

MINUTES
BUDGET ADVISORY COMMISSION

APRIL 4, 2012

Members Present:

Andy Clary
Amy Demboski
Shirley Nelson
Bill Webb
Liz Vasquez

Bob Griffin- via telephone
Jim Bailey – via telephone
Tom Smith
Al Tamangi Sr.

Guests:

MOA: Cheryl Frasca, OMB

ASD: Kathleen Plunket, School Board
Chad Stiteler, CFO
Marie Laule, Budget Director

1. Meeting called to order by Chair Clary 11:59 am

2. Roll Call: 9 members present

Greg Gurse - excused

3. Approval of Agenda – Addition of student letter, will speak to it under open comments

4. Approval of March 7, 2012 regular meeting minutes – Correct spelling of Chad’s name

5. Reports:

a. Administration - Cheryl – updated roster is in packet. City is currently in the process of 1st quarter budget revisions; this is when the mill rates will be recommended. Amendments will be given to the assembly on Tuesday the 10th. April 20th is the assembly work session; the revisions will be up for final approval and public comment on the 24th. One of the issues that will be discussed is the “year end surplus,” (a combination of less spending, or a surplus or revenues is what makes up the fund balance) it was 7.7 million, we anticipated 4.4 million. That meant we only had about 3.3 million to offset unanticipated costs. Snow removal was more than expected. Because of that, some requests in department budgets won’t be filled.

Shirley asked- where are most of the expenses that have eaten into fund balance?

Answer: higher fuel cost and snow removal.

Elections are handled by the legislative branch, not the executive branch. The clerk’s office just put out a press release discussing the ballot shortages.

b. Assembly – No report given.

c. School Board- Kathleen – budget passed the assembly, the bonds also passed, no real new financial information. If anyone has any questions she can answer or get information.

d. ASD – Chad – Financials are on the district website; it is a new format this year and is only 10 or 11 pages. If you want to get into the details you can get into a “high level.” The overall budget was passed and the assembly approved the upper limit of taxes. The legislature is still in session and bills that could impact the district are still moving. One bill that affects this year or next year, the pupil transportation bill passed the senate and moved to the house; it is in house finance and is not scheduled, but would have a 1.3 million dollar impact - statewide about an 8 million impact- and would cover known overages of pupil transportation. By next meeting may have more information on the status of legislative actions; depending on impacts, it will have to go to the school board, it may or may not have to go to the assembly (because the funding they have anticipated may not be realized) federal impact aid shortfall is now expected (may need a 4-5 million dollar adjustment about 85%) Now, they know they need to reduce the amount they expect (in that revenue projection). So it is likely they will be within the upper limit. The health insurance fund is doing well, a number of years has realized positive enrollment, it is dependent on the claims they see this year, which can be a huge impact on the budget. They are looking at a single digit increase and are expecting just over a 2 million dollar adjustment.

Cheryl- asked about the loss of federal funds and whether that will translate into loss of services that will be delivered?

Answer: There is flexibility in how the money is spent, so they aren't necessarily specifically allocated. It will be depended on other resources that are acquired, there may be a natural offset, but there will be an administrative recommendation to the board. Right now they are planning on cuts.

Assembly/school board work session was a good discussion; there were some comments that were made at the assembly, and the district wants to change the way they do financial planning.

3 parts they have more ability to change are 1- currently they haven't anticipated the use of fund balance in future year projects, 2- they haven't assumed increase in tax , 3- they haven't assumed additional state funding other than what is in statute. (the legislature has recommended not assuming beyond the stated amount of funding in statute)

What they heard from Bill Starr: they should be able to assume voter approval of bonds, additional property taxes, and the use of additional fund balance.

They will make a recommendation of financial planning, modeling, and projections, which anticipate funding on historical results and use of fund balance, rather than how they have done it in the past. The process they have used in the past, isn't what the assembly, and a number of

school board members want to see. Chad would like to add this process to the BACs workload for comment. He would like to change the process to balance with a changing perspective that many policy makers are grabbing onto.

Andy: this is a significant change; they are looking at projections that aren't reality, now they want to look at projections that are more in line with reality.

Chad: in the district they only project on actual approved money - that won't change, but the line they have historically followed is moving and now they will be moving toward reality rather than what has been used in the past.

Andy: assembly members have been asking for something that is more in line with reality. He thinks it is a positive move, and comments have been made to work more collaboratively.

6. Shared Services between ASD & MOA

Andy: IT Data center- this was an issue we had raised here. The decision was between a vacant elementary school or sharing with the municipality. The discussion goes back 3 years. A memo at the school district showed an increase in the move to Kennedy; the cost is now 2.7 million. Andy met with the municipality and school district, which sparked a good discussion. In the end the school district is moving into Kennedy. Ultimately, it wasn't possible to stop the momentum of the data center train. The chair suggested in the short term the moa option was cheaper, but in the long term (10 years) Kennedy option may have been cheaper. Even though this shared service opportunity didn't work, the two groups do want to work together; assembly members have commented that the BAC reports to both assembly and school district and we may be able to give them good ideas to capture shared services. There may be a mechanism to create a joint group (assembly, school district, and administration) to help with this process.

Chad: the district and municipality are both working on a time clock system.. The municipality chose Kronos. The district started the process in 2008 and went through an RFI, recently went through a RFP. They delayed the bid while they looked into Kronos, they found there were 2 or 3 key issues that wouldn't work. What it helped us determine that in the long term it won't hamper shared service. They may move to the same ERP system. While they are still in the 3-6 or 7 year time frame of moving to the same system, if they want to go to shared system they will have to use the same system. We aren't there yet, they are happy with what they have now, but in the future recognize shared services in the ERP piece.

Chad: Internal auditor from the municipality will be accomplishing an auditing the school district that way they don't have hire an auditor and staffer, but utilize the municipality's auditor. There are lots of little shared services - IT looking at a help desk on both sides, and an IT security person, and they buy fuel and property insurances with the municipality.

Cheryl: we need to have a governance structure to have these shared services, that is a huge first step.

7. ASD Subcommittee Action Plan

Shirley, Bob and Jim met to discuss ASD budget review process, and came up with “draft ASD action plan.”

Bob: the overview came up with 3 main points to add a little more structure to the process 1) maintain an overview of the ASD budget- adopt a primary metric to track local contribution per student 2) heightened level of interaction with the school board, assembly, mayor’s office and the ASD administration – seek guidance early in the budget process and focus on key objectives set by the assembly, school board, and mayor’s office and 3) focus projects – prioritize 3 or 4 focus projects per year max.

Shirley: this is a long process, we can’t do everything every year; this process and structure will take a couple of years to develop the mission and scope of review. If we could start early and look at the budget it would be beneficial, it isn’t possible to handle (and do a good job) in the time we are currently given. It is important to have more interaction with all involved and their priorities. The sooner we can have all the parts to the puzzle - that is a goal. It has been helpful going to the schools and meeting with the principals to see what is happening on the scene..

Bob: good point about starting early, going closer to the city charter may help. It would give a lot more information about what direction the legislature is going.

Andy: every quarter there is a joint meeting of the assembly and the school board, hearing the discussions first hand is beneficial.

Jim: early dialogue including the decision makers should be really early. Now before summer or early fall would be helpful. Narrowing our focus yearly would make us more efficient.

Andy: how do we turn this into action?

Jim: next quarterly joint session we should see if we can take part.

Shirley: next meeting we should have a plan, or decide who wants to do what, and sharing what we have learned. The federal programs are a topic to discuss - special ed can be very complicated and confusing but dialogues would help understand how these programs work and the cost associated with them.

Bob: Joint sessions of assembly and school board are likely the place to kick off; maybe they could give us guidance of where we can focus.

Chad: Thinks this plan proposed is much more doable than the entire overview of the ASD mission. Jim’s timing is reasonable, that way if the BAC has recommendations to do or not do

something, than the BAC recommendation can have sufficient time to proceed through the process. The earlier the BAC comments and perspective are given, the easier it will be to incorporate and vet the recommendations and comments. By the early fall would be the best (Jan or Feb can also be taken in, but earlier is definitely better). The focus projects are a meaningful way to bring useful comments to the administration; presenters can come in from departments ie special ed, to provide information to the BAC (meeting, interviews, etc).

Shirley: it would be helpful to educate ourselves about the entire process, to fit the pieces of the puzzle together.

Chad: the philosophy of the budget and local contribution - the only consistency is the fact that it is inside the community, but property tax is often the largest (vast majority) it may be simpler to consider property tax as a hole - consider that it dilutes it -it may or may not be easier.

Bob: a lot of interest earnings and things left over from previous property tax collections- table hh of the cafr is the metric that Bob is recommending.

Al: the state is on fiscal year, municipality on calendar, ASD is on fiscal year.

Andy: this isn't a final document but it would be prudent to reach out to school board and assembly members, as well as the mayor and superintendent, regarding what focus projects we should tackle.

Cheryl: collective bargaining will be a source to discuss.

8. BAC member comments

Letter from 8th grade student at Gruening... project regarding reducing the drug use among students- presentation next Friday from 11 – 2:45, there portion is at 1 pm if a BAC member is available to listen and answer questions.

9. Upcoming meeting dates

May 2, 2012

June 6, 2012

10. Adjourn – 1:08 pm