

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

MINUTES OF
Regular Meeting of the Governing Board

December 12, 2007

CALL TO ORDER	Board President Monach called the Board of Education meeting to order at 5:40 p.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 5:41 p.m. to discuss: A. Conference with District Representative Constance Hubbard Regarding Negotiations with the Association of Piedmont Teachers (APT) (Government Code Section 54956.6)
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 December 12, 2007 to order at 7:06 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	The Regular Board Meeting Minutes of November 14, 2007 were pulled from the Consent Calendar and will be placed on the January 15, 2008 Board Agenda Consent Calendar.
COMMUNICATIONS / ANNOUNCEMENTS	
Association of Piedmont Teachers (APT)	None
California School Employees Association (CSEA)	None
Parent Clubs	None
Student Representative to the Board	Riely White, Student Representative to the Board, reported that: <ul style="list-style-type: none">• The Annual Food Drive for the Alameda County Food Bank is underway• The High School Winter Fair was held today which is when different clubs set up in the quad and sell various foods• The Ryan Costello Foundation Grant Application period is open (deadline is December 20). Up to \$1,000 per grant is

- being given to students for various educational needs
- The drama production of Anne Frank was performed at the high school
- The Wellness Center is going well
- Winter Sports are under way
- The Associated Student Body is doing holiday grams where you send a note to a friend and the Troubadours will come to your class and sing to you
- Piedmont High School was ranked number 68 by the *U.S. News & World Report* magazine
- The Winter Concert will be held on December 18 at 7:30 p.m.
- Winter Recess is coming up (December 24-January 4, 2008)

PERSONS REQUESTING TO SPEAK ON ITEMS NOT ON THE AGENDA None

Superintendent Announcements

Superintendent Hubbard asked Assistant Superintendent David Roth to comment about the ranking of Piedmont High School.

Dr. Roth reported that there were some errors in the magazine listings: Piedmont was actually ranked #67.

This was the magazine's first annual ranking of best public high schools. They looked at a sampling of 18,790 public high schools across 40 states. They were looking at test data from 2005-06, particularly the percentage of students who participated in AP courses, as well as the AP test scores of those students who participated. Their criteria for identifying the top high schools was important. It was to look for the best college level achievement for the highest percentage of students. It was a very nice recognition and a testament to Piedmont students and their families, teachers, administrators and counselors.

Superintendent Hubbard felt it is important to look at this recognition as a K-12 perspective; the process really begins much earlier than the high school level.

Board President Announcements

President Monach reported that:

- Winter Break is December 24 through January 4, 2008
- Various Winter Concerts and Holiday Luncheons are taking place at the various school sites so please check your newsletters/bulletins

REVIEW AND ACTION ITEMS

Conduct Public Hearing and Approve Proposed Contract Changes Between the District and Association of Piedmont Teachers (APT) for 2007-08 and 2008-09

The APT voted last Thursday to accept the proposed contract changes as follows:

Article XXII - Committees

The calendar will be negotiated separately. The goal is to present the 2008-09 calendar in December 2007, the 2009-10 calendar by June 2008, and subsequent years two years in advance. The commitment is to work with calendar committee, parents and community for communication of process.

Article XXII - Committees

The calendar will be negotiated separately. The goal is to present the 2008-09 calendar in December 2007, the 2009-10 calendar by June 2008 and subsequent years two years in advance. The commitment is to work with calendar committee, parents and community for communication of process.

Article XVII - Salary

A 3.5% salary increase over the 2006-07 schedule for 2007-08 (projected cost: \$486,986).

A minimum salary increase of 2% over 2007-08 schedule for 2008-09 (projected cost: \$259,963).

For 2008-09, Step 25 will be added to the teachers' salary schedule, and Step 23 will be added to the psychologists' salary schedule (projected cost: \$48,300).

Article XV – Retirement

Teachers hired prior to 7/1/01 and retiring after completing 10 years or more of service to PUSD retain eligibility for partial District paid benefits when they become Medicare eligible.

Article XXIII – Educational Support Services

A new article has been added to the APT providing an hour a month, with administrative approval, of planning time for teachers to address the needs of students who require extensive modifications or accommodations.

Article XVI - Fringe Benefits

The District will continue to cover as applicable the increased cost of an employee-only choice of medical plan or of the least costly family and two party medical plan (projected cost for 07-08: \$249,277; projected cost for 08-09: \$135,366).

Side Letters

APT and District agree to negotiate possible additional increase for the 2008-09 school year after the P1 period (January 2009) for that year.

The projected cost of the proposed agreement for 2007-2008 is approximately \$736,263 and approximately \$443,629 for 2008-09. The source of the funding is General Fund with other revenue sources that include State, Federal, Parcel Tax, Piedmont Education Foundation, site parent clubs and support groups. All expenditures are included in the 2007-08 First Interim Report as presented for Board approval on December 12, 2007.

It was moved by Board Member Lindenmayer, seconded by Vice President Geddeis, and passed unanimously to approve the proposed contract changes between the District and Association of Piedmont Teachers (APT) for 2007-08 and 2008-09.

Adopt 2008-09 Instructional Calendar

Superintendent Hubbard advised there had been some concern expressed by community members that more time should be allowed for review and comment of the calendar before its adoption. She advised the District is receiving many phone calls asking about the first day of school. Her recommendation is that the calendar be adopted at tonight's meeting.

Vice President Geddeis, Board Member Lindenmayer, and Board President Monach did not see the merit in holding up the calendar to the next Board meeting. Board members Gadbois and Tolles had no objection to holding the item over to the January 15, 2008 Board meeting.

Christine Cumbelich, as a member of the Parent Instructional Calendar Committee, felt an obligation to the commitment made in the calendar public forum that the calendar be made available for public review for two weeks prior to Board adoption.

It was moved by Board Member Gadbois and seconded by Board Member Tolles that adoption of the Instructional Calendar be held over to the January 15, 2008 Board meeting.

Based on the information presented by Ms. Cumbelich, Board Members Lindenmayer, Geddeis and Monach agreed that the calendar should be placed on the January 15, 2008 Board Agenda for adoption.

Board Member Gadbois moved to amend his previous motion to state that, although the consensus of the Board is that they are in favor of the calendar as proposed, the adoption of the calendar be tabled to the following Board meeting to honor the commitment of making the calendar available for public review for two weeks prior to Board adoption. Board Member Tolles agreed to the amendment and seconded the motion. The motion passed unanimously by voice vote.

Measure E Bond Program: 1. Presentation of Wildwood Concept Design and Cost Estimates

The concept design was developed to address the structural, accessibility and life-safety deficiencies at Wildwood.

Two options were presented at the November 14, 2007 Board meeting. A finalized concept design was presented at tonight's meeting as follows:

Structural – Old Classroom Wing and Auditorium (Main Level)

- Main Wing: strengthen exterior and interior walls
- Auditorium: strengthen exterior walls and roof

Accessibility / Life Safety Corrective Measures:

Exterior:

- Van accessible parking
- Ramp/stair upgrades
- Paving, gates, and drinking fountain
- Exterior opening protection

Interior on Buildings C-D-E:

- Non-structural hazards
- Signage
- Fire Alarm Upgrade

Old Classroom Wing/ Administration / Auditorium (Main Level)

- Fire-rated corridor
- Upgrades at doors, stairs and landings
- Upgrades at kitchen and toilet rooms
- Fire alarm
- Fire sprinklers
- Signage
- Non-structural hazards
- Smoke vent at stage

*Construction Cost Estimates:**

Classrooms:	\$2,823,000
Auditorium:	\$1,106,000
Sitework:	570,000
Phasing: (5%)	<u>\$ 225,000</u>
Total Construction With Phasing:	\$4,724,000

*rounded to the nearest \$1,000

Project Cost Summary:

Construction Cost Estimate:	\$4,724,000
Soft Costs:	\$1,275,000
Contingencies:	
Construction:	\$ 472,000
Project:	\$ 189,000
Escalation:(based on constr. start 6/09)	\$1,232,000
Interim Housing:	<u>\$1,128,000</u>
Total Project Cost Estimate:	\$9,000,000*

*rounded to nearest \$100,000

Measure E Bond Program:
2. Update from Public Engagement
Subcommittee

President Monach thanked participants for helping to make the Saturday workshop a great success. Positive feedback was received. The feedback and CoVision data compiled will be placed shortly on the District's bond web site, along with the workboard used during the workshop (www.pusdbond.org).

Gina Bartlett from the Center for Collaborative Policy and facilitator of the community workshop, gave a recap of the day. Her observations were as follows:

- People really absorbed how much work has gone into the bond program and the complexity of the issues
- They enjoyed the workshop and provided rich input. The outreach provided a good representation of community interests
- Community supports a moderate to moderately comprehensive approach to bond-related work. The community urges prudent use of money

- Safety and post-earthquake condition of buildings and the educational program are the highest concerns
- Measure E bond language and intent, cost, structural deficiency and earthquake preparedness are also important. Accessibility and green design also emerged as issues, but were not as prevalent.
- The community supports strengthening the Group 1 (red) buildings now.
- Participants were unsure about work on the Maintenance Buildings, but understood it is tied to the District's ability to respond after the earthquake.
- The community supports strengthening Group 2 (yellow) buildings now rather than waiting until after a quake (72% prefer to move ahead, versus 12% who want to wait until after a quake, and 15% who are unsure)
- State funding, cost escalation and disruption: maximize State funding, minimize cost escalation but continue planning and phased approach to funding. People were supportive of moving forward but at the same time, if there is a way to do the work strategically, please do so
- The community does not have consensus on Havens. Most people favored the non-rebuild option (3 to 1). Three out of four say don't rebuild Havens. There is no clarity on how to do the rebuild yet there is support for exploring the option.
- Community participants support master planning for the District and tying City and school district planning together.

The immediate response of input was great for Board members to see.

Additional discussion ensued regarding the merits of the workshop and areas requiring further discussion and outreach to the community. It was evident that the community was interested in focusing in on earthquake preparedness. Community members were also concerned that the educational program continues at the same high level while renovation/rebuilding is being conducted.

Community member Dana Serleth enjoyed the workshop and thanked the Board, Superintendent and Ms. Bartlett. Regarding the cost benefit and plan for Havens, she said it is hard to judge when there is not a context for deciding what has longevity; it needs to figure heavily into the tradeoffs for making a compromise solution.

Community Member George Childs commended the Board and staff for holding the workshop and its success. Those at his table had a better understanding of the complexity of what is going on.

Community Member Ken Jensen, commended the Board and Gina Bartlett for the excellent presentation at the community workshop. He urged the Board to conduct one more public forum. He felt it came out in the workshop that Havens is a big issue and he thinks it would be good if a meeting could be held where all the issues regarding Havens could be aired. He does

not understand some of the programmatic issues that only seem to affect Havens. His understanding is that the only difference is the glass wing which is a hazard and has been condemned. What is so different about Havens? There are a lot of similar characteristics with Wildwood and Beach, also. It would be good to have some sort of discussion to lay out on the table and if it so critical that Havens requires a rebuild, then let's be creative and look for other financing. The point is: until we deal with Havens, we are not going to be able to go forward – perhaps some short-run decisions with the high school – but what is it that is so bad about Havens?

Community member Martha Jones asked: if there is so much confusion about Havens, perhaps there should be an event just at Havens where the issues can be discussed.

a. Presentation and Review of Design and Project Process/Schedule

John Nelson of *murakami*/Nelson gave a presentation providing general information about possible schedules for three sample types of projects for the District.

The first is a quick project, one that could be possibly accomplished in a relatively short time frame (such as summer vacation). The example used was the retaining walls at Beach Elementary School. The possible timeframe given was 8-1/2 months (includes schematic design, construction documents, pre-select contractor, DSA review, pricing and construction). Completion was estimated at the earliest at June 2008.

The next is more of a typical project, one that would involve relocating staff and students and involve seismic strengthening of a classroom building. The example used was the Quad/Library Building at the high school. The possible timeframe given was approximately 36 months (includes schematic design, design development, construction documents, DSA review, bidding, construction). Completion estimated at the earliest around September 2010.

The last is a complicated project, one that involves rethinking the future of a particular campus. The example used was the Havens Elementary School. The schedules presented would be subject to modification based upon input from the District, school sites, DSA, OPSC, and the California Department of Education, as well as the actual scope of work contemplated. The possible timeframe given was approximately 4-1/2 to 6-1/2 years or longer (includes academic plan, programming, site planning and concept development, schematic design, design development, construction documents, DSA review, bidding and construction). Completion is estimated at the earliest at the end of 2011 or beginning of 2012.

b. Discuss Overall Program Outline/Approach and Budget; and Direct Superintendent to Provide Recommendations on Next Steps at the Tuesday, January 15, 2008 Board Meeting

President Monach advised that the Board is targeting February 13 to conclude deliberations and provide direction on next steps.

Superintendent Hubbard stated it is important to start putting everything together. It was very clear at the community workshop that there is no right answer and the Board needs a starting point for discussion instead of continuing to look at

everything – we have to bring it into focus. We need at least a comprehensive outline with some budget ideas by February. Her recommendation is to work with the consultants and bring back a recommendation to the Board to start discussing and providing rationale and budget numbers and perhaps make it a range so that the Board can start saying they know they want to go this far, and then continue to talk over the next couple of Board meetings, and end with a comprehensive outline that they agree on.

Board comments were as follows:

Board Member Tolles:

- People need to understand what we are doing and why we are doing it
- We need to focus on the intent of Measure E
- We should be asking: How much should be spent on a building? Do you like the building the way it is? If not, what needs to be defined to see what is not working in regards to a building?
- A critical evaluation and cost benefit analysis on the “yellow tag” buildings needs to be done
- How can we structure the program so we know how much State funding we will get which might affect what else we can do?
- Is there any way to segment a project (at Wildwood or Beach)?
- If we can come up with smaller projects at each site, we could get State modernization monies for each site

Vice President Geddeis:

- We developed our guidelines based on what the important considerations might be
- If there is some matrix that we could get to in terms of cost benefit – perhaps ranking a project - we might be able to do a framework where we could choose a project to work on vs. a project with significant costs
- How do we make decisions if we’re going to start saying how to choose the less expensive projects and still have funding available to address all necessary projects?

Board Member Gadbois:

- We could move forward on at least a subset of projects (PHS Quad Building, Maintenance facilities, non-structural work at all the facilities, and the fire alarm system at all the facilities) to address immediate safety issues that don’t have a lot of other complexities tied to them
- When we moved forward with Measure E, there was an underlying assumption that the facilities that we have are facilities that, for the most part, will be the facilities we need in the long run as long as they are maintained . Is that not true? What is it that we think is wrong with Havens, or the Student Center, or any other building that we can’t make it work in the long run? If we did the cost benefit on that, I’m not sure we are going to justify spending an extra \$20-\$30 million to get there. I have heard we could have better use of the land at Havens, such as a two-story school with more

field space, but is that worth \$20-\$25 million? We need to answer these questions. Can we use these facilities the way they are for the next 30-40 years without major modification? How do we get there?

- If we come to the conclusion that we can live once they have been refurbished and strengthened, then the decisions start becoming much easier
- Group 2 – yellow tag buildings: what is the benefit of doing them before the quake versus after the quake? He would like to hear from the experts on this.
- Are these costs reasonable?
- He doesn't think we can afford "voluntary ADA work" even though he would like to do it; he doesn't think there will be any money left. We shouldn't let the State money "wag the tail"; we should decide and then maximize State funding
- Would like more expert input. He would like to hear specifically from the TAC – they are the architects, engineers and project managers – if there are any consensus opinions – any majority and minority reports to get answers to our questions. They need to weigh in with expert opinion. Do they agree we should proceed with the "low hanging fruit"?
- What is the useful life of these facilities?

Board President Lindenmayer:

- Agrees with many of the questions and issues of Board Member Gadbois
- Feels the Board is looking for more definitiveness with guarantees and certainty and it is not going to happen; that's just the way it is
- We seem to be headed toward breaking this group of projects up into more doable projects; red-tag projects are the things that will have to be done and are high priority
- Student Center is less critical than the library building and a building where programming kinds of questions may want to be looked at – that and Havens
- The idea of having our facilities usable after an earthquake is extremely important and the monies would be well spent on this
- He is operating on the premise that the District is not going to replace any buildings save the Maintenance facilities and that is a must – this is where the first responders "live".
- He would not want to let the possibility of State monies be a driving force nor should we wait for a major event and hope that the government comes through with funding
- He feels the money for accessibility issues is going to run out before all those issues can be addressed

President Monach:

- A sense of priorities has been expressed by the Board in terms of what to do next:
 - focus in on the Group 1 buildings as well as address non-structural and structural, the fire alarms, and DSA-required fire and life safety associated items, inclusive of Maintenance facilities. Whatever work we do on the long term life of these buildings and their usability is predicated

on the fact that we maintain them well as an asset protection. We really rely on the Maintenance department staff, their shops and vehicles to maintain our facilities.

- Group 2 buildings: she would also like to hear what the consultants' recommendations are with respect to these buildings to make certain that we can improve the likelihood of those buildings being used for school for preparedness reasons.
- Regarding State funding, she agrees that State funding should not be the driving force for what we do. We should be driven by public safety and the structural deficiencies of our buildings. This was not a local bond to support modernization, although she believes that from an economic standpoint we should, in fact, maximize whatever we can get from the State.

Board Member Tolles supports directing certain questions to the Technical Advisory Committee. He feels it would be helpful and efficient for them to know what the Board's questions are.

1. Review 2007-08 First Interim Financial Report of the District and Approve a *Positive Certification* of the District's Ability to Meet Financial Obligations of the Current Year and Subsequent Two Fiscal Years

The budget document is a reflection of the District's goals and philosophy, and is consistent with the District's priorities of providing a breadth and depth of program experience for all students while maintaining highly qualified staff by providing a competitive compensation package.

Certification is based on the General Fund Summary of Revenues and Expenditures as presented in the First Interim Report. It is based on actual expenditures through October 31, 2007.

Multi-year projections indicate the District's ability to meet financial obligations for the current and two subsequent fiscal years. The assumptions are those in place at that point in time at which each budget revision and multi-year projection is developed.

A summary of the First Interim was as follows:

The most significant issues affecting the District's budget at this "snap-shot" in time are personnel costs, enrollment trends and the State's economy. The ability to put forth a recommendation for a *Positive Certification* is significant: It is the direct result of the overwhelming support by the community for Measures B and C from the June, 2005 ballot. This is the second year of the Parcel Tax. Multi-year projections include the full expenditure of the Special Parcel Tax Reserve Fund, set aside for the final year of the current Parcel Tax. The following are assumptions used in the development of this First Interim Report and the multi-year projections:

First Interim (as of October 31, 2007) – Revenue: + \$104,715

- 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. The District's enrollment as indicated on 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. The additional revenue is due primarily to the receipt of \$91,000 in the form of an anonymous donation, additional interest over projected amounts as reported by the County Office of Education, and a \$15,000 State grant awarded to the District for initiating a pro-active plan to address GASB45 accounting of post-employment benefit liabilities. There was also a slight reduction in property tax revenue.

First Interim (as of October 31, 2007) – Expenditures: +\$65,200

- Total expenditures are projected to increase by a total of \$65,200. This includes increases in substitute costs to support District staff development, unforeseen medical leaves for employees, and slight adjustments to confirmed step and column calculations in October. Additionally, there is a modification to the manner in which direct support/indirect cost calculations are applied to the contribution from the Adult Education program to the District. This will be explained in greater detail in an overview of the Adult Education Fund report. The reduction in the \$120,800 contribution (to \$32,200) is largely offset by the absorption of services, operating costs, and other costs now paid for directly by the Adult Education program. This is an accounting procedure that is more in keeping with State accounting directives for the interface between the General Fund and Adult Education that does not change the "bottom line" for either fund.

First Interim (as of October 31, 2007) – Ending Fund Balance: \$968,286

The total ending balance on June 30, 2008 is projected to be \$968,286, which represents a total of 3.21% of total expenditures. AB 1200 requires each district to maintain a 3% reserve for economic uncertainty. An undesignated balance of \$63,341 is what remains after meeting the 3% requirement. 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 October 31, 2007) - 2008-09 Assumptions

Revenue:

- Cost of Living Adjustment (COLA) of 4.3% as projected by School Services of California and the State Legislative Analyst's Office. This reflects a 0.6% percent increase from the LAO and 2007-08 Budget Act adopted estimates from this past summer. Continue deficit factor of 0.0%. These projections will be updated as part of the Governor's January budget proposal.

- 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. The Second Interim will reflect ADA based on the current year certified P-1.
- Categorical program revenue at the 2007-08 rate plus a COLA of 4.3%.
- No mandated cost reimbursements are included as part of 2008-09.
- Ongoing settlement of Prop 98 lawsuit from 2004 projected at \$125,000.
- A 0% 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 in March of 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 \$137,127.
- 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)
- No transfer from the Parcel Tax Special Reserve. However, without some transfer from the Parcel Tax Special Reserve fund in 2008-09, there will be an 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.
- Unexpended funds in categorical programs to be reserved for the program from which the funding originated.
- Transfer of \$135,000 to Deferred Maintenance Program to maximize eligibility for projected State matching funds.

Multi-year Projections (as of October 31, 2007) - 2009-10 Assumptions

Revenue:

- Cost of Living Adjustment (COLA) 2.5% over the 2008-09 level as projected by School Services of California in October 2007. This represents a 0.1% reduction from May

- of 2007. Continue deficit factor of 0.0 %
- Same ADA figure used for 2008-09.
- Categorical program revenue at the same rate as in 2008-09 plus a 2.5% COLA.
- No mandated cost reimbursement is projected in the budget.
- Settlement of Proposition 98 lawsuit of 2004 is projected to be \$125,000.
- 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) and PEF contribution of \$137,127
- No increase in the parcel tax revenues over the 2007-08 projected level. 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 \$365,000.

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 \$135,000 to Deferred Maintenance Program to maximize eligibility for projected State matching funds.
- Transfer of \$500,000 from the Parcel Tax Special Reserve fund to support programs in 2009-10, exhausting all Parcel Tax Special Reserve funds. This leaves an ending fund balance of \$350,712 which is \$570,172 below the State required 3% reserve and the Board's target of 4%.

Status of Other Funds Operated by the District as of First Interim (October 31, 2007):

Adult Education

The Adult Education Fund shows slight deficit spending for the 2007-08 year as fee-based revenue is revised downward slightly. There are sufficient reserves to offset this anticipated decrease in revenue. As directed through the Coordinated Compliance Review (CCR) by the State, the Adult Education Fund now uses an indirect cost rate formula based on revenue generated to calculate contributions to the General Fund for use of services and facilities. These services include general accounting services, payroll services, and utilities. Services formerly supported through District resources will now be charged directly to the program, including building maintenance, facilities operations, technology and network support, purchasing, materials and supplies, postage, photocopying, non-capitalized equipment expenses, service contracts, and facilities

rents. Using the indirect cost rate is primarily an accounting procedure that is more in keeping with State accounting directives for the interface between the General Fund and Adult Education Fund that does not significantly alter the "bottom line" for either fund.

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. The Business Services Department is working closely with the current Director to monitor all aspects of the Adult Education program and budget. The Director has made every effort to augment existing programs and has begun to make significant advances in parent education programs serving families of students in grades K-12. Proposed changes to the Adult Education program is scheduled for presentation at a future Board workshop. There are no significant changes in the 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 First 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. The plan will be brought forth at a later Board meeting this year for review and to make recommendations for changes and updates. Changes reflected in salary and benefits costs are based on actual costs incurred throughout the year. These numbers will change again at the second interim report. There are no significant changes in the multi-year projections. Use of Deferred Maintenance funds in support of Measure "E" projects to be determined.

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 should fall somewhere between \$504,280 and \$511,280, depending upon the disbursement schedule.

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 an active 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 in early February, 2008. There are no changes in the multi-year projections for the Building Fund because there has been no change in status for Measure "E" projects.

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 \$185,003 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 close to completion, and approximately \$18,000 in overages in Deferred Maintenance contributions will be used to complete this work. There are no significant changes in the multi-year projections; however, accumulated savings of \$45,000 per year for future capital projects show a balance of \$173,304 by 2010. The goal is to have \$400,000 in the Fund when the Witter Field warranty expires in 2015.

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 first interim and there are no significant changes in the multi-year projections.

Summary and Recommendation

Because of the successful Parcel Tax in June 2005, it is recommended that the Board of Education review and approve the First Interim Report as presented and that they provide a *Positive* Certification as to the District's ability to meet its financial obligations for the current year and subsequent two

fiscal years. Although multi-year projections do not show Ending Fund balances meeting designated reserve levels, the District has access to resources sufficient to meet its financial obligations.

The uncertain economic times facing the State and national economy may have 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 Alameda County Office 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.

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.

It was moved by Board Member Lindenmayer, seconded by Board Member Tolles, and passed unanimously to approve a *Positive Certification* of the District's Ability to Meet Financial Obligations of the Current Year and Subsequent Two Fiscal Years.

2. Adopt Resolution 09-2007-08, "Authorizing Budget Transfers of Funds"

It was moved by Vice President Geddeis and seconded by Board Member Gadbois to adopt Resolution 09-2007-08, "Authorizing Budget Transfers of Funds".

The Board was polled and the motion passed unanimously.

INFORMATION ITEMS Piedmont Educational Foundation 2007 Fall Grants Awarded

Through the generosity of the Piedmont Educational Foundation, \$52,262 in educational grants were awarded.

Revisions to Administrative Regulations:

1. Administrative Regulation 5116.1, "Assignment of Students to Schools / Open Enrollment"
2. Administrative Regulation 5117, "Interdistrict Attendance"

Both of these Administrative Regulations were revised to improve and better clarify the intent. No action was required by the Board.

CORRESPONDENCE

President Monach advised that several emails regarding the bond program were received on the bond web site; the Board received an email regarding the Instructional Calendar approval

process, and an invitation was received to a California Teachers' Association-sponsored function taking place in January.

BOARD REPORTS

Vice President Geddeis advised that the Piedmont High School Parents Club, in conjunction with the Wellness Center, has been working with an agency called SOS (Stressed Out Students).

Board Member Gadbois attended the drama production of "Anne Frank" and continues to be amazed at the quality of the drama and performing arts teachers and students.

CONSENT CALENDAR: ACTION ITEMS

It was moved by Board Member Gadbois, seconded by Board Member Lindenmayer, and passed unanimously to approve the Consent Calendar as follows:

- A. *Approve Personnel Action Report
- B. *Approve Warrant List for Goods & Services Rendered by the District Dated November 9, 2007
- C. *Monthly Financial Report of the District for November 2007
- D. *Approve Overnight Field Trip for Wildwood Elementary School fifth graders to attend Marin Headlands as a science/biology study, effective January 9-11, 2008

FUTURE REGULAR BOARD MEETING AGENDA ITEMS

- Review of Board Bylaws (Section 9000) (Board Workshop-TBD)
- Emergency Plan: All Sites (Jan)
- Quarterly Report on Measure E Bond Expenditures (Jan)
- Notice of Completion & Release of Retention Fee: Witter Complex Track & Field Renovation (Jan)
- Approve Consolidated Application, Part II (Jan)
- Review and Adopt Yearly Budget Development Calendar (Jan)
- Approve Appointment of Parent to North Region Special Education Local Plan Area Community Advisory Committee (Jan)
- Presentation & Acceptance of Annual Financial Report (Audit Report) (Jan)
- State Budget Update (Jan)
- Application Opening of Arthur Hecht Volunteer of the Year Award (Jan)
- Approve Quarterly Report of Complaints received under Williams Settlement Agreement (Oct-Nov-Dec 07) (1st mtg Jan)

President Monach advised that the two January Board meetings will be held on TUESDAYS: January 15 and January 29, 2008, both 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 11:00 p.m.

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

CONSTANCE HUBBARD
Secretary, Piedmont Unified School District
Board of Education