NORTH MONTEREY COUNTY UNIFIED SCHOOL DISTRICT

BUDGET PROGRAM ADVISORY COMMITTEE

A SUPERINTENDENT'S ADVISORY COMMITTEE

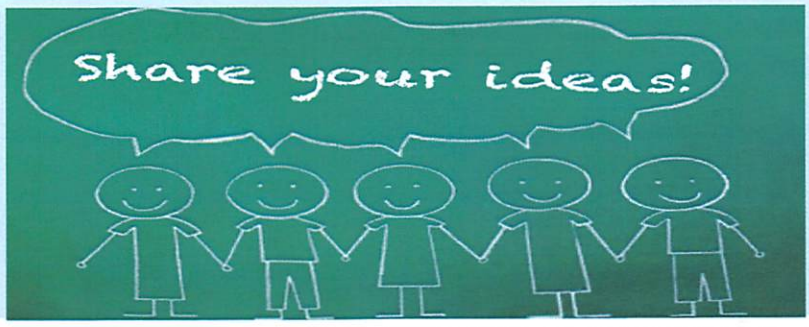
Meeting #4
February 5, 2019

Presented by: Liann Reyes, Assistant Superintendent – Business Services

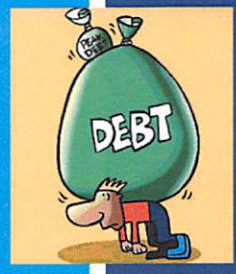
REVIEW OF PRIOR MEETING INFO

TURN TO YOUR TABLE PARTNER

- What information have you learned over the last few weeks that you felt were important, or were an "ah ha!" moment for you?
- What are one or two things, concepts, or ideas that you would like to have a better understanding of in order to make an "informed" recommendation?

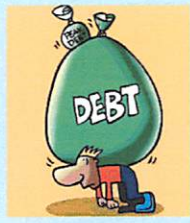


IMPACT OF DEBT ON DISTRICT RESOURCES

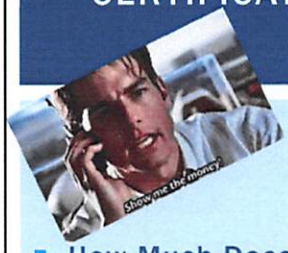


CERTIFICATES OF PARTICIPATION (COPS)

- The district issued debt in the past for the completion of construction projects.
- In 2010, a $10.0 million issuance of debt was made, and was designated as Qualified School Construction Bonds (QSCB)
- These "bonds" are NOT community debt and are not paid from taxpayers; the district has responsibility to make all payments on this debt.
- When the debt was secured, as series of assumptions were made on the payment of the debt. A couple of key assumptions were never realized.



CERTIFICATES OF PARTICIPATION (COPS)



AS OF JANUARY 1, 2019

How Much Does the District Still Owe?	$6,037,794
How Much Cash is in Debt Service Fund 56?	$2,117,978
What is the UNFUNDED amount? (Liability)	$3,919,816
How long will the current cash balance last?	Dec 2021



CERTIFICATES OF PARTICIPATION (COPS)



- What options are there?
  1. Contribute to Fund 56 from Fund 01
     - So far, the District has deposited extra money in to Fund 56 in the amount of $500,000 in 1617 and $300,000 in 1819 -- thereby extending the number of years the payment can be made to December 2021.
  2. Find another source of funding (monetize assets)
  3. Rely on Developer Fees to offset debt
  4. Apply for other funds that can be used to help pay this debt (modernization reimbursement filed for $3,519,183 but could take years to receive)

MAINTAIN AND MANAGE CURRENT COSTS

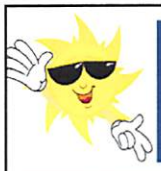


	Actual 11-12	Actual 12-13	Actual 13-14	Actual 14-15	Actual 15-16	Actual 16-17	Actual 17-18	Budget 18-19
Exp	$6.350	$6.976	$5.944	$6.153	$6.408	$6.505	$6.884	$7.507
% Chg		9.9%	-14.8%	3.5%	4.1%	1.5%	5.8%	9.1%
Contrib	$3.835	$4.660	$3.554	$3.519	$3.745	$3.711	$4.152	$4.807
% Chg		21.5%	-23.7%	-1.0%	6.2%	-1.0%	11.9%	15.8%
# Pupils	279	322	386	468	475	490	507	516
% Chg		15.1%	19.9%	21.2%	1.5%	3.2%	3.3%	1.8%
Cost/Pupil	$22.8k	$21.7k	$15.4k	$13,1k	$13.5k	$13.3k	$13.6k	$14.5k
% Chg		-4.8%	-28.9%	-14.6%	2.6%	-1.6%	2.3%	7.0%



If the same amount per pupil expended in fiscal 11-12 was expended in fiscal 17-18 times the # of pupils, the cost increase would equal $4.7 million!
Dat's a lotta carrots!

Special Education



RENEWABLE ENERGY EFFORTS

- District is moving forward with installing solar panels at sites
- Using energy savings to finance other energy efficient equipment across the district (boiler, energy management systems, generator, transformers, LED lighting)
- First year savings estimated at $42,000; lifetime savings of the project (28 Years) estimated at $9.7 million



TRASH & RECYCLING



- District has spent an average of $160,000 per year over the three years on trash collection services
  - New law is also requiring District to begin separating organic waste from other waste; this will increase current trash costs-the exact amount is unknown at this time
- How to maintain these ongoing costs?
- Idea: Bring trash services in house by purchasing trash compactor, vehicle to haul, and a 0.5 FTE to collect and dispose of trash.
- Taking in to consideration one time start up costs, plus on-going operational and maintenance costs, this program could have the potential of creating a positive return on investment by Year 2
- On going costs could be significantly reduced in Year 3

EDUCATIONAL OPTIONS RESTRUCTURING

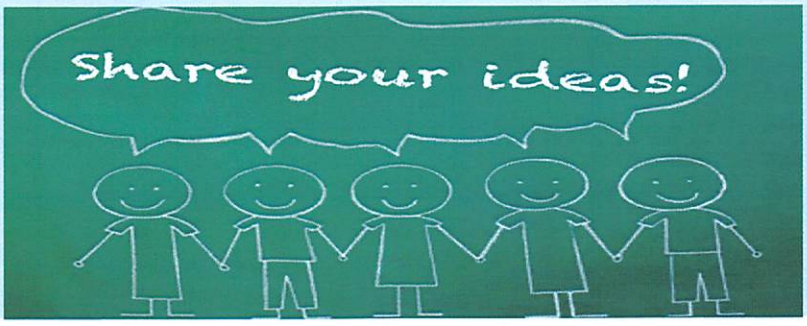
- Central Bay is operating in a deficit position due to truancy issues and declining enrollment
  - This program needs to be restructured to better engage students and by offering more Career Technical Ed and other elective-type programs that motivate students



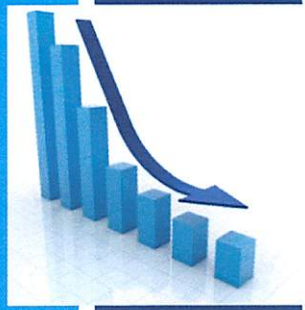
- Independent Study is operating in a "break even" when considering direct and indirect costs
  - This program is not reaching the required academic outcomes; specifically, graduation rates
  - The program is now eligible to receive School Improvement Grant funding to restructure the academic program
- These programs will be restructured programmatically to offer a blended learning model with the goal of increasing enrollment, attendance, and academic outcomes

TURN TO YOUR TABLE PARTNER

- Talk to your table partner about what you've just heard; which of the topics do you find achievable?
- What are some concerns or questions you might have regarding ways to improve the District's fiscal outcome?



STRUCTURAL DEFICIT IMPACT



EXAMPLE

IMPACT OF SUSTAINED DEFICIT SPENDING ON THE BASE GRANT

	2018-19	2019-20	2020-21
Total Revenue	$5,000,000	$5,000,000	$5,000,000
Less Contributions	(600,000)	(600,000)	(600,000)
Less Expenses	(4,800,000)	(4,800,000)	(4,800,000)
Net Incr/(Decr) to Fund Balance	($400,000)	($400,000)	($400,000)
Beginning Balance	$1,000,000	$600,000	$200,000
Plus/Minus Incr/Decr to Fund Balance	($400,000)	($400,000)	($400,000)
Est Ending Balance	$600,000	$200,000	($200,000)

For illustrative purposes only; these are not actual District budgets!

EXAMPLE

EXAMPLE

IMPACT OF POSSIBLE "REDUCED" EXPENSES ON THE BASE GRANT

	2018-19	2019-20	2020-21
Total Revenue	$5,000,000	$5,000,000	$5,000,000
Less Contributions	(600,000)	(600,000)	(600,000)
Less Expenses (IF decr exp by $1m)	(4,800,000)	(3,800,000)	(3,800,000)
Net Incr/(Decr) to Fund Balance	($400,000)	$600,000	$600,000
Beginning Balance	$1,000,000	$600,000	$1,200,000
Plus/Minus Incr/Decr to Fund Balance	($400,000)	$600,000	$600,000
Est Ending Balance	$600,000	$1,200,000	$1,800,000

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EXAMPLE

EXAMPLE

IMPACT OF POSSIBLE INCREASED REVENUE ON THE BASE GRANT

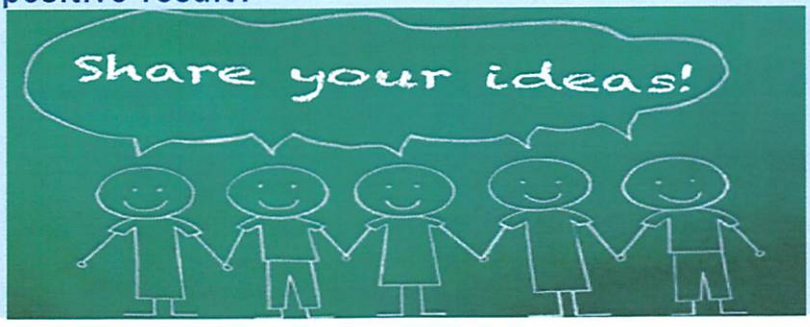
	2018-19	2019-20	2020-21
Total Revenue (IF incr ADA by 1%)	$5,000,000	$5,500,000	$5,500,000
Less Contributions	(600,000)	(600,000)	(600,000)
Less Expenses	(4,800,000)	(4,800,000)	(4,800,000)
Net Incr/(Decr) to Fund Balance	($400,000)	$100,000	$100,000
Beginning Balance	$1,000,000	$600,000	$700,000
Less Deficit Spending	($400,000)	$100,000	$100,000
Est Ending Balance	$600,000	$700,000	$800,000

For illustrative purposes only; these are not actual District budgets!

EXAMPLE

TURN TO YOUR TABLE PARTNER

- Talk to your table partner about what you've just heard; explain to each other which example would result in a balanced budget SOONER, and which method is more certain to produce a positive result?



BALANCING THE BUDGET



REQUIRED PERSONNEL DEMANDS ON THE BUDGET

- There are many on-going demands on the budget 1819-2021

Description	$ Value 1819	$ Value 1920	$ Value 2021
Step & Column –Certificated	$426	$421	$424
Step & Column –Classified	$261	$260	$267
STRS Increment	$437	$438	$234
PERS Increment	$265	$298	$324
Ttl S&C & Retire	$1.389	$1.417	$1.249
GAP & COLA Projections*	$1.248	$0.578	$0.949
Subtotal	($.141)	($.839)	($.300)
IF ADA Incrd by 43	$.500	$.500	$.500
... THEN the Adjusted Total Is:	$.359	($.339)	$.200

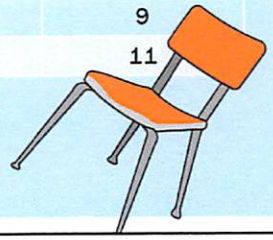
*Since gap 100% closed in FY 1819 there is no gap funding for 1920 and 2021

WHAT DOES 43 ADA LOOK LIKE?

- If the District was able to increase 43 ADA across six schools, the proportional share of Daily Attendance increase would look something like this:

Site	Percent	ADA	Students
Castroville	15%	6.45	7
Elkhorn	15%	6.45	7
Echo Valley	15%	6.45	7
Prunedale	15%	6.45	7
Middle School	20%	8.60	9
High School	25%	10.75	11

Is this achievable considering the $500,000 payout?



COST OF 1% DISTRICT WIDE

Based on this year's employment information, to provide an "all in" 1% salary increase for all employees, the district cost would be estimated at

$432,000

How does the District maintain a "balanced investment" in its employee base and honor its fiscal solvency?

How does the District sustain this amount through its multi-year projection?

$432,000 + Step & Col + PERS + STRS X 3 Years =$1.35M

OTHER FUTURE COST CONSIDERATIONS

- There are other fiscal concerns to consider as well:
  - Textbook Purchases (Estimated at $3.5m over three years)
  - Classroom Devices (Estimated at $1.0m not including replacement plan)
  - Well water and domestic water issues (Estimated at $1.0 for two sites, minimum)
  - Drinking fountain and other fixtures upgrades to meet new State requirements (Estimated at $250k just for hardware costs-no labor)
  - Facility maintenance and repairs (Estimated at $$$$$)
  - Facility capital improvements-replace failing portables (Estimated at $12.0m)
  - Facility Improvements for equitable programs (STEM classrooms)

SAVING THE BASE

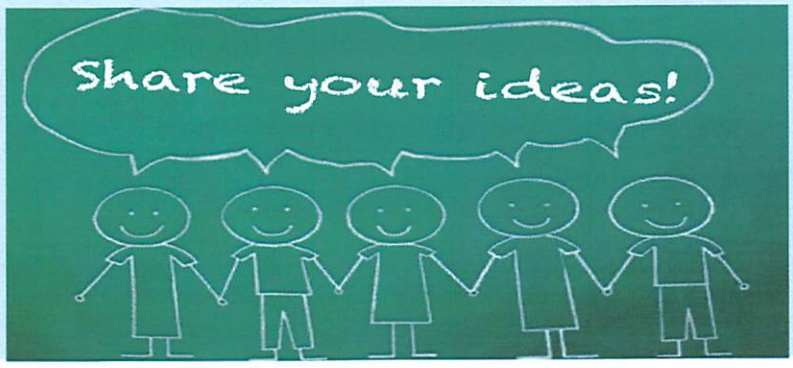


- In fiscal 1819, the District implemented cuts that equaled $267,000 of on-going personnel cost reductions out of the base grant.
- The board now is looking at fiscal 1920 to implement another round of reductions that will equal approximately $1.0 million. Ways to achieve this are multi-pronged, for example:
  1. Tighter "staffing to the formula" for teaching positions
  2. Reduce 11 positions (re-assignments, vacancies due to attrition and retirement, some layoffs)
  3. Reduce custodial substitute costs (provide long term subs only)
  4. Reduce supplies across the district; use other sources of funding
  5. Cap district paid board health and welfare benefits



DISTRIBUTE NOTES FROM PRIOR MEETINGS

- Turn to your table partner and review the notes, and consider what you've just heard
- Come up with your top five recommendations



LAST MEETING

FEBRUARY 13, 2019
DISTRICT OFFICE
5:30 -- 7:30

