

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

MINUTES OF
Regular Meeting of the Governing Board

March 12, 2008

CALL TO ORDER	Board President Monach called the Board of Education meeting to order at 6:01p.m.
ESTABLISHMENT OF QUORUM	President June Monach, Vice President Cathie Geddeis, Board Members Ray Gadbois, Roy Tolles, Ward Lindenmayer
ADJOURN TO CLOSED SESSION	The Board adjourned to Closed Session at 6:02 p.m. to discuss: Public Employee Performance Evaluation: Superintendent (Government Code Section 54957)
OTHERS PRESENT FOR CLOSED SESSION	Constance Hubbard, Superintendent Michael Brady, Assistant Superintendent, Business Services David Roth, Ph.D., Assistant Superintendent, Educ. Services
RECONVENE TO REGULAR SESSION	Board President Monach called the Regular Session of the Board of Education meeting of March 12, 2008 to order at 7:08 p.m. and led the Board and audience in the Pledge of Allegiance.
OTHERS PRESENT AT REGULAR SESSION	Constance Hubbard, Superintendent Michael Brady, Assistant Superintendent, Business Services David Roth, Ph.D., Assistant Superintendent, Educ. Services
Action Taken In Closed Session	None
Agenda Adjustments	None
COMMUNICATIONS / ANNOUNCEMENTS	
Association of Piedmont Teachers (APT)	None
California School Employees Association (CSEA)	None
Parent Clubs	None
Student Representative to the Board	Student Representative to the Board Riely White was not able to be present tonight but emailed some information to Superintendent Hubbard for announcements as follows: <ul style="list-style-type: none">• Both the boys' and girls' basketball teams lost in the quarter finals. The boys' and girls' soccer teams won 2nd place in the North Coast Section (NCS) but lost in the championship.• The drama production of "Grease" was a sell out, and he was very impressed with how professional the show was and how talented the actors were

- This week is Diversity Week at the High School. There will be lunchtime activities and on Friday, an assembly will be held
- Next week is Teacher Appreciation Week

PERSONS REQUESTING TO SPEAK ON ITEMS NOT ON THE AGENDA None

Superintendent Announcements

The Superintendent wanted to remind anyone new to the District that K-5 elementary registration will be held on Tuesday, March 18th from 8:00 a.m. to 12:00 p.m. and from 1:00 p.m. to 4:00 p.m. at the Piedmont Community Center. Partial enrollment is available online at www.piedmont.k12.ca.us . For the remaining portion, the parent has to come in person to enroll their student. For new kindergarten students, a birth certificate, record of immunization and various proofs of Piedmont residency must be provided.

Superintendent Hubbard also reminded people that if they want to provide input for the 2009-10 Instructional Calendar, they can leave a comment at parcom@piedmont.k12.ca.us. The information will be gathered and discussed during negotiations between the Association of Piedmont Teachers and the District Negotiating Committee in the spring. This email address will run through May 31, 2008 and then be discontinued.

Board President Announcements

President Monach:

- thanked those community members who participated in the letter writing campaign regarding the cuts to the education budget. Over 600 letters were sent out.
- hopes people take a moment to buy tickets to a musical or dramatic performance, read the school newspaper, or talk with a student to find out how things are going

PRESENTATION

2008 Lois Blair Rawlings Foundation Education Inspiration Award

Dr. John Whalen and Kent Penwell of the Lois Blair Rawlings Foundation Board announced the nomination opening, timeline, selection and process for this annual award. The deadline is March 31. Lois Blair Rawlings worked as a teacher for thirty years for the Oakland Unified School District. Her son, Ken Rawlings, as a tribute to his mother, formed a foundation to award people for demonstrating their outstanding capacity as a role model, dedicated service to Piedmont youth, service in education, and the ability to generate respect and enthusiasm for learning, leadership, and/or sportsmanship.

Six awardees are usually chosen annually. Each awardee gets \$5,000, with half of it going to the charity of their choice (charity must be approved by the Foundation).

REVIEW AND ACTION ITEMS

Approve Emergency Plan Segment of Piedmont Unified School District Comprehensive School Safety Plan, 2007-08

Education Code and Senate Bill 187 mandates that every school in California have a Comprehensive School Safety Plan that is reviewed and updated annually. The plan provides guidance for school administration, staff, and students for any emergency that impacts the school, including a public health crisis.

Consultant Carol King advised that most school districts are going to an "incident command system". Reasons for going to this system are that there is common terminology amongst all sites and an integrated communication system. There is a unity of command – one commander responsible for all the decisions. The five teams consist of the Incident Command Center, a First Aid Team, a Search and Rescue Team, a Site Security Team, a Supervision and Assembly Team, and a Student Release Team. The templates for all schools will be the same. Committee members were thanked, especially Marie Retherford for all of her legwork in getting the plan completed.

Community member Yvonne Gonzalez Roger thanked Carol King for taking on this project. Ms. Gonzalez Rogers served on a Grand Jury during the time of the Katrina Hurricane and a lot of studies were done on how to work during emergencies. The key to it are the drills. This Comprehensive School Safety Plan is a great benefit to the community.

Measure E Bond Program:
1. Update on Havens Elementary School Project (Becker Plan)

Superintendent Hubbard confirmed with the consultants that if the District gets line for State funding and out of DSA (Division of the State Architect) early enough, the District should receive \$3 million in modernization monies for the Havens Elementary School.

Designer Mark Becker reiterated that he and others have been actively working since the last Board meeting with ATI. He is very happy with the ATI firm; they are a willing and able design team and 70% of their work is with schools.

When Mr. Becker explained his design plan to Piedmont resident Andy Ball of Webcor Builders, Mr. Ball agreed it was a very viable plan and achievable for \$22 million, to include architectural design fees and the total scope under a design-build proposal. Since that time, Mr. Ball now believes that the lease/lease-back method would be more appropriate. There is still a question of how much of the money will be available initially for the construction period and how much will be carried over the next couple of years so the actual cost of the money in terms of the amount outstanding has to be determined and added into whatever the construction costs are. The design cost that Webcor originally had in their figures - the majority of those architectural costs - would come out and be handled directly by the school district. He feels it is a very realistic project. Webcor is prepared to step forward and make a formal response to the Request for Qualifications which will include a budget for the cost, a team, and the ability to cover the financial costs. Webcor would propose that if the amount is \$5 million or less, Webcor would put up the money rather than going to a financial institution, which would be much more costly. Webcor will try to do everything that is cost effective. Mr. Ball's goal is to try to cover his costs and provide what he thinks is a great benefit to Piedmont and he hopes that is the way this project is being perceived. He added that if there is a better way of doing it or a better company or better proposal or better system, he will step aside and support whatever that effort is because what it is all about is the students of Piedmont.

President Monach added that on March 3, Messrs. Becker and Ball made a presentation on the proposed Havens Elementary School before the City Council. Mr. Becker asked the Council, as civic components to this project, if the City would be willing to pay a portion of the costs for the Havens field turf grass and SchoolMates housing (\$1.2 million to be paid in increments of \$400,000 for the next three years). All Council members were in favor of this expenditure, including the City Administrator.

Superintendent Hubbard added that the \$5 million referred to by Mr. Ball is at the end of the project where cash flow and bonding capacity needs may require additional monies. The District needs to get farther along in other projects to decide whether this financing will actually be needed. She reiterated that timing is critical for this project.

Board Member Tolles' primary concern is for adequate public support for this plan.

Vice President Geddeis wanted to acknowledge the fact that there is a philanthropic motivation for both Mr. Becker and Mr. Ball's involvement.

Board Member Gadbois said that if the District wants to make this happen, the Board is going to have to be decisive about it.

Board Member Lindenmayer said that, as a resident of Piedmont for almost 30 years and reflective of their presentation, Mark Becker, Andy Ball and Jim Nybakken are shining examples of what a wonderful community we have.

Resident and Citizens' Oversight Committee member George Childs is impressed with the plan as put forth. He feels it is very workable and a beautiful plan for the community. He would love to see it happen. His concerns are:

- out of the \$23 million for Havens, nothing in that figure includes the work that will be necessary for the Ellen Driscoll Theater whereas previous projects do;
- that some other projects may not be able to be funded and he does not want to sacrifice work that is needed on other projects;
- he is not clear on where the funding for the temporary housing for Havens will come from;
- there are three existing structures – the first grade wing, the multipurpose building, and SchoolMates building – that are all in usable condition. From the standpoint of ecology, it bothers him that they will be torn down. He feels it is a waste of our resources.

He continued that last week, Mr. Becker said we needed a commitment from the City of \$1-\$1.2 million to take care of SchoolMates and the field turf playfield at Havens. That's another tax, isn't it? The City proposes to take that out of the capital improvement program for the next three years, but what justification do they have to add on to the tax burden for the citizens of Piedmont? He is looking at this globally. He feels a

proposal should be put before the electorate. He hopes these concerns can be addressed. He expressed appreciation to Messrs. Becker and Ball.

Yvonne Gonzalez Rogers asked if it is known what is in the \$23 million and what is not? Superintendent Hubbard advised that staff and consultants are trying to get these facts more clearly defined, for instance, it is known that temporary housing is not included. Then again, design fees have to be looked at to see how much will come out. More facts will be defined at the March 29 community meeting.

Resident Anne Beeson wants to reiterate that the Havens building plan is beautiful but doesn't want the retrofit of the other buildings to be put on the back burner while Havens is the one that gets all the attention; that is not what the voters thought they would be voting on.

Board Member Gadbois responded that he personally thinks it is possible for the District to do this proposal and still do the work at the High School Quad Building and Student Center and the work at Wildwood and Beach. If he felt the District was not able to do that other work, he would not necessarily be as quick to begin on the Becker proposal.

Mr. Ball said that every day that goes by reduces the efficiency of the \$56 million. The money will purchase less and less because of rising expenses. The sooner the work is started, the better the opportunity will be to have a larger portion left to do the rest of the projects.

Lillis Stern, resident and Havens parent, responded to one of Mr. Childs' concerns. She said Building D has been indicated as a building that has life safety and ADA issues.

Ralph Kokka, President of Havens Dads Club, has been asked why is a new building is needed – it is already a great school. In terms of education, there are great teachers there and the principal is great, making it a great place to learn, but that does not say anything about the adequacy of the building itself.

Kyla Oh, Havens parent, thinks the project is fabulous. She wants people to keep in mind that \$18+ million would do a half-fix vs. a guaranteed price of \$23 million for a whole new school!

Citizen Sondra Napell stated that the Board are representatives of the community and this plan should be the community's. The District is being urged to move swiftly due to the escalation of costs. She heard, "there will be money left for the other important projects". She doesn't want money "left" for the other projects; she wants the projects done concurrently.

B. 1. b. Approve Consultant Services Agreement Between the District and ATI Architects and Engineers

Superintendent Hubbard explained that *murakami*/Nelson will be working on the high school, Wildwood and Beach projects, and ATI Architects will work solely on the Havens project.

ATI worked with the District in the very beginning of the development of the Measure E projects list and to keep things moving forward, ATI is being recommended to work on the Havens project. Mr. Mark Bello of ATI is very familiar with Havens Elementary School and has met with Mr. Becker on the proposal. The Superintendent is requesting approval to continue this work with ATI.

Mr. Childs asked if it is possible that there may be some other developer chosen for the Havens project? Superintendent Hubbard responded yes. He also asked if ATI will only be working on the new structure under the Becker plan? Superintendent Hubbard responded yes.

It was moved by Vice President Geddeis, seconded by Board Member Tolles, and passed unanimously to approve the Consultant Services Agreement between the District and ATI Architects and Engineers to continue their services effective March 13, 2008 through April 24, 2008, in an amount not to exceed \$50,000.

B. 2. Update on Measure E Bond Program Budget

Superintendent Hubbard had hoped to be able to present a chart that showed all the budgets but staff is not far enough along. They are working on looking at what would be the components of all the Havens pieces and having the construction manager officially on board to work with the architectural design team to be doing schematic designs at Wildwood, Beach, and the High School. The other projects have not stopped. By the time of the community meeting, staff will have a better idea of how all the projects fit in, in terms of State funding. Our consultants are now working on how much State funding the District will be eligible for the High School buildings.

For the next school board meeting agenda, Board Member Gadbois would like to have preliminary numbers in order to ask clarifying questions. He asked the Superintendent if she has a sense that, at this point, the District can accomplish the projects being contemplated within the overall funding that we have. The Superintendent responded that it is her sense that the District can address Havens, the Maintenance buildings (with a \$2 million cap), the High School Quad Building and Student Center, Beach and Wildwood with our bonds and with the State money amounts at least from Havens and the High School. The District would be eligible to receive money from Beach and Wildwood but her concern is: would those monies be there by the time the District is addressing those projects? Staff have already started working with construction management to work on a preliminary schedule as to when those projects would make sense to start. Superintendent Hubbard said she is not saying there is plenty of "wiggle room", and the numbers we have already have significant contingencies included and that is why we are looking at the next cut. We are approaching any recommendations having to do with the Becker design all in the context that the District will be addressing all red-tagged and yellow-tagged buildings.

Parent Yvonne Gonzalez Rogers asked if the District has had public discussions with the parents at Wildwood and Beach to advise them that the District is contemplating putting students in portables? Superintendent Hubbard responded no, because there is not yet enough information about what the phasing would be and what would be required. That is the part the District is trying to get to in the schematic design - to understand: Do we have to move students out? How can it be done? Can it be done over summers? Can it not be done? What kind of temporary housing would be needed? The Superintendent does not want to unnecessarily distress parents before it is known exactly what the District has to do.

Ms. Gonzalez Rogers asked if the plan is to try to understand those issues before the summer so there can be discussions before school gets out. Superintendent Hubbard responded that the District does not anticipate any students being moved out of Beach, Wildwood or the High School next year 2008-09).

It was brought to President Monach's attention that no motion was taken to approve Item A. 1., the Emergency Plan of the Comprehensive School Safety Plan 2007-08 that was earlier in the agenda.

Motion to Approve Emergency Plan of the Comprehensive School Safety Plan

It was moved by Board President Gadbois, seconded by Vice President Geddeis and passed unanimously to approve the Emergency Plan segment of the 2007-08 Piedmont Unified School District Comprehensive School Safety Plan.

Award Contract Between the District and Vila Construction Company for Construction Management Services Under Request for Proposal (RFP) 01-07-08; and Retain Pool for Services, As Necessary

Superintendent Hubbard advised that seven firms responded to the RFP; paper screening and interviewing were conducted. Vila Construction Company was selected for the work, but the two other firms, Alfatech Cambridge and Harris & Company would be kept in a pool for services, as provided for under Government Code Section 4525, using a "qualification-based selection process".

Vila was chosen based on their previous work on the high school gym lobby, their coordination of the temporary housing at Havens Elementary School; and the installation of the temporary roof at the high school. Vila also facilitated with Ron Gallagher, structural engineer, to do onsite testing at the high school which held costs down, and they also managed the installation of the Witter Field track. They have always been on time and on budget; in fact, the temporary roof project at the high school came in under budget. A lot of the responsibility for managing programs has fallen on the Superintendent and Assistant Superintendent for Business Services, and they both appreciate Vila's willingness to jump in and assist.

It was moved by Board Member Lindenmayer, seconded by Board Member Tolles, and passed unanimously to approve the Construction Management Services Agreement between the District and Vila Construction Company (RFP 01-07-08), effective March 13, 2008 through February 28, 2009, at an amount not to exceed \$250,000; and that the remaining two firms be held in a pool for services as necessary.

Update from the Public Engagement Subcommittee

Board Member Gadbois stated that at the last school board meeting, the Board expressed an interest in gathering more information on the Becker proposal and sharing the details with the public to give them an opportunity to hear more about it and give input.

The subcommittee met with consultant Gina Bartlett and the superintendent and it was decided that a community meeting will be held on the Becker proposal. It is being proposed to have a community meeting from 9:00 a.m. to noon at the Ellen Driscoll Auditorium on Saturday, March 29, 2008. Some of the key goals would be to have a walk-through of the Havens facility and provide an overall context and overview, including a summary of the overall budget. Questions and issues of concern could also be expressed. Ms. Bartlett will facilitate the meeting. A letter is being planned to be sent out to all community members.

Board members were in consensus with the plans.

Resident Yvonne Gonzalez Rogers was disappointed that the format from the last community meeting will not be used and the Board may want to rethink this.

Review 2007-08 Second Interim Financial Report of the District; Accept "Qualified" Certification of the District's Ability to Meet Financial Obligations for Current Year and Subsequent Two Fiscal Years

Superintendent Hubbard started off by saying that a "Qualified Certification" does not hurt the District for a bond issuance, nor does it preclude the District from issuing TRAN. We need further approval from the County in issuing a TRAN. She checked with bond counsel and the Alameda County Office of Education. The point of a Qualified Certification at this stage is that, if the State funds are cut as they are proposed, we will have significant issues in 2009-10. There are some issues for 2008-09. Many districts are doing massive layoffs but our District did not recommend any layoffs for 2007-08. We would rather file a Qualified Certification and not do any layoffs instead of filing a Positive Certification and do layoffs. We will be required to do a Third Interim Financial Report in June but by then we will have facts from the May Revise and know what the real cuts are and what we have to do and have time to plan for 2009-10. We will talk about emergency ways in which we will close the gaps for 08-09 but she thinks it is important that people understand that this was a conscious decision not to put employees in a psychological state. We are preparing for significant cuts but we do not yet know the range of cuts.

The Budget is fluid and therefore under constant revision as revenues and expenditures are clarified. Governing Boards are required to certify the financial condition of each school district at two intervals during the school year. Per the requirements of AB 12000, a **Positive Certification** means that the District **will** be able to meet its financial obligations for the remainder of the current fiscal year and subsequent two fiscal years. A **Qualified Certification** indicates a district **may not** be able to meet financial obligations. A **Negative Certification** is used when a district **will not** be able to meet its financial obligations for the remainder of the year or for the subsequent two fiscal years. *Qualified or Negative Certifications* act as an "early warning device" and will be transmitted to the County Office, California

Department of Education, and the State Controller for possible intervention by these agencies.

Certification is based on the General Fund Summary of Revenues and Expenditures as presented in the Interim Reports. The District submitted a **Positive** Certification for the **2007-08 First Interim Report** presented in December 2007. Although the Board and staff are clear about the District's ability to meet financial obligations for the current year and of our intent to meet financial obligations in 2008-09, the 2009-10 school year is in serious doubt because of the release of the Governor's annual budget which indicates significant reductions in revenue limit funding, categorical funding, and special education funding. Thus, it is the District's intent to submit a **Qualified** Certification at this **Second Interim Report**.

When the District submits a qualified or negative certification, it loses some of its financial autonomy. Future collective bargaining agreements are subject to county office scrutiny prior to board approval, and specific nonvoter-approved financial obligations (such as TRANs (Tax Revenue Anticipation Notes) are also subject to review. The District also has additional reporting obligations, including a Third Interim report due prior to the presentation of the 2008-09 Adopted Budget on June 25, 2008. Staff verified that the Qualified Certification at this time will not have a negative impact on the planned issuance of bonds from Measure E in August 2008.

The financial summary of the Second Interim Report shows the financial condition of the District's General Fund as of January 31, 2008. A summary of the three-year projection that indicates the District's ability to meet its financial obligations for the current year and the anticipated shortfalls for the 2008-09 and 2009-10 fiscal years was also provided. It is important to note these are assumptions in place at a point in time when each budget revision and multi-year projection is developed.

The Governor's budget for 2008-09 acknowledges a growing economic crisis, identifying a June, 2009 deficit in excess of \$14.5 billion if corrective measures are not taken. The Governor's current budget proposal includes cuts that would cost the District approximately \$1.3 million in ongoing funding, and calls for legislative intervention to suspend Proposition 98 funding guarantees. The budget effectively eliminates the projected statutory COLA of 4.94% by imposing a deficit factor of 6.99%, thus reducing the revenue limit by -2.4%. Additionally, there is a 6.5% reduction in funding to both Special Education and categorical programs (such as class-size reduction, instructional materials, school supplemental counseling, and school and library improvement), which translates into roughly a 10.9% reduction for these programs as reported at the First Interim since the statutory COLA is eliminated as well.

The impact the budget crisis will have on the instructional program for students and the resulting effect on District employees is of paramount concern. Although there are no guarantees with respect to avoiding cuts in program or a reduction of workforce, the District believes it is better to make informed decisions that balance the needs of all members of the

educational community than to rush to budgetary conclusions based on early political speculation. For this reason, the District does not recommend issuing layoff notices for certificated staff by the March 15, 2008 deadline. Working with the Alameda County Office of Education, School Services of California, PUSD support groups, the Budget Advisory Committee, and our employee associations, we will wait for additional information from the Governor's May Revise, and develop a balanced budget for presentation to the Board in June of 2008 for 2008-09. We will then use the entire 2008-09 fiscal year to plan for how to sustain the District's educational priorities over the long term.

The budget documents presented in this Second Interim report continue to serve as a reflection of the District's goals and philosophy of spending current funds on current students. The District budget remains consistent with the top priorities of providing a breadth and depth of program experience for all students and maintaining highly qualified staff by providing a competitive compensation package. As the District develops its budget for 2008-09, we will look for ways to reduce expenditures, including possible workforce reductions in temporary staff, departmental spending, overtime expenses, and directing expenditures, when appropriate, away from the General Fund. The District will also look to enhance revenue, including pointing to reserves (such as the \$500,000 Parcel Tax Reserve fund), making recommendations to authorize Board-approved annual increases to the Parcel Tax, and accepting contributions such as a proposed commitment from the Piedmont Educational Foundation of \$100,000 to support the instructional program in 2008-09.

The most significant issues that affect the District's budget at this "snap-shot" in time are changes in the State's economic climate and existing declining enrollment trends. The multi-year projections reflect the Governor's January State Budget proposals, but do not as yet reflect additional changes under consideration by the Legislature and Governor to the education budget (to be approved as part of the final State budget due by July 1, 2008). Although the Board of Education and staff are committed to the maintenance of up to a 4% reserve as part of the fiduciary responsibility of operating the District, operating reserves for 2008-09 and 2009-10 in excess of 3% are unrealistic at this time. Following are the assumptions used in the development of the Second Interim Report and the multi-year projections:

Second Interim (as of January 31, 2008) – Revenue: + \$110,230

- Revenue is based on an Average Daily Attendance (ADA) of 2518 as confirmed from the P-2 from 2006-07. We anticipated decline in enrollment of 20 students for the current year, but the decline has been closer to 30 students. The District's enrollment from our annual CBEDS (California Basic Educational Data System) report from October 4, 2007 is 2552 students (down from 2578). Because the District is funded on the current or previous year's ADA, the previous year's confirmed number is used for current year calculations.

- There is a revenue adjustment of about -\$95,000 due to a misinterpretation of part of the Prop 98 settlement dating back to 2004. Although affirmed by the Alameda County Office of Education in prior budget submittals, this sum is removed from current revenue projections.
- An increase of approximately \$200,000 in State and local revenue due to a \$71,000 parcel tax accounting adjustment (offset by an expenditure adjustment of approximately \$60,000); a one-time Microsoft settlement of \$15,000; revised income contributions of \$17,000 from APCP; \$60,000 in receivables from previous Ed Foundation grants; ADA contributions of \$7,000; \$31,000 in Economic Impact Aid and other State funding.

Second Interim (as of January 31, 2008) – Expenditures: - (\$80,320)

- Reductions include decreases in substitute costs, curtailment of overtime expenditures, fewer medical leaves than anticipated for employees, and adjustments to confirmed step and column salary calculations in October.
- Books/Supplies and Services/Operating expenses show a net increase of approximately \$60,000; there is the suspension of a planned \$42,000 transfer from the General Fund to the capital facilities fund for savings toward the future replacement of Witter Field.

Second (as of January 31, 2008) – Ending Fund Balance: \$1,142,935

The total ending balance on June 30, 2008 is projected to be \$1,142,935, which represents a total of 3.82% of total expenditures. AB 1200 requires each district to maintain a 3% reserve for economic uncertainty. An undesignated balance of \$240,399 is what remains after meeting the 3% requirement. There was also a Beginning Fund Balance adjustment from the 2006-07 audit of a little over \$15,000. This adjustment did not represent an audit finding. The Board of Education's goal and prudent fiscal practices stipulate that a reserve of 4% should be considered minimal, especially in unpredictable economic times such as those we are currently experiencing.

Multi-year Projections (as of January 31, 2008) - 2008-09 Assumptions

Revenue:

- Cost of Living Adjustment (COLA) of 4.94% as projected by School Services of California and the State Legislative Analyst's Office
- A deficit factor of 6.99% for a net 2.4% loss of revenue.
- A decline in ADA of 30 students from 2006-07 year to 2488. This is based on current year enrollment figures that are approximately 30 fewer than the P-2 total of 2518 in 2006-07. P-1 ADA is slightly elevated at 2496.
- Categorical program revenue and Special Education funding reduced by 6.5% from previous year.
- No mandated cost reimbursements are included as part of 2008-09.

- Adjustment to settlement estimate from Prop 98 lawsuit in 2004 to \$0.00.
- A recommended 5% increase in parcel tax revenues from Measures B and C as approved by the voters in June 2005. The Board must hold a public hearing to determine the levy amount for the Parcel Tax for 2008-09. Ballot language authorizes up to a 5% increase over the 2007-08 rate as the maximum amount that may be levied. The Public Hearing will be held on March 26, 2008 to determine the 2008-09 levy. Revenue from a potential parcel tax increase of 5% is approximately \$365,000.
- Piedmont Educational Foundation Endowment contribution of \$158,684, which is an increase of \$21,557 over the previous commitment.
- A reduction from \$91,000 to \$0 for designated anonymous donations.
- Parent Club contributions of approximately \$1.25 million (direct District-funded support and parent club funded personnel with additional benefits costs)
- A \$537,000 transfer from the Parcel Tax Special Reserve. Without the transfer from the Parcel Tax Special Reserve fund in 2008-09, there would be an even smaller ending fund balance below the required 3% reserve for economic uncertainty.

Expenditures:

- A 2.0% increase in salaries for all employees over the 2007-08 rate.
- Step and Column increases for all employees at a total cost equivalent to approximately 1.5% of total salary expenditures.
- A 8.0% increase in health and welfare benefits.
- Savings of \$72,000 from a projected 4.0 FTE certificated retirements.
- Any unexpended funds in categorical programs to be reserved for the program from which the funding originated. All existing one-time funds expended.
- Transfer of \$90,000 (down from \$135,000) to Deferred Maintenance Program to maintain required eligibility levels for projected State matching funds.
- This leaves an ending fund balance of \$295,023 which is (\$605,763) below the State required 3% reserve.

Multi-year Projections (as of January 31, 2008) - 2009-10

Assumptions

Revenue:

- Cost of Living Adjustment (COLA) 3.0% over the 2008-09 level as projected by School Services of California as of February 19, 2008. Continue deficit factor of 6.99 %
- Same ADA figure used for 2008-09.
- Categorical program and Special Education revenue at the same rate as in 2008-09 plus a 3.0% COLA.
- No mandated cost reimbursement is projected in the budget.

- All Parent and support group contributions at the same level as in 2007-08: approximately \$1.25 million (direct District funded support and parent club funded personnel with additional benefits costs)
- PEF contribution of \$158,684 on behalf of the Endowment Fund.
- A recommended 5% increase in parcel tax revenues from Measures B and C as approved by the voters in June 2005. The Board must hold a public hearing to determine the levy amount for the Parcel Tax for 2009-10. Ballot language authorized up to a 5% increase over the 2008-09 rate as the maximum amount that may be levied. The Public Hearing will be held in March of 2009 to determine the amount to be levied in 2009-10.
- Revenue from a potential parcel tax increase of 5% is approximately \$380,000.

Expenditures:

- Step and column increases for all employees (equivalent to 1.5% salary cost).
- No salary increase for any employee group (salary rate to be determined as part of the collective bargaining process)
- 8% increase in health and welfare benefit cost.
- Savings of \$72,000 from a projected 4.0 FTE retirements.
- Transfer of \$90,000 to Deferred Maintenance Program to maintain eligibility for projected State matching funds.
- No transfer from the Parcel Tax Special Reserve fund to support programs in 2009-10, as all Parcel Tax Special Reserve funds have been exhausted. This leaves a negative ending fund balance of (\$849,504) which is (\$1,770,242) below the State required 3% reserve.

Status of Other Funds Operated by the District as of Second Interim (1/31/08)

Adult Education

The Adult Education Fund indicates slight deficit spending for the 2007-08 year that will be addressed prior to the end of the fiscal year. As part of the multi-year projections, the State funding for 2008-09 is reduced by a 6.5% and an increase of 3% for 2009-10, which is the same reduction as found in categorical programs in the General Fund. There is also an adjustment to the beginning fund balance as the result of an overpayment in revenue limit from three years ago. Upon advice of our independent auditors and the Alameda County Office of Education, this overpayment has now been reconciled.

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 fiscally solvent for 2007-08, but adjustments will need to be made at the Third Interim report in anticipation of the 2008-09 budget. The Business Services Department is working closely with the current Director to monitor all aspects of the Adult Education

program and budget. Proposed changes to the Adult Education program is scheduled for presentation at a future Board workshop. Significant cuts will need to be made to balance the fund in future multi-year projections.

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. Food service at the High and Middle schools require 3-5 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 a 3.5% increase in salaries (2.0% + 1.5% longevity) for 2008-09 and 1.5% (longevity only) in 2009-10.

Deferred Maintenance Fund

The Second Interim Report reflects the transfer from the District General Fund required for the District to receive the maximum matching funds from the State, as well as expenditures to support the District's Five-Year Deferred Maintenance Plan. Changes reflected in salary and benefits costs are based on actual costs incurred throughout the year. The use of Deferred Maintenance funds in support of Measure "E" projects is ongoing, with an increase in over \$40,000 since the First Interim report. Changes in the multi-year projections show similar expenditures in deferred maintenance, although these will no doubt be subject to change.

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 the last two years of the current authorization (2008-09 and 2009-2010). Earned interest on these funds in the multi-year projections is modest, and the total amount to be transferred back to the General Fund in 2008-09 should fall somewhere between \$520,000 and \$540,000, depending upon the disbursement schedule and interest rates. Multi-year projections show a \$0.00 balance in 2009-10 the last year of the current tax. Program will need to be reduced in 2009-10 if the Parcel Tax Reserve is expended in 2008-09.

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. In 2006-07, the balance reserved for use on projects

previously approved by the voters was expended for the replacement of the Witter Field Complex football field turf and track (as permitted by the G.O. Bond approved in 1996). All current funds are derived directly from Measure E funds approved by the voters in March, 2006. Additionally, there is a Citizens Oversight Committee whose charge it is to review all District expenditures related to Measure E since the inception of the PUSD Seismic Risk Reduction Program. The COC will report to the Board at its next meeting. There are significant changes in the multi-year projections for the Building Fund because the Board has authorized commencement of schematic drawings for most buildings in the District in 2008 and beyond.

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. The balance of \$191,510 for capital facilities projects as identified by the Board of Education was expended for the replacement of the Witter Field Complex football turf and track. The Witter Field project is now completed. The most significant change in the multi-year projections is a suspension of accumulated savings in the amount of \$45,000 per year for future capital projects.

NODA Fund

The NODA Fund was established by the Board of Education to use the proceeds from the sale of a mural by the artist 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 2008-09 budget development process. It is anticipated that the recommendations to balance the budget for the current year and subsequent two years will be reflected in the Third Interim Report presented in June 2008.

It is recommended that the Board of Education review and approve the Second Interim Report as presented and that they provide a **Qualified** Certification as to the District's ability to meet its financial obligations for the subsequent two fiscal years. This recommendation is based on information that is available as of January 31, 2008. Staff is confident of the District's ability to meet financial obligations for the current year and with significant adjustments in revenue and expenditures for the next fiscal year. Due to the uncertainty of the budget crisis, the District recognizes the need to make significant adjustments to the 2008-09 budget to guarantee fiscal solvency for 2009-10.

The uncertain economic times facing the State and national economy are having an adverse affect on the District's budget. The staff, Board of Education and community at large are very aware of the effects of enrollment fluctuations and State budget uncertainties and are planning 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.

It was moved by Board Member Gadbois, seconded by Vice President Geddeis and passed unanimously to approve the 2007-08 Second Interim Financial Report and to accept a "Qualified Certification" of the District's ability to meet financial obligations for the current year and subsequent two fiscal years.

Adopt Resolution 14-2007-08, "Authorizing Budget Transfers of Funds"

It was moved by Vice President Geddeis and seconded by Board Member Tolles to adopt Resolution 14-2007-08, "Authorizing Budget Transfers of Funds".

The Board was polled and the motion passed unanimously.

Vote for Candidate(s) to the 2008 California School Boards Association (CSBA) Delegate Assembly

It was moved by Board Member Lindenmayer, seconded by Board Member Tolles, and passed unanimously to vote for Anne White for the 2008 Delegate Assembly.

REVIEW AND DISCUSSION ITEMS
Calendar for the Levy of 2008-09 Parcel Tax

The calendar for the levy of the parcel tax was provided. A public hearing will be held at the March 26 Board meeting, and action to levy the tax will be taken at the April 9, 2008 Board meeting after a second public hearing. Superintendent Hubbard will be recommending that the highest assessment (5%) be levied, given the District's financial situation.

Mid-Year Progress Report on 2007-08 District Goals

Progress made to date was discussed. Near, intermediate and long-term goals were also provided. More review will be conducted at the next Board meeting.

INFORMATION ITEM
Announcement of Upcoming Board Reorganization

Per Education Code 35143, the Governing Board of a school district shall hold an annual organizational meeting and the meeting shall be held on a day within a 15-day period that

commences with the date upon which a Governing Board member elected at that election takes office. New Board Members will be sworn in by the City Clerk on Monday, March 17 along with new City Council members, and new Board members will be seated at the meeting of March 26, 2008, at which time the Board will also reorganize to select a President, Vice President, and Secretary to the Board. The swearing-in ceremony will take place as part of a regular City Council meeting at 6:00 p.m. at the Piedmont Community Hall.

CORRESPONDENCE

President Monach advised that she received four emails; one providing suggestions for implementing the Measure E Bond Program; one providing some input on decision-making on Havens; one providing different funding scenarios for Measure E; and a fourth one with suggestions on Board protocol.

BOARD REPORTS

Vice President Geddeis announced that Principal Randall Booker found a cookie that meets the State's requirements for sale to students.

Board Member Tolles received a compliment about "looking like a teacher" while on a recent trip to El Salvador.

President Monach thanked Board Lindenmayer and Vice President Geddeis because many members of the public do not realize that in addition to attending the regular school board meetings, Board members serve as liaisons to over 45 different support group boards and District or community committees. So Ms. Geddeis and Mr. Lindenmayer have clocked thousands of meeting hours in their tenure on the Board.

Assistant Superintendent-Educational Services David Roth wanted to express his thanks for the support of both outgoing Board members Geddeis and Lindenmayer and is sorry to see both of them leave. Board Member Lindenmayer has consented to be the treasurer for CHIME for 2008-09.

CONSENT CALENDAR: ACTION ITEMS

It was moved by Board Member Lindenmayer, seconded by Vice President Geddeis, and passed unanimously to approve the Consent Calendar as presented. Items approved were as follows:

)

- Approve Purchase of Used Generator from Piedmont Fire Department
(The Piedmont Fire Department has a used generator which is surplus to their needs. The District will use this generator as backup for the Incident Command Center (to be located in the District Office) in the event of power failure to the phone systems during a disaster, and for non-emergency power backup. The Piedmont Unified School District will purchase the generator from the City for the amount of \$1.00)
- Adopt Resolution 15-2007-08, "Arts Education Month-March"
- Approve Application for 2008-09 Community-Based English Tutoring Program (CBET)
- Adopt Regular Board Meeting Minutes of February 13,

2008 and Special Board Meeting of February 27, 2008

- Approve Personnel Action Report
- Approve 2008-09 Application for Multi-School Teams Status with the California Interscholastic Federation (CIF) (Renewal applications must be filed annually in order for Millennium High School students to be able to participate in Piedmont High School sport programs)
- Reverse Amendment to Motion Made at Board Meeting of January 29, 2008
(At the Board meeting of January 29, 2008, a motion was made to adopt the 2008-09 Budget Development Calendar, with the amendment that the date of the Board meeting of March 2008 be shown as March 13, rather than March 12. The day after the Board meeting, it was discovered that the date shown of March 12, 2008 was, in fact, correct. Assent of this Consent Calendar item by the Board acknowledges that the original March 12, 2008 date was, in fact, correct, and reverses the Board's amendment.)
- Approve Grant Application in the amount of \$20,000 to the U.S. Green Building Council for the development of a Green Building Curriculum which would be implemented as part of the Piedmont High School Environmental Science Course.
(David Roth, Assistant Superintendent, Educational Services, has been working with Piedmont High School Science teacher Andy Willats and Piedmont community member Alice Sung in developing a grant proposal that includes the development of Green Building curriculum which would be implemented as part of the Piedmont High School Environmental Science course (conveying the relationship between energy consumption/green schools to global warming/climate change action through the development of a greenhouse gas emissions inventory of the school district.)
- Approve one Consultant Services Agreement with **Linguistic Alternatives** to provide a one-time Spanish language speech assessment for one preschool student, effective February 11, 2008, at a total cost not to exceed \$400 (Funding Source: Special Education)
- Approve one Consultant Services Agreement with **Starfish Therapies** to provide physical therapy for one preschool student, effective February 1, 2008 through June 30, 2008, at a total cost not to exceed \$7,625 (Funding Source: Special Education)
- Approve one Consultant Services Agreement with **Margaret Mowry Evans and Marywin F. Deegan** to provide Assistive Technology (AT) and Alternative Augmentative Communication (AAC) for one preschool student, effective February 6, 2008 through June 30, 2008, at a total cost not to exceed \$7,250 (Funding Source: Special Education)
- Approve one Consultant Services Agreement with **Cynthia Ng** to provide occupational therapy for one preschool student, effective February 6, 2008 through June 30, 2008, at a total cost not to exceed \$2,625 (Funding Source: Special Education)

- Approve one Master Contract and one Individual Service Agreement with **Advantes Speech Therapy Services** to provide a one-time Mandarin language speech assessment for one preschool student, effective March 13, 2008, at a total cost not to exceed \$425 (Funding Source: Special Education)
- Approve Monthly Financial Report of District for February 2008

FUTURE REGULAR BOARD MEETING
AGENDA ITEMS
(subject to change)

Future Regular Board Meeting Agenda Items are as follows:

- Budget Update (Apr)
- Seating of New Board Members and Reorganization of Board (President, Vice President and Secretary; and Adopt Resolution Regarding Designated Signatures (Mar 26)
- Review and Approval of Facilities Use Fees (Mar 26)
- First Reading of Proposed New Textbooks (Mar 26)
- Announcement of Availability of Noda Memorial Grants (Mar)
- Certification of Athletic Coaches (Mar)
- Conduct Public Hearing and Recommendation to determine the parcel tax levy and amount for Measures B and C for the 2008-09 fiscal year (Mar & Apr)
- Begin Discussion of District Goals for 2008-09 (Mar & Apr)
- Approve Single Plans for Student Achievement, including Safety Plans (Mar 26)
- Notification of 2008 Arthur Hecht Volunteer of the Year Award (Apr)
- Recognition of 2008 Arthur Hecht Volunteer of the Year (May)
- Review of Board Bylaws (Section 9000) (TBD)

The next Board meeting will be held on Wednesday, March 26, 2008 at 7:00 p.m. in the City Hall Council Chambers.

ADJOURNMENT

There being no further business, and with no objections by the Board, the meeting was adjourned at 10:35 p.m.

JUNE MONACH, Board President
Piedmont Unified School District
Board of Education

CONSTANCE HUBBARD
Secretary, Piedmont Unified School District
Board of Education