

WASHINGTON ELEMENTARY SCHOOL DISTRICT

GOVERNING BOARD MINUTES: REGULAR MEETING AND EXECUTIVE SESSION

2011-2012

March 8, 2012

Administrative Center  
Governing Board Room  
4650 West Sweetwater Avenue  
Glendale, AZ 85304-1505

**I. REGULAR MEETING – GENERAL FUNCTION**

**A. Call to Order and Roll Call**

Mr. Maza called the meeting to order at 7:01 p.m. Governing Board members constituting a quorum were present: Mr. Chris Maza, Mr. Bill Adams, Ms. Clorinda Graziano, Mr. Aaron Jahneke, and Mrs. Tee Lambert.

**B. Moment of Silence and Meditation**

Mr. Maza called for a moment of silence and meditation.

**C. Pledge of Allegiance**

Mr. Maza led the Pledge of Allegiance.

**D. Adoption of the Regular Meeting Agenda**

A motion was made by Mr. Adams that the Governing Board adopt the Amended Regular Meeting Agenda. The motion was seconded by Mr. Jahneke. The motion carried.

UNANIMOUS

**E. Approval of the Minutes**

A motion was made by Mr. Jahneke that the Governing Board approve the Amended Minutes of the February 23, 2012 Regular Meeting and Executive Session. The motion was seconded by Mrs. Lambert. The motion carried.

UNANIMOUS

**F. Current Events: Governing Board and Superintendent**

Mr. Adams shared that he enjoyed visiting the following schools and staff:

- Moon Mountain Elementary School and Office Manager, Diane Williams (Principal, Mary Lou Palmer, was not available).
- Cactus Wren Elementary School and Principal, Kaylene Ashbridge.

Mr. Adams and Mrs. Lambert apologized for not being able to attend the Read Across America event.

Mrs. Lambert shared that she enjoyed attending the following events for Music in the Schools Month:

- Palo Verde Region Choral Festival – in addition to the choir, there were hand bells and steel drums.
- Phoenix College Choral Concert – pleased to see three of the District's music teachers participating in the community choir: Karen Dicker from Mountain View School, Elizabeth Jacovino from Alta Vista Elementary School, and Kirsten Dukeshier from Mountain Sky Junior High School.

March 8, 2012

Mr. Jahneke shared the following:

- Enjoyed speaking to the ASPIRE candidates and appreciated that they are advancing their professional development.
- Enjoyed reading to students at Ironwood Elementary School for the Read Across America event.
- Congratulated Gene Dudo who was named the new Superintendent of the Glendale Union High School District and wished the District success.

Ms. Graziano stated that March was Youth Art Month and acknowledged and thanked the following schools for the artwork displayed in the Governing Board Room:

- Abraham Lincoln Traditional School
- Maryland School
- Mountain View School
- Oranewood School
- Sunnyslope School
- Sweetwater School

Ms. Graziano reiterated that March was Music in the Schools month and shared that she enjoyed attending the following events:

- Oranewood School's Safety Program
- District's Honor Orchestra Concert
- Spoke to ASPIRE candidates
- Palo Verde Area Band Festival
- Desert Foothills Area String Festival
- Oranewood's "Seussical" the musical at Washington High School
- Read Across America Breakfast at Ironwood Elementary School (Thanked WDEA and Ironwood for their efforts.)
- Palo Verde Area String Festival
- Palo Verde Area Choral Festival
- Royal Palm Area Band Festival at Washington High School (Thanked Washington High School for hosting the event, as well as Oranewood's "Seussical" the musical, and supporting our programs.)
- Naturalization Ceremony at Maryland School (Thanked the Maryland School staff for their hard work in planning the awe inspiring ceremony.)
- Sweetwater's "Big Fun" Field Day for Special Education students (Thanked the staff for giving each student the opportunity to succeed.)
- WESD Employee Wellness Fair

Mr. Maza shared that he enjoyed speaking at the Read Across America Breakfast and reading to students at Cactus Wren, Manzanita, and Palo Verde Schools. He acknowledged the attendance of City Councilman Daniel Valenzuela at the Breakfast and thanked WDEA, the District, and the Washington Education Foundation for their participation in the event.

Dr. Cook introduced Mountain View Principal, Mike Christensen who, in turn, introduced Assistant Principal, J.J. Spellman, and art teacher, Catherine Woods. Ms. Woods thanked Mountain View teacher, Ms. Mast, for attending and introduced 6<sup>th</sup> grade students, Brenda Rodriguez and Kevin Marquez Bautista, who explained their artwork project using brown colored pencil designs and patterns reflecting Mehndi art. Ms. Woods thanked the students' parents for attending and supporting the students. Each student was presented with colored pencils, a book, and a certificate.

**G. Public Participation**

There was no public participation.

**H. Approval of the Consent Agenda**

**UNANIMOUS**

Ms. Graziano requested that Item \*II.F. – LEARN360 Video-Streaming Agreement be pulled from the Consent Agenda for separate consideration.

A motion was made by Mrs. Lambert that the Governing Board approve the remaining Consent Agenda items. The motion was seconded by Mr. Jahneke. The motion carried.

**II. CONSENT AGENDA**

**\*A. Approval/Ratification of Vouchers**

**UNANIMOUS**

Approved and ratified the vouchers as presented.

**\*B. Personnel Items**

**UNANIMOUS**

Approved the personnel items as presented.

**\*C. Public Gifts and Donations (The Value of Donated Items is Determined by the Donor)**

**UNANIMOUS**

Approved the public gifts and donations as presented.

1. Jim Hathaway donated rocks and minerals with an approximate value of \$3,500.00 to be used for the benefit of Science students at Royal Palm Middle School.

2. Phoenix Sheet Metal and A/C Supply Inc. donated sheet metal with an approximate value of \$600.00 to be used for restroom partitions at Sunnyslope School.

3. Mountain Sky S.P.I.C.E. (parent/teacher organization) donated a check in the amount of \$516.00 to be used for the music students' field trip to the Heritage Festival in California.

4. Thomas Hodges donated \$1,000.00 to be used to support the basketball program and other needs at Moon Mountain Elementary School.

**\*D. Award of Contract – Bid No. 11.027, Nutrition Services Kitchen Equipment to Buller Fixture, Central Restaurant Supply, Douglas Equipment and Standard Restaurant Equipment**

**UNANIMOUS**

**\*E. Award of Contract – Bid No. 11.029, White Copy Paper to Contract Paper Group**

**UNANIMOUS**

**\*F. LEARN360 Video-Streaming Agreement**

**UNANIMOUS**

Ms. Graziano asked which fund would finance this new expense. Dr. Cook advised that it would be funded from the Curriculum Department budget.

Ms. Graziano asked if funding this Agreement would affect other programs in the Curriculum Department. Ms. Janet Sullivan advised there was a program that the District had utilized for several years that was now handled through another department, therefore, the license would not be renewed for next year. Ms. Sullivan stated that it was a higher cost than the LEARN 360 Video-Streaming service.

A motion was made by Ms. Graziano that the Governing Board approve the Learn360 Video-Streaming License Agreement and authorize the Superintendent to execute the agreement on behalf of the District in an amount not to exceed \$42,768.00. The motion was seconded by Mrs. Lambert. The motion carried.

### **III. ACTION / DISCUSSION ITEMS**

#### **A. Award of Contract – RFQ No. 11.030 – Solar Photovoltaic System Installation to Wilson Electric** **UNANIMOUS**

Dr. Cook introduced Ms. Sue Pierce who provided the Board with the results of the RFQ for solar services. Ms. Pierce advised that the Purchasing Department had completed the solicitation process and was recommending Wilson Electric for the award of contract.

Ms. Graziano asked if the APS incentives would cover the entire cost of the project. Ms. Pierce responded that the incentives covered a portion and the third party providers covered the remainder of the cost. Therefore, there was no cost to the District.

Mr. Maza appreciated the fact that the project would be completed at no cost to the District and asked how the information would be communicated to the public. Dr. Cook stated that there would be many communication efforts and one of the ways could be signage, e.g., large banner signs posted at each site stating “Paid for by \_\_\_\_\_” which would be at a reasonable cost to the District.

Mr. Maza requested that the Board be kept abreast of questions posed from community members regarding the project.

A motion was made by Mrs. Lambert that the Governing Board approve award of contract for RFQ No. 11.030, Solar Photovoltaic System Installation to Wilson Electric. The motion was seconded by Ms. Graziano. The motion carried.

#### **B. Review of Employee Benefits Trust Recommendation and Discussion, Consideration and Possible Action Regarding Employee Benefits Plan Funding Level for 2012-2013** **4-1 AYE**

Dr. Cook advised the Board that it was the time of year to bring them a recommendation for the Employee Benefits Trust (EBT) as a result of work completed by the Trust Board. Dr. Cook introduced Mr. Rex Shumway who provided information regarding the recommendation.

Mr. Shumway represented the Trust Board and mentioned that two other Trust Board members were in attendance: Mr. Chris Maza and Mr. J.J. Spellman. He advised that there were two community members not in attendance: Mr. David Ludwig and Ms. Sharon Hensley.

Mr. Shumway presented the Board with a history of the employee benefits from 2009-2010 leading up to the recommendation for 2012-2013 being presented to the Board. He reported that for 2009-2010 and 2010-2011, there were projections of an approximate 6%-8% increase in cost for the EBT. He stated that because of budgetary concerns, the EBT and the Governing Board elected to maintain the District’s contribution at the same level and rely on excess reserves in the Trust to cover any potential excess costs. Fortunately there were never any additional costs in those years.

Mr. Shumway stated that for 2011-2012, it was projected there would be a 15.8% increase. In order to reduce the projected increase, the following changes were made to the plans. The PPO Plan deductible increased from \$500.00 to \$600.00 and the EPO Plan premium that employees paid increased from \$69.00 to \$110.00 per month. Mr. Shumway advised that even with those changes, there was a projected loss of \$1.4 million loss for the current year that would be absorbed through the Trust's excess reserves. As of January 30, 2012, the EBT had a loss of \$697,000.00 and based on history, the total loss was projected to be \$1.1 million. Mr. Shumway stated that the loss was anticipated and the Trust had the reserves to cover the loss.

Mr. Shumway advised that in arriving at the budget for the 2012-2013 plan design, the Trust Board considered the following factors:

- A projected 12.2% increase.
- A direction from the Governing Board to maintain the District contribution at \$5,046.48 (same contribution level for the last four years) with no additional M&O money needed for the employee benefits.
- Elimination of the EPO Plan. (During open enrollment in april of 2011, employees were informed that 2011-2012 would be the last year that EPO would be offered.)
- Addition of other plans, including a High Deductible Health Plan/Health Savings Account (HDHP/HSA).

Mr. Shumway advised that the Trust Board voted to provide the following recommendation for employee benefits to the Governing Board for the 2012-2013 school year:

- Approve the following Plan Design:
  - Eliminate the current EPO Plan.
  - Continue to offer the current PPO - \$600.00 deductible plan. Pursuant to the recommendation, employees will pay \$47.89/month (\$574.68 annually) to utilize this plan.
  - Include a new PPO - \$1,200.00 deductible plan that is the Base Plan offered at no cost to employees.
  - Include a new High Deductible Health Plan/Health Savings Account (HDHP/HSA) - \$2,500.00 deductible plan that has a District HSA contribution of \$1,200.00.
- Approve the Self-Funded Budget, with the associated contribution rates, that result in a 5.3% increase over the 2011-2012 Budget. Pursuant to direction from the Governing Board, the District contribution shall remain at \$5,046.48 per employee. This Plan results in an approximate \$739,000.00 deficiency that will be covered by excess contingency reserves of the EBT.

Mr. Shumway reviewed a comparison of the three recommended plans for a low user, medium user, and high user. Mr. Shumway stated that employees would need to study the recommended plans and determine the best plan for their individual needs. He advised that if the recommendation was approved by the Governing Board, the District intended to provide extensive assistance to employees to understand the plans prior to open enrollment.

Mrs. Lambert asked if the comparison of the plans was for an individual or a family. Mr. Shumway explained that it was for an individual because it would have been difficult to prepare an example for a family.

Mrs. Lambert asked what Non-Preventive Care referred to on the examples. Mr. Shumway advised that under health care reform, many preventive care expenses must be provided, by law, at 100%, e.g., colonoscopy. Mr. Maza clarified that if a colonoscopy is performed prior to a diagnosis, it would be considered as preventive care, however, if a colonoscopy was performed during a hospital stay after a diagnosis, it would not be covered and there would be a cost to the employee.

Mr. Jahneke asked if the 80% for physician copays on the example for the HDHP/HSA plan was 80% of the total office visit fee. Mr. Shumway responded that the 80% is after the deductible has been met and then would become 80%/20% similar to the PPOs.

Mr. Adams stated there were many advantages to the HDHP/HSA plan and asked how the District planned to educate the employees about the plan. Mr. Shumway responded that the Trust Board had selected the vendor (Health Equities) through the RFP process. Mr. Shumway stated that Health Equities will manage the plan and has an extensive training support program to inform employees of the plan. The District plans to inform principals first and then will go to each school to inform the employees.

Mr. Maza asked if there will be pressure on the employees to select the HDHP/HSA plan. Mr. Shumway replied that there will be no pressure put on the employees to select one plan over another. Employees will be provided information for all of the offered plans.

Ms. Graziano requested a five minute recess. Mr. Maza recessed the meeting. Mr. Maza reconvened the meeting at 7:58 p.m.

Ms. Graziano reviewed the possible out-of-pocket expenses for the employees, e.g., deductible and co-pays and asked how much more employees would have to pay next year versus this year for the PPO \$600 (buy up) plan. Mr. Shumway advised that the only change was the additional \$47.89 monthly (\$574.68 annual) employee contribution. Mr. Justin Wing, Director of Human Resources, clarified that the deductible for the PPO plan is not considered part of the out-of-pocket maximum.

Ms. Graziano stated that she understood that insurance costs are increasing and that the Trust Board needs to maintain a reserve, however, she was concerned because employees had not had a raise in recent years, but will have to pay more for insurance benefits next year. Ms. Graziano advised that she was under the impression when the Governing Board directed the Trust Board to maintain District contribution rates at the same level as provided for in the 2011-2012 plan, with any additional funding to come from EBT contingency funds or plan design changes, that employee costs would not be increased.

Mr. Maza spoke as a Trust Board member and stated that due to the loss incurred by the EPO plan, the Trust Board made the decision last year to phase out the EPO plan. He advised that the best option for employees formerly on the EPO plan was the PPO Buy Up Plan. Mr. Maza stated that the \$600 deductible was very reasonable compared to other school districts. Mr. Maza acknowledged that the Trust Board must make sure it has an adequate reserve to cover any major claims.

Ms. Graziano reiterated Mr. Shumway's comment that there was a \$2.7 million unreserved fund balance and asked what amount the District was required, by law, to have in the reserve balance. Mr. Shumway responded that there was not a particular law to dictate how much reserve the District must maintain, however, the

District used prudent financial management. Mr. Shumway explained that one part of the reserve was Incurred But Not Reported (IBNR) funds used for claims that run out past the period (approximately \$1.6 million). There was also Excess Claims Fluctuation funds (approximately \$3.5 million) to pay for claims throughout the year. Mr. Shumway stated that the two funds (IBNR and Excess Claims Fluctuation) are recommended by the District's consultant. He advised that any additional funds are considered unreserved funds which are used as additional protection for significant fluctuations in claims and will be utilized to cover the projected \$1.1 million loss this year.

Ms. Graziano asked if the District hoped that more of the employees would elect the HDHP/HSA plan. Mr. Maza responded that that was an assumption and was not the case. He stated that was the reason he previously asked the question if the District would put pressure on employees to select the HDHP/HSA plan and Mr. Shumway responded that there would not be any pressure for employees to select one plan over another. Mr. Maza stated that individuals would have to be good consumers, review the options, and make the best decision for their own medical issues. Mr. Maza suggested that the HDHP/HSA plan could possibly benefit either the individual who never goes to the doctor or a high end user.

Mr. Adams spoke from his perspective as an insurance agent and stated that other school districts have had success with the HDHP/HSA plan because of the way they communicated/educated their employees. Mr. Adams advised that the HDHP/HSA plan was one of the most common vehicles used in today's market. Mr. Adams said that the District was not going to pressure employees to select the HDHP/HSA plan, however, the education component was the key. He stated that the District's employees are intelligent enough to review and understand the options available to make the appropriate choice for their needs. He commended the EBT for their conservative approach and diligent work.

Ms. Graziano stated she understood the basic problem and that changes needed to be made, however, was uncomfortable with the EBT's recommendation. Mrs. Lambert responded that she understood Ms. Graziano's frustration. She stated that all decisions made by the Governing Board impact the employees. She offered that if the District were able to contribute more to reduce an employee's health benefit expense, it would affect everything else the District does for employees, e.g., classroom size, salary increases, etc. Mrs. Lambert said it was unfortunate that the cost of insurance had increased greatly and that there were no other resources to assist the Trust Board to provide less of an impact on the employees. Mrs. Lambert stated she felt that the recommendation was a fair distribution of the burden of the cost of insurance.

Mr. Adams advised Ms. Graziano that she had the option to go back to the EBT to request that it use some of the reserve funds to offset employee expenses, however, cautioned against doing so. Mr. Adams stated that he felt that the EBT did its due diligence in reviewing all of the options available and supported their recommendation.

Mr. Maza spoke as an EBT member and advised that there were plans offered to the EBT that it did not feel comfortable with. The EBT asked for more plans to review which was the reason for the emergency meeting of March 6, 2012. Mr. Maza stated he sat with employees of the District during the EBT meeting who had to make decisions based on other people's decisions, e.g., the State Legislature, the Governing Board's interest, and remain impartial to their own personal situations. Mr. Maza was charged with taking the Governing Board's interest (the difficult decision to not increase the funding for 2012-2013) to the EBT.

Mr. Maza stated that the EBT had used reserve funds to cover losses for the past four years. He advised that employees in a neighboring school district had a 30% increase and another district had a 17.5% increase. He stated that WESD had been fortunate that even though claim amounts had increased, the expenses for claims were low enough to maintain the reserve funds. He stated that the only thing that the EBT could control was to make sure that it had a healthy healthcare system that could be managed within the District and not dictated by others as to employee choices for their healthcare.

A motion was made by Mr. Adams that the Governing Board approve the proposed Employee Benefits Plan for 2012-2013 as provided in the recommendation from the Employee Benefits Trust, including the contribution rates as presented. The motion was seconded by Mr. Jahneke. A roll call vote was requested. The motion carried 4-1. Ms. Graziano voted nay.

#### **IV. INFORMATION / DISCUSSION ITEM**

##### **A. Lookout Mountain Elementary School Project Update**

Dr. Cook advised the Board that they would be presented with an update of the rebuild of Lookout Mountain Elementary School. Dr. Cook introduced Mr. Paul Hartley of H2 Group who, in turn, introduced Mr. John Brakeman of Adolfson and Peterson Construction; Mr. David Schmidt and Ms. Roxana Morales of Orcutt/Winslow Partnership.

Mr. Hartley thanked the District personnel involved with the project for their support and hard work. Mr. Hartley advised the Board that he would return in May to review a Guaranteed Maximum Price (GMP) contract.

Mr. Hartley presented an overview of the project to date. Mr. Brakeman outlined the construction phases of the project, including information about building on an occupied campus. Mr. Brakeman also presented an overview of the schedule and construction budget. Mr. Schmidt and Ms. Morales presented a graphical representation of the project.

Mrs. Lambert referred to Mr. Brakeman's comments regarding a "borrow pit" that will be dug and the dirt used to fill in depressed areas for the new buildings. She asked how deep the pit would be and was concerned that children would have access to the pit. Mr. Brakeman responded that the pit would be approximately ten feet deep. He advised that Phase 1 would be completely fenced in and children would not have access to the area.

Mrs. Lambert thanked the team for their attention to the sustainable features, e.g., Geothermal technology, energy modeling, and recycling.

#### **V. FUTURE AGENDA ITEMS**

There were no future agenda items.

#### **VI. GOVERNING BOARD AND SUPERINTENDENT ACKNOWLEDGMENTS**

Mr. Maza acknowledged Mr. J.J. Spellman, Trust Board member, for his attendance at the Board meeting.

Mr. Maza acknowledged Mr. Rex Shumway for his presentation regarding the Employee Benefits Trust Recommendation for 2012-2013. He also acknowledged Mr. Shumway's work on the Trust Board and the information he provides at the Trust Board meetings.



Mr. Adams acknowledged and thanked Mr. Maza for representing the Governing Board on the Trust Board. He also acknowledged Mr. David Ludwig, for his dedication in serving on the Trust Board for many years.

Dr. Cook made the following acknowledgments:

- Congratulated Jennifer Griggs, teacher at Abraham Lincoln Traditional School, for being named the KNIX Teacher of the Week.
- Thanked the Maryland School team for their hard work in organizing the flawless, compelling Naturalization Ceremony for people to become American citizens.
- Congratulated recipients of awards from the Rodel Charitable Foundation of Arizona: Christine Hollingsworth, Principal at Acacia Elementary School, for receiving the award for Exemplary Principal; and Daniele Prusinski, first grade teacher at Manzanita Elementary School, for receiving the award for Exemplary Teacher. Dr. Cook stated that she attended the dinner to honor recipients and was proud that the Washington Elementary School District had a winner in each category – Exemplary Principal and Exemplary Teacher.
- Acknowledged the hard work of the Lookout Mountain rebuild project team for its many hours of hard work. Dr. Cook gave kudos to the team for always keeping in mind time, money, and quality to build a school to meet everyone's needs.

#### **VII. CALL FOR EXECUTIVE SESSION**

**UNANIMOUS**

Call for Executive Session: Pursuant to A.R.S. §38-431.03 – A.1

It was recommended that the Governing Board establish an Executive Session to be held immediately during a recess in the Regular Meeting for:

- A.1 – Discussion or consideration of employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee or employee of any public body, except that with the exception of salary discussions, an officer, appointee or employee may demand that the discussion or consideration occur at a public meeting – specifically regarding the quarterly evaluation of the Superintendent.

A motion was made by Mrs. Lambert to call for an Executive Session. The motion was seconded by Mr. Adams. The motion carried.

#### **VIII. RECESSING OF REGULAR MEETING FOR EXECUTIVE SESSION**

#### **IX. EXECUTIVE SESSION – GENERAL FUNCTION**

A. Call to Order and Roll Call

B. Confidentiality Statement

All persons present are hereby reminded that it is unlawful to disclose or otherwise divulge to any person who is not now present, other than a current member of the Board, anything that has transpired or has been discussed during this executive session. To do so is a violation of ARS §38-431.03 unless pursuant to a specific statutory exception.

C. Discussion under A.R.S. §38-431.03 – A.1

- A.1 – Discussion or consideration of employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee or employee of any public body, except that with the exception of salary discussions, an officer, appointee or employee may demand that the discussion or consideration occur at a public meeting – specifically regarding the quarterly evaluation of the Superintendent

X. RECONVENING OF REGULAR MEETING

XI. ADJOURNMENT

UNANIMOUS

A motion was made by Mr. Adams to adjourn the meeting at 9:23 p.m. The motion was seconded by Mr. Jahneke. The motion carried.

SIGNING OF DOCUMENTS

Documents were signed as tendered by the Governing Board Secretary

Joyce Shiota  
BOARD SECRETARY

4/12/12  
DATE

Mr. Jahneke  
BOARD OFFICIAL

04/12/12  
DATE