

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
August 10, 2015**

**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 (arrived at 5:34 p.m.), Robert Gress and Gary Summers.

School Personnel Present: Jeff Bader, Paul Bakner, Sharon Laverdure, Tom Lesniewski, Ryan Moran, and Patricia Rosado.

Community Member Present: Judy Summers.

Other: Lynn Andrusek, Pocono Record

III. APPROVAL OF AGENDA AND MINUTES

Motion was made by Gary Summers to approve the agenda for August 10, 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. The agenda was amended in order to add Item f. vii. Super Heat invoice. Motion was seconded by Robert Gress and carried unanimously, 2-0.

Motion was made by Gary Summers to approve the minutes of the June 8, 2015 meeting. Motion was seconded by Robert Gress and carried unanimously, 2-0.

IV. ITEMS FOR DISCUSSION:

a. Band Uniforms

Mr. Bakner said that the H.S. North and South uniforms were purchased in 2000; therefore, they are 15 years old. An average life expectancy is 8 to 10 years and students wear them about 20 times a year in all types of weather. Since several students wear them, the uniforms are worn over 300 times. Mr. Bakner said they would like to purchase uniforms with new patterns and fabrics. He spoke to Katy Clogg and they feel that the new uniforms will have less parts and fit more comfortably. They are requesting that bid specs be prepared. Mr. Gress asked if this item was budgeted in the upcoming school year's budget. Mr. Bader said it was not. Mr. Bakner and Ms. Clogg will speak with their respective principals to see if there may be some funds available from the building budgets, otherwise funds will need to be allocated from the fund balance. Mr. Summers asked if the South band will purchase their uniforms next year and the North band this year. He suggested placing South's uniforms cost in the following year's budget. Mr. Bader said they planned to do that. Mr. Gress suggested bidding both at the same time. Mr. Bader said it may not be possible because the company may not want to hold the price for a year. Mr. Gress said it does not hurt to have both bid out to see if it's feasible to get the uniforms for North and South this school year. Mr. Bradley asked if this will replace all that they need. Mr. Bakner said that it will. The current uniforms will not be discarded. They can be used for something else or be given back. Mrs. Laverdure asked if these uniforms include the Front Guard students.

Mr. Bakner said it does not. Mr. Gress asked what are the plans to replace those uniforms. Mrs. Laverdure said they are replaced periodically as needed.

b. Computer purchase vs. lease

Mr. Bader distributed a breakdown of all computer/technology leases. Some leases will expire this year and others over the next 4 years. Mr. Summers asked if this list contains the annual lease payments. Mr. Bader said that is correct. One handout contained the options for transitioning the leases to purchases or maintaining leasing. If we purchase in 2015/2016, it would be about \$1,680,000 at a projected cost of \$3,099,769. If we lease in 2015/2016, the total cost would be about \$1,844,769.00 in 2018. Leasing provides for a more constant cash flow for budget purposes, but purchasing may be slightly cheaper. Mr. Summers said this would be if we hold onto the computers longer. Mr. Bader said we are on a four-year cycle because of the heavy use the equipment receives. Mr. Summers asked if we go to the purchasing option would we want to lease anything. Mr. Bader said that it would not be much different in value when comparing the two options. Mr. Bradley asked how would the maintenance cost differ. Mr. Bader said it would be about the same.

c. Disabled Veterans Property Tax Exemption

Mr. Bader said the district previously received a similar request from a disabled Veteran requesting a Real Estate Tax Exemption. It first must be approved by the State Veterans' Commission, which it was. The next step is to obtain Board approval. Mr. Bradley questioned why the Board would need to approve it since it was already approved by the county. Mr. Bader said only the Board as the taxing body can grant an exemption. Mr. Bradley said he thought the County can approve it. Mr. Bader said they can only do it for County taxes.

d. Contracted Transportation Services RFP

Mr. Bader said they advertised for extra transportation runs that the district cannot fill on its own due to hour restrictions or not enough drivers to cover runs. There were no conforming responses to the RFP. The companies were not able to get bonds because we cannot give exact amount of runs needed. Mr. Bader said he spoke to Mr. Dirvonas, Solicitor, in order to modify the RFP. He explained a handout which included approximate amount of trips, miles, driving time, layover and cost for the three companies that submitted prices. Pocono Transportation charges by the hour. Rohrer submitted prices for 2015/2016. G. Davis gave rate prices depending on the specifics of a trip. The spreadsheet included comparisons of trips of various distance and times from each of the high schools. In comparing all details, it looks like Pocono Transportation had the best prices. The district would use them first with G. Davis second and Rohrer last. This schedule is not exclusive because it would all depend on the specific situation and availability. All companies understood that the district cannot be exact. Mr. Bradley asked if Rohrer did not provide prices for minibus and vans. Mr. Bader said that they did not. Mr. Summers asked who is the district using now. Mr. Bader said the district has been using North Pocono but they are going out of business. Mr. Summers asked how much is the district spending on transportation. Mr. Bader said the district is spending almost \$900,000 on extra transportation runs. These rates that were received are lower than North Pocono. The district is hoping to get more drivers to bring more runs in-house. Mr. Gress asked if the buses are in good condition. Mr. Bader said that the buses average around five years old. Mr. Gress said that he has seen buses that are not good. We also need to check if drivers have held any driving tickets. Mr. Bader said that the drivers would have to have the same standards as our drivers do. Mr. Gress asked who checks this. Mr. Gress said the district should mandate no tickets. Mr. Bader said the district can make this a requirement. Mr. Summers asked if the driver needs to hold a CDL license. He also asked if the reason we spend this amount of \$900,000 is because we do not have enough drivers and buses to support all

trips. Mr. Bader said that bus drivers need a CDL license and that we do not have enough drivers to support all trips. Another issue is that some bus trips leave before the beginning of the bus drivers' normal runs. Other issues are that the drivers may meet the maximum hours in a day that they can drive. Mrs. Laverdure asked if there are cameras on the buses. Mr. Bader said they do not have them. Mr. Bradley asked if any company provided a bond. Mr. Bader said they did not because the district could not quote an exact amount of runs that would be needed. Mr. Bradley asked how does this factor accountability towards the district. Mr. Bader said that we will be using the three companies as needed. Mr. Summers asked if we know the schedule ahead of time. Mr. Bader said that we try to schedule as far in the future as known, but trip requests often come up at the last minute and we do not always know the availability of drivers ahead of time. Mr. Summers said, "Therefore, we know when and where but not who". Will the district be signing contracts with each company? Mr. Bader said that he will speak to Mr. Dirvonas to see how to adjust all issues at hand. We may not need to sign anything but just accept their proposals which include insurance and inspection. Mr. Gress said asked if we will have multiple agents. Mr. Bader said that is correct.

e. Banking Services –

Mr. Bader said that about a year ago, PNC Bank, who we currently use, moved away from paying interest on commercial deposits. In return, they are charging fees for services offset by an earnings credit. If the earnings credit is greater than the fee cost, there is no payment, but if the fees exceed the earnings credit, the District must pay the difference. The district spent about \$4,000 in fees last year. A proposal was received from ESSA Bank who will pay interest on deposits. ESSA has been used by the district for CD's, scholarships and loans. Instead of paying \$4,000 a year the district can make about \$40,000-\$50,000 a year. Mr. Bradley asked if they will pay interest on deposit but will they charge fees. Mr. Bader said they will not charge fees. Mr. Bradley asked how much will they save the district. Mr. Bader said the district will make about \$40,000 to \$50,000 as opposed to paying \$4,000. Mr. Gress asked if this amount is for one year. Mr. Bader said that it is. There are preliminary set up items that need to be done such as close the accounts, order new checks, etc. ESSA is a local bank. Mr. Bradley asked if PNC was given the same opportunity to match ESSA's offer. Mr. Bader said they were but the best they can do is to have credit roll over. Mr. Bradley asked why isn't PNC Bank willing to meet us all the way. Mr. Bader said because that is their business model for all corporate clients. It is the same approach followed by most of the other large banks.. Mr. Summers said that they are not local but their head branch is in Pittsburgh where ESSA Bank is in Stroudsburg. Mr. Bradley asked if the transition will take long. Mr. Bader said it can take a couple of months or maybe a year. The first step would be Board approval. Mrs. Laverdure asked if any staff member would be affected with their direct deposit payroll check. Mr. Bader said no one's payroll deposit will be affected.

f. Property & Facilities Items

Mr. Summers said all of the following items were discussed at the Property/Facilities Committee meeting and recommended for Board approval. One item that was not forwarded was a proposal from Super Heat, Inc. for the materials and supply to install an air compressor on the IC burner at H.S. North. This item somehow slipped through the crack. He suggested that someone look over the proposal and validate costs since the total amount is \$3,900.00. Mr. Bradley asked if this item should be held until validation of cost. Mr. Summers said no but it should just be doubled checked.

- i. JTL HVAC/Lighting – Wind Gap Electric Pay App #10
- ii. JTL HVAC/Lighting – Myco Mechanical Pay App #14

- iii. Bushkill Snow Guard/Gutter – C&D Waterproofing #3
- iv. HSN Turf Field – Fieldturf Pay App #2
- v. HSN Turf Field – Stadium Solutions Pay App #2
- vi. HSN/LIS Concrete – Multiscape Pay App #2
- vii. HSN/Air Compressor - Super heat

g. Looking Ahead

Mr. Summers presented a handout regarding looking ahead over next five years to see the potential to accumulate 5 million dollars.

The revenue side included suggestions such as establishing a local nonprofit Educational Improvement Organization to allow local businesses a tax credit program, internal grant accountability, stadium naming rights, advertising space on school buses, construct energy file at north campus and reverse assessment appeals.

The expense side included:

- Construct a passive energy field at the north campus and sell excess capacity to the electric utility.
- Centralize bus operations – one bus lot
- Propane or natural gas for bus fleet
- Go to a four day a week schedule
- How sure are we that every student is a resident? How is this verified?
- What is the cost for 19 and 20 years old that drop in and out of school?
- Top to bottom audit and analysis of every dollar spent with the IU (check psychologist services and transportation).
- Go to 45 minute classes instead of 90.
- Validate enrollment projections by experts
- Aggressive marketing of in-house cyber offering.
- Verify IEPs qualify for IDEA services.
- Cost of team teaching
- Top to bottom review of all that is offered
- Develop a standardized business case format for use with all investments over a certain dollar threshold.
- Establish expense reduction targets.

Mr. Summers said we need to review all ideas over time in order to knock down our expenses. We are not getting any help from Harrisburg. If the Governor passes his budget, the district may get about 3-4 million dollars extra but at the same time our property tax income keeps going down. Since we cannot look to Harrisburg to help us, we need to do whatever we can to do things differently within the next five years.

Mr. Bradley asked about the company that came into the district to speak about energy conservation. Mr. Bader said they are piloting J.M. Hill Elementary. Mr. Summers said we can check with Dan Eppley because they are in the process of analyzing this system. Mr. Gress said some energy conservation programs may not work. Mr. Bradley asked if this is only being done at J. M. Hill. Mr. Bader said he is correct. Mr. Bradley asked for information on how this energy conservation program is progressing at J.M. Hill.

Mr. Gress asked if there are any updates on the reassessment appeal. Mr. Bader said that they all have been filed.

Mr. Gress asked for an update on the installation of the Resica Playground. Do they need any more money? Mr. Bader said they do not need any more money. Mrs. Laverdure said they are still putting it up. There will be another weekend in September to continue the process. Mr. Summers said there is still a lot of work to be done.

h. September Meeting Date

Mr. Bader said that the next Finance Committee Meeting is scheduled for September 14, 2015 but it is a holiday for him and he cannot make it. It is also the JOC meeting at Monroe Career & Technical Institute. After discussion, the committee rescheduled the meeting to Tuesday, September 8, 2015 at 5:30 p.m.

V. PUBLIC PARTICIPATION – LIMITED TO ITEMS OF DISCUSSION

A. Mrs. Judy Summers said that a neighbor asked her if the school district contributed funds to Resica Elementary for their playground. What is the district's liability for the contribution and the construction? Has the district checked with zoning officer and have appropriate engineers been contacted such as carpenters, etc. to insure it is being done properly? Mr. Gress said that the district allocated \$30,000 for the Resica playground and we did have concerns about the construction of it. Mr. Bader said that the company who designed the playground is overseeing the construction as part of the contract and are held liable. The district will have the insurance carrier inspect it all to insure that all standards are met.

Mrs. Summers asked if zoning officers have to give credentials. Mr. Bader said they are not subject to inspection. Mr. Gress said that the district will have to monitor all projects such as bleachers, playgrounds, etc.

B. Mr. Bradley asked what is Maillie's function. Mr. Bader said they are our Financial Auditors. They audited the finances last year and will come to do the same this year.

Mr. Bradley said that he received a letter from Maillie asking him if he feels that there is any fraud occurring in the district. Mr. Gress said that all Board members received this letter. Mr. Bader said that part of Maillie's job is to assess internal control of checks and balances. The Board is ultimately responsible. This is an accounting standard. Mr. Gress said that Maillie sent a letter to all Board members to see if they have any concerns and to solicit their unbiased thoughts. They audit certain portions of the finances; therefore, they want to see if there is any particular areas they should be looking at. Mr. Bradley asked if Maillie is asking for definite answers. Mr. Bader said he does not have to provide answers to questions that he does not know the answer to. Maillie just wants to make sure that the Board knows what is going on. Mr. Bradley asked if he has anything that he would like them to review does he send it back to them. Mr. Gress said if Mr. Bradley has something that he feels should be looked at just write it down and send it to them.

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, 3-0.

1. To advertise for bids for new band uniforms for both the High School North and High School South Marching Bands.
2. A disabled veteran's property tax exemption for Thomas McBride for parcel #060040460 as certified by the PA Department of Veterans Affairs for school district real estate taxes effective July 1, 2015 for a period of five years.
3. To authorize the Administration to contract with Pocono Transportation (Option 1), G. Davis and/or Rohrer for the provision of extra bus run transportation services on an "as-needed" basis through the 2017-18 school year at the rates as are set forth in the Cost Comparison presented at this meeting which is based upon responses to the District's RFP.
4. To appoint ESSA Bank and Trust, Stroudsburg, PA as depository for General Fund, Payroll, Tax Collections, Construction Fund, Cafeteria Fund, Special Activities Funds (North and South), Student Activity and Scholarship Funds, Tax Escrow Fund accounts in accordance with its proposal submitted May 1, 2015.
5. To approve the following Property & Facilities Committee Items:
 - i. JTL HVAC/Lighting – Wind Gap Electric Pay App #10
 - ii. JTL HVAC/Lighting – Myco Mechanical Pay App #14
 - iii. Bushkill Snow Guard/Gutter – C&D Waterproofing #3
 - iv. HSN Turf Field – Fieldturf Pay App #2
 - v. HSN Turf Field – Stadium Solutions Pay App #2
 - vi. HSN/LIS Concrete – Multiscape Pay App #2
 - vii. HSN/Air Compressor - Super heat

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

VIII. ADJOURNMENT - 6:28 p.m.

Respectfully submitted,

Patricia L. Rosado,
Board Secretary