

REGULAR MEETING

The Regular Meeting of the School Board of School District 24J, Marion County, Salem, Oregon, was held Tuesday, June 10, 2008, in Room 2, at Support Services Center, 2575 Commercial Street SE, Salem, Oregon, with Chairperson Rick Kimball presiding.

BOARD MEMBERS PRESENT: Rick Kimball, Chair
Krina Lemons, Vice Chair
Steve Chambers, Director
Bob Mink, Director
Ron Jones, Director
Hanten Day, Director
Chuck Lee, Director

EXECUTIVE CABINET PRESENT: Sandy Husk, Superintendent-Clerk; Glenn Gelbrich, Deputy Superintendent; Rich Goward, Chief Operations Officer; Mary Cadez, Executive Director, Human Resources; John Cuddy, Director, Technology and Information Services; Mary Paulson, Chief of Staff, Executive Administration; and Jay Remy, Director, Communications and Community Relations.

ALSO PRESENT: Paul Dakopolos, Attorney for the District

Representing the Statesman Journal: Mackenzie Ryan

Chairperson Kimball called the meeting to order at 7:03 p.m.

ANNOUNCEMENTS/AGENDA MODIFICATIONS

Chairperson Kimball made the following agenda modifications/announcements:

Added Boardplate Item 5.c. *Report on Construction Excise Tax*

MISCELLANEOUS DISTRICT HIGHLIGHTS

Chairperson Kimball shared a few comments on the recent passing of former Oregon legislator, Bryan Johnston, who had been active in Salem-Keizer's educational issues.

Superintendent Husk shared a PowerPoint presentation called "Up We Go," which was about "data and numbers" relating to the District's student achievement in reading and math.

COMMUNICATIONS ~ AUDIENCE

(Subjects related to agenda items)

The following citizens addressed the Board (see Sign-Up Sheet for further information):

Con Lynch, 555 Waldo Avenue SE, Salem (see Written Communications, **Attachment A**). There were some clarifying questions by the Board relating to the money pledged, which is not "in hand" at this point.

Jim Green, 145 Kanuku Court SE, Salem.

PUBLIC HEARING ON 2008-09 BUDGET

The following citizens addressed the Board (see Sign-Up Sheet for further information):

None

ACTION ON USE OF REVENUE FROM THE MAY ADJUSTMENT

Background

The May Adjustment is a one-time payment from the Oregon Department of Education (ODE) that occurs after the end of a fiscal year when all data that impacts revenue is recalculated (statewide) using actual data versus projected data. Therefore, the adjustment received in May is based on the District's actual enrollment data for the 2006-07 school year.

At the April 29, 2008 budget meeting, the Superintendent's budget message outlined the revenue the District anticipates receiving this year to be approximately \$2.9 million. Additionally, the Superintendent outlined a concept to change the current practice of using the May adjustment (2006-07) as revenue for the next school year and instead allocating the funds to be used for specific purchases such as maintenance projects; equipment; or technology. To facilitate this idea the May adjustment would be transferred to a designated account.

Action on May Adjustment Revenue Use (continued)

On Friday, May 9, 2008, staff learned that ODE had recalculated the May adjustment (2006-07) and the District is now scheduled to receive approximately \$3.6 million (up \$700,000). While the District strives to bring forth all revenue estimates at the time of the budget message, ODE's process for recalculating and reporting of revenue adjustments does not always make that possible. The \$3.6 million from the May Adjustment (2006-07), along with the \$2.5 million allocated from the general fund, and the \$500,000 allocated from Risk Management means \$6.6 million will be allocated toward capital maintenance projects in 2008-09.

Staff recommends that the School Board allocate the \$3.6 million from the May adjustment (2006-07) to a designated account to be spent on full or partial roof replacements at six schools and repair of water intrusion at eight schools.

Superintendent Husk reiterated the background and recommended the Board approve the use of the May adjustment revenue as described.

DIRECTOR LEMONS MOVED APPROVAL OF THE USE OF REVENUE FROM THE MAY ADJUSTMENT AS PRESENTED. SECONDED BY DIRECTOR JONES.

There was general discussion relating to what schools are projected for the roof and water intrusion repairs, projected timelines and process for repairs, and how needed repairs and maintenance projects are prioritized.

BY VOICE VOTE, MOTION CARRIED UNANIMOUSLY.

(See Use of Revenue from May Adjustment, **Attachment B.**)

ACTION ON ADOPTION AND APPROPRIATION OF THE SALEM-KEIZER SCHOOL DISTRICT BUDGET AND RESOLUTION TO IMPOSE AND CATEGORIZE TAXES FOR FISCAL YEAR 2008-09

Background

Oregon Revised Statute 294.430 requires the governing body to conduct a public hearing to enact proper resolutions to adopt the budget, make the appropriations, and determine, make and declare the ad valorem tax levy for each fund. This action must be taken prior to July 1 because these resolutions establish the authority for the District to expend funds for the next fiscal year.

The annual School District budget process includes:

- Public meetings in April and May for the Budget Committee to hear and review the Superintendent's proposed budget, receive public testimony, and approve/recommend a budget for School Board adoption in June.
- A public hearing at the first School Board meeting in June for the Board to take action to adopt and appropriate the budget and resolution to impose and categorize taxes for the ensuing fiscal year. The Board has authority to either adopt the budget as recommended by the Budget Committee or make adjustments to the budget as allowed under ORS 294.435.

The budget meetings for 2008-09 were held on April 29 and May 19, 20, 21 and 27, 2008. The Budget Committee's recommended budget for 2008-09 includes:

- General Fund: \$358,872,429
- All Funds: \$513,630,489

Action on 2008-09 District Budget (continued)

The Budget Committee voted to increase the Superintendent's proposed general fund budget by \$11,065,585. The additional revenue includes \$9,006,585 that was initially budgeted as reserves for next year and a \$2 million State School Fund May Adjustment for 07-08. The Board is requested to adopt and appropriate the 2007-08 budget, impose and categorize taxes, and approve the budget-related resolutions as recommended by the Budget Committee on May 27, 2008.

Superintendent Husk reviewed the background of the District's recent budget process and the Budget Committee's recommended budget for 2008-09. She recommended approval as presented. Rich Goward, Chief Operations Officer, reminded the Board that the Resolution in the Board packet was the one forwarded to them by the Budget Committee and that the Superintendent has since outlined a different use of \$2 million as well the Board's just having acted to move \$3.6 million into a separate fund. He added that they had a new resolution reflecting those changes if the Board chose to adopt that revised resolution.

DIRECTOR CHAMBERS MOVED APPROVAL OF THE ADOPTION AND APPROPRIATION OF THE SALEM-KEIZER SCHOOL DISTRICT BUDGET AND RESOLUTION TO IMPOSE AND CATEGORIZE TAXES FOR FISCAL YEAR 2008-09 AS PRESENTED. SECONDED BY DIRECTOR JONES.

There was general discussion by the Board that this would not include the adjusted resolution that Mr. Goward had just described, so they decided to go ahead and vote on this motion and start over in order to maintain a "cleaner" process free of too many amendments (*note: this vote is on the budget "as is" recommended by the Budget Committee to the Board*).

BY VOICE VOTE, MOTION FAILED UNANIMOUSLY WITH DIRECTOR DAY ABSTAINING. 6-No; 1-Abstention.

Mr. Goward provided copies of the revised Resolution (see Attachment C inclusions) and explained the differences between the two resolutions in more detail (*reallocation of \$2 million from support to instruction as recommended by the Superintendent, and the creation of a Capital Maintenance Fund with \$3.6 million*). He added that there was also an additional resolution on the last page that establishes a Capital Maintenance Fund within the Special Revenue Fund category.

DIRECTOR CHAMBERS MOVED APPROVAL OF THE ADOPTION AND APPROPRIATION OF THE SALEM-KEIZER SCHOOL DISTRICT BUDGET AND RESOLUTION TO IMPOSE AND CATEGORIZE TAXES FOR FISCAL YEAR 2008-09 AS ADJUSTED AND PRESENTED. SECONDED BY DIRECTOR LEE.

Director Mink shared the various reasons he would support the motion including that the budget issues had been debated and discussed at great lengths, adding that he thought the recent budget process had been the best one he'd been through since being on the Board. Director Chambers stated that he, too, would support the motion, and described the various funds in the budget and how they are used. Director Lee said he'd also support the motion and felt good about the budget and its understandability. Director Day made several comments regarding his feeling that many aspects of the budget and its process were not discussed—either at great length or at all—and said he wanted to make an amendment for what he believed to be a "missing" \$3 million for capital maintenance repairs.

DIRECTOR DAY MOVED TO AMEND THE MOTION TO INCLUDE AN ADDITIONAL \$3.4 MILLION FOR URGENT REPAIR PROJECTS WITH THE FUNDS TO BE PROVIDED FROM THE FOLLOWING: THE \$2 MILLION REALLOCATED FROM SUPPORT TO INSTRUCTION (AS RECOMMENDED BY SUPERINTENDENT HUSK), \$700,000 FROM THE RISK MANAGEMENT FUND, AND \$700,000 FROM THE

ASSET REPLACEMENT FUND. SECONDED BY CHAIRPERSON KIMBALL. *(Note: Chairperson Kimball stated that he seconded the motion only so that it could garner discussion).*

Action on 2008-09 District Budget (continued)

There was brief general discussion regarding the schools targeted as “urgent” for roof repair/water intrusion needs.

Director Lemons and Director Chambers explained their reasons for not supporting the amendment. Director Day commented on his opinion that the District has—in the past—“let buildings continue to deteriorate while allowing money to sit around in maintenance funds untouched,” adding that he decided to run for the Board so that he “could remind everybody not to make dumb decisions but to make wise decisions.” Director Jones said he wanted to clarify something he believed Director Day said and that was that the District doesn’t have “millions and millions of dollars sitting around somewhere” that is not included in the budget--all the District funds are allocated in the budget and there is no money “laying around.” Director Day responded that he didn’t mean to insinuate that there was hidden money but that there was money in various funds throughout the year that were not used the way he thought they should be and that that was “mismanagement and we have to wake up and wise up.” Director Chambers strongly clarified that the funds Director Day was referring to are rolled forward each year and are used for emergencies throughout the year, such as a fire at a school. He stressed that the District had to be responsible and maintain a certain amount of reserved funds for those types of emergency and unforeseen occurrences, adding that if they hadn’t done that over the years they would have long ago been laying off teachers and possibly shutting the school year down early as have other districts. He also pointed out that the auditing company of Standard and Poors has commended the District for spending their money wisely during hard financial times, and said that past Boards and the District “did the right thing for kids.” Chairperson Kimball explained that to vote for the amendment, which he would vote against, would be to pull money from other programs and needs, and said he felt that where they were at with the budget as currently proposed was a good balance in all directions. Director Day continued to explain why he thought that adequate funds were available over the past years and that they just were not managed and spent correctly. Director Jones stated that he would also vote against the amendment.

DIRECTOR JONES CALLED FOR THE QUESTION ON THE AMENDMENT TO THE MOTION. SECONDED BY DIRECTOR MINK.

BY VOICE VOTE, MOTION FAILED WITH DIRECTORS KIMBALL, LEMONS, CHAMBERS, MINK, JONES AND LEE VOTING NO. Yes-1; 6-No.

To the motion (to approve the adoption and appropriation of the Salem-Keizer School District Budget and Resolution to impose and categorize taxes for fiscal year 2008-09 as adjusted and presented, Director Jones asked why they don’t pull the \$3 million out of support services and put it in with the \$3.6 million for...*(he didn’t finish his sentence)*. Mr. Goward responded that he thought the way they did it was probably a little more transparent and understandable though they might want to have a conversation in the future about combining those dollars into one place so that they could better track them. Chairperson Kimball said that was a good point and suggestion to consider in the future. He also said he wanted to clarify that the reason he voted against the proposal (recommended budget) from the Budget Committee was that he wanted to dialog a little more about the ending fund balance and carry over for next year and hadn’t had the opportunity to do that at that point. Director Lemons added that she would vote in favor of the motion for all the reasons mentioned and said that it was all the more reason that their decision to do monthly budget meetings in place of their work sessions for the coming year was the right thing to do.

Chairperson Kimball reminded that the total budget figure they were voting on was \$215,885,984.

BY VOICE VOTE, MOTION CARRIED WITH DIRECTOR DAY ABSTAINING. 6-Yes; 1-Abstention.

Action on the District 2008-09 Budget (continued)

Superintendent Husk pointed out that they had not done the final hiring yet but had waited until the Board approved the budget that evening and said things would move a lot quicker in that area now.

(See Adoption and Appropriation of the Salem-Keizer School District Budget and Resolution to Impose and Categorize Taxes for Fiscal year 2008-09, **Attachment C.**)

ADOPTION OF CONSENT CALENDAR

All items on the Consent Calendar may be adopted as a group by a single motion unless pulled for special consideration.

Director Chambers pulled items 3.b.(1) and 3.b.(4).

DIRECTOR MINK MOVED ADOPTION OF THE CONSENT CALENDAR AS PRESENTED WITH ITEMS 3.B(1) AND 3.B.(4) PULLED. SECONDED BY DIRECTOR LEMONS.

BY VOICE VOTE, MOTION CARRIED UNANIMOUSLY.

Director Chambers—referring to 3.b.(1)—asked a clarifying question regarding the Bennet Pearson Charter School proposal, and Glenn Gelbrich, Deputy Superintendent, responded that the planning grant had been reviewed and that the charter group was still working to refine their proposal before resubmitting it to the Board for consideration.

DIRECTOR CHAMBERS MOVED APPROVAL OF CONSENT CALENDAR ITEM 3.B.(1) AS PRESENTED. SECONDED BY DIRECTOR LEMONS.

BY VOICE VOTE, THE MOTION CARRIED UNANIMOUSLY.

Director Chambers—referring to item 3.bl(4)—stated that he was in favor of this project. Director Lemons added that she was also in support of project and that it was worth the risk because of the tremendous community support. Director Jones agreed but said he hated putting the “cart before the horse” just in case something fell through in the process. Director Mink echoed his support and said the community was really behind this project and that he was confident the pledges would come through. Paul Dakopolos, Attorney for the District, added that there were reputable community businesses and contractors involved and that all bases were pretty well covered, so that the risks seemed extremely low. Director Day said he also thought there were good people involved. General discussion on this issue continued regarding the pros and cons, the risks involved, and the community support and involvement.

DIRECTOR CHAMBERS MOVED ADOPTION OF CONSENT CALENDAR ITEM 3.B.(4) AS PRESENTED. SECONDED BY DIRECTOR MINK.

BY VOICE VOTE, MOTION CARRIED UNANIMOUSLY.

- 3.a.(1) Minutes of Meetings held on May 13, 2008.
- 3.a.(2) List of Graduates for the Class of 2008.

- 3.b.(1) Adoption and Appropriation of Project Budgets.
 - 3.b.(2) Summary of Disbursements for March 1, through March 31, 2008.
 - 3.b.(3) Summary of Disbursements for April 1, through April 30, 2008.
- Approval of Consent Calendar (continued)

- 3.b.(4) Donation of Funds for Capital Improvement at South Salem High School.
- 3.c.(1) Personnel Actions.
- 3.c.(2) Licensed Supervisor Hires.

(For Adopted Items, see **Attachment D.**)

READING ON REVISION TO EXECUTIVE LIMITATION 10

Background

On May 1, 2008, School Board Directors Ron Jones and Steve Chambers met with District staff to draft a recommendation on a facilities policy that would address capital project planning and the routine maintenance of our schools and other facilities. The committee recommends to the School Board that the following actions occur:

- Executive Limitation 10 (Facilities) be revised to include language requiring the Superintendent to establish administrative policies for capital project planning and routine maintenance needs.

If the revisions to Executive Limitation 10 are approved by the School Board, staff will develop administrative policies that address the following:

- The creation of a major system replacement cycle for areas such as roofs, exterior seals, windows as well as other components subject to extreme wear, such as flooring and parking lots.
- The development and implementation of a process to complete and maintain a regular cycle of comprehensive inspections of our schools and other facilities.
- An annual minimum level of funding set at \$2.5 million for capital projects included in the recommended budget. Any amount lower than \$2.5 million would require approval from the School Board.
- The development and implementation of a process to track and prioritize repairs and service request.

Board Leadership recommends that the School Board adopt the revisions to EL-10. These revisions are presented for information and discussion with the Board scheduled to take action on this issue at their July 8, 2008 business meeting.

Superintendent Husk reiterated the background and reminded that this was a revision to the current Executive Limitation 10.

(See Reading on Revision to Executive Limitation 10, **Attachment E.**)

MONITORING REPORT: EL-12 – LEGALLY REQUIRED POLICIES

Background

On May 8, 2007, the School Board adopted policy governance policies which included a schedule of monitoring reports related to the Executive Limitation policies. This is the twelfth of twelve monitoring reports, scheduled for 2007-08, and is designed to provide the School Board with information to determine if the Superintendent is meeting the criteria established within the adopted Executive Limitations.

Monitoring Report: EL-12 (continued)

Executive Limitation 12: Legally Required Policies

The Superintendent shall not fail to take all necessary steps to assure that all previously approved Board policies, which are legally required, are made into Administrative Policies. The School Board acknowledges its responsibility to approve or adopt certain District policies according to state and federal law and prior to the implementation of Policy Governance adopted the following required policies: CEB Job Description of Superintendent; DFL Investment of Funds; DJE Purchasing; ED Student Transportation; EFA Local Wellness; GAAA Equity Opportunity Employment, General; GAAB Sexual Harassment, General; GAK Personnel Records, General; GAMA Drug Free Work Place; GAMB Drug and Alcohol Testing; GBI Evaluation, Licensed; GDI Evaluation, Supervisory; IB Instructional Program Goals; IHFA Graduation Requirements; IHFB Certificate of Initial Mastery; IM Charter Schools; JA Equal Educational Opportunity; JAB Harassment, Intimidation, Bullying and Menacing; Student; JC Student Rights and Responsibilities; JCA Attendance; JCAA Entrance Age; JCAE Alternative Education Programs; JCAF Alternative Education Notification; JCC Alcohol, Tobacco, Tobacco Products and/or Other Drugs; JD Discipline; JF Tuition; JGA Medicines and Emergency Treatment; JGB Child Abuse; JGF Communicable/Infectious Diseases; JKA Solicitation; JR Student Records; JS Student Fees; and KBA Parental Involvement.

Accordingly, the Superintendent shall not:

1. Fail to amend the administrative policies listed above to comply with state and federal law.
2. Fail to provide the School Board with information regarding any substantive changes made to the administrative policies listed above.
3. Fail to create administrative policies consistent with new laws.
4. Fail to advise the School Board when the law necessitates the adoption of new administrative policies required of school boards.

Evidence of compliance:

Staff has worked closely with legal counsel to monitor the legally required policies and no changes have been necessary and no new policies have been required.

Evidence of non-compliance:

None.

Superintendent Husk reiterated the background and stated that the District was in compliance with EL-12. The Board by consensus agreed that the District was in compliance.

(See EL-12 – Legally Required Policies, **Attachment F.**)

**STRATEGIC PLAN UPDATE: DEVELOP MORE EFFICIENT
PURCHASING PROCESSES AND IMPLEMENT**

Background

This month's report is in reference to the goal: Develop more efficient purchasing processes and implement. The work on this goal can be divided into several major categories that will be discussed separately:

Strategic Plan Update Report (continued)

MUNIS – One of the goals of implementing the MUNIS financial system was to automate processes that had previously been paper driven, thus increasing the speed with which documents are processed. Studies of previous processes indicated that, on average, it took five days for a paper document to pass through the approval process and on to Purchasing. Through the new electronic work flow, documents are processed significantly faster; from a high of 3.3 days on the first month of implementation to a low of 1.88 days last month. Additionally, the electronic work flow provides the ability to track the documents progress through the work flow.

Purchasing Performance Measures – The goal of the Purchasing department is to process paperwork within as short a time frame as possible. To that end, Purchasing has established performance goals that allow them to gauge their efficiency in processing documents. One such goal is to process requisitions into purchase orders within three business days 97% of the time. Purchasing has made improvements in this area but has not yet attained their goal.

Procards and Petty Cash – In response to feedback throughout the District, Procards were implemented to enable a more efficient and effective method for processing small dollar purchases. 79% of District transactions are \$500 or less. Procurement cards allow the end users to make small dollar purchases, within established limitations, and provide a mechanism for automated accounting of the transactions. By improving the end user's ability to efficiently make small dollar purchases, the District not only achieves productivity gains but also frees up the Purchasing staff to concentrate on larger dollar transactions. Petty cash accounts provide a more efficient process for handling small dollar transactions at the site level.

Stockless Purchasing of Office Supplies – Again, in response to feedback from staff, we are entering into an agreement with Office Depot where staff can make office supply purchases either through a connection on our District web site or in person using the Procard. This program is scheduled to be implemented by the beginning of the 2008-09 school year. Items purchased through the District web site will be discounted by an average of 15% and will be delivered to the school or department on the next business day. Additionally, all purchases will generate a rebate of ½ to 1% for the location making the purchase. Historically, the District warehouse has stocked office and school supplies and the process has been cumbersome and inefficient. It is not possible to stock for all the needs of all the schools and departments, and handling costs per unit are excessive due to the small quantities being distributed.

Staff will continue to work toward improving the Purchasing processes and meeting the needs of the end users. Even though this strategic plan item will not be on next year's list, staff recognizes the need to continually evaluate and improve service and will diligently work toward that end.

Rich Goward, Chief Operations Officer, provided a presentation via PowerPoint about the development of more efficient purchasing processes within the District and the implementation of those processes. (for more detailed information, see the background above and/or Attachment G).

Director Jones commented on his concerns related to "procards" and asked what the control over those would be, and Mr. Goward responded by explaining the various "checks and balances" that had been put into place

relating to procards. There was continuing discussion on this issue including a random audit process. Mr. Goward continued with his PowerPoint presentation.

(See Report on Develop More Efficient Purchasing Processes and Implement, **Attachment G.**)

REPORT ON TIMELINE FOR THE CONSTRUCTION EXCISE TAX

Background

On September 27, 2007 the Oregon Legislature gave school districts the ability to implement a construction excise tax on new construction and remodels which add square footage within school district boundaries.

Superintendent Husk reminded that this had been a Board directive to staff to provide more information on the construction excise tax and what would happen if the District moved forward with imposing that tax.

Luis Caraballo, Director, Facilities and Auxiliary Services, provided a PowerPoint presentation explaining the Construction Excise Tax, which allows for a school district to take action—through a resolution---to impose a tax on new square footage construction and use it for capital improvements (for details, see Attachment H – Senate Bill 1036: Construction Excise Tax). Superintendent Husk reiterated that this presentation was only a possible process and timeline if the Board chose to move forward with pursuing this tax. Mr. Caraballo continued his presentation.

There was general discussion on the following:

- Board needs to have a discussion on a possible policy if they want to move forward with the process of implementing the tax.
- Tax money could be used for acquisition of land but further discussion would need to occur.
- Have discussion on this during budget discussions and get adequate input.
- No revenue would occur until the next budget cycle if the Board decided to implement this.
- Need to have input from the community if the Board chooses to pursue this.
- Includes add-ons to homes if it adds to the square footage of the original structure.
- Can be used for paying debt service on a bond.

General discussion continued on this issue overall and on the process for moving to the next step in pursuing further information. The Board by consensus agreed to have staff pursue the next step in the process.

(See Report on Timeline for the Construction Excise Tax, **Attachment H.**)

INFORMATION ON HIGH SCHOOL ATHLETICS

This is an annual report to the Board. For further information, see Attachment I.

(See Information on High School Athletics, **Attachment I.**)

FUTURE WORK SESSIONS OF THE SCHOOL BOARD

(See **Attachment J.**)

SCHOOL BOARD LISTENING SESSIONS OF THE SCHOOL BOARD

(See **Attachment K.**)

ADDITIONAL AUDIENCE COMMUNICATION

(Subjects not related to agenda items)

The following citizens addressed the Board (see Sign-Up Sheet for more information):

None

SCHOOL BOARD REPORTS AND HIGHLIGHTS

Board Directors highlighted their recent activities, such as attending school, District, and community functions, conferences and seminars, and other community or local government meetings and events; and provided updates on other areas of participation or attendance.

SUPERINTENDENT'S COMMENTS

Superintendent Husk commented on the following:

- The District Central Office is already gearing up for summer school and training, and preparing for the next school year.
- The local Chamber of Commerce Board retreat this year talked about some partnershiping ideas.

NO FURTHER BUSINESS BEING PRESENTED AT THIS TIME, CHAIRPERSON KIMBALL ADJOURNED THIS MEETING AT 9:05 P.M.

Chairperson

Superintendent-Clerk