

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
May 11, 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 5:30 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 and Gary Summers.

School Personnel Present: Jeff Bader, Larry Dymond, Kim Flickinger, Sharon Laverdure, Tom Lesniewski, Fred Mill, Kathy Parrish, Heather Piperato, Patricia Rosado and Bob Sutjak .

Community Member Present: Michal Peterson and Judy Summers.

Other: Robert F. Bernathy – Lehman Township Solicitor
Matthew Osterberg – Pike County Commissioner
Rob Rohner – Lehman Township Supervisor
John Sivick – Lehman Township Supervisor

III. APPROVAL OF AGENDA AND MINUTES

Motion was made by Gary Summers to approve the agenda for May 11, 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 Ronald Bradley and carried unanimously, 3-0.

Motion was made by Gary Summers to approve the minutes of the April 13, 2015 meeting. Motion was seconded by Ronald Bradley and carried unanimously, 3-0.

IV. ITEMS FOR DISCUSSION:

- a. Lehman Township LERTA

Mr. Bob Bernathy, Lehman Township Solicitor, said that he is here with, Lehman Township Supervisors, Robert Rohner and Johh Sivick and Matt Osterberg, Pike County Commissioner. He said Lehman Township is looking to pass a LERTA Ordinance which offers an effective tool for townships to revitalize the economy in the deteriorated areas. This would increase tax revenues which are needed funds to the township. They prepared an ordinance and the next step would be to have a public meeting within two weeks' time and set the boundaries of the deteriorated areas in the county. The tax parcel numbers would be indicated to help identify the areas. The goal is to establish a five year schedule. The schedule of real property taxes to be exempted shall be as follows:

100% in 2016
80 % in 2017
60% in 2018
40% in 2019
20% in 2020
2021 Exemption terminates

Hopefully this will encourage improvement of identifiable areas. Other counties are hoping to pass similar programs.

Mr. Osterberg, Pike County Commissioner, said the Commissioners are in support of this program throughout Pike County such as Delaware School District and other districts have implemented this program. This will give companies an incentive for coming to Pike County as well as create jobs for the area. Mr. Bradley asked if they have the revisions that were made to the Middle Smithfield Township (MST) ordinance. Mr. Gress asked if they looked at the ordinance that was approved by the Board for Middle Smithfield Township. We met with Middle Smithfield to iron all details out because the district is looking to be consistent with all townships. Middle Smithfield Township is pretty much doing everything. Mr. Summers said that MST designated the entire Township as a LERTA zone. Mr. Bradley said when they met, they focused on the Rt. 209 and 402 corridors. He had a problem with the amount included but they made changes to the ordinance and asked Lehman Township if they were okay with these changes. Mr. Bernathy said he has not seen the changes. Mr. Gress said that MST's timeline is the same but the district has one condition. The properties that join the LERTA program cannot ask for tax appeals while they are in the program. This was placed in the ordinance when they met with the East Stroudsburg Area School District (ESASD) Solicitor. Mrs. Laverdure suggested speaking with the ESASD's Solicitor and not necessarily MST. Mr. Summers said MST is having a public hearing on May 26. Mr. Bernathy said he would reach out to the ESASD's Solicitor regarding the no tax appeal stipulation while enrolled the program. Mr. Gress said that our Solicitor provided the language for the ordinance. Mr. Bradley said once we enter into this agreement, we cannot make changes. Mr. Bernathy said he understands and will confirm details with the ESASD's Solicitor. Mrs. Laverdure said that she likes that Pike County listed specific parcels. Mr. Gress said the MST listed every parcel. Mr. Bernathy said that at Pike County, they got the map out and picked each parcel. Mr. Gress said that this program will benefit everyone financially and help bring jobs to the areas. Mr. Summers asked if their list of property owners is current. Mr. Bernathy said that this is the ordinance from the Commonwealth and is court tested; therefore, there is not a lot of room for deviation. Mr. Bradley said we should all be in compliance. Mr. Gress said that at the end of the Finance Committee Meeting, they will move this item forward for consideration by the Board at Monday's Regular School Board meeting. Mr. Summers suggested that the Pike County officials come to Monday's meeting to answer any questions that other Board members may have.

b. GPS/Swipe Card System

Mr. Sutjak said he decided to look into a GPS/Swipe Card System for Special Education buses since we need to keep an accurate record of all students that are reimbursed through ACCESS. Currently, a printout of the schedule is given to the bus drivers and they have to record each student that gets on the bus in the morning and the afternoon. It then gets put on an excel report and given to the ACCESS Department. For the past two years, the amount of students under ACCESS has grown and this is a very manual, time consuming and cumbersome way of providing the information necessary to claim ACCESS reimbursement. The GPS/Swipe Card System will keep accurate records since the card can be swiped each time the student gets on the bus. The system will create a report every day for each student and each bus. This report will then be given to the ACCESS Department in order for them to submit the claims. This system will also monitor the speed limit and locations of the bus. It will also indicate when bus has been idle for too

long which causes gas waste. Mr. Sutjak said he ran some numbers and they can possibly save from \$75,000 to \$140,000 in fuel by not having the buses idle. The new system also has pre-trip wand which can force spot inspections but we are not sure if there is cause for concern at this time. Right now, we have a manual log and now the State is looking at a full set of logs. We looked at two systems which have to work together and will also need a cell tower. The two systems work with Transfinder, which is our current routing software. The two companies Synovia Solutions and Zonar are different. Software for Synovia is \$13,056 a year and Hardware is \$9,984 a year for a total of \$23,040.00. Zonar's software is \$13,068.00 a year and the hardware is \$16,750.20 for a one-time charge for a total of \$29,818.20 for the first year. Mr. Sutjak said he does not like Synovia's software and it has no wand. He as well as the Special Education Department prefer Zonar. Mr. Bradley asked if it gives trip information. Mr. Sutjak said it depends on the trip. Mr. Gress asked if this was budgeted for this year. Mr. Sutjak said it was not. Mr. Summers suggested that Mr. Sutjak find another budget that has this amount; otherwise, it cannot be done. He asked if the students will swipe the cards. Mr. Sutjak said the drivers will swipe the cards. This system is for the special education students on 32 buses. Mr. Summers asked how many students does this affect. Mr. Sutjak said it affects about 75 students. The biggest concern with the system is that it may lose signal when cell tower is lost but it will store the information until it makes the connection again. Mr. Summers asked how would it determine the idling of the buses. Mr. Sutjak said that it will record when the buses are idle for more than five minutes. Mr. Summers asked if we need to keep the software on every bus to track it. Mr. Sutjak said it can be placed on every bus to notify them. Currently, Thomas buses have something that they can shut the buses off which can be done through the computer. Mr. Bader said that the reason they looked into this system is because they need to have accurate recording for each ACCESS student in order to maximize reimbursement. Currently, the district had to bring in extra help to complete the necessary paperwork. Mrs. Laverdure said that she thought that we were installing GPS systems on all buses. Mr. Sutjak said that the camera systems we installed this year have a passive GPS system that can have trip information downloaded at the end of the run, The Zonar system is a live GPS system allowing for real time tracking of the vehicles. Mr. Gress said that we are always jumping into items quickly. There are many issues to take into consideration like the switching of similar system July 1st. It saves money but what will be the actual savings. The buses will need to be on to deal with the idling situation. More information will be needed. Mr. Sutjak said there are not a lot of other systems out there. Mr. Bader said the current manual process is very time consuming and there is a backlog of the data entry. Right now we only have data entered through December. Mr. Gress asked what is the time frame to get approval for the money to get it up and running for September. Mr. Summers said that it is the 11th hour of next year's budget, since we have to have a preliminary budget approved in May and a final budget approved in June. It doesn't make sense to look for additional funding now. We need to move this process up. He would like to see a lot more information and cost savings because this is not a good time of the year. He understands that transportation wants to install this system but this should have been brought up in October, November or December. Mr. Gress asked Mr. Sutjak to bring more information to the next meeting. Mrs. Laverdure said she agrees with their decision and asked when did the government change the form of recording that had the district bringing in the extra help. Mr. Gress asked how many schools use this program. Mr. Sutjak said that the IU classes and some Special Education classes will need to use the program. Mr. Bader said that Zonar is used by many school districts. Mr. Bader and Mr. Sutjak spoke about Zonar in the beginning of the year, but decided to hold off to allow the Transportation Dept. time to bring

Transfinder on board. Mr. Bradley asked if the IU buys gas from the district. Mr. Bader said we do not have buses that run on gas instead they run on diesel. The IU charges the district a per student per mile rate.

c. Science Textbooks

Dr. Lesniewski said that they would like the approval from the Board to buy new science textbooks for the 9th grade science curriculum to replace textbooks that are ten years old. They were supposed to be replaced last year but other urgent needs were taken care of instead. The science textbooks will be paid by the Ready to Learn Grant. The selection process was completed 6-8 months ago. There is also a digital component of the textbook. Mr. Summers asked if there is any potential controversy with the textbook. Dr. Lesniewski said no and he has a copy of the textbook if anyone would like to review it. Mr. Bradley asked for the date of the new textbook. Dr. Lesniewski said that they 2012 and will be replacing 2005 textbooks.

d. Purchase Replacement Police Vehicle

Chief Mill said that in October the district lost a vehicle in an accident. This week we received the insurance reimbursement of \$8,375. There is also, \$16,000 in the Security Department budget. They are in need of a vehicle so one can go North and the other South. The current 2006 Explorer they have in the district has about 200,000 miles. In order to purchase this vehicle they will need about \$8,000. Mr. Bader said there is money in the Fixed Asset account for the purchase of this vehicle. Mr. Bradley asked if leasing would be equitable. Mr. Gress said they are used for too many miles; therefore, leasing would not be feasible. Mr. Gress asked if Chief Mill placed the purchase for another vehicle in next year's budget. Chief Mill said he did. The new vehicles hold up extremely well because they are built for this use and last a long time. Mr. Bradley asked for the actual cost of the vehicle. Mr. Bader said after COSTARS discount, the cost would be \$33,039.46.

e. Middle Smithfield Twsp Sewer Fees

Mr. Bader said that he received information from the Middle Smithfield Township about how Resica & Middle Smithfield Elementary Schools' sewer rates are calculated. It is based on equal dwelling unit figures. They have a breakdown of all rates. He has two issues with their document. They are not using correct rate in calculating our sewer rates. He broke it down because the township is not using the rate for a facility without a shower or gym. Instead of being charged \$19,600 Resica's charge should be \$16,100 which is a \$3,500 savings a year. Mrs. Laverdure said that Middle Smithfield Elementary (MSE) has a certified gymnasium. Mr. Bader said MSE does not have bleachers or showers. The Township also bases its calculation on the number of individuals in the buildings during the school year and does not adjust for the lower usage in the summer when there are no students or teachers in the schools. The formula has an interesting twist. Commercial/Industrial is based on equivalent average per unit. Every quarter they adjust. For education, it depends on the highest average month based from twelve months and it takes into account summer months. They should not be using a prorated charge for the school district. This creates a disadvantage while other businesses get a break. Mr. Summers said that they appear to be discriminating against the district. Mr. Gress asked if the Board needs to take action on this item at Monday's Regular Board meeting. Mr. Bader said that the Board will need to direct the next move. Mr. Gress suggested that Mr. Bader speak to our solicitor.

f. 2014-15 Budget Projection

Mr. Bader said that all revenues are not in yet. They are 91% completed and revenues seem to be on target. The district does not anticipate any deviation. Real Estate revenues are up a bit. It is difficult to determine the amount of delinquent tax we will receive as the counties receive much of the delinquent tax revenue in April, but it is not clear when it gets paid to the district. In the Department Budgets for non-salaries the budget is under 90% spent. Not all of the Senior Rebate money will be spent because the new process shifts when applications are made and rebates are paid until July. The district has about 4 million dollars of unspent money as a result from number of vacant positions that they were able to put back into the fund. This will reduce the deficit by about 5 million dollars. There was a deficit of about 8 to 9 million dollars; therefore, it will bring the deficit to about 3.5 million dollars.

g. 2015-16 Proposed Final Budget

Mr. Bader said that on the revenue side, based on the preliminary transportation report that was received about 2-3 weeks ago, the subsidy should be higher than it's been for the past couple of years with an additional \$400,000. Mr. Sutjak is being more efficient on how students are being allocated on the buses to maximize reimbursement from the State. There was a slight decrease for PSERS' reimbursement. If we reduce wages and salaries, it reduces retirement from the State. On the expense side, there is a decrease in the IU transportation cost. The district has been able to bring IU classes into the school buildings; therefore, we are transporting students, which is less than what we could pay the IU 20 to do. We are projecting to go from an \$800,000 expense to a \$450,000 expense. There is a 1.5 million dollars change in salaries. The district has been reviewing staffing needs based on estimated enrollments. With the gradual decline in enrollments over the last few years, there is an opportunity to reduce staffing through attrition and a decrease in the number of LTS positions hired in recent years. The district is able to reduce 21.5 teacher positions, 3 support staff positions and 2 deans of student positions. There is also decrease in our planned health insurance costs. The district has experienced a favorable claims trend in the last few years enabling us to build up a reserve with the Trust. The plan is to intentionally underfund to spend down some of that reserve.

Mr. Gress asked what position are we not filling. Mrs. Laverdure said that the handout outlines all positions. Mr. Bader said that they reviewed enrollment numbers. Mr. Gress said that last year we had kids in classes for a month, then decided to split a class. Mrs. Laverdure said that the district received positive feedback for waiting. Mr. Bader said he is not sure if we will need to add staff. Mr. Gress said we should not wait to split classes. Mr. Bader said that they are eliminating a team that had 7th & 8th grade teachers. Mrs. Laverdure said they are looking at teachers with dual certifications.

Mr. Bradley said that he received parents' concern about kindergarten students who were born after September not being able to start school this year and that this was a change in policy. It should be if they were born through January. Mr. Bader said there has not been any change in the district policy this past year. Mr. Gress said that they changed it from October 1st to September 1st and now it is September 9th. Children are not ready to start. They can go to pre-k program. Students that young run into problems. Some parents choose to hold them back. Mrs. Laverdure said that the only change was when they changed the birth date from September 1st to September 9th because this would be the latest date that the district would start school. Mr. Gress suggested discussing this issue with the Policy Review Committee. Mrs. Laverdure said that she believes students are not ready.

Educators suggested pushing the date back. Mr. Gress said that they may have to be retained in kindergarten and end up catching up in the later grades.

Mr. Summers said that the handout says that we are furloughing 26.5 people. Mrs. Laverdure said it is not 26.5 people but maybe 1 or 2. Mr. Gress asked if the staff has been informed. Mrs. Laverdure said that they cannot speak to anyone until the Board has been informed. The Board has asked administration to look at all areas realistically without eliminating any programs. Mr. Summers said that we need to look at how these reductions are going to be presented to the Board on Monday. The revenues, expenses, assumption, furloughing, etc. needs to be explained in detail to the Board so they understand all implications. Mr. Bader said that there are opened positions where some of these individuals will be moving into. Mr. Summers said that the last budget draft presentation had a deficit of about 11 million dollars and now this draft has a deficit of approximately 6.4 million dollars, which is not bad. We are not cutting any programs and class sizes stay consistent. Mr. Summers said that we should look at covering PSERS cost with the available funds. Mr. Bader said they still have more staff to look at.

Mrs. Laverdure said that the district has to notify PDE how it is planning on spending any Basic Ed subsidy in excess of the Index. She explained that the district is not restoring programs, but is able to maintain programs such as full day kindergarten, summer learning program, after school tutoring, activities, online classes, etc. Mr. Gress asked if we need to ratify anything at Monday's meeting. Mr. Bader said the notification has to be done online through the e-grants system. Mr. Summers asked how much is 1.9% of the Basic Ed funding. Mr. Bader said it is about 2.6 million dollars. If we don't get that money, we are still where we budgeted. We will not know the Governor's budget before June 30th. Mr. Bradley asked if he has any indication of what it will be. Mr. Summers said that we know what's in the budget. Mr. Bader said we do not know what will be approved.

h. Bid Tabulations (Athletic, Custodial, Nursing, & Tech Ed)

Mr. Bader said that he submitted to the committee members the lowest responsible bids for Athletic, Custodial, Medical, and Technology Education supplies.

i. Insurance Renewals

Mr. Bader said that PSBA changed insurance carrier. We are in the ball park from what we budgeted. We still have not received quote for Steam Boiler & Equip and Student Athletic prices. Our Workers' Comp is less. Mr. Gress asked if Mr. Bader will be getting other numbers soon. Mr. Bader said he will get them for Monday's Board meeting.

j. Affordable Care Act Resolution

Mr. Bader said we need to adopt the Affordable Care Act Resolution. The maximum cost is \$6,600 for single coverage and \$13,200 for non-single coverage. It cannot exceed 10 essential benefits that have to be provided. Our insurance has a list of coverage. All EBTEB members are passing the same Resolution.

k. Employee Assistance Program

Mr. Bader said, in Mr. Bradley's absence, the Employee Assistance Program was tabled last month. Both bargaining units (Support & Professional) are on board with this program. If the committee would like to pursue, they can forward this item for the entire Board's consideration and approval to put in place for July 1, 2015.

- l. Fund Balance Reallocation
Mr. Bader said the 8% unassigned portion of the fund balance needs to be brought down to 4% in June of the 2014/15 or 2014/15 school years. The district needs to assign money into other categories. This is based on current estimates with resignations. Mr. Summers said in the unassigned to future deficit line why did the difference go to 3.4 million dollars. Mr. Bader said that is what we are anticipating to use this year. Mr. Summers said if everything goes then, we will have roughly 5 million dollars. Mr. Bader said that the Property/Facilities Committee is working on their ten year capital improvement plan and will present it in June. Currently there is 7 million dollars in capital reserve which will not take us far. Within the next 5-6 years, the Board may want to designate more for the capital reserve fund. Mr. Gress said why not put more in it now. Mr. Summers said we should wait until we see the report first. Mr. Bader said we can discuss this item further at the June meeting.
- m. Lost Assessment Appeals
Mr. Bader said due to assessment appeals, there has been a reduction in the tax revenue. We've lost 13 million dollars in taxes since 2009/10.
- n. Keystone Realty Update –
Mr. Bader said that he and Mr. Brown will review assessment appeal for district to approve in June or July. Pocono Palace assessment appeal appears to have errors. Chris Brown will prepare an appeal with current numbers which will be helpful.
- o. Disabled Veterans Exemption
Mr. Bader said he received an exemption letter for a disable veteran who has been granted real property taxes exemption by the Department of Military and Veterans Affairs. This item needs to go before the Board for consideration and approval. Disabled veterans' exemptions must be reviewed every 5 years by the Department of Veterans Affairs.
- p. Meeting with Pocono Record re: State Funding & Lost Assessment Appeals
Mr. Gress said he spoke to the Pocono Record and the reporter is willing to meet with the Board and legislators. Mr. Summers said that not long ago they did an article on Poor Funding. We should discuss with them what action we would like to have happened as a result of their article. Mr. Gress said we should also discuss with the Pocono Record about the Senior Rebate Program because the date was moved up. They are reporting like we did something bad when in fact we increased the amount. Mrs. Laverdure asked if we should invite Legislators as well as County Commissioners to the meeting with the Pocono Record. Mr. Bradley said we should. Mr. Gress did not agree.
- q. Property & Facilities Items
Mr. Bradley and Mr. Summers said there are two items from this list that they do not recommend that it go for Board approval. One is item v. Jersey Infrared Consultant HSN/LIS roof survey proposal because they would like to see the engineering report. They prefer to wait and not waste \$40,000 until they have more details. They also would like to wait on item ix. Super Heat air compressor replacement proposal for High School North because they would like Mr. Eppley to spend more time reviewing the possibility of having another company provide a quote for the work that needs to be done. All other items they agree with forwarding to the Board for review and consideration.

- i. JTL HVAC/Lighting – Wind Gap Electric Pay App #7
- ii. JTL HVAC/Lighting – Myco Mechanical Pay App #11
- iii. Trane 1 Yr Service Agreement for JM Hill
- iv. Approval to sell 5 District vehicles to Harry’s U-Pull-It
- ~~v. Jersey Infrared Consultants HSN/LIS roof survey proposal~~
- vi. Pittsburg Tank & Tower proposal
- vii. Stadium Care Gmax Testing proposal – HSS
- viii. Midlantic Engineering concrete testing proposal – Northsite
- ~~ix. Super Heat air compressor replacement proposal – HSN~~

Mrs. Laverdure said that she distributed to the committee members information regarding a Statewide Call-to-Action for Public Education that is being held on May 14, 2015. We need to call our legislator and make them aware of what we expect them to do. Mr. Summers asked if we heard anything from Harrisburg about their report. Mr. Bader said that the Basic Ed Funding Commission is scheduled to release their report on June 10th. Mrs. Laverdure said we should let the legislators know that we matter. Mr. Bader said we should discuss a proper formula for school funding. Most of the formulas use the aid ratio as a measure of economic need, but the aid ratio is a flawed statistic because it is based on market values that may not be accurate. PASBO has proposed an alternate variable that looks at the overall tax burden on the community. Using that measure, we come out as having the 2nd highest tax burden. Mr. Bradley asked if we received any feedback from the legislators with reference to hold harmless. Mrs. Laverdure said that they met with the legislators to convey information. Mr. Gress said if people do not call, the legislators do not know that they care.

V. PUBLIC PARTICIPATION – LIMITED TO ITEMS OF DISCUSSION

None

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 Ronald Bradley and carried unanimously, 3-0.

1. To direct the Administration and Solicitor to work with Lehman Township and Pike County to develop proposed resolutions for consideration by each taxing authority for the creation of tax abatement zones pursuant to the Local Economic Revitalization Tax Assistance Act.
2. The adoption and purchase of the 9th Grade Physical Science textbook from McGraw Hill at a cost of \$57,305.80.
3. The purchase of a 2015 Police Interceptor vehicle from the New Holland Auto Group at a cost of \$33,039.46
4. The Proposed General Fund Budget for the 2015-16 fiscal year in the amount of \$150,511,802.
5. The award of bids for Athletic, Custodial, Medical, and Technology Education supplies.
6. The 2015-16 Insurance providers and premiums.
7. The Resolution adopting the Out-of-Pocket limits for health plans in compliance with the Affordable Care Act.
8. To accept the proposal from Mazzitti and Sullivan to provide employee assistance program services at a cost of \$18 per employee per year.

9. To approve a disabled veterans property tax exemption for Christian Torres as certified by the PA Department of Military and Veterans Affairs for school district real estate taxes effective July 1, 2015 for a period of five years.
10. Property & Facilities Items:
 - i. JTL HVAC/Lighting – Wind Gap Electric Pay App #7
 - ii. JTL HVAC/Lighting – Myco Mechanical Pay App #11
 - iii. Trane 1 Yr Service Agreement for JM Hill
 - iv. Approval to sell 5 District vehicles to Harry’s U-Pull-It
 - v. Pittsburg Tank & Tower proposal
 - vi. Stadium Care Gmax Testing proposal – HSS
 - vii. Midlantic Engineering concrete testing proposal – Northsite

VII. **NEXT MEETING** – June 8, 2015 at 5:30 p.m. in the Administration Center Board room.

VIII. **ADJOURNMENT - 7:14 p.m.**

Respectfully submitted,

Patricia L. Rosado,
Board Secretary