

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
August 11, 2014**

**Carl T. Secor Administration Building – Board Room
5:30 P.M.**

Minutes

- I. In the absence of the Chairman, Gary Summers, called the Finance Committee meeting to order at 5:30 p.m. and led those present in the Pledge of Allegiance. Secretary, Patricia Rosado called the roll.
- II. Board Committee members present were: Ronald Bradley (arrived at 5:42 p.m.), Robert Gress (arrived at 5:57 p.m.), Ryan Stevens and Gary Summers.

School Personnel Present: Jeffrey Bader, Larry Dymond, Dan Eppley, Sharon Laverdure, Thomas Lesniewski, Frederick Mill, Patricia Rosado and Robert Sutjak.

Community Members Present: Judy Summers.

III. APPROVAL OF AGENDA AND MINUTES

Motion was made by Ryan Stevens to approve the agenda for August 11, 2014 and with members of the Committee reserving the right to add to the agenda and take further action in the best interest of the District. Motion was seconded by Ronald Bradley and carried unanimously, 3-0.

Motion was made by Ryan Stevens to approve the minutes of June 9, 2014 meeting. Motion was seconded by Ronald Bradley and carried unanimously, 3-0.

IV. ITEMS FOR DISCUSSION:

a. Bus Routing Software

Mr. Sutjak said that due to the difficulty of using the current routing software currently all routing is done by the heads of the Transportation staff which is not a very efficient way to process. They currently use Google, MapQuest and Bing. Therefore, the Transportation, ITEC, and Business Office Departments met with three companies to discuss a bus routing software. Out of the three companies, they called back two, Transfinder and Bus Boss. Bus Boss uses the program, Bing. Transfinder's presentation blew them away because they contacted Pike County and Monroe County to get their GIS maps. Transfinder did a quick evaluation of our routing and said they can save us 1 or 2 buses at \$35,000-\$60,000 a bus in one year. Mr. Summers asked if the system we currently use is Bus Tracks. Mr. Sutjak said that is correct and Bus Tracks is better suited for a smaller district. He said that Transfinder is strong and has a good maintenance program. Currently, the fueling report has to be printed but with Transfinder it will be uploaded in a system. Mr. Sutjak said it will also handle the field trip billing in a better fashion than School Dude, which is currently used. With Transfinder, schools will have access to students' transportation information and will be able to address questions or issues directly without having to

contact the Transportation Office. Transfinder also has an option for students to swipe ID cards when getting on and off the bus for better student tracking. Transfinder is also GPS compatible. The cost for this program is about \$48,145 for the first year, second year no fee and third year \$7,900.00 with no increase in several years. If the Board approves the agreement at the August 18th meeting, they will begin uploading and upgrading data for the morning run in September. The Transportation Department will input the afternoon runs. They hope to have both systems up and running around March 2015 and by the 2015/2016 school year, Transfinder will be fully ready to implement. Mr. Summers asked if, at one point in time, the other system be canceled. Mr. Sutjak said it will be. Mr. Summers asked how much does it cost to operate our current system. Mr. Sutjak said that School Dude is about \$3,000 and Bus Tracks is \$5,000. Mr. Summers asked if it is included in this year's budget. Mr. Sutjak said it is. Mr. Stevens asked if students will be able to download this App. Mr. Sutjak said that they will be given a pass code so they can check their information but this will be done sometime down the road. Mrs. Laverdure said that they will ensure that security is of upmost important to safeguard the students' information.

b. Healthcare Consultant RFP

Mr. Bader said that five firms responded for the Healthcare Consultant RFP. Banyan contacted him today to lower their fee from \$95,000 to \$82,000. He distributed a chart with each firm's information and fee and said that the committee members can determine who they would like. Mr. Summers asked if we have a non-inclusion affidavit for Conrad Siegel. Mr. Bader said he has one copy. Mr. Summers asked if we have stop loss insurance. Mr. Bader said that we obtain stop loss insurance through EBTEP. Mr. Summers said that MCTI used Conrad Siegel so he is familiar with them. They are pretty thorough and efficient. Conrad Siegel sliced EBTEP's plan since they are currently using it with contract negotiations. Mr. Bader said that the District currently uses Conrad Siegel to prepare an analysis for post employee benefits for the audit. They are very good and thorough and know affordable care act issues. Their maximum fee is \$35,000 depending on hours worked. Mr. Summers asked why an extra fee of \$6,000 - \$7,000 for 30 hours evaluation. Mr. Bader said that this is something that we would not need to do at this time so he separated this fee. Mr. Summers asked would it benefit us to stay with the trust since Conrad Siegel works with EBTEP. Mr. Bader said that he talked with Conrad Siegel about this issue and was assured that the district will get the best assessment. The district has to let EBTEP know that they will be engaging him. We will need to see what other options are out there outside of Blue Cross/ Blue Shield.

c. 2014-15 State Budget

Mr. Bader explained the budget comparison from what was budgeted in 2013-14 to actual amounts. He also included State Funding amounts for 2014-15 from actual amounts in 2013-14. The increase in funding from 2013-14 to 2014-15 is approximately \$3.9M, but the bulk of the increase, 2.8 million dollars, is the State's obligation for the increase in pension costs. There is a little extra money in special education (\$134,000). The Account Block Grant is now also Reading to Learn Grant which had an increase in funding for the District of \$482,061. Mr. Bradley asked for the numbers of students included in this amount. Mr. Bader said he will get to that amount soon. Mr. Summers asked if we are getting 3.9 million dollars in funding. He said that Rosemary Brown's office is stating that we are receiving more money but technically we are not.

Mr. Bader said that he was able to update the funding formula analysis which looks at the amount of basic education funding divided by the Average Daily Membership to get a per

student allocation and compares districts based on the Market Value Aid Ratio. The Market Value Aid Ratio is a measure of how poor a district is, or its financial need. The table provided shows where the District falls relative to all other school districts in the State. Mr. Summers said that he looked at the school districts and we are fourth worst in the State. Does Harrisburg use Market Value Aid ratio? Mr. Bader said in the past the State has used the Market Value Aid Ratio in determining funding for basic education funding, for transportation subsidy, etc. Mr. Summer asked if they use it for basic education. Mr. Bader said not this year because the funding was kept the same as the previous year for all districts. Mr. Summers asked if they are working on coming up with a new formula. Mr. Bader said the Legislature has formed a new Committee to review the funding formula for Basic Education much as they had done for Special Education, but the Special Education formula only was used for any new funding amounts. Mr. Bradley said he saw an article where the government is going to increase our funding; therefore, how will we allocate and distribute these funds. Mr. Bader said that he is not aware of any additional money being allocated to the district. Mr. Bader explained, with the latest figures, East Stroudsburg is the 4th worst funded district on a per student basis relative to its financial need. That's "good news" in that we used to be the 2nd worst. Mrs. Laverdure said that we used to be close to Stroudsburg's numbers but now there is a big difference. The average amount is about \$3,400 to \$3,600 per student and we are half of that amount. Mr. Summers said that Harrisburg needs to come up with a new formula. We will need a large amount of money for K-12 education in order to have any sign of change. Mr. Bader said that he does not think they will touch this issue politically. Mrs. Laverdure asked how did Stroudsburg's change occur with ours. Mr. Bader said it may be due to a drop in enrollment. If the amount of funding stays relatively constant and the enrollment declines, the per student amount becomes higher. Mr. Bradley asked if our fund balance would impact this number. Mr. Bader said it does not. Mr. Gress said we are really not getting more money this year even though the Legislators said they were getting us more. Mr. Summers said that due to PSERS issue it clouds the actual amount of what we get. Mr. Gress said that PSERS is still the same. It will not get any better. Mr. Summers said that it will continue to get worst and they will not increase the funds for students from \$1,700 to \$3,000 over the next five years.

d. 2014-15 Staffing

Mrs. Laverdure said she wanted to discuss staffing specifically about the TPE issue. Mr. Summers said that, in his experience, you cannot budget effectively unless you manage your head count. Since our student numbers are declining, we have to make sure that we are managing the head count. This will make working with the budget easier. Mr. Bader said that Mrs. Laverdure makes a thorough check of the staff count needed based on class sizes. Mrs. Laverdure said that we are down 108 teachers since 2011 through attrition and restructuring. Mr. Summers said that he is just reinforcing that we should watch the numbers very closely since we are starting to look at the 2015-16 school year. We need to watch our head count compared to our debt services and PSERS numbers will leave us a small amount to work with. Mrs. Laverdure said they hired to make sure to have allowance for where there are needs. They received a resignation where they will not rehire. Mr. Bradley asked if the Assistant Principal's position for H.S. North was posted. Mrs. Laverdure said that it was posted today. Mr. Bradley suggested hiring within. Mr. Gress said they hired a Dean of students at H.S. South because they felt it was needed but this is something that needs further discussion. Mr. Summers said this should be discussed in Executive Session. Mrs. Laverdure said that actual numbers need to be looked at as well as teacher effectiveness and new tools. Mr. Summers said that he distributed a chart

at the June meeting with student numbers showing a decline. He would like to make sure that we manage the head count appropriately. We also need to see how the numbers are distributed within all schools. Mrs. Laverdure said that the hiring of FTE (Full Time Equivalent) is to appropriately assign 25 students to a classroom. Typically K-2 should only have a maximum of 25 students. J. M. Hill is over capacity by 13 students. Mr. Summers said that three years ago, when enrollment was higher, we were over capacity. Mrs. Laverdure explained that the information she gave the committee has the enrollment we currently have plus the number of students scheduled to register.

e. 2013-14 Year End Estimate

Mr. Bader said that the revenues are pretty much on target. The revenues are about \$143,000 more than the expenses. There is 6.1 million dollars in surplus which includes 3.2 million dollars for salaries and benefits after contract settlement. Mr. Bradley asked if this was money from the State. Mr. Bader said no the amounts are from actual verses what was budgeted. Once everything is tied up we are looking at where areas were over budgeted. Mr. Summers asked if we will save money on retirees. Mr. Gress said they were budgeted. Mrs. Laverdure said they survey the staff in the beginning of the year to see who will retire. Mr. Bader said this savings was already reflected.

f. Plancon J submission HSS & MSE

Mr. Bader said that at the completion of the HSS and MSE projects we needed to complete PlanCon J paperwork. It now needs formal Board approval and we need to get it to PDE within 90 days. Mr. Summers said he thought PDE was not funding projects. Mr. Bader said they are not funding new projects but our project qualified before funding stopped. Mr. Summers said if we move forward we will get some finance. Mr. Bader said that PDE issues a temporary reimbursement percentage based on prior Plancon paperwork. Plancon J represents final cost information and will be used to issue a final reimbursement percentage. It is not likely to be much different than the temporary percentage.

g. Middle Smithfield Township Sewer Fees

Mr. Bader said that Middle Smithfield Township Sewer fees are charged per person in the building. They currently charge for 636 people but in the summer time we only have about 6 to 7 people. When he contacted them to recalculate he was told to speak to the Township Supervisor. Mr. Bader said he never saw this type of sewer calculation before because most municipalities charge sewer cost based on water consumption. Mr. Summers said that one reason they give is that not everyone is on water system. Mr. Summers recommends that we appeal their decision and copy Rep. Brown. Mr. Summers noted that the higher sewer fees will have an impact on commercial development. Mr. Gress asked how much does it cost us. Mr. Bader said that Middle Smithfield Elementary is about \$1,700 quarterly and Resica Elementary is about \$1,200 quarterly. Mr. Summers said we should tell them that this expense may increase our taxes. Mr. Bader said that if they want to encourage development they need to look into this. Mrs. Laverdure said that we should not have to pay this fee and hopefully developers won't.

h. 2015-16 Budget Timeline

Mr. Bader said that the budget timeline for the 2015-16 school year is similar to this year's. If we plan not to exceed the index then we will need to pass the resolution by the end of January. If we plan to exceed the index then we will need a proposed final budget in February. He uses October 1st enrollment numbers to project next year's. These

numbers are separate from salaries and benefits. Information to Principals and Department Chairs will be given to them by mid-October in order to get them back in early November to look over in December. All dates will be distributed at a later time.

- i. Recommendations from Property & Facilities – Mr. Bader
 - i. Mr. Bader said that the Property & Facilities Committee members recommended that the Board approve advertising for RFPs for the 2014-15 school year Snow Plowing.
 - ii. Myco Mechanical – JTL Pay App #2
Mr. Bader said that the Property/Facilities Committee members also recommended that the Board approve the payment to Myco Mechanical for the materials in order for the J. T. Lambert project to get started.
 - iii. Retention Pond Restoration/mower
Mr. Bader said that the Property/Facilities Committee members recommended that the Board approve the bid proposal from Dunbar Enterprises for the restoration of the retention basis at the north site. They were the lowest bidder and the next one came in at \$28,000. They agreed to do the work for free in exchange for a lawn mower that is stored at the north site. The lawn mower is a large commercial mower used for cutting golf courses, but it never worked well for the District. Due to its size and type of blades, it kept leaving ruts in the athletic fields. District staff has determined that it is worth about \$8,000. Mr. Eppley said that the mower is old and they no longer sell parts for it. Mr. Bradley suggest that Mr. Chris Brown check to see if this exchange can be done. Mr. Gress asked if the conservation district signed off on this project. Mr. Eppley said that the Township said yes. He spoke to the Supervisors and they said it was fine to do. Mr. Eppley said he would like to do it before the rainy season. Mr. Bradley suggested working with John Sivick to help us get this project done. Mr. Eppley said that Mr. Sivick has worked with us in several projects and situations. Mr. Bradley asked about the run off behind Smithfield. Mr. Eppley said they will get an estimate for the repair.
 - iv. Boiler repair at Bushkill
Mr. Eppley said that our boilers are 16 years old. He said that Super Heat Inc. gave a proposal for labor and materials to repair two boilers at Bushkill Elementary. The total cost for the two boilers will be \$19, 600, which is \$9,800 for each. Mr. Summers asked if the boilers at Lehman Intermediate and H.S. North need any repairs. Mr. Eppley said that other boilers are fine. Mr. Gress asked if we got three quotes for the boilers. Mr. Bader said we did not because this was a professional services contract.
 - v. Resica Playground Invoice
Mr. Bader said that a Purchase Order was produced for mulch for the Resica Playground. This was done before a hold was placed on the project. When the District’s participation in the project was placed on hold, we turned this expense over to the Resica Playground Committee. The vendor, Fibar Systems, is waiting for payment and the district has legal obligation for this purchase. The district can use the mulch and the total cost would be about \$7,700. Mr. Summers asked when was the purchase order done. Mr. Bader said the purchase order was done on June 6th before the Property/Facility Committee’s decision in July. Mr. Summers asked

who released the order. Mr. Bader said his office did. Mr. Gress asked if this price is comparable. Mr. Eppley said that it was actually lower than the quote we received from Costars. Mr. Stevens asked where will the mulch sit. Mr. Summers said that the Resica Playground Project is scheduled to begin construction on August 20th. Mrs. Laverdure said that the mulch will be used by the district.

vi. Service Agreement- Pest Control

Mr. Eppley said he got three quotes and Aspen came in the lowest at \$6,852.00 for pest control services. Aspen said that they will not raise price unless gas spikes up. The next closest quote came in at \$10,000. Mr. Bradley asked if this contract will be for 3-4 years. Mr. Eppley said the contract will be for one year with option to extend from year to year with no price increase. Mr. Gress said that Aspen does good work as long as the price falls in within the bidding threshold. In the past, we extended the contract without bids. If solicitor agrees, then he is fine with it, as long as we don't have to keep bidding. Mr. Bader said the contract will not extend for more than three years. Mr. Eppley said it is difficult to keep getting quotes every year because some companies will not call back. Mr. Gress says he is fine with the terms since it makes sense to do for three years. Mr. Summers said that he agrees and if he wants to extend years, he can send a letter at that time. Mr. Bradley said the only way there will be an increase is if there is an increase in gas prices.

vii. Service Agreement - Document Shredding

Mr. Eppley said he spoke to Aaron Cahn of DES-CPR, Inc. regarding the disposal of sensitive documents. Mr. Cahn agrees to no price increase and will offer same price for a year or two after this agreement.

Mr. Bradley asked if Smithfield Elementary school is taken care of before school starts. Mr. Eppley said that they are currently working on fixing items. Dry wall, walkway, etc. will be done to avoid further erosion.

viii. Repair of JTL partitions

Mr. Bader said that we received a quote from Modernfold in the amount of \$5,000.00 to repair some partitions at J. T. Lambert Intermediate School. This item was budgeted in the 2012-13 budget; therefore, Board approval is needed to go forward.

Mr. Summers asked if we are looking at purchasing a snowplow truck. Mr. Eppley said that they are working on getting prices. Mr. Bradley questioned what truck we are looking to get. Mr. Eppley said right now we will need a utility truck which will be used by all workers. Decisions will have to be made if it will be a diesel truck with plow or non-diesel with plow. Mr. Bradley asked if personnel currently use their own trucks. Mr. Summers suggested that all details be settled before a final decision can be made. Mr. Eppley said he will give all information to Mr. Bader. Mr. Bader asked if this item can wait for September. Mr. Eppley said it can and he will present his full plan at that time. Mr. Summers said he would like to see the whole picture and plan of all vehicle fleet in the district. Mr. Eppley said he will create a plan on all vehicles to see what needs to be replaced or what vehicles they can get rid of. There may be a savings of about \$6,000.

j. LERTA Update

Mr. Gress said they are still waiting on attorneys for any update on LERTA. Mr. Summers said we still need to get all counties on the same page. Mr. Gress said they cannot agree on specifics since it is four different attorneys working on many concerns.

k. Meeting with Legislators

Mr. Gress said he is not sure what the district/Board members would like to present to the legislators. We can look to schedule a meeting in September. We are not getting more money because it continues to be about \$1,700 per student. Mr. Summers said that the problem is that there was an article that districts are getting more money but it doesn't mention the retirement issue. The perception is not a reality. Mr. Gress said that at the meeting with Gov. Corbett, they did not say they will get rid of their fund balance. They will not go after the reassessment of properties either. Mrs. Laverdure said she needs direction on how to proceed with this meeting with the legislators. Mr. Gress said we just need to set it up. Mr. Summers suggested sending a letter communicating to Harrisburg with numbers that Mr. Bader provided and explain PSERS issue. This will show them the subsidy for education is not going up. Mr. Bradley said that Gov. Corbett's meeting did not present any time for feedback. Mr. Gress suggested that the meeting explain when amounts for PSERS and social security tax are deleted it would equal about 2 million dollars. This may cause them not to meet with us. Mr. Bader said this communication should not only come from the district but also from the public. Mr. Stevens suggested putting our own visual together. Mr. Summers suggested going back five years and take PSERS out because this will show different numbers. Mrs. Laverdure said that PDE allows for a 5.8% fund balance. Mr. Gress suggested showing how much we get per student, \$1,700, while other districts get \$3,500 and ask for an explanation. Mr. Summers said we should be able to explain our side and show actuals not what they say they give us. Mrs. Laverdure said that in the past, we have scheduled meetings which were open to the public. Mr. Summers suggested scheduling a workshop and invite our legislators and open it up to the community members. Mr. Gress suggested inviting the press to see if they come since they have not always presented our work like with the Senior Tax Rebate Program. Mr. Bradley questioned why are our investments not producing tax reductions. Mr. Summers said that Pike County received a reduction and Monroe County has not had a tax increase three years in a row.

V. PUBLIC PARTICIPATION – LIMITED TO ITEMS OF DISCUSSION

A. None

VI. ADVISORY RECOMMENDATIONS FOR CONSIDERATION BY THE BOARD OF EDUCATION

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Robert Gress to recommend that the Board approve the following items:
Motion was seconded by Gary Summers and carried unanimously, 4-0.

1. A three (3) year contract with Transfinder for the provision of bus routing software at a total cost of \$56,045.00.
2. The appointment of Conrad Siegel as the District's Healthcare Consultant.
3. The submission to PDE of PlanCon J: Project Accounting Based on Final Costs for the High School South and Administrative Office.

4. The submission to PDE of PlanCon J: Project Accounting Based on Final Costs for Middle Smithfield Elementary.
5. To file a formal appeal with the Middle Smithfield Township Supervisors over the determination of sewer fees for Middle Smithfield and Resica Elementary Schools.
6. Bids for snow plowing services for the 2014-15 fiscal year.
7. Pay application #2 from Myco Mechanical in the amount of \$349,650 for work on the JTL HVAC project.
8. The lowest cost proposal received from Dunbar Enterprises in the amount of \$14,800 to repair the breach in the detention pond at the north site with payment for said repairs to be made by the transfer to Dunbar Enterprises of the District's used HD-15 Jacobson rotary mower.
9. The two proposals from Super Heat, Inc. as presented at this meeting for the repair of the two boilers at Bushkill Elementary in the total amount of \$19,600.
10. The purchase of 458 cubic yards of wood fiber (mulch) and felt material from Fibar Systems.
11. The lowest cost proposal received from Aspen Pest Control Service, LLC in the amount of \$6,852 (no cost increase) to provide integrated pest management/control for District buildings for the 2014-15 fiscal year.
12. The lowest cost proposal received from DES-CPR, Inc. in the amount of \$2,870 (no cost increase) to provide sensitive document destruction services for District buildings for the 2014-15 fiscal year.
13. The proposal from Modernfold for the repair and refurbishment of the folding doors at J. T. Lambert in the amount of \$5,800.

VII. **NEXT MEETING** – September 9, 2014 at 5:30 p.m. in the Administration Center Board Room.

VIII. **ADJOURNMENT** - 7:32 p.m.

Respectfully submitted,

Patricia L. Rosado,
Board Secretary