

**Ross School District
Financial Advisory Committee**

Members: Bob Dickinson
Whit Gaither
Bob Jacobson
Jeff Lyons
Stephanie Notowich
Stephanie Robinson
Marcia Skall, Chair
Jason Traut
John Tribolet
Greg Wolkom

Board Liaison: Scott Chronert
Rob Hobart (Alternate)

District Staff: Tammy Murphy, Superintendent
Pattie Dullea, Principal
Daria Carrillo, Business Manager

MEETING AGENDA

October 1, 2009

5:00 pm

Ross School District Office - Marin Art and Garden Center
Ross, CA

1. Approval of May 5, 2009 Minutes (Discussion/Action)
2. Welcome/introduction of new members (Discussion)
3. Highlights/discussion resulting from the Financial Workshop of 9/23/09 (Discussion/Action)
4. Review of 2008-2009 actuals (Info/Discussion)
5. Review of 5-year plan (Discussion/Action)
6. Foundation Goal for 2009-2010 (Discussion/Action)
 - Deficit spending (Discussion/Action)
 - Desired Levels of Reserves (Discussion/Action)
7. FAC meetings for rest of the year (Discussion/Action)
 - Propose specific areas of focus for the 09-10 school year (Discussion/Action)

Financial Advisory Committee
Minutes from October 1, 2009 meeting

Present: Marcia Skall (Chair), Bob Dickinson, Whit Gaither, Bob Jacobson, Jeff Lyons, Stephanie Notowich, Stephanie Robinson, Tammy Murphy (Superintendent), Daria Carrillo (Business Manager).

Absent: Jason Traut, John Tribolet, Greg Wolkom, Scott Chronert.

1. Approval of May 5, 2009 Minutes
Marcia noted that Kathryn's name was misspelled on the first page. Jeff moved to approve the May 5 minutes with the correction, Tammy seconded the motion. The motion passed with no opposing votes.
2. Introductions.
The committee members introduced themselves. Marcia announced that a new member, John Tribolet, had agreed to be a member of the committee although he was unable to attend this meeting.
3. FAC Roles and Procedures
Marcia handed out information regarding the roles, procedures and committee composition. She noted that there is not a member who is a community member but not a parent on the committee. The committee agreed to solicit a community member in the district newsletter. Bob Dickinson had a suggestion of someone who is well connected and respected in the community, and will ask this person if he is interested in serving on this committee or on the Foundation.
4. Highlights/Discussion from September 23 Board meeting.
Everyone in attendance except for Stephanie Notowich was in attendance for the September 23 Board meeting, so the materials from the meeting were not reviewed. It was noted that there are large deficits projected in the current year and the 3 subsequent years. Tammy stated that the best process is to go to the staff to ask for suggestions regarding cuts. The intent is to minimize the effect on the students. Tammy noted that she and Daria are working on preparing information regarding details of budgeted expenditures. This information will be presented at the next FAC meeting and at the November 10 Board meeting. A discussion of how the information will be used ensued. Discussion also took place regarding the differences between the unrestricted and restricted resources.
5. Foundation Goal
Bob Jacobson reported that last year the Foundation collected \$1,064,000, which was 86.9% of its goal. There is still approximately \$11,000 in uncollected pledges. The collected amount equates to \$2800 per student, including proceeds from the golf tournament and community donations. Approximately 22 families did not contribute to the foundation. Marcia noted that some families make large contributions which make up for those who do not contribute.

A discussion took place regarding what is a reasonable amount for the per student donation to be increased by. Also discussed was whether the goal should try to cover the entire amount of the deficit. Bob Jacobson noted that in terms of

credibility, it is important for the goal to be an amount that the Foundation can meet.

A goal of \$1,182,000 was agreed upon.

6. Areas of Focus for 2009-2010

The importance of finding an alternative to CalPERS health insurance was discussed. Daria gave a brief update regarding recent conversations with RESIG and with CAN, an insurance broker. Bob Dickinson has prepared detailed information regarding the health insurance situation. Daria and Tammy will review this information and meet with him. Marcia, Jeff and Bob Dickinson will serve on a health care subcommittee. Jason will also be asked to serve on the committee. The benefits of Health Savings Accounts were discussed.

7. Next Meeting

The next meeting was set for November 5 at 5:30 pm.

**Ross School District
Financial Advisory Committee**

Members: Bob Dickinson
Bob Jacobson
Jeff Lyons
Stephanie Notowich
Stephanie Robinson
Marcia Skall, Chair
Jason Traut
John Tribolet
Greg Wolkom

Board Liaison: Scott Chronert
Rob Hobart (Alternate)

District Staff: Tammy Murphy, Superintendent
Pattie Dullea, Principal
Daria Carrillo, Business Manager

MEETING AGENDA

November 5, 2009

5:30 pm

Ross School District Office - Marin Art and Garden Center
Ross, CA

1. Approval of October 1, 2009 Meeting Minutes (Discussion/Action)
2. Brief Foundation Update (Bob Jacobson) (Discussion)
3. Review of Budget Categories: (Discussion/Action)
 - a. Direct Classroom Expenses
 - b. Required by Law
 - i. Student Related Expenses
 - ii. Non-student Related Expenses
 - c. Other Pupil Related Expenses
 - d. Support Expenses
4. Set date for next FAC meeting (Discussion/Action)

Financial Advisory Committee
Minutes from November 5, 2009 meeting

Present: Marcia Skall (Chair), Bob Dickinson, Frank Doodha, Bob Jacobson, Jeff Lyons, Stephanie Notowich, John Tribolet, Jason Traut, Scott Chronert (Board Liaison), Tammy Murphy (Superintendent), Daria Carrillo (Business Manager).

Absent: Stephanie Robinson, Greg Wolkom.

1. Introductions

The members present introduced themselves for the benefit of the new members, Frank Doodha, a resident in Ross for more than 30 years, and John Tribolet, a Ross School parent.

2. Approval of October 1, 2009 minutes.

Bob Jacobson moved approval of the minutes. Jeff Lyons seconded the motion. The minutes were approved.

3. Foundation Update – Bob Jacobson.

Bob Jacobson reported that the Foundation's campaign had officially begun with the President's letter being mailed on October 30. Personal notes have been sent and phone calls are being made. 10% of the goal has been pledged at this time. The hope is that 30 –40% of the goal will be pledged by mid December.

Bob also explained that some new initiatives have been implemented. These initiatives include outreach to the community and business sources, outreach to alumni, and larger focus on high level donors.

There is also an effort to try to accelerate the pace of giving and to increase gifts. The new concept of Pace Setters is to recognize those donors to make payment by February 28. There will be a special sticker for those who qualify as Pace Setters. They will also be recognized publicly. The other new concept is Leadership Tier. There will additional recognition for those who give at least \$500 more than the minimum amount within each giving level. For the Ross Bear level, \$1500 will qualify for Leadership Tier.

The Annual Report for the previous year is expected to be mailed next week.

Bob Dickinson noted the positive energy of the campaign.

Discussion took place as to the wording that should be used in communications from the Foundation to the school parents.

4. Health Benefits – Bob Dickinson.

Bob Dickinson has prepared documents outlining the analysis and legal issues regarding the health benefits situation. He stated that health benefits are projected to increase dramatically. If the district utilizes Health Savings Accounts and Medicare Savings Accounts, there is the potential for large savings to the district. If retirees are not eligible for Medicare, they may be eligible for a Health Savings Account through the formation of an LLC. Bob will consult with an attorney to review these issues. After the legal issues are resolved, Daria will contact brokers

for quotes. After Bob consults with the attorney, a health benefits subcommittee meeting will be scheduled.

5. Expenditure Categories.

Marcia asked that the materials sent out regarding line item budget expenditures be treated confidentially. She outlined the expectations for this discussion: 1) Is this the right way to look at the data and 2) Do the categories make sense? She stated that the goal for the discussion is to understand the data, not to propose solutions at this time.

Marcia reminded the members that the most recent 5 Year Plan projected a deficit for \$270,000 for the next year. Daria gave an update stating that the 5 Year Plan had assumed that the Foundation contribution would be the same in 2010-2011 as in 2009-2010. However, if the Foundation reaches its new goal of \$1,183,000, the deficit will be \$130,000. This does not take into account the possible reduction in the projection for property tax, which could further increase the deficit by \$60,000.

Daria reviewed the materials that had previously been sent out. The expenditures were divided into 5 categories: Direct Classroom (items such as classroom teachers), Required by Law- Student Related (items such as the Principal, Speech Therapist and School Nurse), Required by Law – Non Student Related (including Superintendent, Business Manager, annual audit), Other Pupil Services (including Spanish, Art, Music, Classroom Aides, Library and Learning Lab), and Support (all other items).

The following points emerged from the discussion:

- The committee decided to move special education items from Direct Classroom into Required by Law- student related.
- Notes be made as to which items are paid for by restricted funds.
- The district should try to pursue shared services.
- Benchmarks should be established for comparisons.
- The categories should be further refined so that there are not so many line items.
- The health benefits issue is a major component.
- Trend data should be kept for the purpose of performing future analysis.
- The 5 Year Plan should be updated.

The meeting was adjourned at 8 pm. The next meeting will be in January.

**Ross School District
Financial Advisory Committee**

Members: Bob Dickinson
Frank Doodha
Bob Jacobson
Jeff Lyons
Stephanie Notowich
Stephanie Robinson
Marcia Skall, Chair
Jason Traut
John Tribolet
Greg Wolkom

Board Liaison: Rob Hobart

District Staff: Tammy Murphy, Superintendent
Pattie Dullea, Principal
Daria Carrillo, Business Manager

MEETING AGENDA

January 12, 2009

5:00 pm

Ross School District Office - Marin Art and Garden Center
Ross, CA

1. Approval of November, 2009 Meeting Minutes (Discussion/Action)
2. Multi-Year Projections Presented with the First Interim Report
at the December Board Meeting (Discussion)
3. Budget Calendar (Discussion/Action)
4. Health Care Sub-Committee Update (Bob Dickinson) (Discussion)
5. Foundation Update (Bob Jacobson) (Discussion)
6. Set date for next FAC meeting (Discussion/Action)

Financial Advisory Committee
Minutes from January 12, 2010 meeting

Present: Marcia Skall (Chair), Bob Dickinson (Board Liaison, Health Benefits Subcommittee), Frank Doodha, Bob Jacobson, Jeff Lyons, Stephanie Robinson, John Tribolet, Jason Traut, Greg Wolkom, Rob Hobart (Board Liaison), Tammy Murphy (Superintendent), Daria Carrillo (Business Manager).

Absent: Stephanie Notowich.

1. Announcements

Marcia announced that Rob Hobart is now the Board Liaison. A second Board Trustee, Bob Dickinson, will continue to attend meetings in his role as the Chair of the Health Benefits Subcommittee.

2. Approval of November 5, 2009 minutes.

Jeff Lyons moved approval of the minutes. Greg Wolkom seconded the motion. The minutes were approved.

3. Multi Year Projections

Daria presented the multiyear projections that had been presented to the Board in December as part of the First Interim Report. The projected deficit for 2009-2010 had increased by more than \$200,000 since the last projection presented to FAC. The major reasons for this increase were explained as follows: 1) An additional teacher had been added to the budget due to projected enrollment in next year's second grade. This possible expenditure is estimated to be approximately \$95,000. It is not certain that an additional teacher will actually be needed. It is also possible that if one is needed, the person hired will be hired at a lower rate than estimated. It is also likely that if the teacher is hired, there will be savings of one classroom aide. 2) A custodian has been added to the budget due to the increased size of the new school. This expenditure is estimated at approximately \$73,000. 3) Property tax growth is estimated at 1.5% instead of 3.5% as in the earlier version. This is due to the fact that instead of the 2% inflation factor normally applied to assessed values, the inflation rate is negative and will result in a decrease of .38%. This change results in approximately \$60,000 less revenue.

Also discussed was the fact that 100% of the Foundation goal is included in the budget. Bob Jacobson recommended that this be reduced by at least \$15,000 as the Foundation has expenses such as insurance and the Foundation Assistant's salary that will need to be paid.

Daria also reported that she had attended the Governor's Proposed Budget workshop and that the budget includes a revenue reduction of \$191 per ADA. Based on a telephone conference call with Schools for Sound Finance, it is assumed that basic aid districts will be affected by this. This would result in an additional loss of \$65,000 in revenue.

4. Budget calendar.

Tammy shared a draft of a budget communications calendar that will be presented to the Board on January 13. The calendar includes each opportunity and forum that will be available to educate the community about the budget. Talking points

are being developed so that a consistent message can be shared. Direct mailings will be added to the calendar, as will faculty review. A Foundation letter to the community that is scheduled to be sent next week will also be added. As staffing decisions will need to be made by March 10, a panel discussion for the community will take place in February. FAC members are encouraged to attend.

The document showing expenditures by category that was presented at the last FAC meeting is being refined so that it can be shared with the public. Comments regarding the number of students served by each program will be added at the suggestion of Bob Jacobson.

Bob Dickinson noted that although the estimated budget deficit for next year is more than \$400,000, a review of historical documents projected deficits at First Interim for the last 4 years, but the district actually did not deficit spend over the 4 years. Additionally, he noted that the Board had requested an “all in” budget and that some of the expenditures projected may not actually occur. He also noted that this is an opportunity to make difficult changes.

Rob noted that in the past property taxes usually came in higher than projected and that this will probably not be the case next year. Jeff stated that due to problems at the state level and the real estate market, this year is different than prior years.

Bob Jacobson asked how much deficit spending the Board will accept, as a balanced budget will result in major cuts. Greg stated that deficit spending is appropriate for one time items. Stephanie Robinson stated that taking away programs could lead to a decrease in Foundation donations. Greg raised the question as to whether this was a systemic problem.

Tammy stated that she thought that approximately \$80,000 could be cut without core program impact. Also, special education needs are projected to decrease next year which will result in savings.

A communication strategy was discussed in order to educate and solicit feedback from the community. E-mails, letters and public forums were suggested. Bob Jacobson asked that the message reassures parents that the amount the Foundation asks for will not dramatically increase and asked that the Board discuss this.

Bob Dickinson recapped the FAC criteria for Board consideration as 1) education of students, 2) compliance with the law, 3) compliance with contracts and 4) the need to look at discretionary items to determine which programs support the most students as well as the efficacy of the program.

The question of to what extent the district should spend reserves was raised. Jeff’s opinion was that the reserves were built up for this type of environment and that \$100,000 was a reasonable amount of reserves to spend. Marcia agreed with this. Bob Jacobson noted that the district and Foundation reserves are separate and said that if the Foundation meets its goal, the Foundation can consider giving the district a small portion its reserves. Frank asked whether the public was aware of the reserves and mentioned that parents might want to use reserves now, not save them for future students. John recommended that the FAC push for a zero deficit and leave it to the Board to decide whether deficit spending should occur.

Bob Jacobson said that there is the need for a multiyear plan of achieving a balanced budget and there should be a cap on deficit spending.

5. Foundation update.

Bob Jacobson announced that as of January 11, there was 51% parent participation and that the Foundation had reached 61% of goal. This tracks well compared with previous years. He believes that the Foundation will make goal, but not necessarily exceed it. He will send a community letter with a strong message.

6. Health Benefits.

Bob Dickinson reported that the subcommittee met in December and went through the analysis of health benefits options and potential savings. There are 2 hurdles: legal and economics from brokers. Bob referred the district to David Wolds, an attorney in San Diego. Mr. Wolds referred us to brokers. Daria has contacted two of the brokers. One will send an e-mail requesting information but stated that a quote may not be possible due to the number of retirees. The other broker requested to meet with us in person. As Daria has not heard back from Sitzmann Morris, Bob will contact them. Bob stated that we need an answer from brokers by mid February. Bob also noted that any savings from a change in health insurers will not accrue until 2011-2012. The changes would have to be negotiated and CalPERS would have to be notified of the district's withdrawal by August.

7. Adjournment.

The meeting adjourned at 7 pm. The next meeting will be in early February.

**Ross School District
Financial Advisory Committee**

Members: Bob Dickinson
Frank Doodha
Bob Jacobson
Jeff Lyons
Stephanie Notowich
Stephanie Robinson
Marcia Skall, Chair
Jason Traut
John Tribolet
Greg Wolkom

Board Liaison: Rob Hobart

District Staff: Tammy Murphy, Superintendent
Pattie Dullea, Principal
Daria Carrillo, Business Manager

MEETING AGENDA

February 1, 2010

5:00 pm

Ross School District Office - Marin Art and Garden Center
Ross, CA

1. Approval of January 12, 2010 Meeting Minutes (Discussion/Action)
2. Brief look at Revision of General Expenses by Category (Daria Carrillo)
3. Foundation Update (Bob Jacobson)
4. Brief look at Comparative Data (Daria, Tammy and Bob D.)
5. Opportunity for Committee Members to Individually Opine on budget (Discussion)
 - Use principles to guide discussion
 - Right to pass
6. Discussion of Foundation and District reserves (Daria Carrillo)
 - potential investment of reserves (Bob Jacobson)
7. Ideas for Revenue generation (Group Discussion)
8. Summarize recommendations for delivery to Board
6. Set date for next FAC meeting (Discussion/Action)

Financial Advisory Committee
Minutes from February 1, 2010 meeting

Present: Marcia Skall (Chair), Bob Dickinson (Health Benefits Subcommittee), Frank Doodha, Bob Jacobson, Jeff Lyons, Stephanie Robinson, Stephanie Notowich, Jason Traut, Greg Wolkom, Rob Hobart (Board Liaison), Tammy Murphy (Superintendent), Daria Carrillo (Business Manager).

Absent: John Tribolet.

1. Approval of January 12, 2010 minutes.

Bob Dickinson noted that he was not the Board Liaison for FAC, but that he was attending in his capacity of the health benefits subcommittee representative. He also noted that the deficit referenced under Multi Year Projections was for 2010-2011, not 2009-2010. He also noted a spelling error. Bob Jacobson moved that the minutes be approved with these changes. Greg Wolkom seconded the motion. The minutes were approved.

2. Revised 2010-2011 projection.

Daria noted that the estimated deficit for 2010-2011 is approximately \$326,000 for the unrestricted resources in the general fund. The major changes since the last estimate included the removal of the proposed additional second grade teacher as well as the addition of the reduction in revenue from the state of \$191 per ADA. The \$191 per ADA reduction will result in a loss of revenue of approximately \$67,800. The committee discussed the financial penalties in the event that the second grade classes had more than 20 students enrolled. Tammy noted that the district would continue to monitor class size, but at this time it did not appear that a third second grade teacher would be necessary. Stephanie Robinson commented on the need for more highly qualified classroom aides for larger classes.

Tammy noted that the budget estimate includes the entire Foundation goal and asked that rather than reduce the projected donation to account for Foundation overhead, whether the difference could come from reserves. Bob Jacobson explained that interest income had covered Foundation expenses in the past, but that now there is very little interest to be earned. In the past it had not been necessary to discuss how the Foundation expenses would be paid, but in the future this should be factored into the decision about the Foundation goal. Rob stated that reserves should be looked at in total. Tammy explained that she needed to know whether the deficit could possibly be increased by \$15,000 as she was making appointments with individual people who may be affected by the deficit. It was decided that the safest course of action was to increase the projected deficit by \$15,000. Bob Jacobson noted that a zero deficit plan is needed and that the Board could then decide whether or not to use reserves.

3. Foundation goal.

Bob Jacobson reported that parent participation is at 62% as of February 1. This is significantly above the historical rate over the past 10 years. However, in the past, the giving was more concentrated among high level donors. The parent participation is still approximately 5% above the participation in recent years. Additionally, the Foundation has reached 70.2% of its goal. This is a much

higher percentage as of February 1 than in any recent year. He noted that most of the large donors have made their contributions and the easiest money was donated early. There are 59 pace setters as of today. He hopes for 100 by February 28. His conservative estimated shows that the Foundation will meet 90% of its goal. A community letter with a sense of urgency will be mailed out. He believes it is possible to make goal, but cannot say for certain whether the Foundation will or will not make goal. He reminded the committee that a golf tournament had not been held this year. This normally raises \$40,000-\$50,000.

Tammy announced that a district letter is being sent out to the community.

Bob Dickinson thanked and congratulated Bob Jacobson for his hard work and amazing results.

4. Reserve discussion.

Marcia asked Rob to comment on district reserves. Rob explained that the FAC had historically recommended a Basic Aid reserves in addition to a 15% reserve. This is good policy for a small basic aid district. From a legal perspective, the district holds excess reserves, but does not meet its own goals for reserves. Last year the fact that the Foundation did not meet its goal and the issue with the state regarding the Basic Aid fair share adjustment forced the Board to focus on reserves. The Board believes reserves are to be used for extraordinary events, such as the current year. The goal for next year is for a balanced budget.

Tammy showed a slide that had been presented at the January 27 Board meeting which indicated that reserves have grown in total over the past 5 years.

Jeff pointed out that it may be wise to keep more reserves in the Foundation account in case the state decides to tap into district funds.

Bob Jacobson stated that the Foundation should adhere to its own bylaws but that the effort should be made to be sure that the Foundation and district are in sync.

Jeff suggested discussing the appropriate ratio of district and Foundation reserves. He believes that any deficit spending should occur from the district reserves, not those of the Foundation.

5. 2010-2011 Budget

Tammy reviewed the guiding principles developed by FAC for use in the budget discussion:

- to put students first,
 - to support children academically and socially,
 - to maintain core requirements,
 - to comply with the law,
 - to comply with contracts, covenants and community trust, to maintain and advance our differentiation,
 - and to keep talent in the district and maintain employment as possible.
- Jason commented that the last item has historically been done at the school. He added that the staff feels blessed to be supported by the Foundation and administration and is very appreciative.

Tammy reviewed the category sheet. This had been presented to FAC previously but is now in a slightly different format. There is no room for adjustment in category 1, direct classroom. In category 2, there is the possibility of some reductions in special education totaling \$50,000 due to a decrease in student population. In category 2a, there is the possibility of reducing the contribution to the retiree benefit fund depending on the result of the actuarial study. In category 3, the staff agreed to forgo additional stipends for the 8th grade Yosemite trip. The stipends totaled \$14,000. Therefore it is likely that the 8th grade trip will continue, while the 6th and 7th grade will not participate in overnight field trips. The art schedule is being reviewed for a possible .2 FTE reduction. Summer school will not be possible this year which will result in savings of \$34,000. Due to staff leaves and the personnel expected to replace them, there will be additional savings. All of the above savings total about \$100,000.

There was discussion about the reconfiguration of the Assistant Principal position and about the K-5 Spanish program.

Individual committee members stated their opinions about the budget deficit as follows:

- Bob Jacobson stated that based on feedback he has received, the Assistant Principal should not be replaced. Additionally, other senior administrative positions may be able to reconfigure. For example, the Business Manager may be able to assume responsibility for administration and facilities. Also, rather than add another custodian it may be possible to address additional custodial needs through overtime or an outside service. As noted earlier, an additional second grade teacher may not be necessary. The Board should study the Learning Lab as it serves only 31 students. It may be possible that the library can be run differently, such as staffed by parents. No staff raises other than step and track appear possible until the budget is balanced. Spanish should be retained as this differentiates the district from other districts. The Endowment efforts should be reactivated. Questions as been raised as to whether the Town of Ross can fund the school.
- Jeff Lyons agreed with most of Bob's comments. He recommends looking at whether the custodian should be added. He recommends not replacing the Assistant Principal. K-5 Spanish should be reassessed. The learning lab should be studied. Other options for property and liability insurance should be pursued. The district should determine whether flood insurance will be necessary since the school will not be in the flood zone. The district should spend bond proceeds on furniture and fixtures when possible. Solar panels should be pursued. Additional income from Ross Rec may be possible. Different ways to invest the Foundation money should be looked into.

Bob Dickinson and Frank Doodha left at 7pm.

- Greg Wolkom asked whether the \$60,000 in maintenance contracts can be reduced. He also stated that the community is discussing K-5 Spanish as the least painful cut, as compared to a cut to the Art or Music programs.

- Stephanie Robinson asked whether Middle School Spanish could be an elective. Tammy responded that most other schools consider Middle School Spanish as a core course. Stephanie does not think that K-5 Spanish has produced substantive results.
- Marcia Skall recommended studying the Learning Lab to see if the services could be delivered in another way. Stephanie Robinson agreed with this suggestion. Marcia advocated keeping the Spanish program as it serves all students, while Learning Lab serves only 31 students.
- Jason Traut asked whether teachers could fill in for some administrative duties. Tammy explained that an administrative credential is generally required.
- Tammy Murphy stated that overall secretarial staff is being examined. There are efforts being made to address gifted students.

Jason Traut left at 7:15 pm.

- Stephanie Notowich reiterated the comments about the Learning Lab. She also recommended looking at copy machine leases and outside technology services.

The meeting adjourned at 7:20 pm.

**Ross School District
Financial Advisory Committee**

Members: Bob Dickinson
Frank Doodha
Bob Jacobson
Jeff Lyons
Stephanie Notowich
Stephanie Robinson
Marcia Skall, Chair
Jason Traut
John Tribolet
Greg Wolkom

Board Liaison: Rob Hobart

District Staff: Tammy Murphy, Superintendent
Pattie Dullea, Principal
Donna Van Ness,
Interim Business Manager

MEETING AGENDA

April 20, 2010

5:00 pm

Ross School District Office - Marin Art and Garden Center
Ross, CA

1. Approval of February 1, 2010 Meeting Minutes (Discussion/Action)
2. Update on latest 2009-2010 Budget (Tammy Murphy/Donna Van Ness) (Discussion)
3. Decisions and latest assumptions on 2010-2011 budget
(Tammy Murphy/Donna Van Ness) (Discussion/Action)
4. Projections for 2010-2011 & 2011-2012
(Tammy Murphy/Donna Van Ness) (Discussion/Action)
5. Foundation Update (Bob Jacobson) (Discussion)
6. Health Care Committee Update (Bob Dickinson) (Discussion/Action)
7. Set date for next FAC meeting (Discussion/Action)

Financial Advisory Committee
Minutes from April 20, 2010 meeting

Present: Marcia Skall (Chair), Bob Dickinson (Health Benefits Subcommittee), Frank Doodha, Jeff Lyons, Stephanie Notowich, Stephanie Robinson, Jason Traut, Greg Wolkom, Tammy Murphy (Superintendent), Donna Van Ness (Interim Business Manager).

Absent: Bob Jacobson, Rob Hobart

1. Approval of February 1, 2010 minutes.
Marcia Skall asked if there were any questions about the minutes. None were noted. Greg Wolkom moved that the minutes be approved. John Tribolet seconded the motion. The minutes were approved.
2. School Tour.
The committee requested a tour of the new school. Tammy Murphy will ask Jim Walton, Project Manager, to schedule a tour.
3. District Projections.
Donna noted the 2010-2011 projection has been updated since the previous budget revision done in February. Due to lower salary and retiree funding projections, there would be an operating surplus of approximately \$9,000 versus an operating deficit of \$2,100 previously projected. Projected expenditures were reviewed. Regarding the additional custodian position, Jeff Lyons suggested waiting until the new school has opened to see if an additional custodian is needed. Tammy stated that CASBO and other industry standards indicate that 3.5 FTE custodians are appropriate for a school our size, versus the current custodian staff size of 2.4 FTE. Frank Doodha asked about the square footage of the new school building; Tammy will provide that information at the next meeting. In addition to the regular custodial duties, the new custodian would also assist Tammy with facilities, including ordering supplies and completing reports. When the new school opens, Tammy and Pattie Dullea, Principal, intend to enforce school cleanliness.

A question was raised regarding the projected expenditures of approximately \$145,000 for a Counselor and Academic Support Specialist. Stephanie Robinson asked if these positions existed at other districts. Tammy responded there is a tremendous workload and that there has been a counselor in every school where she has worked. In addition to working with students, the Counselor would also work with Child Protection Services personnel that come to the district for matters involving students. Bob Dickinson stated that Kentfield School District has several counselors, including one who solely focuses on bullying.

For 2011-2012, the only change to the projection since the last budget revision was the increased retiree funding of \$11,000 based on discussions with the actuaries. Bob Dickinson pointed out there may be more expenditure variables such as the collective bargaining agreement, rotation among staff members going

on leave, new school costs, and additional or increased program costs for Response to Intervention (RTI). For teacher salary increases, a one percent increase equals approximately \$40,000. Tammy said the PTA has not reached their revenue projection of \$160,000, but is committed to funding that amount and will reach into their reserves if necessary. A question was raised regarding the reduction in projected utility expenditures after the solar panels have been installed; Tammy will report back on this after meeting with the Project Manager.

A request was made for clarification as to whether district or Foundation reserves would first be used to cover the 2009-2010 projected deficit of approximately \$90,000, if that was the recommendation of the committee. It was clarified that any deficit spending would first occur from the district reserves and not those of the Foundation.

4. Foundation Goal.

The committee was reminded that the amount raised by the Foundation in 2009-2010 will go toward the 2010-2011 district operations. Stephanie Robinson reported that the Foundation will raise approximately the same amount of \$1,062,000 for 2010-2011 as it did for 2009-2010, which is approximately \$100,000 lower than the projected amount. She noted there are fewer students this year due to the large eighth grade class last year (54 students) and small entering kindergarten class (30 students). Also, there was no golf tournament. The tournament normally raises approximately \$50,000. Of those who gave, the average dollar amount given to date per pupil is at its highest level ever.

For 2011-2012, the Foundation believes that the projected fundraising goal of \$1,168,000 is reasonable given that the golf tournament will be held in September 2010 and the district is optimistic that enrollment will increase.

5. Reserve Discussion.

Tammy asked for guidance from the committee on whether the district should consider additional cuts or could use reserves to cover next year's projected deficit. She also asked if some of the proceeds from the sale of pavers could be used instead.

Marcia believes that reserves should be used, as the district has built up reserves over time and it is hard for the district to make additional cuts without impacting programs. Given that the state's reserve requirement is 4% of total expenditures and transfers out, and FAC recommends reserves equal to 15% of expenses plus the basic aid amount, Marcia asked the committee if the FAC standards are too ambitious. In dollar amounts, the 4% state reserve is \$238,818 and the 15% reserve amount is \$2,118,237, based on the last budget revision. Currently, the district has total funds available of \$1,733,695, which is \$384,542 short of the reserve goal. John Tribolet asked if the 15% reserve is an official policy or a recommendation. It is a recommended goal.

Jeff Lyons stated the goal was set around ten years ago, when property tax growth was in the double digits. The 15% reserve amount was actually reached, although for a very brief period.

The committee discussed reasons why reserves should be used:

- Real estate has most likely bottomed and will begin to increase
- State finances are not getting any worse
- Foundation fundraising should increase by \$100,000 over the current level

On the other hand, concerns were also raised that the Foundation is operating at its maximum and may not be able to raise additional funds, or there maybe higher costs. It was noted that staff has not had increases other than step and column increases, which is not sustainable.

Tammy mentioned that property taxes for this year increased by 2.9%, even though the County Office recommended using an increase of 1.5% for next year's projections.

Jason Traut believes the FAC reserve goal is a good goal. Reserves could be used, but then we should strive to reach the goal.

The consensus among the committee members is that the goal is a good idea. There are mixed feelings about using reserves, given the reasons listed above. The Board had asked at its last meeting for a list of items to cut if there was a deficit due to a shortfall in the Foundation donation. FAC is in agreement that there should not be \$100,000 additional cuts in programs; it will recommend to the Board that it look to fund the deficit from reserves.

6. Pavers Discussion.

There will be 202 pavers available for sale when the school is finished and an additional 222 pavers available at the end of the gym project. Greg Wolkom suggested the pavers be left out of the operating cycle, and focus more on a marketing issue. It is easier to market the pavers for the gym versus reserves. Bob Dickinson noted that pavers are on the Board meeting agenda for tomorrow night. He understood that a fundraising committee had been formed to discuss a paver campaign, and that it has not met yet.

The consensus among the committee members is to think the campaign through thoroughly, and focus on maximizing the dollars. It could take one to two years, but decisions can be made on how to spend the proceeds. Ideally, the pavers should be kept separate from the operating cycle or Foundation reserves.

7. Health Care Discussion.

Bob Dickinson presented the Health Benefits Subcommittee findings regarding possible health care benefits to replace the current ones for active and retired employees. Several hand outs were passed around: Executive Summary of Findings, Medical Rates, Table Rates, and Retiree Benefits as of 5-14-09.

Given the pool of active and retired employees, ten brokers were solicited for quotes, with five refusing to quote and four offering fewer options. Only one broker offered Health Savings Accounts (HSAs) with a savings plan.

If the district can convert to a HSA Plan (HSA), there would be several advantages to active employees:

- Provide pre-tax dollars funded by the district
- Reduce out of pocket expenses
- Premiums are lower than current plans (59% of full benefits plan two years ago; it has now increased to 84%)

The weighted average of savings would be \$106,535. However, due to the HSA premium increase from 59% to 84%, the district could not afford to fully fund the annual deductibles for an employee's family members. The district would need to decide how much to fund the employee's account. This also assumes that employees would enroll in a comparable HSA plan: for example, an employee currently enrolled in Kaiser would enroll in a Kaiser HSA plan. This would require a renegotiation of the collective bargaining agreement.

Bob stated that restructuring health benefits for retirees could be complicated. One broker offered two payment options for retirees, one where the individual would fund their own health coverage, the other one would stipulate that retirees over 65 years old enroll in Medicare. Either method would also require a renegotiation of the collective bargaining agreement. In order to leave the current CalPERS health benefits plan, the district must notify CalPERS by the beginning of August in order to drop out by January 1 of the following year. Bob said it was important that the district fulfill its promise or obligation to retirees using an ethical process and providing and quality benefits.

Jeff suggested a starting point would be pursue the collective bargaining agreement change, as CalPERS by laws requires the district to provide retiree benefits for all employees, which will increase costs over time. A possibility would be to insert a vesting clause in the collective bargaining agreement, for example, that after 25 years of employment an active employee would be eligible for retiree health care benefits. This would limit future district liability.

Jason commented that this plan is straightforward and is a reasonable proposal. The staff needs to hear what is going on. Do not approach the retirees until the staff has been approached first.

A suggestion was made that Nina Gardner of Filice present to the certificated union and district staff members and board representatives. This would be Fritz Dern, Jason Traut, Susie Becker, Alison Quoyser, Elizabeth Robbins, Todd Blake, Tammy and Donna.

The committee thanked Bob Dickinson for a great job and said it was the most progress made in this area within the last ten years.

The next meeting will held on May 24 at 5 pm in the District Offices.

The meeting adjourned at 7:15 p.m.

**Ross School District
Financial Advisory Committee**

Members: Bob Dickinson
Frank Doodha
Bob Jacobson
Jeff Lyons
Stephanie Notowich
Stephanie Robinson
Marcia Skall, Chair
Jason Traut
John Tribolet
Greg Wolkom

Board Liaison: Rob Hobart

District Staff: Tammy Murphy, Superintendent
Pattie Dullea, Principal
Donna Van Ness,
Interim Business Manager

MEETING AGENDA

May 24, 2010

5:00 pm

Ross School District Office
Marin Art and Garden Center
Ross, CA

1. 5:00-5:45 **TOUR OF NEW FACILITY**- meet at the construction access road entrance on Ross Common. Please wear closed toe shoes and bring a hard hat if you have one!

Meeting reconvenes at MAGC- Ross School District Office at 6:00pm

- | | |
|------------------------------------------------------------------------------------------|---------------------|
| 2. Approval of April 20, 2010 Meeting Minutes | (Discussion/Action) |
| 3. Budget Revision #5 (Donna Van Ness) | (Discussion) |
| 4. Decisions and latest assumptions on 2010-2011 budget
(Tammy Murphy/Donna Van Ness) | (Discussion/Action) |
| 5. Foundation Update (Bob Jacobson) | (Discussion) |
| 6. Health Care Committee Update (Bob Dickinson) | (Discussion/Action) |
| 7. 2010-2011 FAC Committee Membership | (Discussion/Action) |

Financial Advisory Committee
Minutes from May 24, 2010 meeting

Present: Marcia Skall (Chair), Frank Doodha, Bob Jacobson, Jeff Lyons, Stephanie Notowich, Stephanie Robinson, Jason Traut, Tammy Murphy (Superintendent), Donna Van Ness (Interim Business Manager).

Absent: Bob Dickinson, Rob Hobart, Greg Wolkom

1. School Tour
Committee members were given a tour of the new school facility by Jim Walton, Project Manager.
2. Approval of April 20, 2010 minutes.
Marcia Skall asked if there were any questions about the minutes. Stephanie Robinson and Bob Jacobson mentioned that under the Foundation Goal section, the last sentence should be revised to say: "Of those that gave to the Foundation, the average dollar amount given to date per pupil is at its highest level ever". Stephanie Robinson moved that the minutes be approved with the change incorporated. Jason Traut seconded the motion. The minutes were approved.
3. 2009 – 2010 Budget Revision #5.
Donna presented budget revision #5 and mentioned that it will be the last one for this fiscal year. This revision projects an operating deficit increase of \$16,310, from \$145,786, to \$162,096. The primary reasons for the increase are due to additional costs for outside technology support, the Kindness Campaign, and salaries and benefits paid for summer curriculum work funded by Site Council. Tammy Murphy commented that although the operating deficit increased, the district still maintains a 29% reserve level, down from 31% at budget revision #4. Marcia Skall asked if the Board approved to deficit spend. Jeff Lyons responded that the board voted to deficit spend for 2009-2010 in June 2009 when the 2009-2010 budget was adopted.
4. 2010 – 2011 Budget.
Tammy stated that the 2010-2011 budget will be available for public viewing ten days before the June 9 board meeting. There are many moving targets at this time and the budget will move forward with the best available information. The budget can be revised in the fall after the transition plan has been announced and the books have been closed.

The budget for adoption will reflect the current administrative structure and not include any salary increases for teachers aside from step and track, and contractual increases. Bob Jacobson reiterated that the Foundation contribution amount be \$1,065,000 net after expenses for 2010-2011. This amount will be reported in the budget.

When the budget is presented to the board, there will be a list of items to be considered. One of the items on the list will be a new custodian position. Tammy noted that the overall square footage of the school will increase by nearly 15,000 square feet, with an increase of approximately 10,000 square feet for the school and approximately 5,000 square feet for the gym. Total square footage for the school will increase from approximately 55,000 to 69,000 square feet. Based on

this information, Tammy and Marcia stressed the need for a custodian due to the increased school size and the additional effort needed to keep it clean. It was suggested that Greg Myers' replacement might oversee facilities. Tammy said that Greg's replacement is the Instructional Support Services Specialist (ISSS); his role is not slated to include facilities oversight. Several committee members felt it would be prudent to put in approximately \$30,000 as a placeholder in the budget to deal with cleaning the new structure until the new administration is structured. Tammy mentioned that another possibility would be to call in temporary help, or consider shared services for facilities, perhaps with Larkspur school district as an example. However, there are too many unknowns at this time to make a final decision on cleaning. It would be best to present the list of items to the Board for discussion.

5. Health Care Update

Marcia said there will be a meeting later during the week in which the insurance brokers will present some ideas to a group comprised of certificated union and district staff members, and board representatives. Marcia will attend the meeting and will update the committee on the meeting.

6. Foundation Goal.

Bob Jacobson said the participation rate to date is 91% and is hopeful that they will reach 93 – 94%. At 93%, \$1,093,000 collected less approximately \$30,000 expenses would mean a contribution amount of approximately \$1,063,000. He mentioned the importance of having a high participation rate as another school district's Foundation participation fell to about 80% and gradually continued to fall to a current participation rate of approximately 50%.

The Foundation is hesitant to keep the \$170,000 remaining pledge campaign for 2009-2010 open with the pavers sale slated to begin soon at \$1,000 per brick. Bob J. said there is a big push for the long term nature of the proceeds from the pavers' sale. A current board member indicated to him that the funds should not be restrictive and that there be full access to these funds. Bob J. is in favor of a long term element of these funds, and said the current Board President also agrees with him.

For 2010-2011, Stephanie Robinson will be the Foundation President, and John Kern will be the Vice-President.

There was discussion regarding the paver campaign, and whether the proceeds should be applied toward the endowment or district operations. Several committee members questioned whether the proceeds from the paver sales should be placed in the endowment fund since the current endowment funding level was significantly under the designated level where funds could be used. Other members also questioned using the proceeds for to cover general district operations. Jeff Tribolet mentioned that some people were concerned toward having both the Foundation's annual campaign and paver sales taking place next year. Stephanie Robinson mentioned that if the pavers sale proceeds were tied to the Foundation, this may impact the annual campaign next year. Jeff and Bob J. suggested setting the paver proceeds as a separate fund under the Foundation, and use the funds judiciously, and not cover short term shortfalls.

The pavers will be easier to market when people can walk through the new courtyard, and there are placement areas that are preferable over others. It was suggested that a “premium placement” might be incorporated into the pavers campaign. At this time there will be one campaign to sell all 500 bricks.

7. 2010-2011 Committee.

Marcia noted that this was the last meeting for the fiscal year. She said she would continue to serve next year on the committee and as Chairperson. She would like to have a structure where there would be a Vice-President to assume the leadership. Most of the committee members present indicated they would continue to serve on the committee next year: Frank Doodha, Bob Jacobson, Jeff Lyons, Stephanie Notowich, Stephanie Robinson, Marcia Skall, and John Tribolet. Jason Traut said he was not sure if he would be the Faculty Liaison next year.

Meeting adjourned at 7:20 p.m.