

El Paso Independent School District
Budget Review Committee (BRC)
Minutes of February 16, 2006 – Regular Meeting

BRC Chairman, Dr. Rene Rosas, called the meeting to order at 7:37 a.m. in the Board Conference Room

Committee members present: Dr. Rene Rosas, Dr. Gene Finke, Pete Euzarraga, Sonny Garcia, Ken Gezelius, Patty Hughes, Frances Wever, and Rick Chumsae

El Paso Independent School District personnel present: Walt Byers, Al Anderson, Nick Corona, Hector Martinez, Esther Jacobo, Martha Piekarski, Kenneth D. Parker, Luis C. Villalobos, and Margaret Gallardo

Invited Guest Speakers: Steve Good, Raymond Smith and Roman Marquez from C.F. Jordan Construction

Welcome

Dr. Rene Rosas welcomed everyone to the Budget Review Committee Meeting

Minutes of previous meeting were approved

Dr. Rosas presented Mr. Raymond Smith, Mr. Marquez, and Steve Good from C.F. Jordan Construction Co. and Nick Corona, Hector Martinez, and Al Anderson from EPISD Operations/Facilities Units.

Presentation by Raymond Smith of C.F. Jordan Construction

Mr. Smith thanked everyone for allowing him to make a presentation on the monthly report that is also on their website. The report is a collage of all various projects that are completed and currently in use by the District. He indicated that they try to show a slide plan every month that includes the location of the new school in relation to the rest of the properties. The slide show gives a view of what the classrooms are going to look like (main components). Mr. Smith also gave a status report on projects they are currently working on throughout the District

A recap of the projects is a listing of projects that are either completed or currently under construction, \$95,296,996.00 or about 79 percent of the bond construction funds that C.F. Jordan is overseeing. C.F. Jordan is overseeing \$115 million of the \$203 million dollar costs and has done projects on 23 campuses and should begin on six more this month. Construction is also planned for 27 various sites throughout the District.

Presentation on Refurbishment Projects by Nick Corona

Major construction projects that total \$315 million are being managed by C. F. Jordan. The \$27 million worth of refurbishment projects are being managed with in-house staff. Last series of bonds will be sold April of this year. Approximately \$24.5 million dollars are needed to fund these projects. There are a total of 12 projects in six categories, all in design at this time. Categories are electrical and safety, roofing work, indoor air quality, site element improvements, miscellaneous renovations, and accessibility projects.

Mr. Parker expressed his appreciation to Hector Martinez and Al Anderson for a job well done.

Mr. Parker advised the committee that presently the Bond Accountability Committee is meeting every Wednesday evening. They are in the process of trying to come up with dollar amounts and scope of the projects.

Dr. Rosas thanked the gentlemen from C.F. Jordan Construction for their presentation and extended an invitation for them to stay for the remainder of the meeting.

Presentation on Financial Statements by Martha Piekarski

According to the January Financial Statements everything is going as planned. As always, percentages on special revenue are a little bit low.

Dr. Rosas asked Martha Piekarski if she could comment on the Empowerment Zone. Martha advised that it was something that Liz Montes is working on. She would have to get details from Liz and provide these to the committee.

Martha reported that our annual financial report was submitted to TEA. Based on their calculations 58% of our expenditures went to instruction. Administrative costs ratio is 5%, allowable for the state is 11%. TEA is using function codes 21 & 41 for Administrative, 11 Instruction, 12 Instructional Resources, 13 Curriculum Development/ Staff Development, and 31 Guidance and Counseling.

Dr. Rosas asked if the 58% compares to the state level for instruction and Martha replied she wasn't sure. Final report was not due until next week, the 22nd.

Mr. Kenneth Parker – Budget Process

Dr. Garcia wants to review salaries in preparation for the budget. Enrollment assumption is the big unknown. Based on preliminary numbers from Fort Bliss, we will start out with using about 2,200 children as an increase.

State Revenues

State per capita shows a loss at this time. The number is based on revenues that the state earns and based upon their current projections this is a \$3.4 million loss. Under our state foundation, there is about a \$5.5 million dollar increase. Because of ADA increase (1700 kids) we will receive \$2.1 million in additional state revenues. We're showing about a \$200,000 increase on federal revenues.

Summary of Revenues

Currently, we are expecting about 8.5 million dollars in additional revenues to come in.

Salary Increases

We are hoping to match or exceed last year's raise for support personnel for the 2006-07 school year. One option is to provide a \$1500 increase to teacher salaries and a 3% increase to administrators. The reason for a salary increase is to remain competitive. We will need approximately \$11.5 million to provide the compensation plan mentioned.

Additional Personnel

Because of additional ADA the District may need 110 new teachers. This number could fluctuate based on needs assessments. There is a request for a resident principal in the Elementary Division. The salary for this position ranges from \$80,000 to \$100,000.

Operating Costs

Utilities are projected to increase by \$1.2 million. This is based on new construction (additional space) plus increase in utility costs.

Gasoline is projected to increase by \$250,000. We have kept under budget for last couple of years. We had estimated that going into 3-tier schedule would have helped us stay within budget. Gasoline consumption has been reduced, but because of increase in gas price we are going to have to increase our budget. We are also in the process of upgrading our very aged transportation fleet.

Supplies and Equipment

Due to construction, additional supplies and equipment will be required.

Custodial Area - We are currently upgrading equipment to a more efficient system where one person can cover a lot more space. More square footage was added to custodial staff last year and the upgrade in equipment is necessary to take care of the needs of our schools.

Miscellaneous Requests

Special Ed student jobs - \$100,000 is required to keep program up and going.

Lease payment on District software – Finance, HR, and student software requires upgrading. Our current software is about 20 years old. This update will save a significant amount of dollars over time in two or three ways; reduce administrative costs by having this software centrally and on campuses; would improve the data quality so Peims reporting would be more accurate and increase funding.

Police Radios – a grant will take care of \$800,000 of this miscellaneous expense.

Expenditure Summary

It has been proposed that a stakeholders budget committee be formed made up of 20 members (teachers, principals, and cabinet members). The committee will be working with an outside facilitator that will help coordinate this project. Hopefully over the next two or three months we may come up with the \$9.3 million needed for salary increases. What we are using as a basis for this is an outside consulting staffing study, we are going back to Balancing the Budget, a publication put out by the Comptrollers office based on the Best Practices of School Districts Throughout Texas.

(End of Mr. Parker's presentation)

Dr. Rosas asked Mr. Parker to comment on the Audit

With regards to the District's fund balance, we are just a little over the 30 day operational reserve. The state wants to have 30 to 60 days, so we are moving to improve our overall position.

Questions and Comments from Committee

Rick Chumsae commented that housing prices are increasing quickly so we might actually see a solution to the \$9 million shortfall.

Frances Weaver asked for clarification on the salaries paid in August.

Dr. Finke asked how effective the new bus schedule has been.

Closing Comments

Dr. Rosas thanked the staff for presentation of materials and everyone for attending the meeting

Meeting adjourned