

Board Bulletin

School Board Meeting
Oak Harbor School District, No. 201
Board Room; 350 S. Oak Harbor St.
May 24, 2010; 5:30 p.m.

Executive Session (Superintendent's Evaluation and Extension to Contract)

The board will complete its discussion in preparation for its annual evaluation of the superintendent. The superintendent has requested a one-year extension of his contract and no change in the compensation package. Board members may discuss these requests, but action must occur at a scheduled open public meeting.

1. Opening:

1.01 Call to Order

1.02 Pledge of Allegiance

Peter Hunt, Board President, will conduct this activity.

1.03 Roll Call of Members

Peter Hunt will note the presence or absence of any members. If any member is absent, it should be entered into the minutes whether the absence is excused or unexcused.

2. Consent Agenda

As per Board Policy 1440, routine business matters are conducted through a consent agenda. A single motion grants approval to those items designated. In the event a board member or the Superintendent request the removal of an item from the consent agenda, the item shall be removed from the list and acted upon as a separate item of business. In the event that a citizen attending a board meeting wishes to have an item removed from the consent agenda, the board president has the option to consider it as a separate item of business.

If a board member wishes to comment on a consent item, or ask a question before the vote, this may be done without removing the item from the consent agenda. If a board member wishes extended discussion of a consent item, or wants to vote against a particular item, it should be removed from the consent agenda.

3. Communication; Special Recognition

4. Recognition and Agenda Placement of Visitors

5. Superintendent's Report

6. Business Items – Student Achievement – “Assure continuous improvement in student achievement in reading, writing, math, and science leading to on-time graduation.”

6.01 Adoption Training Updates – World Language and K-8 Math

Director of Teaching and Learning Kurt Schonberg will give a progress report on staff training currently under way for this year's materials adoptions for World Languages and for K-8 Math.

7. Business Items – Facilities – “Maintain and build high quality facilities to support student learning and protect the public investment.”

7.01 Capital Projects Monthly Report

Mitch Romero will provide the monthly update on construction progress at Oak Harbor High School.

7.02 Resolution 09-12 – Final Acceptance of Bid Package 1 (Ebenal)

We are ready to approve final acceptance of the CTE Building constructed by Ebenal. You may be aware that there have been a number of claims against Ebenal by subcontractors on the Oak Harbor School District CTE project. We have worked with the school district attorney, Darrel Addington, and

Ebenal to find a way for the district to release its last retainage and provide a safety net for the subcontractors. Ebenal took out a bond that meets the needs of the district and the subcontractors. I have attached a letter from our attorney advising that the district now has no impediments to approving final acceptance and release of the retainage. Mitch Romero will be here to answer questions.

Recommendation:

The superintendent recommends that the Board of Directors

Approve Resolution 09-12 – Final Acceptance of Bid Package 1 (Ebenal).

7.03 Food Service Annual Report; Price Proposal

Ken Harrison will highlight key elements of the annual Food Service report, with information on participation rates, revenue versus expenditures, and changes in menu offerings. Bruce Worley has included an analysis and recommendation for lunch pricing in 2010 - 2011. The recommended lunch price increase reflects rising labor and food costs. Oak Harbor's lunch prices are less than prices of nearby school districts. Oak Harbor has a history of maintaining stable school lunch prices as far as possible. Oak Harbor has made a commitment that revenues will balance expenditures for the school lunch program. No action is requested tonight. Lunch prices will be included in the overall school fee proposal recommended for board action and approval, and subsequently included in the district budget.

It must be noted that some costs associated with the Food Service program are not reflected in the report tonight. For example, the levy has provided additional custodial and clerical support for the food program since we restarted the program in 2001-02. Likewise, costs for furniture, cooking equipment, utensils, and utilities have not been included in the balance sheet. Since its inception, we have sought to produce a positive balance in the Food Service account managed by Chartwells in order to allow for necessary periodic costs for replacement of major cooking equipment, tables, and associated products.

7.04 Maintenance and Grounds Annual Report

Bill Armbrust has prepared a written summary of Grounds and Maintenance major projects and initiatives. Bill will highlight key aspects of the report and entertain board questions. The District's 2010-11 Capital Projects Fund Budget will include several projects too large for annual maintenance but for which non-bond funds will be available.

The District will have to consider other financing methods to address other larger maintenance needs identified by last year's architectural and engineering Study and Survey. Most likely this will include either a Capital Projects Levy or a Capital Projects Bond, probably in 2012 or 2013. In order to consistently and continually maintain school sites at a satisfactory level, and stagger larger maintenance projects to avoid excessively large costs all at one time, most school districts have some form of continuing revenue dedicated to these purposes. Oak Harbor has delayed further consideration of an additional Capital Projects revenue source out of concern for the effects of the economic downturn on family income. However, at some point further delay will be counterproductive as it risks both higher costs and more urgent projects piling up together.

7.05 Move Midway High School and Science Center to ASC – Implementation Plan – NTE \$10,000

Dr. Gibbon previously recommended relocating Midway High School and the Science Center to the ground floor of the ASC in the space to be vacated by Head Start and HomeConnection. Since that time, Dr. Gibbon has worked with the affected parties to develop a plan for making the moves. Tonight he will share that plan, with a timeline and costs for board approval.

Recommendation:

The superintendent recommends that the Board of Directors

Approve reconfiguration of ASC for use by Midway High School and the Science Center beginning fall 2010 with a budget not to exceed \$10,000.

8. **Business Items – Communication** – “Establish and sustain trust through an effective two-way communication system supported by a staffed communications department.”

8.01 **Board Self Assessment**

The school board adopted a board self-assessment survey following a board workshop with Chuck Namit. Does the board want to complete the survey and schedule time to discuss the results?

9. **Business Items – Personnel** – “Attract and retain a diverse staff that is highly qualified, talented, and dedicated.”

10. **Business Items – Fiscal**

10.01 **FY 2010-2011 Expenditure Draft**

We have prepared a first draft of an expenditure plan using the school district worksheets to display in familiar format the major components of the district expenditure plan. This plan continues the budget goals from last year and discussed by the budget committee. Most significantly, we are seeking to use turnover to reduce staff and avoid the need to make RIF's. We are also taking steps to reduce non-employee related costs where the opportunity arises, in anticipation that continuing reductions in federal and state revenue will further tighten district programs, staff, and materials.

The Legislature's decision to encourage districts to rely more heavily on local levies, and the governor's decision to appeal the Superior Court ruling that the State cannot rely on local levies for basic education will have significant adverse consequences for Oak Harbor. Where other districts will routinely raise 24% to 37% of their budget from local levies, Oak Harbor is almost alone in relying on a local levy of about 8%. At the same time, federal Impact Aid revenues are down by 10% so the combined local levy plus Impact Aid (about 15% of total expenditures) is still far below what other districts have from local levies. While short-term fixes have preserved Oak Harbor's quality educational program, limited resources will affect the sustainability of current staffing and programs. Without additional revenue from federal, state, or local sources, quality education will eventually suffer and investments in facilities will be at risk.

Version "D" of the Expenditure work sheet reflects a number of items discussed or mentioned during the Budget Committee deliberations.

- Vacancies created by normal turnover have been left vacant wherever possible, or filled with internal transfers, reducing certificated and classified staff or hours. Together with certificated staff turnover last year, we will have reduced teaching staff by about 16 FTE positions over 2 years due to state and federal cuts.
- We expect several additional vacancies that have not yet been incorporated. These could result in reductions in librarians, counselors, and district administration, and a corresponding reduction in expenditures. This has the potential to raise Ending Fund Balance to the target 5% level.
- Temporary positions have been eliminated in most cases.
- Temporary classified positions in the Technology Department and a SUB coordinator position at OHHS have been included in the budget as new continuing positions.
- The HomeConnection principal was increased from .4 to .5 FTE reflecting increased enrollment, and funded by the new enrollment.
- Transportation revenues and costs decreased due to the end of the high school transfers to and from the North Campus.
- Changes in the state school bus depreciation schedule will reduce revenues used to repay bonds sold to purchase buses. This will require a transfer from the General Fund to the Transportation Vehicle Fund. We are showing this transfer as part of the annual transfer of funds received from the Department of Defense supplemental Impact Aid, all of which had been going to Capital Projects. We are not assured of receiving these funds since no appropriation has been passed by Congress.

- I am concerned about a continuing and increasing tendency for special ed programs to exceed available revenue.
- We have not included revenues or expenditures associated with changing food service prices and costs.
- We have included \$148,000 in revenues and expenditures as RTTT federal money in case this grant is awarded.
- All Student Achievement Fund (I-728) revenues are gone. Some expenditures remain, but scattered in various areas.
- Levy collections increase for 2010-11 and expenditures have been allocated as promised. A separate levy expenditure page will be prepared for the next board meeting.
- The State has changed the name of Non-Employee Related Costs (NERC's) to Materials, Supplies, and Operating Costs (MSOC). I have placed a hold on 25% of all NERC/MSOC building and department budgets (total = \$573,575) in case Impact Aid revenues decrease, enrollment declines, utility and fuel costs rise, or special programs costs exceed revenues.
- Budgeted Ending Fund Balance on Aug. 31, 2011 will be about \$1.9 million.
 - This reflects a decrease in fund balance of \$1.9 million since Sept. 1, 2009.
 - We are spending down fund balance for the second year in a row. Assuming the same funding levels, we will have to reduce expenditures and staffing further in the 2011-12 school year by about \$1 million. At the same time, ARRA (stimulus) funds will discontinue, requiring that those positions and expenses be eliminated.
 - This represents about 4% of budgeted expenditures.
 - This assumes we will receive \$680,000 in prior year payments of Impact Aid this summer.
 - This assumes level funding of Impact Aid in FY 2011.
 - This does not take into account additional current staffing vacancies for certificated and administrative positions.
 - This does not allow for the continuing trend in rising special ed costs.

Overall, I consider this a satisfactory expenditure plan for 2010-11 because it leaves the district with a fund balance on Aug. 31, 2011 between 4% and 5%. However, it depends on spending down the average fund balance and some optimistic assumptions about enrollment and Impact Aid. The adverse impacts of reduced expenditures on classroom instruction, custodial services, maintenance, and operations are not quantifiable. However, the school board and the public should recognize that the cuts already made, plus the cuts that will have to be made next year and thereafter, will severely hamper our ability to achieve ambitious reform and learning goals.

11. Future Meeting Dates

May 27 (noon special meeting for signing of vouchers); June 15 (Tuesday)