

A CALIFORNIA DISTINGUISHED SCHOOL

**REGULAR MEETING AGENDA
BOARD OF DIRECTORS
Tuesday, November 17, 2009
3:30pm
Mercer Hall/Library**

I. PRELIMINARY:

- A. CALL TO ORDER Mercer Hall
- B. ROLL CALL
- C. COUNCIL RUN BY PRINCIPAL MARCIA HASKIN (time certain finish 5:15)
-Move to Library-
- D. ACKNOWLEDGEMENT OF PREVIOUS BOARD MEMBERS
- E. INTRODUCTION OF NEW BOARD MEMBERS
- F. APPROVAL OF MINUTES FROM BOARD MEETING ON OCTOBER 20, 2009. See final approved version at www.palihigh.org.

II. PUBLIC COMMENTS:

Non-agenda items: No individual presentation shall be for more than two (2) minutes and the total time for this purpose shall not exceed sixteen (16) minutes. Board members will not respond to presentations and no action can be taken. However, the Board may give direction to staff following a presentation. Use of names of individuals should be avoided when referring to accusations or wrongdoing (names should be presented to the Executive Director for follow-up action). Speakers may choose to speak during the public comment segment and/or at the time an agenda item is presented.

III. ACTION ITEMS:

- A. DISCUSSION AND ACTION ON ELECTION OF NEW BOARD OFFICERS (CHAIR, VICE-CHAIR & SECRETARY)
- B. DISCUSSION AND ACTION ON SELECTION OF NEW AUDIT COMMITTEE MEMBERS.
- C. DISCUSSION AND ACTION ON SELECTION OF NEW EXECUTIVE DIRECTOR REVIEW COMMITTEE MEMBERS.
- D. DISCUSSION AND ACTION FOR PERMISSION TO JOIN CCSA (California Charter School Association) SPECIAL EDUCATION JOINT POWERS ASSOCIATION. (Estimated cost \$15,000/year)
- E. DISCUSSION AND ACTION TO ESTABLISH TRUST FOR \$1.5 MILLION SET ASIDE FOR EMPLOYEE LIFETIME HEALTH BENEFITS.
- F. DISCUSSION AND ACTION ON REPURPOSING CATEGORICAL FUNDS FROM THE STATE OF CALIFORNIA FOR 2009-2010 THAT HAVE BECOME UNRESTRICTED.

- G. DISCUSSION AND ACTION ON AUTHORIZATION TO FINANCE \$1.5 MILLION FOR POOL COMPLETION. LOAN TO BE RE-PAID THROUGH CIVIC CENTER PERMIT FEES.
- H. DISCUSSION AND ACTION ON PARTICIPATION IN SISC FLEXIBLE SPENDING PLAN.

IV. DISCUSSION/INFORMATION ITEMS:

- A. PROPOSAL FOR ON-LINE EVALUATIONS OF TEACHERS.
- B. CONFIRMATION OF NEXT REGULAR MEETING ON TUESDAY, DECEMBER 15 AT 4:00 PM IN THE LIBRARY.

V. ORGANIZATIONAL REPORTS:

This is a presentation of information concerning non-confidential matters which have occurred since the previous Board meeting.

- A. Student Report – **Azad Amanat**
- B. Parent Report – **Julia O’Grady**
 - Parent Advisory Council –
 - PTSA –
 - BOOSTER CLUB –.
- C. Faculty/Staff Report – **James Paleno**
- D. Academic Principal’s Report – **Marcia Haskin**
- E. Executive Director’s Report – **Amy Held**
- F. Chief Business Officer’s Report – **Greg Wood**
- G. Technology – **Maisha Cole Perri**
- H. Human Resources – **Jennifer Avant Eustice**
- I. Standing Committee Reports:
 - Communications – **Monica Iannessa**
 - Education Programs – **Grant Smith/Karen Perkins**
 - Finance and Budget – **Greg Wood**
 - Operations/Facilities/Technology Committee – **Maisha Cole Perri**
 - Policy – **Julia O’Grady**

Board Chair to announce agenda items for closed session.

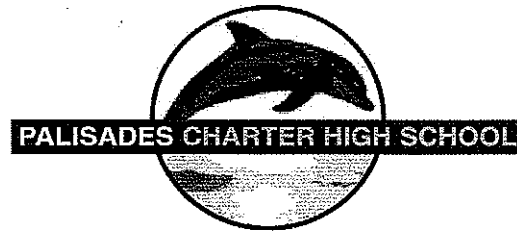
VI. CLOSED SESSION:

- A. STUDENT REQUEST FOR PHYSICAL EDUCATION EXEMPTION (STUDENT #010892M019)
- B. PUBLIC EMPLOYMENT - Title: Principal
- C. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO SUBDIVISION b OF SECTION 54956.9

VII. PUBLIC SESSION:

IF REQUIRED, PUBLIC REPORT ON ACTION TAKEN IN CLOSED SESSION (includes the vote or abstention of every member present).

VIII. ADJOURNMENT:



A CALIFORNIA DISTINGUISHED SCHOOL

REGULAR MEETING MINUTES (DRAFT)
BOARD OF DIRECTORS
 Tuesday, October 20, 2009
 MERCER HALL: 4:15PM; LIBRARY: 6:10PM

I. PRELIMINARY:

A. CALL TO ORDER – Rene Rodman 4:15PM

B. ROLL CALL

Members Present:

Amy Dresser Held

Darcy Stamler

Karen Perkins

John Riley

James Paleno

Torino Johnson (arr'd 6:15PM)

Patrice Fisher

Rene Rodman

Alex Shuhgalter

John Callas

Victoria Francis

Officers/Non-Voting Members

Greg Wood

Marcia Haskin

Azad Amanat

C. COUNCIL RUN BY PRINCIPAL, MARCIA HASKIN, Mercer Hall , 4:15PM-5:45PM

➤ After the conclusion of the Council, the meeting re-convened in the Library at 6:10PM

D. APPROVAL OF MINUTES FROM BOARD MEETING ON OCTOBER 6, 2009. See final approved version at www.palihigh.org.

E. John Riley moved that the Board approve the minutes from the September 15, 2009 Board Meeting. Darcy Stamler seconded the motion.

BOARD ACTION: Motion Passed

10 – yes (Mr. Alex Shuhgalter, Ms. Amy Dresser Held, Ms. Patrice Fisher, Ms. Vicky Francis, Mr. John Callas, Ms. Rene Rodman, Ms. Darcy Stamler, Dr. Karen Perkins, Dr. John Riley, Mr. James Paleno)

1- absent (Mr. Torino Johnson)

II. PUBLIC COMMENTS:

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➤ Pam Finck, a parent, spoke about flexibility in student class schedules.

➤ John Rauschuber, a teacher, spoke about Principal Marcia Haskin and presented the board with a petition signed by over 100 teachers to extend a contract to Ms. Haskin through the 2010-2011 school year.

➤ Susan Frank, a parent, spoke about the pool project.

III. DISCUSSION/INFORMATION ITEMS:

A. ADMINISTRATIVE REPORT CONCERNING POOL CONSTRUCTION.

- Pool committee members in the audience, Jeanne Goldsmith, Maisha Cole-Perri, and Chaz Yench introduced themselves.
- Amy Dresser Held gave an overview of the pool project to date, including the bidding process, both the first time in 2008 during which Heltzer was chosen to be the contractor, and the second time in 2009 when the project was put out for re-bid and Sarlan was chosen to be the contractor.

IV. ACTION ITEMS:

A. DISCUSSION AND ACTION ON TEMESCAL ACADEMY 2009-2010 BUDGET RECOMMENDED BY BUDGET & FINANCE COMMITTEE. (see handout)

- Darcy Stamler moved that the Board approve Temescal Academy 2009-10 Budget recommended by the Budget and Finance committee.. John Callas seconded the motion.

BOARD ACTION: Motion Passed

11 – yes (Mr. Alex Shuhgalter, Ms. Amy Dresser Held, Ms. Patrice Fisher, Ms. Vicky Francis, Mr. John Callas, Ms. Rene Rodman, Mr. Torino Johnson, Ms. Darcy Stamler, Dr. Karen Perkins, Dr. John Riley, Mr. James Paleno)

B. DISCUSSION AND ACTION ON PCHS DRAFT BYLAWS REVISION. (see handout)

- John Riley moved that the Board adopt the PCHS Bylaws as revised. Darcy Stamler seconded the motion.

BOARD ACTION: Motion Passed

11 – yes (Mr. Alex Shuhgalter, Ms. Amy Dresser Held, Ms. Patrice Fisher, Ms. Vicky Francis, Mr. John Callas, Ms. Rene Rodman, Mr. Torino Johnson, Ms. Darcy Stamler, Dr. Karen Perkins, Dr. John Riley, Mr. James Paleno)

C. DISCUSSION AND POTENTIAL ACTION ON DRAFT GOVERNANCE PROCESS POLICIES. (see handout)

- John Riley moved that the Board adopt the Governance Process Policies. John Callas seconded the motion.

BOARD ACTION: Motion Passed

11 – yes (Mr. Alex Shuhgalter, Ms. Amy Dresser Held, Ms. Patrice Fisher, Ms. Vicky Francis, Mr. John Callas, Ms. Rene Rodman, Mr. Torino Johnson, Ms. Darcy Stamler, Dr. Karen Perkins, Dr. John Riley, Mr. James Paleno)

IV. DISCUSSION/INFORMATION ITEMS:

A. EXECUTIVE LIMITATIONS POLICY – HIRING – DISCUSSION OF KEY ISSUES. (see handout)

B. EXECUTIVE REVIEW COMMITTEE PROPOSED PROCESS FOR 2009-2010.

C. GO-FORWARD PLANS FOR PRINCIPAL POSITION.

D. AUDIT COMMITTEE UPDATE.

E. CONFIRMATION OF NEXT REGULAR MEETING ON TUESDAY, NOVEMBER 17 AT 4:30 PM IN THE LIBRARY.

V. ORGANIZATIONAL REPORTS:

This is a presentation of information concerning non-confidential matters which have occurred since the previous Board meeting.

A. Student Report – Azad Amanat

B. Parent Report – Julia O’Grady (see handout)

- Parent Advisory Council –
- PTSA –

- BOOSTER CLUB –
- C. Faculty/Staff Report – **James Paleno/Torino Johnson**
- D. Academic Principal's Report – **Marcia Haskin (see handout)**
- E. Executive Director's Report – **Amy Held (see handout)**
- F. Chief Business Officer's Report – **Greg Wood (see handout)**
- G. Technology – **Maisha Cole Perri**
- H. Human Resources – **Jennifer Avant Eustice (see handout)**
- I. Standing Committee Reports: (see handouts)
 - Communications – **Monica Iannessa**
 - Education Programs – **Grant Smith/Karen Perkins**
 - Finance and Budget – **Greg Wood**
 - Operations/Facilities/Technology Committee – **Maisha Cole Perri**
 - Policy – **Julia O'Grady**

Board Chair then announced agenda items for closed session.

VI. CLOSED SESSION: 9:10PM

A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO SUBDIVISION b OF SECTION 54956.9

VII. PUBLIC SESSION: 9:25PM

The Board Chair then announced action taken in closed session.

- The Board voted 8 to 2 to enter into a settlement agreement with certificated employee 09-01; the agreement includes payment of \$11,600 in exchange for a release of all claims by the employee.

BOARD ACTION: Motion Passed

8 – yes (Mr. Alex Shuhgalter, Ms. Amy Dresser Held, Ms. Vicky Francis, Mr. John Callas, Ms. Rene Rodman, Mr. Torino Johnson, Dr. John Riley, Mr. James Paleno)

2- no (Darcy Stamler, Patrice Fisher)

1- abstain (Karen Perkins)

VIII. ADJOURNMENT: 9:25PM



A CALIFORNIA DISTINGUISHED SCHOOL

Palisades Charter High School

“One of America’s Best High Schools” – Newsweek 2006

A California Nonprofit Public Benefit Corporation

15777 Bowdoin St., Pacific Palisades, CA 90272

www.palihigh.org (310) 230-6623

Date: November 16, 2009
To: Board of Directors
From: Mary Bush, Director of Student Support Services
RE: Membership in the LA County Special Education Improvement Authority

Recommended Action: *Accept offer of membership in the Los Angeles County Special Education Improvement Authority (the Authority)*

Authority Overview/Background

Purpose

Supported by the California Charter Schools Association, nine Los Angeles charter leaders formed the Authority back in 2006. Intending to *ensure the best possible services for its special needs students*, the Authority set out to accomplish the following goals:

- ensure service provision that meets the needs of *students*—not just procedural requirements.
- increase cost efficiency in special education service delivery; and
- affiliate with (a) SELPA(s) that support(s) the most cost-efficient, student-centered service delivery options for special education;

Current Activities

Now made up of over 50 charter schools representing over 26,000 students, the Authority is working to:

- enable service sharing across schools,
- ease access to other SELPAs¹,
- limit the risk of adopting LEA status (within LAUSD or an alternate SELPA) and

¹ See attachment for more detail

- facilitate access to related technical assistance and/or best practices (e.g. hired consultants, SELPA directors, special education providers)

Authority Growth

In response to requests from non-member charter schools, the Authority extended an invitation for LAUSD charter schools to apply. Palisades Charter High School applied, and—along with 13 other schools—was offered membership in October. Schools must respond to the membership offer before December 31, 2009.

Upon acceptance of new member schools, the Authority will expand its board to 10—its 9 founding members in addition to a representative of new member schools.

Financial Ask

New members of the Authority will be asked to contribute \$5/student to offset Authority expenses. These expenses will include part-time personnel including one employee from the California Charter Schools Association, a consultant and legal costs, if needed.

Appendix: SELPAs Under Consideration

In order to ensure the most effective and cost-efficient services for its students, the Authority is working to build member school capacity to become LEAs for special education purposes. In general, an LEA receives most of the special education revenue that it generates, and—in turn—takes on the responsibility for ensuring a full continuum of services². This responsibility allows the LEA to maximize cost efficiency and better control the quality of services for its students. LEAs can offer this continuum in a variety of ways—via agreements with other charters, local SELPAs and/or NPAs. Authority service sharing could play an integral role in completing this continuum because schools could work together so that all services would not need to be available at all charter school sites. In addition, the Authority could develop a risk pool to limit the cost of services that cannot be offered by any charter school.

Right now, LAUSD does not allow for schools to become LEAs; so the Authority schools have been working together to make membership in one or more SELPAs feasible. Below, is a brief description of each of the SELPAs the Authority has actively considered:

PARALLEL LAUSD SELPA: While not currently in operation, LAUSD is considering the creation of a parallel SELPA, made up completely of charter schools.

- Governance: While a new governance structure has not yet been formed, charter school LEAs should have a representative role in SELPA governance.
- Access to Special Education Revenue:
 - Funding Rate: While not yet determined, this new SELPA may be funded at LAUSD's present rate of over \$800/ADA.

² Offering a full continuum of services means that the LEA must ensure that appropriate services are available for any student that is admitted.

- *Allocation Formula:* Charter school LEAs may receive funds similar to charter schools in the Southwest SELPA—students with more intense needs would generate more funds than those with less intense needs.
- Access to Special Education Services:
 - While charter school LEAs would be responsible for the full continuum of services, the LAUSD SELPA may make some services available at a fee-for-service rate.
- Affiliation Requirements:
 - Each charter school would have to:
 - Apply and be accepted as an LEA member of the SELPA
 - Build capacity to serve all students
 - A SELPA plan and an Annual Service and Budget Plan would have to be created and approved.

SOUTHWEST SELPA: Located in southwest Los Angeles, this multi-district SELPA currently serves several charter school LEAs, including a few from within the LAUSD boundaries.

- Governance: Charter schools would become LEAs for special education purposes and have a weighted voice in SELPA-level decisions (based on the number of students served by the LEA)
- Revenue:
 - *Funding Rate:* about \$619 ADA³.
 - *Fund Allocation:* funds are taken “off the top” to fund SELPA-wide services (including administration). Remaining funds are distributed as follows: 1) 50%/ADA 2) 25% by special education population and 3) 25% by high needs disability. Key question (unknown) how much is taken off the top.
- Access to Services: While charter school LEAs are responsible for the full continuum of services, SELPA services can be made available.
- Affiliation Requirements:
 - *Charter school* would have to do the following:
 - apply and be approved for membership
 - build the capacity to serve *all* students
 - *The SELPA* may need to revise its governance structure to accommodate new members. Depending on the scope and nature of the changes, this may need to be approved by the State Board of Education.

EL DORADO CHARTER SELPA: First open in the 07-08 year, the El Dorado Charter SELPA now serves over 40 charter schools across the state.⁴

³ All funding rates should be considered an estimate. Rates may change every year.

⁴ For current Membership see: <http://www.edcocharterselpa.org/about/currentmembers.php>

- Governance : Charter schools (or Charter Management Organizations) must become LEAs. They would be represented on the SELPA board by member-elected charter leaders.
- Access to Revenue
 - *Funding rate*: \$465/ADA
 - *Allocation Formula*:
 - Administrative Unit (AU) retains 10% of funds for administrative services
 - AU retains an additional 5-10% of remaining funds as a “Set Aside Contribution” during first year of membership (leaving \$377-398/ADA during the first year).⁵
- Services: While the SELPA may help the LEA member schools arrange agreements with local agencies (like local SELPAs), it does not offer services itself. (mostly, due to its location)
- Affiliation requirements: Each charter school would have to do the following:
 - submit notice to its current SELPA at least one year before intended exit.
 - apply (by Jan 4th) and be approved for membership
 - build the internal capacity to serve *all* students as the LEA

LACOE: Like Los Angeles Unified, Los Angeles County SELPA is also considering the creation of a parallel SELPA. Because this SELPA currently serves students across a much larger geography, its service and funding plan is unique. While much of the details of this potential SELPA are not yet available, a potential advantage of this option is the opportunity to co-create the SELPA to best meet charter needs.

⁵ The amount of this contribution decreases with each year of membership and will be reimbursed if the LEA chooses to leave after four years of SELPA membership. See El Dorado Charter Application for more detail:
<http://www.edcoe.org/chelapaapplication/appWelcomeFunding.asp>

Subject: Necessity of Public Hearing for Receipt of Tier III State Categorical Funding

When the 2009 – 10 State budget was enacted this past year during the special session, funding was cut for a number of categorical programs, as well as the Categorical Block Grant. In exchange, the State allowed districts and charter schools the flexibility to use some of these previously restricted funds for unrestricted general programming through the 2012 – 13 year. These programs were arrayed into three “tiers” with each tier receiving a different treatment for funding reductions and spending flexibility.

Special education is in Tier I, with no cuts and no flexibility transfers. A number of categorical programs not available to charter schools are included in Tier II, with cuts but not flexibility. Tier III programs are subject to budget cuts and there is flexibility in their use. Beginning in 2009 – 10, the use of these funds is completely unrestricted and at the direction of the Governing Board.

In addition, the recently enacted trailer bill to the 2009 – 10 State budget, ABX4 2, references that a public hearing is required “as a condition of receipt of funds for Tier III categorical programs.” The consequence of not conducting the public hearing is the loss of all Tier III funds, regardless of how they are expended. The key elements of the public hearing are:

- At a regular scheduled open meeting, the Governing Board convenes a hearing
- The Governing Board takes testimony from the public
- The hearing is closed and the Governing Board discusses the proposed use of the funding
- The Governing Board approves or disapproves the proposed use of funding from the 39 programs identified in Section 42605 of the Education Code

Below are listed the programs for which the school receives funding in this group, along with the estimated amount for 2009 – 10 and the proposed use of the funds:

Program	Resource	Est. 2009 – 10 amount	Proposed Use of Funds
Art / Music Block Grant	6760	\$36,773.00	Continued expenditure for Art and Music Programs (Included in IMA)
CAHSEE Intervention	7055	\$22,214.00	Continues expenditure for CAHSEE intervention
Counselors, GR. 7 – 12	7080	\$149,467.00	Maintain support for counselors
Targeted Instructional Improvement Block Grant	7394	\$324,749.00	Continued support of teachers in Magnet Program

It is our recommendation that the Governing Board approve the continued use of these funds in accordance with their original purposes.

III. G.

PALISADES CHARTER HIGH SCHOOL
MAGGIE GILBERT AQUATIC CENTER
BUDGET/OPERATIONS OVERVIEW
NOVEMBER 17, 2009

		<u>Reference to Information Noted</u>
Total Aquatic Center Budget	\$ 4,550,000	See Budget tab
Funds Raised To Date (Including \$164,000 in Pledges)	\$ 3,151,115	See Recap @ Oct 31, 2009 tab
Net Requirement to Complete	<u>\$ 1,398,885</u>	Loan Amount Requested (See Loan Comparisons tab)
 <u>OPERATIONS</u>		
Pool Estimated Revenue-Annually (Year 1)	\$ 448,580	See Pool Operating Statement Tab
Pool Estimated Expenses-Annually	<u>324,015</u>	See Pool Expenses Tab
Net Operating Profit Contribution	<u>\$ 124,565</u>	See Independent Consultants Review on Lunatics pdf document
Cash Flow for Civic Center Permits (Pool & Facility Rentals)		See Attached

**PALISADES CHARTER HIGH SCHOOL
MAGGIE GILBERT AQUATIC CENTER
CONSTRUCTION BUDGET
NOVEMBER 17,2009**

	<u>BUDGET</u>	<u>Expenditures YTD *</u>
Construction Costs	\$ 3,830,000	\$ 1,332,657
Architecture/Design	310,000	244,698
Fundraising/Marketing Costs	160,000	152,081
Oversight Management (Inspectors/Owner's Rep)	100,000	39,943
Engineering	50,000	50,835
Legal Costs	40,000	16,770
CEQA	40,000	39,473
Miscellaneous	20,000	16,835
Total	<u>\$ 4,550,000</u>	<u>\$ 1,893,292</u>

*- Expenditures through October 31,2009

**PALISADES CHARTER HIGH SCHOOL
POOL FUND DONATIONS ACCOUNTING**

As Of October 31, 2009

**Amount
Received**

Revenue

	<u>Donations</u>	
2006	<u>Mar-Dec</u>	\$ <u>457,158</u>
2007		
	1/1-12/31	\$ <u>292,310</u>
2008	<u>Year To Date</u>	\$ <u>1,893,673</u>
2009	<u>Year To Date</u>	\$ <u>129,973</u>
2009	July	\$ 1,265
	August	\$ 1,450
	September	\$ 60,024
	October	\$ <u>51,013</u>
	<u>Year To Date</u>	\$ <u>113,751</u>
	 <u>Cumulative Donations</u>	 \$ <u>2,886,866</u>
	 <u>Interest</u>	
2006	<u>3/1-12/31</u>	\$ <u>8,784</u>
2007		
	1/1-12/31	\$ <u>19,992</u>
2008	<u>Year To Date</u>	\$ <u>44,185</u>
2009	<u>Year To Date</u>	\$ <u>20,487</u>
2009	July	\$ 2,418
	August	\$ 2,123
	September	\$ 827
	October	\$ <u>612</u>
	<u>Year To Date</u>	\$ <u>5,980</u>
	 <u>Cumulative Interest</u>	 \$ <u>99,429</u>
	 <u>Total Revenue to Date</u>	 \$ <u>2,986,295</u>
	<u>Outstanding Pledges</u>	\$ <u>164,820</u>
	<u>Total Received & Pledged</u>	\$ <u>3,151,115</u>

**PALISADES CHARTER HIGH SCHOOL
POOL FUND DONATIONS ACCOUNTING
As Of October 31, 2009**

Expenses

2006	3/1-12/31	\$	4,863.93
2007	1/1-12/31	\$	123,586.81
2008	Year To Date	\$	<u>209,463.29</u>
2009	January	\$	30,093.25
	February		12,979.54
	March		19,045.42
	April		405,721.89
	May		6,624.94
	June-		45,777.04
2009	Year To Date	\$	<u>520,242.08</u>
	July		226,066.11
	August		344,649.71
	September		153,301.80
	October		311,118.14
	Year To Date		<u>1,035,135.76</u>

Cumulative Expenses to Date \$ 1,893,291.87

Net Pool Balance \$ 1,093,002.92

Investments at October 31,2009

Wells Fargo Operating Account	\$	97,182.24
Wells Fargo Money Market Account		844,072.47
Cal National Money Market Account		43,052.51
Citibank Certificate of Deposit		108,695.70
	\$	<u>1,093,002.92</u>

Add: Deposits In Transit \$ 12,320.50
Less: Outstanding Checks (25,197.77)

ombined Pool Fund Balance at October 31,2009 \$ 1,080,125.65

PLEDGES OUTSTANDING

Westside Anon donor	\$	50,000
Ross Family		17,500
Rose G.-Lane		50,000
Boosters		25,000
Kaplan		10,000
In Transit	\$	12,320
	\$	<u>164,820</u>

Other Fundraising Opportunities

Naming Opportunities-(Lanes/Scoreboard,etc.)	\$	750,000
End User Agreements	\$50,000-\$100,000	
Personalized Tiles	\$	75,000
Individual Donors	\$25,000-\$50,000	

**PALISADES CHARTER HIGH SCHOOL
POOL COMMITTEE
OPERATING BUDGET**

Revenue:

(1)	(2)	(3)	(4)	(5)	(6)=(5)*(4)*(3)* (2)*(1)			
Event	Time Used	# of Lanes	Period Used	Total Hours	Rate/Lane	Total Income	Pool Used	
Swim Team:								
49 (49 weeks/Year)	5:00-7:00 am	6	Week Days Tu/Th	2	\$ 15.00	\$ 17,640	LP	
49 (49 weeks/Year)	4:00-6:00 pm	12	Week Days	5	\$ 15.00	\$ 88,200	LP	
49 (49 weeks/Year)	6:00-7:00 pm	6	Week Days	5	\$ 15.00	\$ 22,050	LP	
49 (49 weeks/Year)	8:00-10:00 am	12	Week Ends	2	\$ 15.00	\$ 35,280	LP	
						<u>\$ 163,170</u>		
Lessons:								
29 (29 wks/yr) School Yr	4:00-6:00 pm	2	Week Days	5	\$ 40.00	\$ 11,600	SP	
37 (37 wks/yr) School Yr	9:00 am-1:00 pm	2	Saturday	1	\$ 40.00	\$ 5,920	SP	
8 (8 wks/yr) Summer	9:00 am-5:00 pm	4	Week Days	5	\$ 60.00	\$ 67,200	SP/LP	
8 (8 wks/yr) Summer	9:00 am-5:00 pm	4	Saturday	1	\$ 60.00	\$ 13,440	SP/LP	
						<u>\$ 98,160</u>		
Water Aerobics:								
49 (49 weeks/Year)	6:00-7:00 am/ 6:00-7:00 pm	2	6 days/Week	6	\$ 40.00	\$ 11,760	SP	
Swim Meets:								
		12	2 weekends (4 days)	All	All Day	\$ 1,500.00	\$ 6,000	LP
52 Open Swim Fees-Public								
	10:00 am-4:00 pm TBD		Week Ends	2	\$ 4.00	\$ 12,490	LP	
			Week Days	5	\$ 4.00	\$ 2,500	LP	
30 Party Rentals								
	TBD		Week Ends	1	\$ 12.50	\$ 9,000	LP	
Water Polo:								
40 (40 wks/yr)	5:00-7:00 am	6	Week Days-M/W/F	3	\$ 8.00	\$ 11,520	LP	
40 (40 wks/yr)	7:00-9:00 pm	12	6 days/wk	6	\$ 8.00	\$ 46,080	LP	
Scuba:								
35 (35 weeks/Year)	9:00-10:00 pm	12	2 days/wk	2	\$ 5.00	\$ 4,200	LP	
Master's Classes:								
49 (49 weeks/Year)	5:00-7:00 am	6	Week Days	5	\$ 10.00	\$ 29,400	LP	
49 (49 weeks/Year)	6:00-7:00 pm	6	Week Days	5	\$ 10.00	\$ 14,700	LP	
8 Summer/Swim Camps (8 wks/yr)	9:00am -3:00 pm	11	Week Days	5	\$15.00	\$ 39,600	LP	
Total Revenue Projection						<u>\$ 448,580</u>		
Total Expense Projection-(Attached page)						<u>\$ 324,015</u>		
Net Reserve/Contingency for Uncertainties						<u>\$ 124,565</u>		

**PALISADES CHARTER HIGH SCHOOL
POOL COMMITTEE
OPERATING BUDGET
Rev.11/10/09**

Expenses:

Salaries & Benefits

1	Pool Manager	\$ 60,000
1	Facility Business Supervisor (4 HRS/WEEK)	\$ 4,992
1	Head Life Guard (Half time)	\$ 20,000
		<u>\$ 84,992</u>

Part-Time Life Guards:

2	Summer	12	\$	12.00	Junior	Week Days	5,760
2	Yr Round	9	\$	12.00	Junior	Week Ends	10,584
2	Summer	14	\$	13.50	Regular	Week Days	7,560
2	Yr Round	9	\$	13.50	Regular	Week Ends	11,907
2	School Yr	6	\$	15.00	Senior	Week Days	18,450
2	Summer	14	\$	15.00	Senior	Week Days	8,400
2	Yr Round	9	\$	15.00	Senior	Week Ends	13,230
							<u>75,891</u>
					Total Salaries		<u>\$ 160,883</u>

Benefits:

Full-Time	at 40%		24,000
Part Time	at 15%		15,132
		Total Benefits	<u>39,132</u>
		Total Salary & Benefits	<u><u>\$ 200,015</u></u>

Operating Expenses:

Utilities-Lower Due to Solar/Blankets	\$ 70,000
Equipment & Supplies	39,000
Insurance	10,000
Advertising & Public Relations	5,000
	<u>\$ 124,000</u>
	<u><u>\$ 324,015</u></u>

**PCHS
5 YEAR CASH FLOW PROJECTION
CIVIC CENTER PERMITS
2009-2015**

	2008-2009		2009-2010		2010-2011		2011-2012	
	Permits-Non Pool	Permits- Non Pool	Pool (a)	Total	Permits- Non Pool	Pool	Permits- Non Pool	Pool
Operating Profit/Expenses								
Revenue	\$ 218,640	\$ 240,504	\$ 50,000	\$ 290,504	\$ 340,504 (b)	\$ 448,580	\$ 789,084	\$ 471,009
Total Expenses(Ref. for Security Eff. 2009-2010)	\$ 147,749	\$ 99,972	48,602	148,574	\$ 124,964 (c)	\$ 324,015	\$ 448,980	\$ 332,116
Profit Contribution to Loan-Civic Center Permits	\$ 70,891	\$ 140,532	\$ 1,398	\$ 141,930	\$ 215,540	\$ 124,565	\$ 340,104	\$ 138,893
Track Loan Payment				\$ (459,160)				
Pool Loan Interest				(25,031) (d)				
Pool Loan Principal				(32,724)				
Total Payments				(374,984)				
Net Cash Flow -Current Year				(233,054)			201,493	
Net Cash Flow -Cumulative				(233,054)			(31,561)	
Deferred Maintenance Reserve Addition				\$ -			\$ -	
Deferred Maintenance Reserve Cumulative				\$ -			\$ -	
Amount Available for DebtService-Current Year				\$ -			\$ -	
Amount Available for Debt Service-Cumulative				\$ -			\$ -	

Deferred Maintenance Contribution
(% of Net Cash Flow) 50%

Assumptions:

- (a)- Two months of Operation only
- (b)-Rate increase due to Charging of Track/Field to AYSO & Paji Blues
- (c)-Additional Staffing Anticipated to cover increased permits-(One time 25%)
- (d)-Pool Loan Originates as of January 2010

Annual Loan Payments-Assumed \$ 138,611
Pool/Permits Revenue to Grow by 5% Annually
Expenses Assumed to Increase by 2.5% Annually

**PCHS
5 YEAR CASH FLOW PROJECTION
CIVIC CENTER PERMITS
2009-2015**

	2012-2013			2013-2014			2014-2015			
	Total	Permits- Non Pool	Pool	Total	Permits- Non Pool	Pool	Total	Permits- Non Pool	Pool	Total
Operating Profit/Expenses										
Revenue	\$ 828,538	\$ 375,406	\$ 494,559	\$ 869,965	\$ 384,791	\$ 506,923	\$ 891,714	#####	\$ 519,597	\$ 914,007
Total Expenses(Red. for Security Eff. 2009-2010)	\$ 460,204	\$ 134,493	\$ 340,419	\$ 474,912	\$ 141,218	\$ 348,929	\$ 490,147	#####	\$ 357,652	\$ 505,931
Profit Contribution to Loan-Civic Center Permits	<u>\$ 368,334</u>	<u>\$ 240,913</u>	<u>\$ 154,141</u>	<u>\$ 395,053</u>	<u>\$ 243,573</u>	<u>\$ 157,994</u>	<u>\$ 401,567</u>	<u>#####</u>	<u>\$ 161,944</u>	<u>\$ 408,076</u>
Track Loan Payment										
Pool Loan Interest	(72,457)			(68,621)			(64,563)			(35,694)
Pool Loan Principal	(66,154)			(69,990)			(74,048)			(45,162)
Total Payments	<u>(138,611)</u>			<u>(138,611)</u>			<u>(138,611)</u>			<u>(80,856)</u>
Net Cash Flow -Current Year	229,723			256,442			262,956			163,610
Net Cash Flow -Cumulative	<u>198,162</u>			<u>454,604</u>			<u>717,560</u>			<u>881,170</u>
Deferred Maintenance Reserve Addition	\$ 99,081			\$ 128,221			\$ 131,478			\$ 81,805
Deferred Maintenance Reserve Cumulative	<u>\$ 99,081</u>			<u>\$ 227,302</u>			<u>\$ 358,780</u>			<u>\$ 440,585</u>
Amount Available for DebtService-Current Year	\$ 99,081			\$ 128,221			\$ 131,478			\$ 81,805
Amount Available for Debt Service-Cumulative	<u>\$ 99,081</u>			<u>\$ 227,302</u>			<u>\$ 358,780</u>			<u>\$ 440,585</u>

PALISADES CHARTER HIGH SCHOOL
AQUATIC CENTER FUNDING
POTENTIAL LENDERS/CURRENT PROPOSAL

Institutions Approached :

CalNational Bank	See Proposal Below
Wells Fargo	See Proposal Below
Bank of America	Proposal in Process
NCB Capital	Proposal in Process

Proposal(s)

Wells Fargo

Type of Loan : 5 Year Loan Term Amortized over 15 years (Lower monthly payment, Re-finance or pay off remaining balance at the end of 5 years)

Rate (Fixed): 5.65% Secured by Cash Collateral

Payments: \$ 11,552 Monthly Payment (\$138,660 annual payment) for 5 years

Remaining Loan Amount at January 2015 (5 year loan period)- \$1,050,000 -Subject to prepayments made

CalNational Bank

Type of Loan :

Rate (Variable) 6.5% (floor) Rate Based upon Prime +1%- (no ceiling discussed)

Payments: \$ 27,393 Monthly (\$328,716 annual payments)-Assuming no rate increase of 5 year period of loan

Would be paid off after 5 year period (January 2015)

Amounts to be repaid from Civic Center Permit Revenue which amounted to approx. \$220,000 in 2008-2009 and Pool Operating Budget expected to generate approx. \$450,000 in first full year and net \$125,000 after expenses

Other Loan Options being explore involve securing loan with Capital Equipment or Accounts Receivable

Line of Credit Option is also available

No prepayment penalty should entire amount not be needed/Additional Fundraising occur



**MAGGIE GILBERT
AQUATIC CENTER:
EVALUATION OF FINANCIAL
PROJECTIONS**

Prepared for

**PALISADES CHARTER HIGH SCHOOL
PACIFIC PALISADES, CALIFORNIA**

November 13, 2009

by

DAVID M. ROWLAND

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TABLE OF CONTENTS

Table of Contents.....	i
I. Introduction	1
II. Revenue Projections.....	2
A. Team Rentals (Including Water Polo)	2
B. Swim Lessons.....	3
C. Water Fitness.....	4
D. Scuba Rentals.....	4
E. Swim Meets.....	4
F. Summer Camp Rentals	4
G. Open Swim/Party Rentals	5
1. Open Swim.....	5
2. Party Rentals	6
III. Expense Projections	7
A. Staffing.....	7
1. Management Staff.....	7
2. Lifeguard Staff.....	7
B. Utilities	8
C. Equipment & Supplies	9
D. Insurance	9
E. Advertising	9
F. Omitted Expenses	9
1. Customer Service/Access Control During Rental Groups.....	10
2. Customer Service/Access Control During Open Swim	10
3. Cleaning of Pools and Decks	10
4. Opening/Closing of the Facility.....	11
5. Unanticipated Vacancies.....	12
IV. Summary.....	13
About Lutra Aquatics LLC	14
About the Author	15

I. INTRODUCTION

Lutra Aquatics LLC (“Lutra”), an aquatics consulting firm specializing in maximizing the financial performance of community aquatics facilities, was engaged by Palisades Charter High School (“School”) to conduct a brief evaluation of the preliminary revenue and expense projections, as prepared by School officials, for the Maggie Gilbert Aquatic Center (“Center”).

The Center, currently under construction, consists of a 13-lane, 25-yard competition pool to be maintained at 79 degrees, as well as a two-lane instructional or special-purpose pool to be maintained at 84 degrees. The pools are outdoors, enclosed by fencing, with dedicated shower/locker facilities and bleachers next to the competition pool. One primary access point is envisioned.

The Center is anticipated to serve primarily rental groups (swim teams, water polo teams) as well as the School’s physical education and athletic departments. The projected schedule consists of rentals of the competition pool to third-party groups from 5-7AM and 4-10PM weekdays, as well as 8-10AM on weekends. In addition, the projections call for rental to summer camps from 9AM-3PM weekdays during the eight-week summer season, as well as rentals to third-party swim instruction and water fitness providers at various times.

Certain unlimited-use passes have been sold in connection with fundraising, and the School envisions that the Center will provide open swim times for community use during much of the available weekend hours.

The School’s financial projections estimate more than \$503,000 in annual revenue for the Center, against \$324,000 in annual expenses, leaving approximately \$179,000 for a repair reserve and operating profit.

The following sections of this report will evaluate the School’s financial projections for the Center. Section 0 evaluates revenue projections, and Section III discusses the expense forecasts.

II. REVENUE PROJECTIONS

This section evaluates the revenue projections prepared by School officials, by broad revenue category.

A. Team Rentals (Including Water Polo)

The School projects total annual rental revenues associated with teams of \$264,870. This includes youth and Masters swim teams and water polo teams. Assumed rental rates are \$8 per lane-hour for water polo, \$10 for Masters, and \$15 for youth swim teams (each rental block assumes 12 of the pool's 13 lanes are rented). As noted earlier, team rental are anticipated to occupy the bulk of the weekday schedule.

Lutra understands that youth swim teams and youth water polo teams are interested in renting pool space at the assumed rates and times, and that Masters swimming and water polo team rentals are pending, as are potential rentals to adult triathlon teams. It should be noted that Lutra's analysis, in the current scope of work, does not include an independent evaluation of this level of team-based demand.

However, the rental rates assumed appear reasonable for the area, and given the popularity of swimming in the area it is entirely conceivable that the School could meet the revenues associated with these projections. In the event that all the envisioned team rentals do not materialize in year one, completely filling the available hours with external rentals could take 2-3 years to realize.

Provided sufficient teams exist to fill the available rental blocks, it would be optimal to rent the entire competition pool to these groups, as the remaining single lane of the pool would be essentially worthless during their practices.

As will be discussed below, the only problem immediately apparent (provided demand exists) with these revenue projections is the fact that this degree of rental activity effectively precludes substantial revenue streams (via single-visit fees, monthly passes, etc.) associated with independent use by individuals/families.

B. Swim Lessons

The School's projections assume rental to third-party swim lesson providers at rates of \$75 per lane-hour during the school year and \$105 per lane-hour during the summer period. During the school year, this rental involves only the smaller pool's two lanes for two hours each weekday and four hours on Saturdays. During the summer, this rental extends to include an additional two lanes of the competition pool, and encompasses seven hours each weekday and seven hours on Saturdays. The resulting total annual revenue projected is \$173,970.

Lutra views the projections for this revenue category to be overly aggressive. Given the limited amount of space available for swimming instruction, and the expenses faced by a third-party provider (in addition to the rental fees), Lutra feels that the projections have dramatically overstated the possibilities for this revenue category.

Market rates for swim lessons in the area appear to range from \$10 per half-hour lesson to as much as \$16 per half-hour lesson. Assuming a class size of 5 students, occupying one lane, the vendor's total revenues per hour of pool use would likely be between \$100 and \$160. The vendor would face expenses for instructor wages, marketing expense, credit card fees, administrative time, and other overhead, resulting in a gross margin ranging from approximately \$60 to \$100 per hour.

Certainly, there will be specific peak periods where a vendor could have substantially higher revenues. For example, there may be times when it is possible to fill three lessons in each half-hour slot, using two lanes, with six students in each class. But this level of demand likely could not be sustained over the course of every lesson slot.

Lutra recommends using more conservative rental rates for these projections. A rate of \$40 per lane-hour for lessons during the school year, and possibly up to \$60 per lane-hour during the summer months, would be more appropriate. Using these figures would reduce projections for this revenue category to approximately \$98,000 per year—a loss of roughly \$75,000 per year from the revenue forecasts as prepared.

C. Water Fitness

The School's projections assume rental to a third-party water fitness provider, at the rate of \$50 per lane-hour, of two lanes for one hour six days per week. Similar to the lesson revenue projections, Lutra feels that this rental rate is aggressive, particularly as it may be difficult to locate an external provider of water fitness programs for a single hour per day.

However, it is entirely possible that the School could fill this time with revenue-producing activities, perhaps in the form of rental to personal trainers or triathlon coaches for one-on-one or group training purposes. Assuming a rental rate of \$30-\$40 per lane hour may be more appropriate.

D. Scuba Rentals

The projections assume rental to SCUBA lesson providers from 9-10PM certain weekday evenings, twice per week for 35 weeks of the year, at a rate of \$60 per hour for the entire facility (technically quoted at \$5 per lane-hour for 12 lanes). This level of usage should be easily attainable, and could be exceeded. Further, it may be possible to develop users for this space at a higher rental rate. However, it is unlikely that these rentals would develop into a significant revenue stream.

E. Swim Meets

The projections assume the facility will be used for all-weekend swim meets two weekends per year, at a rental rate of \$1,500 per day. The rate and level of usage assumed appear extremely reasonable. The School should, however, carefully consider the manner in which rental agreements for this purpose assign responsibility for staffing, crowd control, clean-up, reimbursement for damages, etc.

F. Summer Camp Rentals

Lutra understands that a variety of summer camps already use the School's other facilities, and have expressed interest in adding an aquatic component to their plans. Given that the user groups already exist (and are already on site), Lutra sees no major problems with the revenues projected in this category.

G. Open Swim/Party Rentals

The projections did not include estimates of revenues from open swim or party rentals. School officials noted this omission, and sought guidance in terms of estimating these potential revenues. Although it is not possible, in the context of this limited scope analysis, to develop rigorous demand projections, Lutra is able to provide some general guidance and considerations relating to these prospective revenue streams.

1. Open Swim

The projections do include staffing expense associated with lifeguards (between 2-3 on duty at any particular time) during weekends (12 hours each day), and thus the revenue projections should account for entry fees associated with use during this time.

Lutra does not anticipate that the Center will draw significant traffic during these open swim times, primarily because the overall availability of the Center is so limited. While there is substantial availability on weekends, since there is little rental group activity assumed (only swim teams from 8-10AM), there is virtually no available pool space during the week—both in the school year (due to school uses) and in the summer (due to summer camp rentals). Because the facility is only available on the weekends, it would be difficult to make it a top-of-mind choice for individuals/families seeking recreation or fitness opportunities.

Fitness users, for example, will likely see little value in a facility available only on weekends—these users will pursue a membership at a health club or other aquatics venue with wide availability. While they may be interested in occasional use, it is unlikely that there would be a significant user base for the Center among fitness users.

Recreational users may be more inclined to use the facility during its weekend availability, but the lack of wider availability will lead substantial customer groups to pursue other venues as their preferred choice. In any event, recreational usage will likely be concentrated into the summer months, and possibly shoulder seasons, with little usage during the colder times of year.

For these reasons, Lutra recommends that the School consider condensing the open swim availability during weekends into 4-6 hour afternoon blocks. Since fitness users are likely to have limited interest in the facility, and there is light recreation demand during early morning and late evening hours, consolidated blocks of availability may serve the interested users just as well as more extended hours, and would have the benefit of reducing staffing expense.

It is conceivable that the Center could draw an average of 10 users per hour during such blocks, at an entry fee of \$4-\$5 per person. Usage would likely be significantly higher in summer months, but lower (or perhaps nearly non-existent) in colder months. Using these estimates, the resulting revenues may range between \$15,000 and \$24,000 per year. While actual revenues could be higher, Lutra recommends adopting conservative estimates in this category, for the reasons discussed above.

2. Party Rentals

Lutra anticipates that the Center could have more success drawing users with an effective party rental program, particularly if the pool is but one component of a larger party program that also offers access to other School facilities. Birthday (or other) parties could draw revenues of between \$200-\$400 per party, depending on size. It is entirely possible that the Center could draw extensive party usage during the summer months (easily 2-3 parties per weekend day), and occasional party rentals during the cooler months. Just one party (on average) per weekend day at \$300 per party would result in roughly \$30,000 in annual revenue.

The advantage of parties is that they involve relatively low staffing expense—little is needed beyond lifeguard(s) and a “party leader.” More importantly, this staffing expense need only be incurred when a revenue-producing party is actually scheduled.

Of course, developing an effective (and popular) party program would require additional managerial oversight and likely a significant addition to the advertising budget, at least initially. However, once a successful program is established, it tends to grow virally (since each party booked brings in a host of potential customers).

III. EXPENSE PROJECTIONS

This section addresses the expense projections prepared by the School.

A. Staffing

1. Management Staff

The School's expense projections assume a full-time pool manager, a half-time head lifeguard, and a small allocation of business office time. Lutra understands that the Head Lifeguard would have primary responsibility for staffing, and the pool manager would be responsible for scheduling, marketing, relationships with third-party rental groups, etc. The two positions together would have responsibility for water chemistry maintenance.

In the early phases of operation, it is likely that two (or more) management staff will be required for the process of developing the lifeguard staff, marketing to large user groups, working out an appropriate pool schedule, etc. However, once the initial start-up phase is complete, and the Center has a trained staff, a more or less stable schedule of rental groups, and codified procedures for operations, Lutra anticipates that there will be little need for two individuals to fulfill the necessary management functions. If operations follow the projected approach (intensive rental group occupancy), the pool manager may have little useful work to perform after the first six months of operation. It may be possible to consolidate these positions into one manager role—and likely at a lower annual salary than estimated for the pool manager position.

An alternative would be to share portions of this function with existing school-related administrative positions.

2. Lifeguard Staff

The School's expense projections assume a single lifeguard on duty for six hours during school-year weekdays (corresponding to use by the School's internal physical education activities), and roughly three lifeguards on duty during weekend operations and summer weekday operations. The lifeguard staffing seems more or less appropriate for

periods when the facility is open to the public, depending on the activity level at the Center on weekends.

However, as noted above, revenue considerations may make it appropriate for the Center to limit the open swim hours on weekends, condensing them into 4-6 hour afternoon blocks. In this case, the expense associated with lifeguard staffing should be reduced in a corresponding manner. Current projections assume weekend operation of 12 hours each day, so if the actual open swim hours were reduced to 4-6 hours per day, the lifeguard expense associated with weekends (totaling almost \$36,000 per year, before "benefits") could be reduced by one-half or two-thirds. Further, if demand is (as expected) significantly lighter outside of the summer months, the level of staffing could be reduced further during these times.

It should also be noted that, because the Center is not staffed during rental group use, all license agreements with third-party groups should be carefully crafted to place all responsibility for safety on the rental groups. The School should also require that all such rental groups provide proof of appropriate insurance coverage and add the School as an additional insured on their policies.

B. Utilities

The School's projections assume \$80,000 per year in utility expense, which Lutra assumes encompasses water supply (pool and domestic), heating for the pools and domestic water, and electricity for lights, pumps, office equipment, etc. This estimate would appear to be conservative in nature. It is likely that actual expenses will be somewhat lower than this estimate, particularly if thermal blankets are used. Although an extensive analysis of California utility rates, climate, and specific pool equipment was not possible within the scope of this analysis, Lutra has seen, for example, an indoor facility in northern Michigan, of comparable size, with utility costs under \$80,000 per year. An outdoor facility should be capable of lower utility expense, absent substantial differences in energy/water unit costs.

C. Equipment & Supplies

The School's projections estimate \$29,000 per year for equipment and supplies, including pool chemicals. This figure excludes an allotment for deferred maintenance/repairs, which is allocated separately based on a percentage of net profit.

This estimate may, in Lutra's opinion, understate actual expenses. Depending on the specific chemical systems employed for the facility, pool chemicals alone could, accounting for the constant exposure to the sun and relatively high rates of use associated with significant team presence, approach or even exceed \$20,000 per year. Custodial supplies for the locker rooms, office supplies, miscellaneous small equipment, and other expenses could rapidly add up. For a facility of this size, Lutra recommends an equipment and supplies (including pool chemicals) expense estimate of approximately \$40,000 per year, as well as an explicit allocation of at least \$50,000 per year in depreciation/deferred maintenance expense, to provide for the ultimate replacement of filters, pumps, roofs, pool surfaces, etc.

D. Insurance

Lutra understands that the School's insurance carrier quoted an additional insurance premium of \$10,000 per year associated with the Center. There is little need to analyze a firm quote from the actual vendor.

E. Advertising

The projections assume \$5,000 per year in advertising expense. Given the Center's projected rental-based operating plan, it does not seem likely that funds exceeding this amount would be required. If the School chose to pursue its own in-house swim lesson program, instead of renting space to third-party providers, this estimate would need to be increased.

F. Omitted Expenses

Lutra identified certain functions which are important to the operation of an aquatics facility, but which have not been addressed in the expense projections. These

obstacles are not insurmountable, and may not materially impact the financial projections, but they do represent issues the School should address in its operating plan.

1. Customer Service/Access Control During Rental Groups

Lutra's primary concern with the expense projections involves the omission of any expense associated with a customer service/reception/access control function. Lutra understands that the School's permit staff will be on site after-school hours, but it is not entirely clear that this staff will be capable of completely fulfilling the function at the Center.

It is Lutra's opinion that an aquatics facility should be staffed at its main access point during all hours of operation, in order to prevent unauthorized entry. To the extent that the Center can be locked to outside users during school use, this function is not necessary. However, Lutra is concerned that third-party rental groups may not be interested/willing/capable of adequately securing the premises against unauthorized use during their rental times. This is a concern that should be addressed in the operating plan for the facility.

2. Customer Service/Access Control During Open Swim

To the extent that the School plans to open the Center for community use during weekends, the expense projections do not include any estimate for a customer service/access control function. It is possible, though unlikely, that lifeguards could be cross-trained in customer service/register functions, and that the two to three lifeguards scheduled for duty during weekends could, collectively, fulfill both lifeguarding and customer service. (This could occur if two lifeguards were involved monitoring the pools, and the "off" lifeguard were assigned to monitor the gate.) However, a more prudent approach would involve a dedicated customer service staff monitoring the gate, and this expense has not been accounted for.

3. Cleaning of Pools and Decks

Because the projections do not include a specific expense associated with cleaning of the pool decks and the pools themselves, Lutra assumes that the lifeguard staff will be tasked with performing these duties.

This is generally an appropriate (and cost-effective) approach. However, given the low levels of staffing involved in the projections (since the pool is not staffed during third-party rentals), there may be deficiencies in the level of cleaning, due simply to the extended periods of time when no Center staff is present at the facility.

In addition to routine cleaning, there may be situations that arise that call for “emergency” cleaning or attention to water chemistry (blood or other bodily fluids on the pool deck, fecal matter in the pools). In these cases, not having Center staff on hand to immediately deal with the situation could cause a disruption in service.

4. Opening/Closing of the Facility

The current projections assume, essentially, that the Center is turned over to rental groups for extended periods during the beginning and end of each day. That is, the projections assume that no School (or Center) staff is present during the opening and closing portions of the day. This situation may cause problems in terms of certain pool operations.

To begin, the (seemingly) simple act of securing the facility at night is a task that requires accountability—failure to adequately secure the Center at night could expose the School to liabilities of large magnitude, as well as the possibility of vandalism or theft. Similarly, if rental groups are given access (keys) to the facility in order to “let themselves in” for early morning rentals, the School is exposed to methods of entry outside its direct control. While it is possible to manage these concerns, it requires an additional level of commitment and oversight.

Further, certain pool maintenance functions may be required at the opening/closing periods. It may be necessary to start/stop an automatic pool vacuum, clear the pool of floating debris that accumulated either overnight or during the day, perform chemical treatments, etc. There are certain activities that can only be performed when a facility is closed, and these activities may require School/Center staff on hand to perform them.

That said, given that the School has “permit staff” on hand during off-hours to monitor/manage various uses of the School’s properties, it may be possible for these functions to be handled by that staff. Assuming this staff is present at 5AM and 10PM, at the very least this staff could handle the opening and closing of the facility. Given the fact that the Center would in all likelihood be used lightly during the school day, it may be possible to conduct various pool maintenance activities at this time.

5. Unanticipated Vacancies

Unlike a track or gymnasium, which can be left unattended for periods of time, a pool should never be left unattended and unsecured. The School should adequately plan for the possibility of scheduled rental groups not showing up, or ending their use of the facility early. In these cases, if the permit staff is not in the immediate vicinity and aware of these occurrences, there is a danger that the pool could be left unattended. In the case of a track or gymnasium, this possibility likely involves a small risk of vandalism and little else. In the case of a pool, however, it involves the risk of a significant tragedy.

IV. SUMMARY

Lutra's review of the School's financial projections associated with the Center identified a few areas of concern, and areas for further thought and planning. In addition, Lutra recommends changes in certain revenue and expense categories that will have a significant (negative) impact on the facility's overall projected financial performance, relative to the projections.

Lutra's primary concern in terms of revenue projections involves swim lesson revenues (via a third-party provider). The use of more realistic estimates in this category would reduce expected revenues by more than \$75,000 per year. This reduction is somewhat offset by the addition of (limited) revenue streams associated with open swim and party rentals.

On the expense side, Lutra feels that the management labor expense could be reduced, particularly after the start-up phase, and that lifeguarding expense could be reduced significantly by reducing the hours of operation for open swim on weekends. Conversely, Lutra recommends a substantial increase in the estimate for equipment and supplies, and also recommends that the projections include an explicit allowance for deferred maintenance (rather than making this allowance dependent on operating profit). However, the School may realize utility expenses lower than those forecast.

Finally, while the strategy of not staffing the facility during rental group use is wise, and serves to dramatically reduce the expected labor costs, there are certain crucial functions associated with facility operation that are not satisfied. Lutra strongly recommends that the School develop a plan for addressing these functions, and incorporate the additional cost into its financial projections.

ABOUT LUTRA AQUATICS LLC

Lutra Aquatics LLC assists in the development, design, and operation of commercial indoor aquatics facilities, helping our clients maximize the financial performance of their facilities through our consulting and management services. Lutra combines business acumen with a passion for swimming and the specialized knowledge of aquatics operations that comes from extensive experience actually managing successful community aquatics facilities.

Lutra principals have 30 years' collective experience managing successful, self-supporting aquatics facilities. Our facilities provide outstanding aquatics services to their communities, without burdening facility owners with unnecessary operating costs. Lutra-affiliated companies are responsible for the management of Cornerstone Aquatics Center (West Hartford, Connecticut) and Swim Center at Westminster School (Simsbury, Connecticut). In addition, a Lutra principal owned and operated the former Swim Center One (Granby, Connecticut) for 14 years before selling the facility to the YMCA.

The effectiveness of Lutra's management approach was recognized by *Aquatics International* magazine, which selected Cornerstone Aquatics Center as its "Best of Aquatics" award winner for 2005. Cornerstone competes in the largest facility size category, and the award is based on strength of programming, marketing, and attendance levels.

ABOUT THE AUTHOR

David M. Rowland. An avid swimmer, Mr. Rowland is the founder and President of Lutra Aquatics LLC, President & CEO of Aquatics For Life, Inc., and President of Aquatics For Living LLC. As he manages operations at two large aquatics facilities, Mr. Rowland's focus is on operational strategy and revenue production via enhanced customer service and innovative programming.

Mr. Rowland received his Masters in Business Administration degree with High Distinction from Harvard Business School, where he was named a George F. Baker Scholar, a distinction bestowed on the top 5 percent of the graduating class. Mr. Rowland also holds a Bachelor of Arts degree, *cum laude* and with Highest Honors in Economics, from Williams College.

Prior to dedicating himself to the operation of self-supporting aquatics facilities, Mr. Rowland was a Consultant with National Economic Research Associates, Inc., a worldwide economic consulting firm providing expert testimony and advice in regulatory and legal proceedings.

SUPPLEMENTAL PARTICIPATION AGREEMENT

This is a Board Resolution Concerning Participation in the SISC Flex Plan

A Participation Agreement is made and entered into this ____ day of _____, 20____, between SISC, and _____ (hereinafter referred to as the "Qualified Employer").

WHEREAS, there exists a Cafeteria Plan (consisting of a Premium Payment Plan, a Health Care Spending Account, and a Dependent Care Spending Account) entered into on the ____ day of _____, 20____ namely the SISC Flex Plan, called the "Plan", established by the Qualified Employer (a copy being attached hereto as Exhibit "A" and made a part hereof by reference); and

WHEREAS, the Plan provides that a Qualified Employer may, with the consent of SISC, adopt the Plan and participate therein by a properly executed document evidencing said intent of said Qualified Employer;

NOW, THEREFORE, the Qualified Employer hereby becomes a party to the Plan, effective the ____ day of _____, 20____, and the Qualified Employer hereby consents to such adoption and participation upon the following terms:

1. The categories of employees that are eligible to participate in the Premium Payment plan, Health Care Spending Account, and/or Dependent Care Spending Account shall be designated by a Qualified Employer on the appendix attached to this Supplemental Participation Agreement. It is not necessary that employees be covered in at least one of the SISC Medical Plans in order to be eligible to participate in the SISC Flex Plan.
2. When an organization ceases participation in a SISC Medical Plan, that organization's coverage under the SISC Flex Plan terminates. Should this termination occur in the middle of the SISC Flex Plan Year, the terminating organization is required to pay monthly administration fees for each of the SISC Flex Health Care and Dependent Care Participants until the end of the plan year. These administrative fees are specified in the Administrative Contract.
3. It is the intention of the parties that the Qualified Employer shall be a party to the Plan and treated in all respects as the Qualified Employer thereunder, with its employees to be considered as the Employees and Participants, as the case may be, thereunder.
4. However, the participation of the Qualified Employer in the Plan shall in no way diminish, augment, modify, or in any way affect the rights and duties of the Qualified Employer, its Employees, or Participants, under the Plan.
5. The execution of this Agreement by this Qualified Employer shall be construed as the adoption of the Plan in every respect, or any part thereof as specified in Exhibit A, as if said Plan had this date been executed by the Qualified Employer, except as otherwise expressly provided herein or in any amendment that may subsequently be adopted hereto.

6. All actions required by the Plan to be taken by SISC shall be effective with respect to the Qualified Employer if taken by SISC, and the Qualified Employer hereby designates SISC as its agent for such purposes.
7. By participating in the Plan, each Qualified Employer understands and agrees that in the event the Internal Revenue Service or any state or political subdivision thereof should ever assess or impose any taxes, charges and/or penalties upon any benefits received under the Plan, the recipient of the benefit will be responsible for those amounts, without contribution from SISC.
8. The periods for filing of Salary Reduction Agreement election forms shall be as established by the Qualified Employer as long as they are in accordance with SISC requirements and the Internal Revenue Code.
9. If a Participant fails to claim any amounts in the Qualified Health Care or Dependent Care Expense account by the time allowed in the flex plan, such amounts shall not be carried over to reimburse the Participant for expenses incurred during a subsequent Plan Year and rights to such amounts shall be forfeited by the Participant.
10. If a Qualified Employer maintains any Flex plans in addition to the SISC Flex Plan, the Qualified Employer is responsible for ensuring that the contribution amounts, when aggregated between the existing Flex plans, are in compliance with maximums specified under IRS Code Sections 125 and 129.
11. All forfeitures under this Plan shall be used first to offset any losses experienced by SISC during the Plan Year as a result of making reimbursements with respect to any Participant in excess of the contributions made by such Participant via salary reductions. Second, forfeitures shall be used to reduce SISC's cost of administering this Plan.

IN WITNESS WHEREOF, the Qualified Employer and SISC have caused this Supplemental Participation Agreement to be executed in their respective names on the date first above written.

QUALIFIED EMPLOYER:

 [Name of Qualified Employer]

By: _____ Date: _____

Authorized District Official

Qualified Employer Federal I.D. Number: _____

SPONSOR:

Self-Insured Schools of California (SISC)

By: _____ Date: _____

Appendix to Supplemental Participation Agreement

DESIGNATION OF EMPLOYEES ELIGIBLE TO PARTICIPATE IN SISC FLEX PLAN

The employees that are eligible to participate in the SISC Flex Plan are (check all that apply):

_____ Certificated employees (including management)

_____ Classified employees (including management)

_____ Part time employees. For this purpose a part time employee shall mean an employee that works less than 20 hours per week (not considered a 50% employee).

EVALUATION OF CLASSROOM TEACHERS' PERFORMANCE

PROPOSAL

1. All students have an opportunity to evaluate their classroom teachers' performance at the end of each semester.
2. Forms are available online within the last week of each semester and can be filled out only through students' school accounts.
3. Evaluations that contain personal attacks, defamatory statements or profanities will be discarded. Students who resort to such violations will lose their privilege to use school accounts.
4. Teachers may see students' evaluations, but they may not see students' names unless students remove parentheses in which they write their names.
5. In the future, if the involved parties agree, the proposal may be incorporated into the labor agreement, in which both positive and negative ramifications will be outlined, and become part of the Stull evaluation.
6. No positive or negative ramifications are enforceable until this proposal is included in the labor agreement approved by the faculty. Until then, students' evaluation of their teachers' performance remains informal.

EVALUATION OF CLASSROOM TEACHER & SUBJECT PROGRAM
(must be e-mailed from your school account)

Class Name _____

Class Teacher _____

Room # _____ Period # _____ Semester: Fall ___ Spring ___ Year _____

QUESTIONS:

GRADES

- | | | | | | | |
|---|-------------|---------------|-----------------|-------------------|---|-----|
| 1. Clarity of class standards (grading system, discipline policy, make-up policy, etc.) | A | B | C | D | F | |
| 2. Class discipline during class time | A | B | C | D | F | |
| 3. Utilization of class time | A | B | C | D | F | |
| 4. Clarity of teacher's instruction | A | B | C | D | F | |
| 5. Involvement of students in class work | A | B | C | D | F | |
| 6. Quality of class instruction and homework | A | B | C | D | F | |
| 7. Quality of projects (if applicable) | A | B | C | D | F | N/A |
| 8. Available help (answers to questions, individual assistance) | A | B | C | D | F | |
| 9. Relevance of shown videos to the program (if applicable) | A | B | C | D | F | N/A |
| 10. Teacher-students relationship | A | B | C | D | F | |
| 11. Classroom condition (cleanness, room decoration) | A | B | C | D | F | |
| 12. For your work habits in this class you give yourself | A | B | C | D | F | |
| 13. How challenging is this class? | <u>VERY</u> | <u>RATHER</u> | <u>NOT MUCH</u> | <u>NOT AT ALL</u> | | |

IV. A.

	Strongly Agree	Agree	Disagree	Strongly Disagree
14. Your overall grade is fair				
15. Your teacher motivates you to work better and makes a difference in your attitude				
16. Classroom discussions are as valuable as subject lessons				
17. This class contributes to your understanding of the world complexity				
18. Class size is conducive to your teacher's individual attention				
19. Your teacher is organized and prepared for conducting lessons				
20. You would like to thank your teacher for his/her patience and good work				

Please write a few sentences about your expectations of the program at the beginning of the semester and how they were met. Also, write your suggestions if this class needs improvement in your opinion:

Your name: (_____)*

*** Teachers may see your responses online, but they will not see your name unless you remove parentheses. Anonymous evaluations do not count. Evaluations containing defamatory statements will be discarded. Thank you.**

PRINCIPAL'S E-LETTER

November 8, 2009

Dear Faculty and Staff,

What an exciting few weeks we have come through! Halloween and an Awards Assembly with administrators in full costume, a fabulous Open Enrollment Period for health benefits led by Jennifer Avant Eustice, a Board election with three new Trustees to welcome to the Pali community, and Councils taking hold all over the campus.

Thanks to Celeste Fraley, the Leadership Class and everyone else who assisted, this year's Homecoming festivities and dance were outstanding events. Congratulations to all of them.

Our girls' Tennis team, our drama students and our art students continue to bring home awards for which we are all proud.

I receive emails on a daily basis from teachers who are utilizing Council as a path to guiding their students through the curriculum as well as for resolving conflict.

We have hired an additional teacher at Temescal Academy, allowing for the Coordinator to assume more administrative duties during the school day. At present, there are 40 students enrolled at Temescal.

Our academic departments are reaching out to parents through the PAC meetings each month. Last month, teachers from the English Department fielded questions from parents ranging from Honors classes to writing assignments for homework. The Special Education Department will host PAC's January meeting.

With the Thanksgiving holiday and the period of "giving" almost upon us, I truly feel I have so much to be thankful for to be a part of this school community.

Although my family totally "gets" me and what motivates me to continue working in retirement, many friends consistently ask, "Why do you want to work so hard as a retiree"?

I do realize that part of the answer is that I am just plain nuts; however, on a deeper level, I fully recognize the connection that I feel for this school and everyone in it. I have a passion for leadership and education and feel so thankful for the opportunity to see the fruits of my labor at Pali.

What I hope for this season is that we really come together as a faculty and staff to focus on all of the good that is happening for our students and ourselves. There is

just so much for everyone to be happy about at Pali. It is time for the grumbling to stop.

I am thankful that we are going to sit down in Council with our new Board and face the challenges that are before us: open communication, transparency and trust.

We must continue our conversations with our Board of Trustees both in dialogue and in the Council format.

The Charter Renewal will soon come before the LAUSD for approval, a step that will remind each of us of the work that still needs to be done to unite this school as an Independent Charter.

I was recently chided for my “pollyanna” attitude when it comes to speaking about Pali. Be that as it may, I will always be a positive leader and one who believes that real leadership does not occur with wrist-slapping and angry emails.

Rather, serving as a role-model for what constitutes communicative behavior, caring deeply for those who are invested in my leadership, and working on a daily basis to reach out to all stakeholders with equity and commitment are the leadership traits that I believe are necessary to make change occur at Pali.

I want to move forward into the holiday season with all of you behind me in my endeavor to create a milieu where everyone feels comfortable, secure and trusting.

We can and will do this. Join me on November 17 at Council in Mercer Hall when we welcome our new and returning Board members and start what I hope is a new era of communication at PCHS.

**Always,
Marcia**

EXECUTIVE DIRECTOR REPORT – 11/17/09

I) Charter Renewal

LAUSD Charter Coordinator for PCHS has indicated that our renewal petition is officially under review with the different sections being disseminated to the appropriate district offices. We are still awaiting official notification of how the lead petitioners' private information will be kept confidential.

II) DevelopmentAnnual Giving:

- o \$46,925 total received to date from first round mailing
- o 68 gifts received through today
- o The largest gift to date is \$5,000; several at \$2,500; lowest at <\$100.
- o Most gifts are directed to the General Fund.
- o Gifts are from 15 different zip codes
- o The greatest number of gifts have come from 9th grade, followed closely by 10th.

Pool:

\$110k+ raised since beginning of school year

Upcoming fund raising activities include

- Tile sales
- End of year solicitation to school community and donor update letter
- End user outreach
- Grants

III) LAUSD

- a. Facilities Use Agreement – in final stages of negotiation – locks us in at 2.5% total ADA (savings of approximately \$100k/yr down from) for next 3 years versus a pro rata share square footage charge under prop 39; ensures we retain autonomy to do alterations and improvements and oversee civic center permitting
- b. Retiree Health Benefits Charges – we are cosigning a letter with other conversions to confirm with LAUSD that we will no longer be paying the approximately \$600k/yr for retiree health benefits
- c. Special Education – LAUSD continues to look at how they intend to charge charters in the future. Currently they take approximately 30% of the state categorical AB602 special education funding (approximately \$700/student) which covers non public school and non public agency services and then LAUSD charges charters for additional services provided (OT, PT, Speech, Transition, etc.) CCSA has a taskforce working on this issue. Joining the JPA is recommended to help lead this work.
- d. Charter Policy – Still in discussion, has been revised multiple times, drafts available on LAUSD website and advocacy being done through CCSA

V.F.

PALISADES CHARTER HIGH SCHOOL
2009-2010 CBO UPDATES
AS OF NOVEMBER 17,2009

- 2008-2009 Audit commenced last week
Will finalize in next two weeks, in time to issue Statements on December 15,2009
- 2009-2010 First Interim Financial Report (thru 10/31/09 Operations)
Due December 15,2009. Will present next meeting
- Pool Account has raised approx. \$3.15 million of the projected \$4.5 million cost. Other Financing Opportunities are being explored
- The Set Up of the Lifetime Benefit Trust is being reviewed and discussed with Legal Experts.

(a) Current Enrollment	<u>2,846.0</u>		
(a) Current ADA	<u>2,746.0</u>		
Projected ADA-Funded	<u>2,681.0</u>		
Budgeted 2009-2010 ADA (Including Temescal ADA of 49.6)	<u>2,679.6</u>		
Projected Additional ADA	<u>1.4</u>		
		Budgeted Reduction 2009- 2010	YTD Reduction at October 2009
Certificated payroll	<u>\$ (300,000)</u>	<u>\$ (280,000)</u>	
Classified Payroll	<u>\$ (201,000)</u>	<u>\$ (108,000)</u>	

(b) Annual Giving Campaign (from 68 donors) \$ 46,925

- (a)- As of October 30,2009
- (b)- As of November 16,2009

2008-2009 Unaudited Actuals-General Fund	\$ 1,146,460
2009-2010 Unaudited Actuals-General Fund (projected)	\$ (1,230,946)
Net Reduction in Reserve Balance-Two Years (2008/2009 to 2009/2010)	<u>\$ (84,485)</u>

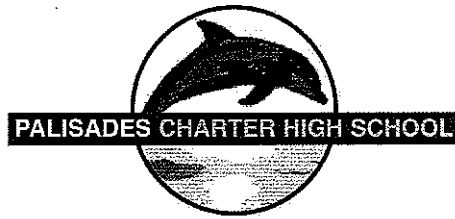
Pending Financial Issues:

2009-2010

State Continues to Experience Revenue Deficits

Pending Facilities Use Fee Agreement with LAUSD
 Pending Health Benefits enrollment-Additional Costs
 Pending Retirement Benefits Funding-LAUSD Dispute
 Actuarial Study-Level to Fund in Future Retiree Benefits
 (In process)

Unknown
 Possible Mid-Year Cuts
 In negotiation with other Conversion
 Will calculate impact upon completion
 Impacted Conversion Charters Draft
 Updated Actuarial Review is being completed



A CALIFORNIA DISTINGUISHED SCHOOL

Human Resources Report November 18, 2009

- Health Benefits
 - Open Enrollment 11/3 – 11/13
 - Providers on-site 11/10
 - Free Wellness Day scheduled for 1/22
- Recruitment Update
 - EL Assistant – interviews
 - Varsity Football Coach
- Live Scan - 98 employees - TB testing on-site November
- Sexual Harassment Training (fall 2009)
- Employee Newsletter
- Employee Handbook
- Faculty Desk Reference Guide
- Consolidate Employee files
 - Research Imaging System
- LAUSD transition issues
 - Employees being dropped from coverage
 - Illness Balances
 - Benefits for staff that retired in 2009 prior to Right of Return