

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
April 13, 2015**

**Carl T. Secor Administration Building – Board Room
5:00 P.M.**

Minutes

- I. The Chairman, Robert Gress, called the Finance Committee meeting to order at 5:13 p.m. and led those present in the Pledge of Allegiance. Secretary, Patricia Rosado called the roll.
- II. Board Committee members present were: Robert Gress and Gary Summers. Ronald Bradley was absent.

School Personnel Present: Jeff Bader, Sharon Laverdure, Tom Lesniewski, Fred Mill, Patricia Rosado and Bill Vitulli.

Community Member Present: Michal Peterson

Other: Annette Atkinson – Middle Smithfield Township Supervisor
Mike Dwyer – Middle Smithfield Township Supervisor

III. APPROVAL OF AGENDA AND MINUTES

Motion was made by Gary Summers to approve the agenda for April 13, 2015 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, 2-0.

Motion was made by Gary Summers to approve the minutes of the March 9, 2015 meeting. Motion was seconded by Robert Gress and carried unanimously, 2-0.

IV. ITEMS FOR DISCUSSION:

a. LERTA Update

Mr. Gress said that the LERTA Board Committee met with the solicitor, Chris Brown, and most of the Middle Smithfield Township's recommendations were accepted. Mr. Summers said that the committee discussed several items and prepared the document for the Board to review and approve. Mr. Gress said that there were several issues that need to be revised like extending the term from five years to ten years and other minor items. Mr. Brown softened up on some other items.

Mr. Mike Dwyer, Middle Smithfield Township Supervisor, said that he met with Mr. Bradley, Mrs. Featherman and Mr. Brown to discuss key points, district length and other items. He said he saw the draft and it addresses everything that was discussed. He said that they are here to cooperate. When the Township had the meeting with Commissioner John Moyer, they asked for more specifics. They sent a package with real figures to Commissioner Moyer's office. There are no development projects that would qualify for the LERTA before the Planning Commission at this time.

Mr. Gress said that he understands that other townships want to come forward. He does not see any issues with this plan. Everything seems to be in place and he will make the recommendation to move this item forward for Board approval.

Ms. Annette Atkinson, Middle Smithfield Township Supervisor, said that they provided all information that was requested. If there are any more questions, they can contact her.

b. VLN Contract Cyber Academy Contract 2015-16

Mr. William Vitulli said that they are planning for all of the students enrolled in the District Cyber Academy to use VLN (Virtual Learning Network) Partners beginning next year. Last year the intermediate level was placed on VLN and others were using Blackboard Connect. If the district purchases the program before May, they receive a 5% discount rate. The cost is about \$2,500 per student, which includes equipment. Courses are being worked on for the next school year for grades 6-12. Normally, the cost per student is \$5,000. Mr. Vitulli is estimating that about 50-75 students will be enrolled in the District's Cyber Academy next year.

Mr. Gress asked how many virtual students did the district have this year. Mr. Vitulli said that we have 75 fulltime high school students and about 25-30 part-time students. There are about a dozen intermediate students. Mr. Gress asked if the expense for each student was about \$5,000.

Mr. Vitulli said he is correct. VLN was only used with intermediate students. Mr. Gress asked what did the high school students use. Mr. Vitulli said that Blackboard Connect was used for high school students for many years. VLN is a new company which came about through the IU 20 about a year ago. There has been a transition throughout VLN to update all courses. The district would like to move all students to VLN. Mr. Gress asked if this would be an additional contract. Mrs. Laverdure said that currently high school teachers provide support. VLN provides support but the district would like to move support to the school level. Mrs. Laverdure asked if the services are blended. Mr. Vitulli said that it is created and managed by our staff. Mr. Gress asked how do we decide which teacher helps which student. Dr. Lesniewski said that we currently pay teachers to assist with the Virtual Academy after school. Mrs. Laverdure said they are trying to pull more from cyber to the classrooms. Mr. Gress said that we need to check that teachers are not being pulled during the day. Mrs. Laverdure said they are not being pulled at this time. We are receiving technical support from another area. Mr. Bader said we will receive technical and equipment support from VLN. Mr. Vitulli said they are trying to pull all support during the day. Mr. Bader said that the goal is to have VLN support as part of the teacher's regular teaching schedule so they are not being pulled out of their current class assignments.

Mr. Summers requested a yearly report on how many cyber/charter students the ESASD has. He saw an article that included suggestions about how to pull those students back and we should be doing that. Dr. Lesniewski said that cyber/charter schools are going back to having the students get a local diploma which is what they were doing about ten years ago. Mrs. Laverdure said that it is a combination of getting a diploma and having enough credits.

c. Schoolwires Webhosting Contract Renewal 2015-18

Mr. Bader said that Schoolwires handles the webhosting for the school district. Their contract concludes this year. Schoolwires submitted a proposal for a three-year agreement. There were two changes from the previous contract. The District decided to drop the key management software because it did not perform as expected and is adding mobile communications for phone access which will let Administrators update the website directly on their phones. This application added a small extra cost. There was also a small cost increase. Mr. Gress asked if we have had any problems with Schoolwires. Mr. Bader said the district has not had any problems with Schoolwires. Mr. Gress suggested sending the contract to the solicitor for his review. Mr. Bader said he will send it to Mr. Dirvonas. Mr. Summers said that he noticed that the contract over the

years goes down in price. Mr. Bader said that the first year cost will be \$20,600.67 and the second and third year, it will cost \$19,250.66.

d. Audiometer Calibration Contract

Mr. Bader said that every year the audiometers have to be serviced. Audiology Calibration Specialists will pick up the equipment and perform the service before the beginning of the next school year. Mrs. Laverdure said that she would like to commend Sue Cole for doing the work to search for this company to perform this yearly task. Mr. Bader said due to previous issues, Mrs. Cole invested her time to find this company to perform the adequate work that needs to be done on the audiometers.

e. Employee Assistance Program

Mr. Bader said that Mr. Summers suggested tabling this issue until next month since Mr. Bradley had some questions and is not here tonight. Mr. Gress said we should move forward with this program. He does not know what issues there are but we should not wait. Mrs. Laverdure said this program will not start until July 1st. Mr. Bader said we would need time to inform everyone. Mrs. Laverdure said that staff will need some training. Mr. Bader said we can wait until the May Board meeting for approval.

f. 2009-2010 State Audit Corrective Action Plan

Mr. Bader said that in the 2009-2010 Audit, the findings were that that the State owes the district \$94,325. The State contacted us because they are requesting a Corrective Action Plan from the district. The plan was sent to the auditors' office and they would like it sent to them. Mr. Bader drew up a letter detailing the plan and it requires Board approval. The letter repeats what was in the audit report.

g. Governor's Budget Proposal Update

- i. 4% Unrestricted Fund Balance Rule
- ii. Minimum wage increase

Mr. Bader said that according to the Governor's Budget Proposal, the district may not maintain more than 4% in the fund balance. He is not sure if this proposal applies to the 2014/15 or 2015/16 school year. He recommends reclassifying some unrestricted balance to get it to the 4%. They can place the money in the assigned areas of the Fund Balance. Mr. Summers asked if we can switch amounts within the Fund Balance. Mr. Bader said he will get the figures together. Mr. Gress suggested placing extra money for the Pension or possibly paying some more into it. Mr. Bader said we can place more money for the Pension but the district cannot prepay for the pension. Mr. Gress said by keeping only 4% into the Fund Balance, the State is trying to get schools not to have extra money set aside.

Mr. Bader said there is talk about raising the minimum wage to \$10.10 within two years. If this occurs, the substitute rates are far below this amount and we may need to restructure the wages. Mr. Gress asked how much do we spend on substitutes. Mr. Bader said overall we spend about \$800,000 to \$900,000 annually.

h. IU Paper & Janitorial Supply Bid Results

Mr. Bader presented a summary of bid awards for the IU Paper & Janitorial Supplies. The prices are about the same as last year. The Board will need to confirm the bids at the April Board meeting.

i. 2015-16 Budget Update

Mr. Bader presented updated budget numbers. There is a loss of about \$150,000 due to Title I and Title II Grants. The district received some savings from the MCTI allocation. Unfortunately, the

IU 20, based on the most recent estimates of students utilizing their services, added about \$300,000 in expenses. There has been an increase in utilities due higher rates with Met Ed and PPL. Adjustments for salaries and health coverage have been made. There is about \$430,000 decrease due to updated health insurance census. Mr. Bader said they will meet with Conrad Siegel this week and see where the funding level may need to be tweaked. Draft #1 had a deficit of \$11,714,941 and now draft #2 has an \$11,631,283 deficit. The district is in the process of looking over staff request for the next school year. Mr. Summers said that two million dollars was allocated to PSERs but nine million will be needed. Since in May the Board will need to pass a proposed final budget, we need to see where the nine million dollars will come to cover the deficit. He suggested that we have accurate head counts in all areas.

Mrs. Laverdure said we underestimated in the elementary schools because we had to add three teachers. Mr. Summers said he received staff count of about 615 but in August of 2014, the Board approved the salaries of about 589 employees. Mr. Gress asked if we are looking at all the services that the IU offers to try bringing them back into the district. When the IU presents their budget, they do not indicate the total expenses. Therefore, the cost to the district is more than the slight increase they presented. Mr. Bader said the cost base for these services is about 2.7% and we have added more students. Mrs. Laverdure said that we are placing another class back into the district in Smithfield Elementary. Mr. Bader said that it might make sense to hire our own school psychologists. Mr. Summers said that we are paying the IU for psychologists to do all paperwork and observations. By not hiring our own, we are not locked into a permanent position. Are they performing the same services for other schools? Mrs. Laverdure said that we have psychologists from the IU on a full time basis. Mr. Summers asked what are the other districts doing.

Mrs. Laverdure said that some other districts hire their own. Mr. Summers said we should look into this position since Pocono Mountain is similar to our school district. Also, our special education population is higher than average. Mr. Summers suggested that Mr. Sutjak check to see what the district is paying the IU to transport the students. Mrs. Laverdure said that the district transports our own special education children. We have scaled back since 4-5 years ago. Mr. Summers asked if we are still paying the IU for transportation. Mrs. Laverdure said we are paying the IU to transport the students that travel long distance. The district has taken over the transportation of as many special education students as they could. Mr. Bader said that we used to pay the IU over \$1M for transportation; now we pay about \$800,000 because we have brought more transportation in house. Mrs. Laverdure said that, on several occasions, we have to hire one on one subcontractor to transport a student. Mr. Gress asked why the IU has buses parked in our lots every night. Mrs. Laverdure said they may be parking their buses here. Mr. Gress said how is this saving the district money. Mrs. Laverdure said it would save the district money since they may not have to drive further. Mr. Gress said they may be taking some prime spots from our drivers.

Mr. Gress asked if the district is still looking at the issue of the rates being charged by Pocono Medical Center. Mr. Bader said that we've tried to get information on the discounts provided through BCNEPA relative to other areas, but cannot compel them to give us the information. Their contracts are private and vary from provider to provider. Mr. Gress said we should see if St. Luke's has lower rates.

Mr. Gress asked if there is a cost for the Head Start program for next year. Mrs. Laverdure said that we do not have a cost yet but this program helps the children. Mr. Gress said we should look into shutting it down. Mrs. Laverdure said she does not agree. Mr. Gress said we should first look at the cost. Mrs. Laverdure said that special education classes are mandated. Mr. Gress suggested looking at everything because the district will have no have money in three years. With no

money, how can the Board vote for items. Mrs. Laverdure said there are other areas to review. Mr. Gress said like the Assistant Superintendent's position that he does not support.

Mr. Summers said that, next month, we still have to fill a nine million dollar hole and as Mr. Gress said the future does not look better. We are, however, more fortunate than other school districts. We cannot count on Harrisburg; therefore, we will have to make hard decisions. Mrs. Laverdure said that she will be retiring next year and does not want to leave the district "not in a good place". Mr. Summers said we are where we are. Could have we done things differently? "Yes", but many things have worked against us for a long time. Now we don't have any options and have to make decisions. We cannot fix it this year but we have to start looking at what we need to do now. Mrs. Laverdure asked if the Board members are willing to lower credit requirements and other items that will downsize staff.

Mr. Bader said we can make suggestions but if the Board will not support their decisions then they cannot be done. Mr. Summers said that he does not know what the entire Board will support but the Administrators should come up with items and see what the Board will vote on. He suggested starting with the lowering of the credit requirements. Make recommendations and show the benefits and implications of each item. For instance, why is the language German being taught? It would make sense if the district offered not only Spanish but Mandarin or Chinese.

Mr. Gress asked why are we reimbursing individuals to travel out of the State regardless of who is paying for the conference. Mrs. Laverdure said when they travel they get to see what other districts are doing. Mr. Gress suggested eliminating overnight custodial employees. Mrs. Laverdure said if they do that, the schools will not be cleaned in time for the students' arrival in the morning. There also may be situations that happen overnight that they can avoid. Mr. Gress said that things have happened without their presence in the buildings. We should look at this issue to place in the preliminary budget.

j. Property & Facilities Items

Mr. Bader said that the following items were discussed at the Property & Facilities meeting and need Board approval. All backup documentation has been provided to them.

- i. Myco Mechanical COR - Retaining Wall
- ii. Fuel Tank at the North Bus Garage
- iii. JTL HVAC/Lighting – Wind Gap Electric Pay App #6
- iv. JTL HVAC/Lighting – Myco Mechanical Pay App #10

V. PUBLIC PARTICIPATION – LIMITED TO ITEMS OF DISCUSSION

A. Ms. Michal Peterson asked if the retaining wall was done before it got Board approval.

Mr. Summers said that the item that is going for Board approval is for an extension of the retaining wall. Mrs. Laverdure said that the item that Ms. Peterson is referring to is the sign that will be placed in front of the H.S. South. Discussions were held in the Property & Facilities meeting but it was never moved forward for Board approval but it will go for Board approval this month.

Ms. Peterson asked about the audit issues that keep coming up. Mr. Bader said that there were no findings in the district's last audit. Mr. Gress said the issues were from the previous audit not the current audit. Ms. Peterson asked what is being done to correct the issue. Mr. Bader said it was corrected and that was the reason for contracting new auditors. Mallie was selected through an RFP.

Ms. Peterson said she agrees with Mrs. Laverdure about the Head Start program. It makes a difference in the kids' lives like it did for her child. Mr. Gress commented that the same can be said about afterschool programs that cost a lot of money, but help students stay out of trouble.

VI. ADVISORY RECOMMENDATIONS FOR CONSIDERATION BY THE BOARD OF EDUCATION

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Gary Summers to recommend that the Board consider for approval the following items: Motion was seconded by Robert Gress and carried unanimously, 2-0.

1. To direct the Administration and Solicitor to arrange for a public hearing with Middle Smithfield Township and Monroe County pursuant to the Local Economic Revitalization Tax Assistance Act for the consideration and adoption of the proposed resolution.
2. The contract with VLN in the amount of \$125,000 to provide hardware and online course material as part of the East Stroudsburg Area School District's Cyber Academy for the 2015-16 fiscal year.
3. The three year addendum to the current webhosting agreement with Schoolwires for the period July 1, 2015 through June 30, 2018 for a total cost of \$59,101.99.
4. The proposal from Audiology Calibration Specialists to provide calibration of the District's audiometers at a cost of \$455.
5. The Corrective Action Plan with regard to the 2009 and 2010 Performance Audits received from the Auditor General.
6. The award of bids by the IU Joint Purchasing Board for paper and custodial supplies effective July 1, 2015 for a period of one year.
7. The Property & Facilities Committee Items:
 - a. The Change Order Request from Myco Mechanical for the extension of the retaining wall as part of the JTL HVAC/Lighting project at a cost of \$8,925.
 - b. The proposal from Francis Smith & Sons, Inc. for the repair of the diesel fuel facility at the North Bus Garage at a cost of \$6,410.
 - c. Pay Application #6 from Wind Gap Electric in the amount of \$41,400 for work on the JTL HVAC/Lighting project.
 - d. Pay Application #10 from Myco Mechanical in the amount of \$229,844.44 for work on the JTL HVAC/Lighting project.

VII. NEXT MEETING – May 11, 2015 at 5:30 p.m. in the Administration Center Board room.

VIII. ADJOURNMENT - 6:10 p.m.

Respectfully submitted,

Patricia L. Rosado,
Board Secretary