

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
November 10, 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 5:30 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, Robert Gress (left at 7:00 p.m.), and Gary Summers. Ryan Stevens was absent.

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

Community Members Present: Larry Dymond

III. APPROVAL OF AGENDA AND MINUTES

Motion was made by Gary Summers Motion to approve the agenda for November 10, 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 Robert Gress and carried unanimously, 3-0.

Motion was made by Gary Summers to approve the minutes of the October 13, 2014 meeting. Motion was seconded by Robert Gress and carried unanimously, 3-0.

IV. ITEMS FOR DISCUSSION:

a. Keystone Realty Assessment Appeals

Mr. Bader said that he and Mr. Brown met with Keystone Realty to discuss property tax assessment appeals. Keystone Realty works with school districts that have been hit with many assessment appeals. Mr. Brown said that Keystone Realty offers two separate services, defense and offense. On the defensive side, Keystone assists districts in defending themselves from assessment appeals by providing an expert analysis of the appraisal provided by the party appealing the assessment as well as providing contacts for knowledgeable appraisers for the district to hire. Keystone charges a fee of \$185/hr. for these services. Keystone also provides proactive or offensive services. Under these services, Keystone identifies properties that it believes are under assessed and brings those properties to the district's attention. If the district feels that the properties meet their threshold for an assessment appeal, the district files the appeal. Keystone's fee for this service is 30% of the additional tax revenue collected for the next three years. Mr. Brown said he can invite Keystone Realty to the Executive Session to discuss their proposal. Mr. Bradley asked what is their motivation. Mr. Brown said he believes it is the standard fee. Mr. Summers asked if they have experience in Monroe County. Mr. Brown said that they worked for Pocono Mountain. Mr. Gress said that Pocono Mountain School District is no longer working with them. Mr. Brown said that they have had some success although they lost a big case in Pocono Mountain but still made money for the district. Keystone Realty is an

appraiser not a realtor. Mr. Bader said they are on the other side of the market. They have worked with other school districts and Mr. Bader will speak to them. Mr. Gress said that he brought this issue up once because the district is losing taxes due to reassessment appeals. Mr. Bradley asked if they will charge more than the 30%. Mr. Brown said they will not. Mr. Gress said that some property owners will not be happy with Keystone Realty services. Mr. Summers said that they cannot have it both ways and we should profit by this. Mr. Gress said this will help with reassessments. Mr. Bader said that Keystone Realty has offered to come to Executive Session on Monday. Mr. Gress said he is fine with this but that Will Searfoss should be informed. Mrs. Laverdure said she can inform him. Mr. Brown said that he should have the contract in the Boards' hands by Monday.

b. State Audit Report

Mr. Bader said that that the district received the State Audit Report for the period August 6, 2012 through June 30, 2014. The next step is for the Board to formally accept it. Mr. Summers asked if Mr. Bader will need the committee to recommend it to the Board. Mr. Bader said that the committee can make their recommendation tonight.

c. Mr. Brown said that they will meet with Light of the World Church next week to discuss their exoneration of 2014-2015 taxes. Mrs. Laverdure said that she spoke to the representative from the church and the church was under the impression that the taxes would be waived. Mr. Brown said he will recommend that the district deny their request because the District does not have the legal authority to exonerate taxes and cannot pick and choose who pays the taxes. Only the County has the authority to exonerate taxes. Mr. Gress said that this item can be discussed at Executive Session.

d. Tire Bid Results

Mr. Bader presented the results for the Tire Bid. He said the Transportation Department reviewed all bids and made their recommendations to use the middle of the road brand tires. Out of four vendors who submitted bids, three were new. Sandone Tire was the only repeat vendor. Mr. Gress asked for an estimate of the quantities of each tire to be purchased. Mr. Bader said it varies from year to year. Mr. Gress suggested that they justify the price they are going with since they are not going with the lowest bidder and asked which vehicles they are looking to replace the tires. Mr. Bader said that they will replace the tires on the buses, maintenance vehicles, security vehicles, etc. Mr. Bader said that we do not need as many steering tires as in the past because we have a number of them in stock. Mr. Gress said that he does not have any problems with recommending the recommended bids as long as we do not have any issues down the line and as long as the Solicitor has no problem with it. Mr. Summer asked why would the Transportation Department prefer Hankook snow tire that cost \$216 over the lowest price of \$149. Mr. Bader said that the Hankook and Sumitomo are better because the other tires have a lower lifespan. Mr. Bradley asked if the individuals who made the decision have experience with this item. Mr. Bader said that they are the mechanics who work with the product; therefore, are more knowledgeable than Mr. Bader is. Mr. Bradley said they should make the decision based on wearability and safety. Mr. Summers said since we bid for tires each year, they should see how many tires are purchased at what price to compare year to year. Mr. Gress asked if next year the district will need to buy caps. Mr. Bader said they will need to buy them.

e. 2015-16 Budget

1. Mr. Bader presented information regarding anticipated revenues. The information included the 2013/14 actual real estate assessments in Monroe County and Pike County to estimate the tax revenues. The tax millage rates are preliminary and reflect the updated market values from STEB needed for balancing the mills between the two counties. The delinquent real estate tax collection is slightly higher than in the past. As part of the State Revenue, we are not sure about the Basic Education Subsidy until the Governor presents his budget. Normally, the Governor presents the budget in February, but because there is a change in office, the new Governor has until March to present his budget. Following the Governor's presentation, the budget must be approved by the Legislature. Given the party differences between the Governor's Office and both houses of the Legislature, it is difficult to predict what will happen to education funding; therefore, we have kept the estimated State subsidies the same as we are receiving this year. The Accountability Block Grant is now called Ready to Learn Grant. Mr. Bradley asked if we receive any Charter School reimbursement. Mr. Bader said we have not received any reimbursement for about four years now when the State abolished the program. Mr. Bader said there is a slight increase in Social Security reimbursement. Mr. Summers said if we take out retirement revenue, the revenues from the State are lower. Mr. Bader said that the increase comes from the Social Security and Retirement reimbursements and not from other funds. As part of the Federal Revenues, there is no subsidy for the KTO Grant. Although this is Federal money the State has to apply for funding. We are not sure about Access reimbursement. We filed 7.8 million dollars in claims but we received \$148,000 in reimbursements. Mr. Summers asked if the lack of reimbursement affects just our district. Mr. Bader said it affects all districts. Mr. Summers asked when the State's contract with the current claims administrator is up. Mr. Bader said he believes it is up as of June 30, 2015. Mr. Bader said, over all, the revenue is a little higher this year but it is still about 4 million dollars less than actual from last year. The fixed asset is zero because of bus buy-back not going back on June 15.

2. STEB Market Values

Mr. Bader presented the 2013 School District Yearly Market Values from the State Tax Equalization Board. In Monroe County and in Pike County, the total market value is about 3.5 million dollars, the total assessed value is about 642 million dollars and the total ratio is 18.36%.

3. STEB Land Use Report

Mr. Bader also presented the 2013 Land Use Report from the State Tax Equalization Board. The report included information for residential, industrial and commercial taxes. The residential area is made up of 82%, the industrial, 0.5% and the commercial is 10%; therefore, the tax burden falls on the residents.

Mr. Bradley asked what group came to speak to the committee members about increasing the commercial area of our district. Mr. Gress said that the LERTA group came to speak about this issue.

4. Delinquent Tax Collections

Mr. Bader explained his handout about delinquent tax collection. The five year average is 9.1 million dollars and the three year average is 9.6 million dollars. This is about 7 million dollars more than in earlier years.

5. Salaries & Benefits

Mr. Bader said that he set aside funds for salaries and benefits for the support staff, Act 93 and teachers. He estimated his amount based on contracts and an overtime rate of 2.5% increase in wages from last year's budget. He also factored in PSERS increase rate of about 3.3 million dollars. The medical insurance cost is up about \$174,000. We have had two good years of expenses and he is trying to keep it leveled with a 1% increase in cost. Mr. Summers asked if Conrad Siegel, who we contracted, has brought any information. Mr. Bader said that he has received some preliminary information and discussed further refinement.

6. Charter School Costs

Mr. Bader said that the anticipated cost for Charter School this year is 2.1 million dollars for regular education and 1.3 million dollars for special education. Mr. Summers asked if our cost is going up and the enrollment is staying the same, what is the rate for our school district? Mr. Bader said that the PDE's formula determines the rate for all school districts. Mr. Bradley asked if we are paying higher than other districts. Mr. Bader said that our cost is high but he is not sure what the other districts are paying. Mrs. Laverdure said that we have a transient school district and we have a large amount of special education students. The formula has to be changed but it likely won't be. Mr. Bader said he added about \$850,000 for charter schools for the 2015/16 school year.

7. Utilities

Mr. Bader said he allocated about 2.3 million dollars for the district's utilities use. The district anticipates transmission and regional fee increasing for electricity. There was also an increase in electric due to J. M. Hill Elementary and J. T. Lambert Intermediate schools having air conditioning. Mrs. Laverdure said that if we did not have the conservation that we currently have, the cost would be higher. Mr. Bader said that they placed energy efficiency in J. M. Hill and J. T. Lambert as they installed the air conditioning. Mr. Gress questioned why the water and sewer cost more at Middle Smithfield and Smithfield Elementary than at H.S. South. Mr. Bader said it may be due to the billing cycle. Mr. Bradley asked why the district does not use kerosene. Mr. Bader said that we do not have a heating plant to handle kerosene. Mr. Bradley recommended looking into using kerosene. Mr. Gress said this discussion should be held at the Property/Facilities Committee meeting.

Mr. Summers asked for the 2014/15 budget schedule. Mr. Bader said that he will present the budget to the Board next month. All budgets came back and they have the first look at wages. Mr. Bader will present the first look at the December Regular Board Meeting. In January the Board will need to decide if they wish to go above the index. If so, a preliminary budget will need to be passed. Mr. Summers suggested that the five year plan be worked on in order to fill gaps between revenues and expenses. Mr. Bader said he will tie up all details and bring a five-year projection.

f. 2013-14 Fund Balance

Mr. Bader said at the close of the 2013/14 school year we are reporting expenditures in excess of revenues due to the transfer of funds to the Capital Reserve. Without that transfer revenues were 3.6 million dollars over expenses and that amount will flow into the fund balance. The Board will need to designate how much to place into a committed or assigned fund balance or if it should remain in the unassigned fund balance. The total amount in the fund balance is about 11 million dollars which is within 8% that is required. Mr. Summers asked for the amount that will be needed for capital projects. Mr. Bader said that they are working on a total and will present it at the next Property/Facilities Committee meeting. We will need to reflect all monies for capital

reserve and other items before the final audit can be approved by the Board. Mr. Summers asked what do we need to assign. Mr. Bader said we need to place the 3.6 million dollar surplus into an assigned account. Last year the surplus was put into the Capital Reserve Fund. Mr. Summers suggested allocating the funds for PSERS. Mr. Gress suggested not making a decision until the five year fiscal analysis plan is reviewed. Mr. Summer said that the only recommendation he would make is to place the money set aside to stabilize the tax increase due to the uncertainty of the Porter Township issue be placed in the Capital Reserve since it is no longer needed; otherwise, he would wait. Mr. Summers said he would leave the fund balance under 8%. Mr. Bader said whatever the Board decides will require Board action. Mr. Summers asked how much is left in the Capital Reserve Fund after paying for everything. Mr. Bader said we have 3.5 million dollars. Mr. Bradley suggested lowering the fund balance amount to help us qualify for more assistance. Mr. Summers said we do not have to currently worry about Healthcare since we are not experiencing any increase.

- g. Alarm Monitoring RFP (Board Reorganization Meeting)
Mr. Bader asked if he can schedule a special meeting directly after the Reorganization Meeting on December 2nd in order for the Board to take action on the Alarm Monitoring RFP. This will allot him more time to get all details in order. There were no objections.
- h. SEC Municipal Cooperative Disclosure Initiative
Mr. Bader said he and Mr. Dirvonas spoke about the Securities and Exchange Commission resolution. This resolution will satisfy SEC regulations for publically-offered notes and bonds.
- i. LERTA Update
Mr. Gress said a public meeting was held regarding all properties. We will wait for a meeting to be scheduled soon.
- j. Meeting with Legislators
Mrs. Laverdure said that the Legislators are having a Public Hearing on December 4th in the Administration Center Board Room from 10 a.m.to 12 noon on Basic Education Funding Formula. Mr. Summers said they are planning to have equitable funding by June 2015. Where is the money coming from? Mr. Bader said his guess would be from State funding. Mrs. Laverdure said they have committees; therefore, the money may come from their partisan campaign on fair funding.
- k. Recommendations from Property & Facilities
Mr. Bader said the following are the recommendations that the Property & Facilities Committee made for Board approval:
 - 1. Bushkill Snow Guards & Gutters
Mr. Bradley suggested having warranty for the Snow Guards and Gutters work.
 - 2. North Bus Garage Water System
Mr. Summer asked if this repair will fix the water problem. Mr. Bader said it will and it is the best method short of a new well.
 - 3. Emergency Services Generator Contract
Mr. Bader said that the Emergency Systems Service Company worked with us previously to fix previous problems and have done a good job. Mr. Summers stated that the agreement is for 18 units.
 - 4. ELA Group Additional Scope of Work
This is a change to their contract to include the additional work necessary to include the new visitors' bleachers.

5. Admin Bldg Main Vestibule Doors

Mr. Fred Mill, Chief of Security, said he would have liked to be apprised of this recommendation in order for him to review the details to see if it will help increase security. Mr. Bradley said that he recommended bullet proof glass but was told it was very expensive and there is a glass curtain wall next to the entrance that would also need to be changed to bullet proof glass. Chief Mill said that bullet proof is not necessary, but mesh-type glass is a better option because it will not shatter. Mr. Summers suggested that they not move forward with this recommendation in order for Chief Mill to review and provide his recommendation. Mrs. Laverdure recommended that they handle these doors the same way that they handle all school building doors with double entry level of security. We need consistency across the board. Chief Mill said the best area to place the glass is where the guard sits. Mr. Summers suggested that this item to be removed off this list until further discussion.

6. JTL – Myco Pay App #5

7. HSN Track – Fieldturf Pay App #2

8. Bushkill Concrete – Kobalt Pay App #1

9. Bushkill Concrete – CO #1

10. Bushkill Concrete – COR #2

11. North Campus Pothole Repair & Speed Hump

The speed hump will replace the speed bump in order for it to be plowable.

L. Discussion of December Meeting Date

Mr. Bader said that there was no scheduled Finance Committee meeting for December. Currently, December 8th is the JOC meeting; therefore the Finance Committee cannot meet on that date. A date can be decided at the Reorganization meeting on December 2nd.

V. PUBLIC PARTICIPATION – LIMITED TO ITEMS OF DISCUSSION

A. Mr. Larry Dymond had questions/comments as follows:

1. Generators have been having problems since they were installed. Are they still a problem?
Mr. Bader said he does not know what the issues have been but they are working correctly now.
2. Is the water softener part of prevailing wage? Mr. Bader said it is not.
3. Will someone be on duty 24/7 for alarm monitoring? Mrs. Laverdure said that we have a school police on duty 24/7 monitoring all areas. This company will dispatch in case of fire or intrusion. Mr. Bader said that the company would do what 911 used to do. They will decipher is the Fire Department or Police Department needs to be called. Mr. Summers asked if the district has a night watchman in the office as back-up. Chief Mill said that they work with the County system by radio and get back up from the State and Stroud Regional police.

- B. Mr. Summers asked how the concrete work at J. T. Lambert Intermediate School is progressing. Mr. Bader said they got a slow start but everything is progressing now. They should be done in two weeks.

VI. ADVISORY RECOMMENDATIONS FOR CONSIDERATION BY THE BOARD OF EDUCATION

Mr. Gress left the meeting at approximately 7:00 p.m. but the committee made the following recommendations pending further discussion by other committee members.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Gary Summers and seconded by Ronald Bradley and carried unanimously, as follows:

1. For the Board to consider a presentation and proposal for consultation services in connection with real property assessments at the Executive Session at Monday's (11/17/14) Regular School Board meeting.
2. For the Board to consider approving the Performance Audit of the East Stroudsburg Area School District for the period August 6, 2012 through June 30, 2014 as prepared and distributed by the Auditor General's Office.
3. For the Board to consider accepting the Tire Bids from Alex's Tire Center, Henise Tire Service, Kost Tire, and Sandone Tire, the lowest responsible bidders for fiscal year 2014-15.
4. For the Board to consider approving the allocation of \$3,275,341 from the Committed Fund Balance for Tax Rate Stabilization to the Capital Reserve for future capital projects.
5. For Mr. Bader to advertise a special meeting on December 2, 2014 immediately following the Reorganization Meeting for the consideration and approval by the Board of the Alarm Monitoring RFP.
6. For the Board to consider the approval of the Resolution authorizing the participation in the SEC Municipal Continuing Disclosure Initiative.
7. For the Board to consider the approval of the following items that were recommended by the Property & Facilities Committee:
 - a. Bushkill Snow Guards & Gutters
 - b. North Bus Garage Water System
 - c. Emergency Services Generator Contract
 - d. ELA Group Additional Scope of Work
 - e. JTL – Myco Pay App #5
 - f. HSN Track – Fieldturf Pay App #2
 - g. Bushkill Concrete – Kobalt Pay App #1
 - h. Bushkill Concrete – CO #1
 - i. Bushkill Concrete – COR #2
 - j. North Campus Pothole Repair & Speed Hump

VII. NEXT MEETING – To be determined at the Reorganization Meeting on December 2, 2014.

VIII. ADJOURNMENT - 7:32 p.m.

Respectfully submitted,

Patricia L. Rosado,
Board Secretary