

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
September 9, 2014**

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

Minutes

- I. The Chairman, Robert Gress, called the Finance Committee meeting to order at 5:31 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, Robert Gress, and Gary Summers. Ryan Stevens was absent.

School Personnel Present: Jeffrey Bader, Sharon Laverdure, Thomas Lesniewski, Frederick Mill and Patricia Rosado.

Community Members Present: None

III. APPROVAL OF AGENDA AND MINUTES

Motion was made by Ronald Bradley to approve the agenda for September 9, 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 Gary Summers and carried unanimously, 3-0.

Motion was made by Gary Summers to approve the minutes of August 11, 2014 meeting. Motion was seconded by Robert Gress and carried unanimously, 3-0.

IV. ITEMS FOR DISCUSSION:

- a. Engineering/Architectural Services RFP
- Mr. Bader said that he sent out for a Request for Proposal to inquire about a ten-year capital plan. He distributed a chart of all who submitted a proposal for the Engineering/Architectural Consultant. Mr. Bader rated each proposal with a numeric rating of 1 being the lowest and 5 being the highest. Mr. Summers asked if the scores of 2s and 3s were because they did not have a lot of facility work experience. Mr. Bader said he scored firms with a 2 or 3 under the Technical Qualifications category if they had school design experience, but not a lot of experience doing capital improvement plans. Mr. Bader estimated the cost to be from about \$50,000-\$80,000 and noted that the range of fees was very wide from \$9,400 to \$495,000. Mr. Summers asked if D'Huy Engineering would be the preferred choice. Mr. Bader said that D'Huy Engineering is good and very thorough. One particular area that impressed him is that D'Huy Engineering has Forensic Engineering expertise; therefore, they received the highest rating from him. Mr. Gress asked if the contract will contain the timeframe of the project. He also discussed a centralized bus compound that Middle Smithfield Supervisors, Annette Atkinson and Mike Dwyer said they will look into. Mr. Summers said that this was discussed at last night's

Middle Smithfield Township's meeting. Mr. Bader said that the timeframe was not in the scope of the outline but it can be added. Mr. Summers suggested talking to D'Huy Engineering to see if it can be added.

b. Resica Playground

Mr. Bader said that he along with Mrs. Laverdure and Mr. Dirvonas had a conference call with PDE and Rep. Brown's office about the bidding issue for Resica playground. PDE confirmed that if the district provides any funding, it has to go out to bid. However, we can provide professional services, which do not have to go out to bid. Mr. Bader said he contacted Leathers and they said they would contract through us for a fee not to exceed \$30,000 and then reimburse the Resica Playground Committee for that amount of money so that they can use it to purchase materials and supplies. This would satisfy PDE's requirement as well as provide support for this project, if that is what the Board decides to do. We still need to speak to Mr. Brown about the contract language with Leathers to make sure that the district is covered. Mr. Summers asked if the district contracts the \$30,000, will the Resica Playground Committee raise enough money to complete the project. Mr. Gress said that the Resica Playground Committee is having a meeting tonight. Mrs. Laverdure said that Dan Eppley is representing the district at that meeting. Mr. Bader said he was told by Ms. Kulick that if they receive the \$30,000 from the district plus the car raffle and other fundraising activities, they should have enough. He has been in contact with them to review their finance records. Mr. Bader suggested that the Board not take any action until everything is reviewed and that it is confirmed that sufficient funds have been raised to complete the project. Mr. Summers said that they do not plan to begin any construction until next summer anyway. Mrs. Laverdure said the Resica Playground Committee will continue to fundraise in the meantime. Mr. Gress said that the Board is being criticized about this issue for not helping with the funding of the playground. The community believes this is somehow our fault. He is glad that we are moving forward because this is not our fault. Mr. Summers said this is why we need to obtain their finances in order to make a final decision. Mr. Gress asked how does the \$7,000 that we paid for the mulch impact the \$30,000. Mr. Bader said it won't because this is an expense that the district would have incurred anyway to use in our school buildings. They will need to purchase mulch when the time comes. Mr. Gress asked if they know about this situation. Mr. Bader said they do.

c. Bus driver Drug & Alcohol Testing

Mr. Bader said that currently the district uses Pocono Medical Center (PMC) for collection of samples and Concorde for the tests. We received a renewal agreement from PMC. He decided to check if someone else would provide the services at a lesser cost. He reached out to Coordinated Health. Coordinated Health's price is \$28 for Drug and \$42 for Alcohol collection for post-accident testing at Concorde. PMC's price is \$26 for collection and \$55 for breath alcohol test. Coordinated Health is \$2 more than PMC but \$13 cheaper for the bigger post-accident test. Mr. Gress asked how many accidents does this cover. Mrs. Laverdure said it is for any accident. Mr. Bader said our Policy states any accident requires testing. Mrs. Laverdure said we cannot pick and choose. Mr. Gress said we should follow FDA (Food and Drug Administration) regulation but we can discuss this at a later time. Mr. Gress asked which would be cheaper to contract. Mr. Bader said it would probably be cheaper with Coordinated Health. Mr. Summers asked how long is the agreement with PMC. Mr. Bader said it is a yearly agreement. PMC was the only one for a while but now Coordinated Health opened a new facility. Mr. Summers asked if there is any benefit in letter PMC know that they are now not the only one. Mr. Gress asked what

are the times they have available for their services. Mr. Bader said that Coordinated Health is opened from 7 AM to 11 PM Monday – Friday and 8 AM to 8 PM on Saturday and Sunday. Mrs. Laverdure said that sometimes some trips are not done by 11 PM. Mr. Bader said this would help if the trips are done by 11 PM. Mrs. Laverdure said that we need to make sure that we can follow through the policy before we can change it. Mr. Bradley expressed his dislike of PMC. Mr. Summers said if a situation happens after 11 PM, the district can send the driver to the ER at PMC and for this reason, he would stay with them. Mr. Gress suggested checking with PMC to see if they can lower their price to match Coordinated Health. Mrs. Laverdure suggested staying at the \$55 fee for the emergency room only.

d. FY 14 year-end

Mr. Bader presented the 2014 year end revenue sources and expenses. He said that we are still getting Charter School Bills. Mr. Summers asked if our Financial Statement audit will be completed on time this year. Mr. Bader said they are currently working on it. The revenues total about \$148,000,000 which is up from a month ago due to payments made from delinquent taxes dates ranging from August 7th to September 8th. Mr. Gress said this could also be because there was a huge sale on August 26th. Another contributor could be because we are getting reimbursed on a timely basis. Mr. Bader said that the current year tax collection is 87.1%, which is a little higher than estimated. On the expense side, the total was about \$142,000,000. This includes a 3.7 million dollar surplus at the end of the year. Of this 3.7 million dollars, 2.7 is for salary and benefits. The audit statement should not be significantly different.

e. 5 year plans

Mr. Summers said that we need to prepare a five-year financial plan. The items that should be included are as follows: Last year's budget numbers, with the two biggest pieces being for salary and benefits, should be created from the financial statements. The 2014-15 budget should then be included adding for PSERS allocation. As we begin to comprise the 2015-16 budget, we can begin to start budgeting higher for salaries/benefits. The bond refunding should also be included. He suggested that by the end of this school year, we can have the five year finance plan in place. Mr. Summers said that we need to start populating all details so when negotiations time come, we can show the financial numbers, staffing, enrollment, salaries, PSERs increase, etc. Mrs. Laverdure said that when they start the Comprehensive Planning, they will also touch on the budget since it includes the curriculum which drives the Comprehensive Plan and budget to each other. Mr. Bader said his schedule is through next year. Mr. Summers said that we should look at the trend to complete the five-year plan. Mr. Gress said we should look at the fund balance in order to prepare the five-year plan. Mr. Summers said that we can include the majority of items that obscure our numbers. By doing this, we can include assumptions at the end of the year, which would be helpful.

f. Bid for Tires 2014-15

Mr. Bader said that the district would like to seek bids for tires. Mr. Bradley asked if we had any one organization in mind. Mr. Bader said that, last year, we had three different vendors who submitted bids and Sandone Tires came in the lowest on most of the tires, but McCarthy Tires and Service Tire Truck Centers were low bidder for some of the tires. Mr. Gress asked if we checked in the State contract. Mr. Bader said they did. Mr. Gress suggested getting cost for recaps. Mr. Bader said that caps are on the rear of the buses only. We are not buying many steering tires. Mrs. Laverdure said we do not give buses

back with new tires. Mr. Bader said we traded the steering tires. Mr. Bradley asked where does Sandone and State contracts get their tires. Mr. Gress said this varies. Mr. Bradley asked if Kost Tires is on the list. Mr. Bader said that they have not bid in the past and that all bids are advertised in the local newspaper, placed on the District's website and on PA Bids a website that lists all school bids in PA. Mr. Bradley said that Jack Williams is a local company where Sandone Tires is national. Mr. Summers said that the distributor is national. Mr. Bradley said that Kost Tire is also a distributor. Mrs. Laverdure said that if the company is not on the State contract list we cannot use them unless they submit a bid. Mr. Bradley asked how does a company get on the State contract list. Mr. Gress said it's a long process. Mr. Bradley said he can call Kost Tires to see if they can save us any money. Mr. Bader said they need to respond to the bid.

g. Bid for Buses 2015-16

Mr. Bader said that the district would like to go out to bid for buses for the 2015-16 school year. He said now it is a good time to bid for buses because they have lower prices. If they go out for bidding in September, by October they can have the results of the bids. Mr. Summers asked if we received all buses that were purchased for this year. Mr. Bader said we received all of them. Mr. Bader said they are looking to equalize the amount of buses that are returned each year. Mr. Laverdure said that they are looking to implement a five-year cycle. Mr. Gress said that this year we bought more buses to level the use. Mr. Gress said that at this time, we are only bidding. Mr. Bader said that this purchase was budgeted in this year's budget. Mr. Bradley asked if we have buses that have one year left on them. Mr. Bader said that buses depreciate in a straight line; therefore a more aggressive buy-back would be to price them for four or five years. Mr. Bradley asked what does the company do with the buses when they get them back. Mr. Gress said they keep them. He said it is better to cycle them out.

h. Snow Plowing Bid Results

Mr. Bader presented the bid results for snow plowing. The lowest bidder for Administration, High School South, J. T. Lambert, Maintenance and South Bus Garage was Precision. They originally included East Stroudsburg Elementary but now they withdrew that bid. Jeremy Smith will plow J. M. Hill Elementary and Smithfield Elementary. Norm Fish will plow Middle Smithfield Elementary and Resica Elementary. Linde will plow the North Campus which includes High School North, Lehman Intermediate, Bushkill Elementary, North Bus Garage, Water Tower Access Road and Sewer Treatment Road. Mr. Gress said that whoever plowed J. T. Lambert last year, did a horrible job. Mr. Bader said that the company that bid this year did not plow J. T. Lambert last year.

i. Bushkill Concrete Bid Results

Mr. Bader said that The Architectural Studio recommended using Kobalt Construction for the Bushkill Elementary School concrete project because they submitted the lowest bid. Mr. Bradley asked why was Bognet Inc.'s bid so much higher. Mr. Bader said that the specs are detailed and they may use different concrete plant or have other projects already lined up so that they may not have been very aggressive with their bid. Mr. Bradley said that Kobalt may use inferior product. Mr. Bader said that the District will be hiring an independent lab to test each load of concrete, just as we did for the JTL concrete work. In addition, Mr. Eppley has our own masonry person managing the project. Mr. Bradley believes if we pay a low price, we will pay for low quality work. Mr. Summers asked if we are compelled to take lower bids. Mr. Bader said that we are unless we feel something

is wrong. Mr. Summers said this is why we paid The Architectural Studio to create the specs and someone will do the testing. Mr. Gress suggested looking at who they are using to do the job since they came in at about \$316,000 compared to about \$378,000. Mr. Bradley asked who does the checks and balances. Mr. Bader said that they all need clearance checks. Mr. Bradley asked who checks on The Architectural Studio. Mr. Gress said that we have our own staff checking. Mrs. Laverdure said that our staff will check and we have an independent inspector who also checks. Mr. Bradley questioned who checks the independent inspector. Mr. Summers said that what matters is that we get quality work done on this project with the lowest bidder. Mr. Bradley said his concern is with the checks and balances of the project and that we are getting it for the best price. Mr. Summers said that we should have some degree of confidence since we submitted the specs; therefore, they should deliver quality work. We need to get what we paid for and for it to be done professionally while meeting all requirements.

j. Keystone Realty

Mr. Gress said that Keystone Realty will come to the October meeting to explain their process. He suggested hiring them to go after properties that are under assessed. Mr. Summer said that every time a Property sells, the assessment gets out of sort because of the assessment appeals. We should be able to challenge these. Mr. Gress said that the person from Keystone Realty is from New Jersey and can some explain it to us at the next meeting. Mr. Bradley said he will have many questions for him.

k. Open Space Revenue Loss

Mr. Gress said that open space property is tough to get because it goes to the Parks Department. They say we will save money but we forfeit that tax payment. This may cost us millions of dollars a year. Mr. Summers said they have to be paying taxes. Mr. Gress said that open space is good but taxes add up. In theory, they will hurt us. Mr. Bader said that Pike County has about 2.7 million dollars of assessed value open space property. We forego about \$331,000. Mr. Bradley said that the open space is being sold to the Commonwealth; therefore, they are getting the benefit and we are not getting anything. He suggested filing an injunction. Mr. Gress said that they will just come back to us for a waiver and we will lose. They give us pennies on the dollar.

l. LERTA Update

Mr. Gress said that the attorneys are still meeting on the LERTA issue. Our attorney, Tom Dirvonas, will be invited. He will place this item on the Finance Committee Meeting agenda every month until something gets worked out. There may be other entities that do not join.

m. PSBA Basic Ed Funding Formula Forum

Mr. Bader said that PSBA forum has a traveling group which is comprised of former Superintendents and Board members. They solicit ideas from districts about the Basic Education Funding Formula. Mr. Bradley asked if any politicians are involved. Mr. Bader said some are involved. Mr. Summers said he would proceed with caution because other counties do not care. Mr. Bader said that under the new Special Ed funding formula, the greater the need level of the students generates more funding. Mr. Gress said that we should show what is needed to educate students. Mrs. Laverdure said that on September 30th the IU is hosting a video conference on Basic Education Funding at 7:00 p.m. to about 8:45 p.m. If anyone is interested, let her know in order to be registered for it. Mr. Summers said that the district should be realistic in their expectations on monetary relief

from Harrisburg. We are basically on our own. In Monroe County alone, among the four school district, there is a great difference. Mr. Bradley suggested getting rid of Charter Schools because they are hurting the funds of the school district.

- n. Recommendations from Property & Facilities
 - i. Pay App #3 Myco Mechanical – JTL
 - ii. CO #1 Myco Mechanical – JTL
 - iii. Pay App #1 Fieldturf - HSN Track
 - iv. Maintenance Vehicles

Mr. Bader said that the above mentioned items were recommended by the Property & Facilities Committee for approval by the Board. Upon further discussion it was determined that it would not be cost effective to purchase diesel trucks as the usage does not warrant a diesel engine and the engine would outlast the truck body. Therefore, they looked at the price difference with gasoline and felt it would be cost effective to use gasoline instead of diesel fuel. Mr. Summers said if it is not significant in cost then we should go with gasoline. Mr. Bradley said he is not in favor of gasoline. Why are we changing our mind? Mr. Bader said that we will get more mileage on the truck with gas than with diesel. Mr. Summers asked if the engine's life will be more on gas or diesel. He also suggested having Mr. Eppley estimate the mileage life per year.

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 consider for approval the following items: Motion was seconded by Gary Summers and carried unanimously, 3-0.

1. To appointment of D'Huy Engineering per the terms of their proposal dated August 28, 2014 to develop a 10-year Capital Improvements plan for the District.
 2. To seek bids for tires for the 2014-15 fiscal year.
 3. To seek bids for school buses for the 2015-16 fiscal year.
 4. To award contracts/purchase orders for snow plowing and snow removal services for the 2014-2015 school year as are set forth in the bid tabulation sheet.
 5. To accept the low bid of Kobalt Construction, Inc. for Concrete Repairs and Replacement at the Bushkill Elementary School.
 6. To approve Pay Application #3 from Myco Mechanical for work done on the JTL HVAC project.
 7. To approve Change Order Request #1 from Myco Mechanical to re-pipe pumps 1 & 2 with new Victaulic pump packages as part of the JTL HVAC project.
 8. To approve Pay Application #1 from Fieldturf USA for work done on the High School North track project.
 9. To approve the purchase of a dump gas truck and utility gas truck for the Facilities Department.
- and
10. To communicate with Pocono Medical Center to see if they can provide us with better rates.

VII. **NEXT MEETING** – October 13, 2014 at 5:30 p.m. in the Administration Center Board Room.

VIII. **ADJOURNMENT** - 6:57 p.m.

Respectfully submitted,

Patricia L. Rosado,
Board Secretary