \$154,062 in local revenue is due to donations to the Wellness Center for \$24,000; revised income contributions of \$34,000 from parent clubs; \$29,000 in receivables from previous Educational Foundation grants; \$30,000 in anonymous donations; and \$38,000 in receivables from associated student body funds and athletic fees. A decline in projected revenue from District

facilities rentals was offset by a modest insurance settlement from the Alameda County Schools Insurance group.

Second Interim (as of January 31, 2009) – Expenditures: + \$55,934

Decreases in salaries include reduced costs of \$38,000 for substitute teachers and classified personnel, and adjustments to salary calculations in October. An increase in benefits of approximately \$35,000 is attributed to “qualifying event” changes in medical plans and to the transfer of some personnel benefits costs between operating funds. Most of the \$60,000 increase noted in services and operating expenditures are booked against revenues received (for the Wellness Center and anonymous donations).

The transfer of funds to Adult Education is now inserted as a separate expenditure. Approximately fifty percent of the AE funding (\$120,000) is transferred back to the General Fund in the form of indirect costs for direct support of the AE program by the District.

Second Interim (as of January 31, 2010) – Ending Fund Balance: \$2,210,853

The total ending balance on June 30, 2010 is projected to be \$2,210,853 which represents 7% of total expenditures. The District continues to build reserves through cost saving measures including roll-over of ending fund balances where authorized, and the preservation of General Fund money through use of highly restricted, one-time funding (ARRA, IDEA, etc.). AB 1200 requires each district to maintain a 3% reserve for economic uncertainty. \$1,297,302 to be carried forward to 2010-11 is what remains after the \$888,551 reserve has been met.

To address the \$1.4 million shortfall in 2011-12, the District will identify a combination of revenue enhancements and expenditure reductions as part of its Adopted Budget for 2010-11. Options for revenue enhancement include Board authorization of a parcel tax increase and a sweep of Tier III categorical programs where appropriate. For reducing expenditures, the District will identify by the First Interim report in December, 2010, a minimum of \$1,000,000 in future reductions. In addition, negotiations with employee associations will commence with the goal of reducing costs independent of the reductions to be outlined by the First Interim report.

Multi-year Projections (as of January 31, 2010) - 2010-11 Assumptions

Revenue:

- A reduction of \$250 per ADA for the Revenue Limit with a Deficit Factor of 18.355% per the Legislative Analyst’s Office
- No ARRA (Federal Stimulus funds) projected for 2010-11

- Revenue Limit ADA of 12 students from the prior year to 2463. This is based on current year enrollment figures. P-1 ADA is at 2482.
- Categorical and Special Education funding at -0.38% decrease from the previous year.
- Additional local one-time funding of \$450,000 from Parent Clubs, the Piedmont Educational Foundation, Lois Blair Rawlings Foundation and support organizations
- No mandated cost reimbursements are included as part of 2010-11
- Adult Education Apportionments are built in/transferred out
- Parcel tax revenues from Measures B and E as approved by the voters in June 2009 will remain the same.
- Piedmont Educational Foundation Endowment contribution of \$162,000
- \$0 for designated anonymous donations.
- Parent Club contributions of approximately \$1.3 million (direct District-funded support and parent club funded personnel with additional benefits costs)
- Adult Education contribution of \$120,000 for indirect costs

Expenditures:

- 0% increase in salaries for all employees over 2009-10 collective bargaining agreements (ratified by APT, CSEA) and APSA memorandum
- A reduction of \$1 million dollars (furlough days and elimination of Particular Kinds of Service).
- Step and Column increases for all employees
- 10% increase in health and welfare benefits for all employees
- Unexpended funds in categorical programs to be reserved for the program from which the funding originated or captured as allowable under 2009 State budget provisions.
- A \$72,000 savings from 4.0 FTE retirees and no further retirement incentive payments from 2008-09 school year
- Ending Fund Balance: \$1,754,895
- Reserve in excess of 3% for use in 2011-12 is \$874,461

Multi-year Projections (as of January 31, 2010) - 2011-12 Assumptions

Revenue:

- Cost of Living Adjustment (COLA) 1.8% over the 2010-11 level as projected by School Services of California as of February 3, 2010.
- Continue deficit factor of 18.355% with a reduction of \$201 per ADA
- Federal funding at the same rate as the 2010-11 rate
- Parcel tax revenues from Measures B and E as approved by the voters in June 2009 will remain the same. Under revenue enhancement options, the Board *may*, after a public hearing, authorize a 5% increase for the Measure B tax (approximately \$400,000)
- Revenue Limit ADA is the same used for 2010-11
- Categorical funding increase of 1.8%
- Special Education settlement from 2000-01 of \$12,000 per year expires.
- Adult Education Apportionments are built in/transferred out
- Adult Education contribution of \$120,000 for indirect costs
- No mandated cost reimbursement is projected in the budget.
- All Parent and support group contributions at the same level as in 2009-10 plus cost of living increases (reduction of one-time contribution of \$450,000 in 2010-11)
- PEF contribution of \$162,000 on behalf of the Endowment Fund

Expenditures:

- No salary increase for any employee group
- Salary schedules revert to the 2009-10 rate (assumes no furlough days)
- Step and column increases for all employees
- 10% increase in health and welfare benefit cost for all employees
- Savings of \$72,000 from a projected 4.0 FTE retirements.
- Unexpended funds in categorical programs to be reserved for the program from which the funding originated or captured as allowable under 2009 State budget provisions.
- Ending Fund Balance: -\$435,261

- \$1,350,666 needed to meet the 3% reserve. The District will require additional reductions in 2010-11 to meet the reserve requirement. The total amount will be identified as part of the 2010-11 Adopted Budget.

Status of Other Funds Operated by the District as of Second Interim (1/31/10)

Adult Education

The Adult Education Fund Ending Fund balance reflects deficit spending for the 2009-10 year, although this is due entirely to the indirect cost commitment to the General Fund. As part of the multi-year projections, the State funding for 2010-11 and 2011-12 remains the same, with a 0% COLA. The law requires that the Adult Education program be self-sufficient and in no way supported financially by the District's General Fund. The Adult Education Fund remains solvent for 2009-10, but revenue from fee-based classes is down significantly. Expenditures are being reduced as the high school diploma program can no longer accept concurrently enrolled high school students from districts outside of Piedmont (though it will continue to serve all adult students who enroll); and the Creative Retirement Center program for senior citizens will be scaled back to three sessions per month instead of four. The District wishes to thank the City of Piedmont for its extraordinary effort in offering space at the Veteran's Hall for the seniors program, thereby maintaining continuity of service. Further cuts will need to be made to balance the fund in future multi-year projections if the Adult Education fund is going to meet its \$120,000 indirect cost contribution to the General Fund.

Cafeteria Fund

The Cafeteria Fund is a separate fund for which the District tracks all food services operations. Food services at the elementary sites are exclusively operated by parent volunteers and therefore all fiscal transactions are accounted for through the Parent Club treasurer. Food service at the High and Middle schools requires 3-4 employees whose salaries are accounted for through this fund. All costs associated with the operation of the food services provided to the students are wholly supported by the Parent Club organizations. This fund does not receive contributions from the District General Fund. Revenue is anticipated to increase by the cost of salary and benefits for employees in the multi-year projections. Expenses include 0% increase in salaries for 2010-11 and 2011-12 and 1.5% in longevity increases only. Cafeteria Fund employees will also participate in the classified lay off process and furlough day salary reductions for 2010-11.

Deferred Maintenance Fund

The Second Interim Report reflects no transfer from the District General Fund as is typically required for the District to receive matching funds from the State. Current budget flexibility provides the District access to Deferred Maintenance funding for the near term. The expenditures for this fund support the District's Five-Year Deferred Maintenance Plan. Some salary and benefit costs initially

assigned to Deferred Maintenance have been reverted to the General Fund. Costs reflected in services and operating expenses are even, and the use of Deferred Maintenance funds in support of Seismic Safety Bond projects is ongoing. Categorical funding flexibility as outlined in the Enacted 2009-10 California State Budget authorizes the Board to sweep any portion of the Deferred Maintenance ending fund balance to the General Fund, but June 30, 2010 marks the last opportunity to sweep from this fund. As of now, the multi-year projections show identical expenditures in Deferred Maintenance. Deferred Maintenance is critical to the on-going maintenance of District facilities and once swept may result in problems in the future. Staff is in the process of developing a contingency plan for Board consideration to be decided as part of the required hearing for transfer of categorical funds that must be held prior to June 30, 2010.

Building Fund

The Building Fund is the established fund for which all voter-approved Bond measure proceeds are accounted. The balance of the funds may be used in support of any voter-approved project. All current funds are derived directly from Seismic Safety Bond funds approved by the voters in March, 2006. Additionally, a Citizens Oversight Committee (COC) is charged with the review of all District expenditures related to the Seismic Safety Bond program since the inception of the PUSD Seismic Risk Reduction Program. The COC must report to the Board to present an annual report, and is scheduled to do so at the regularly scheduled meeting of March 24, 2010. There are limited changes in the multi-year projections for the Building Fund because of the uncertainty of when the

District will receive State matching funds per the State Allocation Board. The next issuance of bonds (\$12.0 - \$13.2 million) will take place before June 30, 2010. A final issuance that will account for all \$56 million in bond authorization is scheduled for 2010-11 (\$10 - \$8.8 million).

Capital Facilities Fund

The Capital Facilities Fund is a fund for capital projects as identified by the Board of Education. This was the fund through which all donations in 1999-2000 for the artificial turf at Witter Field were accounted. Interest earnings, capital improvement projects (funded through donations), and diverting a portion of facilities rental fees (generated by Witter facilities) to the fund reflect current changes. Multi-year projections show a \$15,000 place-holder for Witter Sports Complex rental fees.

Parcel Tax Reserve Fund

The Parcel Tax Reserve Fund was established for funds from the first year (2006-07) of the current Parcel Tax approved by voters to support programs as necessary in later years of the term of the tax. \$500,000 was transferred from the General Fund into this account in 2006-07 to help support programs in this, the last year of the current authorization (2009-10). Including interest earnings over four years, the fund will be entirely depleted (as mandated by the parcel tax

measure). No funds have yet been set aside from the 2009-10 Parcel Tax to this fund to support programs three years from now.

NODA Fund

The NODA Fund was established by the Board of Education to use the proceeds from the sale of a mural by artist (and former PHS student) Benjamin Hideo Noda to establish a fund from which the interest earned is used for grants to support visual arts at the secondary level. The NODA account is fully funded, and there are no changes to report at the Second Interim and there are no significant changes in the multi-year projections

Summary and Recommendation

The Budget Advisory Committee (BAC), which is a standing committee with representatives from all stakeholders in the District, is a vehicle for dissemination of information to as many parents, students, staff and community members as possible. Its purpose is to review the District's budget, share the information with constituent groups and generate recommendations for Board consideration in the budget development process. It provides frequent opportunities for the Piedmont educational community to review the District's budget and identify trends and make recommendations for Board consideration in the budget development process. The Committee is advisory in nature and does not have decision-making responsibilities. After the BAC has reviewed the Second Interim Report, results of its discussions for budget priorities and recommendations will be presented to the Board of Education as part of the 2010-11 budget development process. The Board also established the Parcel Tax Citizens Advisory Committee to make recommendations regarding the levy of Measures B and E. The report received by the Board on February 10, 2010 confirmed the necessity to levy Measure E in 2009-10 and projected the likelihood of the need to levy Measures B and E to their authorized amount in 2010-11. The Citizens Advisory Committee will make a recommendation as part of the Public Hearing process scheduled for March 24, 2010 and April 28, 2010 to determine the levy of the Parcel Taxes for 2010-11.

The staff recommendation to approve the Second Interim Report as presented and for the Board to provide a *Positive Certification* as to the District's ability to meet its financial obligations for the subsequent two fiscal years is based on information that is available as of January 31, 2010. Staff is confident of the District's ability to meet financial obligations for the current year and next. Due to the budget crisis, the District will need to make pre-emptive adjustments in the development of the 2010-11 budget to guarantee fiscal solvency for 2011-12.

The uncertain economic times facing the State and national economy are having a disastrous effect on all school district budgets. The staff, Board of Education and community at large are aware of the effects of enrollment fluctuations and State budget uncertainties and will plan accordingly. Piedmont is committed to the long-term tradition of solid fiscal responsibility in the management of the

District's finances. The District Business Services staff continues to work closely with the Business Services Department at the Alameda County Office of Education and in consultation with School Services of California. The Alameda County Office of Education is dedicated to supporting Piedmont to assure all requirements of AB 1200 and the Daucher Bill are met.

Resident Jon Elliott wanted to emphasize a different point regarding the revenue shortfall from Sacramento: the expense side seems to be underplayed. Given the contractual arrangements now, the projection is that if nothing else changes with the operation of step and column and longevity and the uncertainties and the health contributions increasing, the expenses still go up. The way to keep expenses level is by making cuts. While thinking of this as a revenue problem, it can be also looked at as an expense problem, which is that the footprint grows by \$700,000 per year through the operation of the contracts. What the Board has been doing is figuring out how to finance that increase. And it is being done by cutting program and staff salaries and staff. Don't lose that point. Until the District addresses the fact that we have increases every year, we are going to have offsetting costs every year unless revenue shows up. What has happened now is that staff costs are still going up and the District is not getting a revenue increase so the only way to pay for those increases is to cut staff. Keep that front and center.

It is his understanding that contract negotiations are to begin in November. He asked if it is the Board's current thinking that once negotiations start, the interpretation of what 'not negotiating in public' means is that public input into what structural changes might drive contract changes will be effectively closed off? He asked that the Board lay out clearly what the process will be. His concern is that between now and sixteen months from now, when the next contract takes effect, if whatever the structural changes are, he hopes it will be thought through and talked through in a public process.

Resident Catherine Ogle thanked Assistant Superintendent Brady for providing the FTE (Full Time Equivalent) numbers. She asked various questions on the Second Interim Financial Report.

A discussion followed about the budget process. Board members then made their comments and asked questions about the Second Interim report.

President Gadbois provided an overview of the budget process and how the budget will look over the next year. He started by saying that despite the State crisis, the District is in a place where the current year's budget is about as solid as it can be. The District has the parcel taxes and parent contributions and has done some layoffs. He feels the current year's budget is solid. Next year's budget for 2010-11 is fairly decent; the District negotiated \$1 million in cuts with employee groups; it has been generously given \$450,000 by the parent clubs, and it still has the emergency parcel taxes. What is really critical is the 2012-13 school year and beyond. Our District is in a very unique and fortunate position not to have to be in complete crisis mode, as many school districts. It does not mean the District is "out of the woods". It still needs to figure out the 2012 and beyond

budgets. The process as he sees it is, as a first step, to wrap up the current budget and start working on future budgets right now. The Board is going to begin in March/April to talk about goals and the action plan for next year in collaboration with the staff – and there will be plenty of opportunity for public input. The second step is the negotiations process because all the employee contracts will expire at the end of next year. In the spring, there will be a Board workshop to provide a review of the process. There will also be some closed session discussions held for the Board to decide where they want to go with the negotiations. There will be opportunity for public input in the Fall as we begin to sunshine the openers. Topics will be brought forward and the public can comment at that time.

The third step is the budget development process which is already being worked on. Budget direction from the Board will also be discussed soon. Staff is already beginning to work on this and the Budget Advisory Committee and Parcel Tax Advisory Committee are holding meetings.

Superintendent Hubbard said it is anticipated that the “sunshining” of contract reopeners will take place in October in order for the public to have a better understanding of what contract articles are open, and give the public a longer opportunity to comment. When the Board workshop is held to discuss the negotiation process and what is considered negotiating in public, the California Teachers’ Association representative will also be invited. The Board advises the negotiations staff what they are interested in discussing; the employee group representatives say what they want to discuss; then the public can provide input.

It was moved by Board Member Monach and seconded by Board Member Jones to accept the 2009-10 Second Interim Financial Report of the District; Determine a *Positive Certification* of the District’s Ability to Meet Financial Obligations for the Current Year and Subsequent Two Fiscal Years. The motion passed as follows:

AYES: Gadbois, Tolles, Monach, Jones
NOES: None
ABSTAIN: None
ABSENT: Raushenbush

Both Superintendent Hubbard and Assistant Superintendent Brady highly praised Michelle Nguyen, Director of Fiscal Services, for her detailed tracking of the District budget. The Board acknowledged and thanked Ms. Nguyen.

Conduct Public Hearing and Adopt Resolution 12-2009-10, “In the Matter of the Reduction or Discontinuance of Certain Certificated Particular Kinds of Services for the 2010-2011 School Year”

Superintendent Hubbard stated this is a combination of the \$1 million the District had looked at in terms of trying to protect program by adding to class size. This is happening mostly at the secondary level. At the elementary level, there are kindergartens that are part of the Class Size Reduction program that will now be 24 students. A couple of first grades are at 22. Instructional aides are also being reduced, which will be identified in May. By March 15, certificated employees must be notified. This does not reflect temporary employees for whom action is not required, so more employees will be lost than reflected in the resolution because the temporary employees may not have a contract for next year.

For 2010-11, the High School will have 25 fewer students than now. Because of that, the District will need 1.4 FTE fewer certificated positions. There will be some retirements, also. This will still maintain the core programs at the Middle School and High School and provide lower class size in 9th grade English and 9th grade Math; still protect the 7-period day at the Middle School and High School, and the elective wheel at the Middle School. Our District is fortunate because many other districts are looking at reducing some of these.

The Superintendent praised the teachers for helping to contribute to less layoffs by senior teachers taking leaves of absence, or teachers voluntarily reducing their time, and by furlough days being agreed to.

Jon Elliot asked about the probability of having to let go more temporary teachers if there are additional cuts to District funding. Superintendent Hubbard explained that the District has until June to release temporary certificated employees.

Catherine Ogle questioned the term of "temporary employee", which the Superintendent explained. She also asked about "tie breakers" (employees with the exact same seniority date) and skipping criteria (protecting certain category credentialed teachers by law).

There being no one else requesting to speak, the public hearing was closed.

It was moved by Vice President Tolles and seconded by Board Member Monach to adopt Resolution 12-2000-10, "In the Matter of the Reduction or Discontinuance of Certain Certificated Particular Kinds of Services for the 2010-2011 School Year".

The Board was polled and the motion passed as follows:

AYES: Gadbois, Tolles, Monach, Jones

NOES: None

ABSTAIN: None

ABSENT: Raushenbush

Approve Voluntary Salary Reductions for 2010-11 for the Superintendent and the Classified and Certificated Unrepresented Employees Covered under the Memorandum of Understanding with the Association of Piedmont Administrators (APSA)

Superintendent Hubbard explained that employees who are not members of APT or CSEA have agreed to reductions that are part of the \$1M planned reductions for 2010-11 and included in the Second Interim Report presented this evening. The budgetary reductions for these groups includes not replacing the Principal of Millennium High School/Director of Curriculum administrative position, and shifting those duties to the current administrative staff for an on-going savings of \$125,000. Also, the seven classified employees covered by the APSA memo will voluntarily accept a reduction in salary equivalent to three days of their annual rate of pay, and the certificated administrators and Superintendent will voluntarily reduce their annual salary by the equivalent of five days for a total one-time savings in 2010-11 of \$40,000.

There was no one from the public requesting to speak.

It was moved by Board Member Monach and seconded by Board Member Jones to approve the voluntary salary reductions for 2010-11 for the Superintendent and the Classified and Certificated

Unrepresented Employees covered under the Memorandum of Understanding with the Association of Piedmont Administrators (APSA).

The motion passed as follows:

AYES: Gadbois, Tolles, Monach, Jones
NOES: None
ABSTAIN: None
ABSENT: Raushenbush

Conduct Public Hearing and Ratify Request for a California Department of Education (CDE) Waiver to Exceed Statutory Limit on Bonding Capacity, and Adopt Resolution 11-2009-10, "A Resolution Making a Determination to Submit a Waiver Request to the California State Board of Education with Respect to Certain Provisions of the Education Code Relating to the Issuance of General Obligation Bonds, and Approving Related Documents and Actions"

A review of bond program financing options was provided by Ruth Alahydoian of Kelling Northcross & Nobriga financial consulting firm, at the Board meeting of January 13, 2010. Options discussed included the issuance of \$13 million as bonds, \$9 million as a Bond Anticipation Note (BAN), or issuing all \$22 million as a Bond Anticipation Note (BAN). The Board also requested that staff research the possibility of requesting a waiver from the California Department of Education (CDE) to exceed the 2.50% threshold of total assessed value for the issuance of bonds (i.e. to exceed the current bonding capacity, but not the total bond authorization). The application for the waiver is to insure maximum flexibility for the next issuance of bonds by the District. The waiver, if granted, will allow the District the option to take advantage of favorable interest rates and programs such as Qualified School Construction Bonds (QSCBs) available at the time of issuance. The goal is to protect the long range well-being of the community taxpayers by considering both cost and term of the total authorized bond capacity for the seismic strengthening program of \$56M. Projections to meet current obligations include the need to issue up to \$13.2 M in bonds or BANS by May 2010. The waiver will allow flexibility in the Board's decision to schedule the start of the Wildwood project. Decisions on the size and type of bonds to be issued will be made at a later meeting based on cash-flow demands, receipt of State funds and project schedules. Because the waiver needed to be submitted to the California Department of Education by February 26th, the Board will be ratifying, rather than approving, the waiver request. The resolution would accompany the waiver.

Resident George Childs asked for a clarification of this proposed action.

It was added that the Proposition 39 bonds have a limit in terms of the annual taxes that the District can raise, which is \$60 per \$100,000 of assessed valuation, and that limit remains in place. The District is not asking for a waiver of that.

There was no one from the public requesting to speak.

It was moved by Board Member Jones and seconded by Vice President Tolles to ratify the request for a California Department of Education (CDE) Waiver to exceed the statutory limit on bonding capacity.

The motion passed as follows:

AYES: Gadbois, Tolles, Monach, Jones
NOES: None
ABSTAIN: None
ABSENT: Raushenbush

It was moved by Board Member Monach and seconded by Vice President Tolles to adopt Resolution 11-2009-10, "A Resolution Making a Determination to Submit a Waiver Request to the California State Board of Education with Respect to Certain Provisions of the Education Code Relating to the Issuance of General Obligation Bonds, and Approving Related Documents and Actions".

The motion passed as follows:

AYES: Gadbois, Tolles, Monach, Jones
NOES: None
ABSTAIN: None
ABSENT: Raushenbush

Appoint Board Member to the City of
Piedmont Public Safety Committee

Superintendent Hubbard advised that the City Council of Piedmont created a Public Safety Committee to address increased concerns about public safety and strengthen the partnership between the police/fire departments and residents. The City Council Resolution describing the purpose and composition of the committee was provided. Board Member Martha Jones has agreed to serve as the Board of Education non-voting liaison member at this meeting.

One community representative to serve as a Board of Education representative with voting rights is being sought. All of the information is on the District web site www.piedmont.k12.ca.us. An appointment for that position will be made at the Board meeting of March 24, 2010.

CORRESPONDENCE

Board Member Monach reviewed correspondence received by the Board since February 10th:

- One email from a Parent Club president regarding the bond financing options being considered by the Board. Also, because of misinformation on this issue, an "FAQ" (Frequently Asked Questions) sheet is being prepared and will be placed on the District bond web site
- A request for information from the chair of the Parcel Tax Citizens' Advisory Committee which is being addressed by staff
- Received several links regarding articles on topics such as education financing, parcel taxes and teacher quality
- The administration received input from the Piedmont GATE Advisory Council on ways to improve the GATE program
- An email regarding information on a task force being convened by the League of Women Voters Board to review civic governance with respect to City Council governance issues
- Call for nominations by the League of Women Voters Board; they are looking for parents of school-age children to be represented.

The purpose of the task force is to increase public understanding of the facts surrounding the undergrounding controversy and cost overruns in the City and to assure that corrective action is taken by the City.

- Board Member Monach received an email from Senator Hancock's office, keeping the District apprised of an implementation committee being created exploring ways for districts to receive quicker and easier access to State funds for school modernization and/or seismic mitigation.
- Board Member Monach received an individual email from the Piedmont Asian American Club inviting her to attend their meeting.
- an invitation from the League of Women Voters to attend a forum to hear Professor Lionel Chan speak on the educational funding crisis
- An email from community member Jon Elliot inquiring about when and how members of the public will have the opportunity to provide input on negotiated items as well as potential program delivery changes being considered

BOARD REPORTS

Board Member Monach attended the San Francisco town hall meeting with APCP President Mary Ireland. The meeting was organized by six elementary school parents; a panel of district as well as state officials were invited to respond to questions and participate in a question-and-answer session along with a group of education experts. About 1,000 people attended. The San Francisco Unified School District and the parent community wanted to rally the parents to convey to Sacramento officials that "enough is enough". They are looking at coalitions with other districts.

Locally, a group of seven parents in Piedmont are discussing strategies to pursue how the same message can be echoed and conveyed to the State and that they stand ready to support true structural changes to the way in which public education is financed.

She shared that as a member of the school board and a member of the Piedmont Asian American Club, she was invited by board member Mary Geong to meet with members of the PAAC board to offer her perspective on the Asian Student Union matter. She appreciated that Mary Geong reached out and appreciated the organization for communicating its support of the high school community working with the Associated Student Body and Asian Student Union as a learning experience.

Board Member Jones is taking some courses in the Masters in Governance Program through the California School Boards Association. She recently attended the Student Achievement module.

The busing service is going well.

Vice President Tolles asked if there is any possibility that there is community interest in having a bus or two in town as an ongoing pay-as-you-go service?

President Gadbois attended a preview of a documentary called "Race to Nowhere" which discusses student stress from the intensiveness of studies.

Board Member Tolles also attended the Curriculum Forum which was well attended and which Dr. Roth moderated well.

CONSENT CALENDAR: ACTION ITEMS

President Gadbois acknowledged the following donations:

- Donation in the amount of \$500 by **J.P. Morgan Chase Bank**, with requested use for the District's Wellness Center Program
- Donation in the amount of \$603 by **Justin and Dianne Roach** to the General Fund (the Superintendent advised that these parents learned that when the Governor's Budget came out, the District would lose \$201 per child in administrative costs. They have three students and thus the donation)

It was moved by Board Member Jones and seconded by Board Member Monach to approve the Consent Calendar as presented:

- A. Accept Donations (as acknowledged above)
- B. Adopt Regular Board Meeting Minutes of February 10, 2010, and Special Board Meeting (Closed Session) Minutes of February 12, 2010
- C. Approve Personnel Action Report
- D. Approve Financial Report of the District for the Month of February 2010
- E. Approve Warrant List Dated March 3, 2010, for October, November, December 2009, for Goods and Services Rendered
- F. Approve Certification to State of Athletic Coaches, 2009 Title 5 of the California Code of Regulations, Section 5594 requires that by April 1 of each year, each local governing school board shall certify to the State Board of Education that the provisions of Section 5593 have been met
- G. Extend Consultant Services Agreement Between the District and Julie Moll, to provide services as the Seismic Safety Bond Program communications consultant under the direction of the Superintendent, effective March 10, 2010 through June 30, 2010, at a total amount not to exceed \$50,000
- H. Approve one Consultant Services Contract with Carol Boyd, to provide professional development/teacher evaluation coaching, for District administration, effective September 1, 2009 through June 30, 2010, at a total cost not to exceed \$20,000.00. Funding: PEF Grant
- I. Approve Out-of-State Field Trip for Piedmont High Journalism Students to attend the Columbia Scholastic Press Association Convention, New York, March 16-19, 2010
- J. Approve one Consultant Services Contract with Helen Miller, to provide an assistive technology assessment and attend an IEP meeting for one student, effective March 1, 2010, through June 30, 2010, at a total cost not to exceed \$2,900.00. Funding: Special Education
- K. Approve one Consultant Services Contract with Quest Therapeutic Camp, to provide ESY services for one student, effective June 21, 2010 through July 16, 2010, at a total cost not to exceed \$2,625.00. Funding: Special Education

- L. Approve one Master Contract and one Individual Service Agreement with Behavior Analysts, Inc., to provide consultation/instruction services and informal parent training and instruction for one student, effective February 11, 2010 through June 30, 2010, at a total cost not to exceed \$3,500.00. Funding: Special Education

FUTURE BOARD AGENDA ITEMS

Future Board Agenda items are shown below and are subject to change:

- SUBJECT TO CHANGE -

- Seismic Safety Bond Program: Quarterly Comprehensive Bond Program Budget Presentation, including Cash Flow Demand; and Authorize Superintendent to make budget transfers for overall budget (Mar 24)
- Mid-year assessment on 2009-10 Goals and Objectives
- Long Range Planning: Mission Statement and Themes ("Shaping Our Future Initiative")
- Extend Lease Agreement Between the District and Emery Unified School District for Use of Ralph Hawley School
- Contract for Moving Services and Discussion of Using Prevailing
- Conduct Public Hearing on the Proposed Levy of the Current 2009-10 Parcel Tax, to be Levied in 2010-11 (Mar 24)
- Approve Bond Sale Authorization
- Conduct Public Hearing on the Proposed Levy of Measures B & E Parcel Tax, to be Levied in 2010-11 and Adopt Appropriate Resolution(s) (Apr 28)
- Notification of 2010 Arthur Hecht Volunteer of the Year Awardee
- Seismic Safety Bond Program: Budget/Cash Flow Update and Review/Decision on Schedule for Wildwood Project
- Board authorization to transfer "sweep" of unspent categorical funds to General fund to support educational programs (May)
- Recognition of 2010 Arthur Hecht Volunteer of the Year (May 12)
- Public Hearing and Board Action on Recommendations of Piedmont Recreation Commission Regarding Use Restrictions on New Havens Playfield
- Review of Facilities Use Fees
- Board Workshop on Interdistrict Transfers
- Review of Board Bylaws (Section 9000)

President Gadbois asked that a Board Workshop on the negotiations process be added, and Vice President Tolles stated that the April 28th meeting should be the final decision on the Wildwood seismic safety renovation project, since it is the only Board meeting in April.

ADJOURNMENT

There being no further business, and with no objections by the Board, President Gadbois adjourned the meeting at 10:29 p.m.

RAY GADBOIS, Board President
Piedmont Unified School District
Board of Education

CONSTANCE HUBBARD
Secretary, Piedmont Unified School District
Board of Education