Regular meeting of the Governing Council
Mission Valley Regional Occupational Center/ Program
Wednesday, March 18, 2009

Vice President Kevin Harper called the meeting to order at 3:39pm.

Present: Larry Sweeney, Clerk
Kevin Harper, Vice President
Nancy Thomas, Alternate

Approval of Agenda:

Member Larry Sweeney made a motion to approve all items on the March agenda. Member Nancy Thomas made a second to approve the motion. Members voted 3-0 to approve all items on the agenda.

Communication:

a. Items from Staff:

Report from Superintendent Charles Brown:
CAROCP Legislative Forum

Superintendent Brown shared that he, Ms. Adams, and Ray Rodriguez, had recently attended the CAROCP Legislative Forum. This was a chance to hear more about the state budget, hear from lobbyists about what the legislative priorities are, and visit legislators. They also heard more from the LAO's estimation on the additional $8 billion state deficit. Attendees also heard more about what might be coming from the Federal Stimulus package for school districts. Superintendent Brown shared a sheet listing the main three CAROCP legislative priorities. Removing regional occupational center and programs from the categorical flexibility provisions of the recent budget package is the first goal. Member Thomas inquired whether MVROP was considered tier two or three. Superintendent Brown answered that MVROP is categorized as tier three but the goal is to be changed to a tier two status. Mr. Brown also pointed out that any cuts imposed on ROCPs need to be allocated as reductions to the ADA caps and not from revenue limit. This would take place as part of a clean-up bill. Currently, it has a 50% support rate. It is estimated that it will be another three months before the final outcome results.

Secondly, allocate the Federal Stimulus dollars in a manner to minimize the budget cuts to ROCPs. The message here is whatever percentage of Stimulus dollars got to districts should mirror the percentage allocated to ROCPs. Out of the total $5.9 billion dollars being given to the State, $4.9 billion is earmarked to go towards education

Also, ROCPS are requesting for legislators to support the ROCP Sponsored Legislation- AB 673 (Carter) and SB 640 (Hancock). These are technical bills that will help address negative growth issues and clean-up language in prior legislation that hurts implementation. Overall,

legislators were very supportive and apologetic about the recent cuts to education.

Donation of Fire Engine
Last Thursday the City of Newark donated the use of a fire engine to the MVROP Fire Science program. It came just in time as the MVROP engine had broken down that very morning. Chief Demetrius Schaeffer and Deputy Chief Camenada were present at the ceremony to present the engine. This is a very valuable partnership for the Fire Science program. The hope is that our students will then become part of their future employees. "I am pleased to say that we have an excellent relationship with our local three local Fire Departments as well as the San Francisco Paramedics Association," said Supertintendent Brown In fact, it turns out that MVROP is expecting to receive an engine from the Fremont Fire Department as well.

California Partnership Academies
Superintendent Brown shared that MVROP has been working closely with Kennedy High on their California Partnership Academy relating to Green Technology. At the same time we have a proposed project with FUSD in partnership with Chevron to solarize about 14 campuses, including MVROP. It will consist of shade canopies covering the parking lot areas. As part of this agreement, there is a required educational component. Tom Hansen and Superintendent Brown recently met with Chevron to present a 9-12th grade curriculum component to their existing educational program. At present, they have only explored grades 4-6 curriculum. MVROP and KHS would like to have a survey course at the sophomore level possibly titled "Alternative Energy." In addition, MVROP would like to see the development of green construction methodology and possibly a green auto technology program as well. MVROP and KHS are seeking to have these courses articulate with Ohlone College's program. It is estimated that $25,000 would be needed to start and maintain this green technology pathway. We also asked that Chevron provide a person to be active in the process.

Member Thomas inquired as to whether ROCPs can apply for the Partnership Academies. Mr. Brown responded that ROCPs cannot be the lone applicant, but a partnership with another high school.

Member Thomas mentioned that Newark Memorial High has a Media Academy and that she had never heard of MVROP being a partner in the program. Mr. Brown stated that Newark Memorial High did not involve MVROP in the planning or development of their Arts and Media Academy. Member Thomas suggested that a possible partnership be established between the Newark Memorial High Media Academy and MVROP be explored. Ms. Adams notified Ms. Thomas that she had recently had a meeting with Pam Comfort, about this very subject. MVROP would love to partner on this venture. Unfortunately, Kevin

Harrigan was unable to make the meeting. Pam is new to the ROCP process and is not looking to see if there is a new CPA grant or application.

Member Sweeney inquired as to how much the grant would be from Chevron. Mr. Brown answered that the CPA grant would be $350,000. What we really are looking for is for Chevron to help fund the MVROP/ Kennedy High partnership.
Member Sweeney went on to say that this is a very big project that would total $75 million. It is a strategy to create savings of $1million over the next six years. However this does not make fiscal sense. Chevron has the tax incentive to set up a loan with Bank of America. At the 6th year, the school district would have to take out a bond for the $75 million. At that point you would be asking for voters to approve a $75 million bond for solar panels that had been in place for six years with a total lifespan of 30 years. That is a pretty difficult sell. This is what FUSD last told Chevron. They are happy about the goal of the project, but it has to make fiscal sense. It is especially important in this economic climate.

Superintendent Brown stated that the proposed project with FUSD is not tied with the Green technology Program that Kennedy High and MVROP are proposing. The solar canopy project with FUSD was merely a way to get a dialogue moving with Chevron. Chevron needs to show a partnership with education, which they currently do not have.

Member Sweeney also cautioned Mr. Brown to take into account the difficult task of protection from theft, vandalism, and maintenance. Mr. Brown agreed and said that steps would be taken to take everything into account. Mr. Brown finished in saying that this could be an excellent partnership.

Multimedia Fest
A small video presentation of the MVROP Multimedia Festival winners was shown to the Governing Board. The event took place on February 26, 2009 at Logan High's Little Theatre. Ms. Aldinger shared that the winners being shown to the board were chosen by the audience at the event. There was quite a large turnout and overall was very successful. Member Harper thanked the MVROP administration for the Multimedia Fest winner presentation.

MVROP Events
Ms Aldinger shared that MVROP would be having its annual Fashion Show on Sunday March 29th at the Newark Hilton Hotel. This year's show is titled "Revival Rhapsody." It is yet another example of how programs collaborate together on large scale projects and events. This show is a combination of work from the Fashion Merchandising and Interior Design programs, the Arts and Media program, the DECA/ Marketing program. Students create their own clothing and are models as well.

Ms. Aldinger shared that MVROP would be taking part in the Newark Jr. High Career Day. It will be taking place on Friday, March 20, 2009 from 11am to 1pm. It is an excellent way for students to learn about the courses that they can take in high school. Many get very excited when they learn that we are not a college and that they can take our courses when they attend high school.

c. Written Communication

Member Harper inquired about the Alameda County Office of Education letter regarding deficit spending. The letter approves MVROP but recommends that the $50,000 that we are currently using out of unrestricted resources be covered in some other manner. Ms. dela Cruz responded that this was in reference to unrestricted lottery money. She informed the Board that the only way to spend the money is deficit spending because of our carryover. Member Harper inquired that even though they are recommending that we cover it, MVROP has opted not to. He also asked whether there were any ramifications to this decision. Ms. dela Cruz answered that this was correct and that there were no ramifications. Member Harper then referred to the second page, second paragraph of the letter that covers the importance of reserves. He then inquired about the status of the MVROP reserve policy conversation. Superintendent Brown responded that ongoing research on policies from other districts and other levels of education are taking place. In light of the recent budget issues, and with the new recommendations today to utilize reserves which would bring them to their required minimum level, creating a reserve policy has not been the most urgent priority.

Member Harper then thanked Superintendent Brown for hosting a tour for Mr. Harper and New Haven Unified School District Superintendent McVeigh at the ROP Center. She was very impressed with the campus and the programs. Even though not many Logan students come to the Center site, this hopefully will change in the future. Overall, they were both impressed.

d. Items from the Board:

None

e. Public Comment

None

Consent Calendar:

Member Harper mentioned that he would like to point out that he wanted the minutes to reflect a specific government website that can be a useful reference for the ongoing reserve policy research. The website is the Government Finance Officers Association. The web address is gfoa.org. They provide a recommended set of practices and guidelines.

Member Thomas wanted to clarify further on a comment that Member Rodriguez made in the past meeting referencing NUSD's bond money. In all actuality it is not bond money but tax override money. Now, to compensate for the cuts to education, NUSD is now dipping a little bit into their Fund 53 Tax Override account.

Member Harper then inquired about B&F item # 3 (page 25 of the board packet.) He asked for clarification on whether MVROP was reducing the revenue limit dollars in this budget and if this meant MVROP was now eating into restricted dollars. Ms. dela Cruz responded that this was in reference to restricted monies, specifically, the general fund. Most of the ROP's funds are considered restricted. Member Harper asked if this amount was reflected in the 2nd Interim Report. Ms. dela Cruz answered that it was and would be discussed shortly.

Member Kevin Harper made a motion to approve the February minutes in the Consent Calendar. Member Nancy Thomas made a second to approve the motion. Members voted 3-0 to approve the February minutes in the Consent Calendar.

Member Nancy Thomas made a motion to approve items B, C, D in the Consent Calendar. Member Larry Sweeney made a second to approve the motion. Members voted 3-0 to approve items B, C, D in the Consent Calendar.

Business and Finance #1 **Approve Revised Budget Plan for 2008-9, 2009-10 and 2010-11**

Superintendent Brown shared with the Board that the staff recommendation of the revised budget plan is based off of the figures from the new February budget. This recommended plan has been reviewed and approved by the MVROP Budget Advisory Committee which is made up of instructors, classified staff, and administrators.

Ms. dela Cruz shared that on March 19, 2008, the Board approved a plan to balance the 2008-9 budget which included the implementation of a mid-year budget freeze in 2007-8 to increase ending balances and budget cuts in 2008-9 to instructional materials, supplies and services. On January 10, 2009, Governor Schwarzenegger presented his 2009-10 Budget proposal. The Governor's budget includes no COLA for Regional Occupational Center/ Programs.

The Budget Advisory Committee met on February 3, 2009 to review current year 2008-9 budget and the proposed 2009-10 budget. The projected revenue shortfall for 2009-10 was $879,791. The plan was approved pending State Budget enactment.

As of February 20, 2009, the State approved a budget. The Budget Advisory Committee met on February 25, 2009 to review current year 2008-09 budget and the proposed 2009-10, 2010-11 budgets. In light of the recent cuts, new plans for these years have been created. The State budget includes a 15.4% midyear cut to ROP's in the current year 2008-9. Fortunately, MVROP received excess property tax income that helped offset midyear cuts totaling $1.3 million. A total of $941,000 was saved as a result of the budget freeze implemented in 2007-8 school year. Now with the midyear cut, MVROP is now in deficit $364,270. We are looking to balance that with the reserves for economic

uncertainty which has a balance of 14%. After the funds are utilized, it will have a balance of 8%, which is still above the required 3%. Member Thomas inquired as to whether MVROP is on track to saving the $941,000 to which Ms. dela Cruz responded yes.

An additional 4.5% cut to the 2009-10 budget will also take place. The total cuts for the 2009-10 school year total $1.4 million. Our revenue for next year will be $6,949,491. When considering current expenditures, the total deficit for 2009-10 is $1.3 million. Our plan is to continue ongoing cuts of $280,000. MVROP is transitioning the HVAC and adult health classes to fee-based courses in 2009-10. This will cover 3.88 FTE's. However, MVROP is adding a biotechnology program which will add 1.2 FTE. We are eliminating the cosmetology program, reducing our contracted services, reducing and/or eliminating our buses, utilizing our lottery reserves, and bringing our reserves for economic uncertainty from 8% to 3%.

Superintendent Brown stated that he had heard from an earlier meeting that day, that the elimination of buses would impact the attendance in courses. Ms. dela Cruz said that this line item may change as MVROP is looking to have a more positive balance than originally estimated. This is due to the increase in revenue from the adult courses which are fee based in addition to the savings that our programs have achieved this year.

Member Thomas inquired how students get to the ROP Center to which Mr. Brown responded that there are a number of high school students that are provided busing during the middle of the day. There is a 9:20a.m. bus that brings students back to the high school campuses, there is a 12:45p.m. bus that brings students to the Center and one at 2:45p.m. that brings students back to their home campuses. Adults are responsible for their own transportation.

The 2010-11 MVROP budget includes .7% COLA and continued cuts from 2008-9 and 2009-10 leaving revenue totals at $7 million. Expenditures would total $8.5 million leaving a total deficit balance of $1,557,000 million. In order to balance that year MVROP plans to: reduce adult programs 2.4 Certificated FTE, enact a step & column freeze, reduce materials and supplies 5%, reduce Lottery Carryover Reserves to a zero balance, and reduce DSP Carryover Reserves to a zero balance. This would save a total of $1,557,000 therefore balancing the 2010-11 budget.

Member Sweeney inquired if MVROP would suffer any exposure from COBRA. Ms. dela Cruz said that MVROP could be affected. She went on to say that MVROP would ask for a check from the eligible employees to cover their 35% share. Retirees follow the same process. This may affect some temporary employees.

Superintendent Brown shared that MVROP would have a very tough time with any additional cuts in the future. He pointed out that MVROP had built a sizable reserve which will be drained due to the cuts recently received from this State budget. MVROP has tried to stay away from cutting the high school programs. However, should there be future cuts, MVROP will have no choice.

Member Sweeney responded that the cut to the cosmetology program really hurt. Mr. Brown responded that this has been a 30 year relationship that has worked well. Unfortunately, there was no way to keep the program.

Member Harper inquired as to whether we really wanted to go down to the minimum 3% reserve balance. If there was an MVROP reserve policy he would be asking what the worst case scenario is, because that is what reserves are for; the perfect storm. Are we as aggressive as we can be at this point? The indication is that things can get worse. Mr. Brown responded that this is the worst case scenario that we have been preparing for. It is unfortunate that there are many programs in the state that could be cut before cutting education for the children. It is unfortunate that the legislators have chosen to do otherwise. It is to the point where you cannot plan anymore because things are changing so much in Sacramento. Member Sweeney agreed that MVROP has always functioned very conservatively and have been hit very hard. They also have utilized valuable partnerships and have been very creative with the school's programs. The best case scenario is that we receive Stimulus money. Ms. dela Cruz stated that even though we do not have a reserve policy, we have always functioned under the understanding to continuously build the reserve. Member Sweeney echoed these sentiments. Member Harper stated that it seems that there is a consensus that MVROP is doing everything it can.

Member Harper inquired about the balance reduction on page 26. Ms. dela Cruz responded that it would show in the 2nd Interim Report and that without these cuts, there would not be a positive certification.

Member Thomas inquired whether there is a prioritization as funds are restored? Ms. dela Cruz answered that usually staff is replaced/ brought back depending on the status of the programs. Member Harper then inquired why there is both a savings and a cost for the adult programs. Ms. dela Cruz stated that there is a savings because MVROP does not collect ADA and instead requires course fees. There is a cost because MVROP pays the instructor's salary and benefits. The fees help offset these costs. Member Thomas inquired if MVROP has been able to predict what kind of affect the fees have had on adult enrollment. Superintendent Brown responded that there is no way to predict enrollment. However, our EKG class had increased enrollment this registration period even though the fees had increased. We usually plan for 40% overhead and cost recovery. This does not mean this will happen every registration period, but it is a good sign. We are still much less expensive than majority of the private schools in this area.

Member Larry Sweeney made a motion to approve the Revised Budget Plan for 2008-9, 2009-10 and 2010-11. Member Nancy Thomas made a second to the motion. Members voted 3-0 to approve the Revised Budget Plan for 2008-9, 2009-10 and 2010-11.

Business and Finance #2 **Approve Certification of Second Interim Financial Report**

The District is required to certify to the State twice a year as to the fiscal stability of the District. These certifications are based upon financial data as of October 31 and January 31 and are termed, respectively, the First Interim and Second Interim Financial Reports.

The Certification of Financial Condition may take one of three forms: positive certification, qualified certification, and negative certification.

The Second Interim Financial Report reviews the financial condition of Mission Valley ROP for the period of July 1, 2008 thru January 31, 2009. The report includes an analysis of the current budget and projections for the next two subsequent fiscal years. Mission Valley ROP must also certify whether it will be able or unable to meet its financial obligations for the current year and the next two subsequent years.

Projected revenues for the year are $7,977,196 which is based on the budget that was enacted on February 20, 2009. This includes no COLA and the 15.4% midyear cut to ROP's. It also includes excess property tax revenues of $645,241 which was part of the recently released annual apportionment for 2007-8. Overall revenues are $624,841 (7.3%) less than first interim projections.

Our ADA has also changed since 1st interim. Our CAP is based on last year's base plus growth. For the 1st interim we were expecting a CAP of 2,137 and now we received excess growth which gives us an additional 16 ADA totaling 2,154. Member Harper inquired about what happens when MVROP goes over CAP. How much does it cost? Superintendent Brown responded that it depends on a few different factors. These include: growth and Calworks. Last year we received funding for 300 excess ADA. It is a prorated amount. Member Harper inquired what the optimum number of students was. Ms. dela Cruz responded that MVROP projects based on 22 students, but this year it was more like 25. This last year some classes were at 28 to 32 students. Some schools overload ROP classes and we have dealt with that before. We eventually get the classes reduced to a smaller size. The classes on campus tend to have larger sizes than those on the ROP Center campus. Mr. Brown added that it is best to operate 80 to 90 ADA over CAP. Member Harper questioned why would it be more efficient to operate 10 over. Mr. Brown responded to get the most out of funding we need to maintain that buffer. Mr. Brown added that as of February 20th, the base for the dollars for categorical flexibility were supposed to be based on 2008-9 but they won't know what the actual ADA for 2008-9 is until February 2010. They just recently changed the base amounts via legislation to the 2007-8 school year. Therefore the base amount, if we stay in the categorical list, for the next four years will be the 2,124 ADA base. FUSD has the total bulk of ADA at 1,429, NUSD is at 354 ADA, and NHUSD totaled 489 ADA as of P1 for 2008-9. We are currently 119 over CAP. Last year we received funding for an excess 300 ADA. Unfortunately, that excess is just not funded at the same level. Next year we will not have cosmetology. This accounts for a large portion of our ADA.

Member Sweeney commented that he appreciated Superintendent Brown meeting with Superintendent Werner to discuss FTEs for the high schools.

Projected total expenditures are $8,308,834. This is $42,021 (0.51%) more than 1st Interim. Although the budget enacted on February 20, 2009 included a 15.4% midyear cut to revenues, expenditures were not reduced at the same level. The revenue shortfall will be covered by reserves for economic uncertainties.

Employee salaries and benefits remain the same at 2nd Interim. Salaries and benefits

represent 82% of total expenditures including contracted employees from Fremont, New Haven and Newark School Districts. Mr. Brown added that employees at school districts salaries are higher than those of ROPs.

The ending balance of revenues over expenditures is projected to end in a deficit of $331,638. This is a decrease of $666,862 from 1st interim and reduces the ending fund balance to $4,176,972. Capital Outlay reserves were reduced by $131,737 to cover Proposition 1D project expenditures. Reserves for economic uncertainties will be reduced by $535,125 to cover the deficit and the impact of the midyear cut. This brings reserves for economic uncertainties down from 14% to 8% of total expenditures. The required minimum reserve for economic uncertainties is 3%.

The standard for salaries and benefits is based on a ratio that compares total salaries and benefits to total expenditures. The historical average ratio for Mission Valley ROP for the past 3 years (2005-06 to 2007-08) has been 60%. The standard test compares the current year ratio and the next two years which should be within 3% of this average. The projected ratio for the current year is 65% and 75% for the next two subsequent years. This is higher than the standard and, therefore, the standard "not met". Ratios are higher because total expenditures have been reduced but not in salaries and benefits.

The standard test for changes in other revenues and expenditures must be within 5%. Due to the 15.4% midyear cut in 2008-09 and the additional 4.5% cut in 2009-10, the impact to revenues and expenditures exceed the 5% standard. The test for deficit spending compares the deficit spending levels to the standard deficit spending percentage levels. The standard percentage level, based on one-third of available reserves designated for economic uncertainties, is 2.6% for the current year, and 1% for the next two subsequent years. The projected deficit spending levels for the current year and the next two subsequent years are higher than the standard (4% for the current year, 6.7% for the next year, and 3.1% for the second subsequent year). Mission Valley ROP reserves include lottery and DSP (Direct Support Professionals Training) carryover. These components will be used to balance the budget in addition to reserves for economic uncertainties.

Based upon current projections, Mission Valley ROP will be able to meet its financial obligations for the current fiscal year and subsequent two fiscal years. Mission Valley ROP is, therefore, able to make a Positive Certification in this Second Interim Financial Report.

Member Nancy Thomas made a motion to approve the Certification of Second Interim Financial Report. Member Larry Sweeney made a second to the motion. Members voted 3-0 to approve the Certification of Second Interim Financial Report.

Board Requests:
None

The meeting was adjourned to Closed Session at 5:38pm.

The meeting was reconvened to Open Session at 5:55pm.

Member Thomas made a motion to extend the existing Contract of the Superintendent through June 30, 2010. All terms will remain the same. Member Sweeney made a second to the motion. Members voted 3-0 to extend the existing Contract of the Superintendent through June 30, 2010.

The meeting was adjourned at 5:56pm.

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Ray Rodriguez, President

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Kevin Harper, Vice President

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Larry Sweeney, Clerk