



Alameda County Office of Education

L. Karen Monroe
Superintendent

March 1, 2017

James Harris, President
Board of Education
Oakland Unified School District
1000 Broadway, Suite 680
Oakland, CA 94607

RE: Public Disclosure of Collective Bargaining Agreement for BCTC,
July 1, 2016 through June 30, 2017

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Dear President Harris:

We have reviewed the Public Disclosure of Collective Bargaining Agreement between Oakland USD and the Building and Construction Trade Counsel of Alameda County (BCTC) bargaining unit. This agreement covers the period July 1, 2016 to June 30, 2017, and includes multi-tiered bonus payments effective July 1, 2016 through February 28, 2017, as well as a 3.40% salary schedule increase effective March 1, 2017. The purpose of our review is to determine whether this agreement will have a material impact on the financial condition of the District in the current and subsequent two fiscal years.

Based on the MYP submitted with the Public Disclosure documents, the District plans to partially fund this agreement by modifying its current budgeted expenditures. As in their First Interim Report, the District plans to reduce certificated and classified expenditures \$10,215,030 in 2017-18, and \$8,834,768 in 2018-19, and this agreement does not appear to increase this deficit. If the District does not implement these cuts, it remains uncertain the District will be able to successfully meet the two percent Reserve for Economic Uncertainties for the subsequent two fiscal years.

We understand the District is aware of its increased deficit spending; however, the District will need to look into other areas to reduce expenditures, while maintaining stakeholders' interests. The District will need to regularly monitor deficit spending to ensure ongoing fiscal stability. At this time, the District shows a very low Unrestricted Ending Fund Balance of \$11M in FY 2016-17 with significantly reduced reserves. We would like to remind the District that these are uncertain times as we complete the transition into the LCFF model.

313 W. Winton Ave.
Hayward, California
94544-1136

(510) 887-0152

www.acoe.org

We appreciate the assistance and cooperation of the District's business office during our review process. If you have any questions, please feel free to contact me at (510) 670-4140 or Jeff Potter at (510) 670-4277.

Sincerely,



L. Karen Monroe, Superintendent
Alameda County Office of Education

LKM:slm

cc: Board of Education, Oakland USD
Devin Dillon, Interim Superintendent, Oakland USD
Vernon Hal, Senior Business Officer, Oakland USD
Gloria Gamblin, Interim Chief Financial Officer, Oakland USD
Carlene Naylor, State Trustee, Oakland USD
Tom Torlakson, State Superintendent of Public Instruction, CDE
Peter Foggato, School Fiscal Services Director, CDE
Jeffrey B. Potter, Interim Chief Business Officer, ACOE
Shirene Moreira, Director, ACOE