

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
February 13, 2017**

**Carl T. Secor Administration Building – Board Conference 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, Gary Summers and Lisa VanWhy.

School Personnel Present: Jeff Bader, Fred Mill, Greg Milford, Ryan Moran, William Riker, Patricia Rosado and Paul Schmid.

Community members present: None

III. APPROVAL OF AGENDA AND MINUTES

Motion was made by Gary Summers to approve the agenda for February 13, 2017, 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, 4-0.

Motion was made by Gary Summers to approve the minutes of the January 10, 2017, meeting. Motion was seconded by Lisa VanWhy and carried unanimously, 4-0.

IV. ITEMS FOR DISCUSSION:

a. Food Service Bid Request

Mr. Schmid distributed information which included the Food Service Division Food and Supply Quote for the 2017-2018 school year. There are approximately 325 items on the list. The prices must be guaranteed until June 30, 2018. All items will be advertised for three weeks on the district website, Pocono Record, and directly to the ten vendors who have previously submitted bids. Over the years, the district has received a good response. All bids will need to be returned by March 24th and need to be submitted electronically because it makes it easier to import the data. The Master bid list includes contact information and non-collusion affidavit that must be signed off. The bids will be opened on March 24th in front of a Business Office personnel. The Food Services Department will then calculate all awarded services and items. The Food Services Department will check for the lowest prices and sometimes have combined items to give to the vendor that was the lowest bidder. They do not split commodity items. All awards are placed online and made available to all vendors who participated. In 2015/16 \$988,700 was spent on all food items, \$85,000 for non-food items and \$234,000 in government commodities. This process has been done in the district for the past 10 years and has been very successful. Competition has been good. The Food Services Department has reviewed other districts

and found that we are price competitive. Mr. Schmid is asking for approval at this month's meeting so they can send out the bids on February 28th. Mr. Gress asked how does the Food Service Department use local produce in our area. Mr. Schmid said they purchase from various local areas but prices fluctuate. They purchase about \$25,000 from Gould Produce. We try to use products from within our State since there are not many local businesses that can provide these products.

b. 2017-18 Lunch & Breakfast Prices

Mr. Schmid said he would like to request a 10 cents increase for Elementary, Intermediate and High School Lunches. There was a price increase for breakfast and lunch in 2016/2017. They need to increase comparable to what they get from the Federal Government for the Free and Reduced meals. The cost for benefits, retirement, and wages has increased. In 2010-2011 it was 1.68 million dollars and in 2016/2016 it went to 2.51 million dollars, which is an increase of \$830,000. In 2016/2017, the estimated cost will equal about \$920,000 from 2010/2011. It is estimated to rise to 2.66 million dollars in 2017/2018. The 10 cents increase will be an additional revenue of about \$23,000. Currently, the cash on hand is \$374,000. The PLIGT account is down \$240,000. About 45% of the students pay for lunch the rest are Free and Reduced eligible. Mr. Gress asked if Ala Carte items prices will be increased. Mr. Schmid said the items are periodically raised but they will determine the prices once the bids are back. The issue is when in 2010 the Healthy Hunger Free Kids Act was enacted, revenues dropped. Mr. Gress asked if there has been an increase since the MCTI students have been eating at the schools. Mr. Schmid said the revenue has stayed about the same. Breakfast revenues went up slightly from last year. Last summer, they participated with Chef in the School Program, which included more spices with less sodium. Mrs. VanWhy asked if we are going to change Ala Carte items. Mr. Schmid said they were looking for changes in the Act, but it does not look like there will be any changes. It may change with the new Secretary of Agriculture. Mr. Gress asked if the revenues will increase if they raise prices with Breakfast. Mr. Schmid said most likely there will not be since 90% of the students qualify for Free and Reduced. Mr. Schmid said some students are being surveyed to see what food they want and don't want. Mr. Gress said that lunch portions are not conducive to what students need. They would need about three lunches to equal what they need. Mr. Schmid said that unfortunately, they have to serve what the Healthy Hunger Free Kids Act states, which cannot exceed the calories, sugar, etc. intake. He said he can empathize with their situation but, if they wish, they can buy seconds to increase their consumption. Mr. Gress said that at the elementary level there is waste since many lunches are being thrown out. Mr. Schmid said they are mandated to serve each student a fruit and a salad. Mr. Gress said they should increase the price of breakfast. Mr. Schmid said but only 10% of the students pay. Mr. Gress said they should increase choices to offset the subsidize program. Mr. Schmid said if they serve only 180 at 10 cents each day is only \$18. If he is asked to increase the breakfast by 10 cents, he can submit it to the Board. Otherwise, he will leave it as is.

c. Elementary Math Curriculum

Mr. Moran brought a Resource Implementation Estimated Cost chart for consideration. He said that the Curriculum Department would like to order a resource package for the elementary level students. The district normally spends about \$60,000 to \$70,000 a year for materials and consumables. Mr. Moran is requesting to spend approximately \$368,717, which is the total for six years. The cost per grade level is as follows:

K - \$58,102 Grade 1 - \$57,844 Grade 2-\$60,937

Grade 3 - \$61,273 Grade 4 - \$65,953 Grade 5 - \$64,608

The \$368,717 is the cost to replace the resource material and consumables. Mr. Summers asked if Mr. Moran is asking for the \$368,717 for materials and will not need to spend \$60,000 additional per year in consumables. Mr. Moran said he is correct. Mr. Summers said; therefore, in the six-year time, the cost would not be the same to what we have been paying up to now. Mr. Moran said, "Yes". Mr. Gress asked if the program they are purchasing is more beneficial than what is being used now or will it be the same kind of material. Mr. Moran said that this resource material is not but others they have in place deal with all academic areas. The initial cost will be paid through a grant. Mr. Summers said the district needs to review the material to make sure that it is the best and that it is in compliance with PA standards. It also should help with the implementation of our Math program. Mrs. VanWhy asked what are we spending the \$60,000 to \$70,000 on this year. Mr. Moran said that is just for the consumables. Mr. Summers asked what other districts are using this material. Mr. Moran said he will prepare a list of this information to give all Board members.

d. SPO Act 120 Training

Chief Mill said he is asking to send an individual to a police training like they did about five years ago. They need a School Police Officer at H.S. South and have a good candidate, but he will need to be Act 120 certified to become a School Police Officer. The cost for the training would be about \$5,000. The person would have to commit to work in the district for five years; otherwise would need to reimburse the district for the training. Chief Mill said he is in need of three officers. He can pay for the training out of next year's budget since the training starts in July. The budget will be tight but they will tightened up the expenses in order to pay for the training. Chief Mill is requesting that they approve for this individual to attend. Mr. Summers said that according to the handout that was given, the training will be for 21 weeks from 7:45 a.m. to 5:00 p.m. Monday through Friday. Mr. Gress asked if the district will pay his salary and where is this person employed now. Chief Mill said he is employed by our district as a Security Guard. Mr. Gress asked when will the training start. Chief Mill said the training starts on July 17 through December. Mr. Bradley said School Polices' salaries should be reviewed. Mr. Gress said they get a stipend, too. Mr. Bradley said that the salaries need to be compared to other districts because we are under paying our individuals. Chief Mill said that the School Police get paid about the same as the Security Guards but then get a stipend twice a year. Mr. Summers said there is a big inequity amongst the salaries. Chief Mill said this is so amongst the Townships and Boroughs. The individual has expressed his interest in staying here for a long period of time. The district needs stability. Gregg Milford, Security Guard, said he has been working in the district for one year and has gotten to know many students. He said he plans to stay with the district. Chief Mill said Gregg has worked a lot in the security field; therefore, is used to the school environment and can be tolerant. Mr. Bradley said that when the individuals put on a uniform, they become a target. It's very important to interact with the students. The district needs to look at parity to keep individuals employed at the district. Gregg said that he has earned a level of trust with some students. Students need someone who they can trust and not just the teachers. Mr. Gress said this item will be recommend to the Board for review and consideration. Mr. Bradley asked for the status on the two School Police positions that need to be filled. Chief Mill said he has not received any applicants for these positions. Mr. Bradley asked if they all need to have the training. Chief Mill said that all School Police that are hire need to have had a police training. All School Police have trainings that is equivalent to the PA Academy, which are accepted by the State.

e. Flexible Spending Accounts

Mr. Bader provided information regarding a Flexible Spending Account, which will allow employees to put money into an account to pay for medical-related expenses. There is a variety of things that qualify. From an employee prospective, you save about 35% because it is paid pre-tax, saving the employee their federal and state income taxes and FICA. These funds are put onto a debit card which is restrictive for those expenses. Mr. Bader said he looked at four different vendors. The monthly fee paid by employer tends to be cost neutral because the District also saves its share of FICA on those funds deposited into the account. They have employer/employee portals as well as mobile apps. The TASC vendor charges a monthly fee of \$3.50 and a \$200 renewal fee. Their card is different from the rest of the vendors because any reimbursements received can be placed on the card in a different bucket and may be used for any type of purchase. Flexible spending accounts can be set up for medical expenses and for dependent care such as day care, afterschool care and summer camp. Enrollment can begin on 4/1/17 through 12/2017. It will match the calendar year to go along with the benefits. IRS Code use to be that if the money is not used then the employee would lose it, but now they are allowed to carry up to \$500 into the next year. Mr. Bader said he would recommend the vendor, TASC. Mrs. VanWhy asked who pays the annual fee. Mr. Bader said the district would pay. Mr. Gress asked what happens if an employee leaves. Mr. Bader said that if the individual spent their amount before they funded the account, the district is on the hook. Mr. Gress said this is a risk. Mr. Summers asked who would be more attracted to this benefit, the support or professional staff. Mr. Bader said currently the professional staff does not have deductibles; therefore, it would be more attractive to the administrators and support staff, which would be about 600 employees. He believes there would be enough interest from both groups. Mr. Summers asked if we give this option to 600 employees, then we would pay \$3.50 per month for each individual. Mr. Gress said the district would take a risk for a couple of months and signing up may be time consuming. Someone will need to explain the process. He suggests starting in the beginning of the year. Mr. Bader said beginning the program now helps the employees to see how the program works and to get them started on tracking what they actually spend. Mr. Gress asked what will be the time frame of enrollment. Mr. Bader said the healthcare plan year runs from July to June, but the deductibles go from January to December. Mr. Gress said then it should take affect the same as the employee's salary year. Mr. Bader said the ten-month employees will start in September. Mr. Summers said by July the employees would have already paid their deductibles. Mr. Gress asked if this would only be for deductibles. Mr. Bader said that any IRS eligible medical expense such as office visit and prescription co-pays, dental costs not covered by our dental insurance, glasses and contacts, are all eligible expenses. Mr. Summers suggested starting this program in July. Mr. Bader said he would like to start it sooner to give the ten-month employees a chance to see it. Mrs. VanWhy asked if there has been an interest from the staff. Mr. Bader said that it was discussed at a Support Staff Negotiations meeting.

f. Worker's Comp Experience Rate Review

Mr. Bader said that the worker's comp experience modification is still high. We are interested in making sure that everything we have is priced and reported correctly. He reached out to see who would do this. EHD found Apex Services, Ltd. The fee is based on recovery basis. Mr. Bader does not think there is a lot of money out there but we might be able to save a little money. There may be not risk to do it. Mr. Gress said there are other companies who charge 10% or 20%. Mr. Bader said he is not sure of how many

there are. Mr. Summers suggest looking at other organizations. Mr. Gress said asked would they put loan items in it. Mr. Summers asked where we obtained Apex Services, Ltd. Mr. Bader said EHD recommended them. Mr. Gress suggested letting EHD know if they find anything EHD would pay them. Mr. Bradley asked what timeframe will they be auditing. Mr. Bader said three years. Mr. Summers said if Apex finds any savings they take 50%. Mr. Bradley said he is not comfortable with that. Mr. Bradley asked what accounts will they be reviewing. Mr. Gress said that they check each account and what everyone is making. Mr. Bader said the district had actual audits on salaries compared to other districts. Mr. Bradley asked if Apex will receive 50% across the board. Mr. Bader said Apex will only receive 50% on the savings. Mr. Bradley suggested looking for another company that is flexible. Mr. Gress asked Mr. Bader to check other companies. Mr. Bradley said he is trying to avoid any collusion.

g. Keystone Realty Partners Invoices

Mr. Bader said that there are three invoices from Keystone Realty Partners that are based on three cases that went forward to be settled and Keystone gets 30% as their fee. The district may get more invoices as additional ones get settled. Mr. Bader said he reviewed these invoices with Chris Brown, Esq. and he said they are correct.

h. Plan Con K GO Bond Series 2017

Mr. Bader said that the PlanCon K needs to be completed for the ESASD's G.O. Bond, Series of 2017 in order for the district to receive the reimbursement from the State.

i. MCTI Budget

Mr. Bader said that MCTI will be presenting the 2017/2018 year budget at the next Board Meeting. Mr. Gress said that timing is a problem because we don't have next year's budget from the State. They should not be speaking about any new programs. Mr. Bader said that at this time there is no debt service as the last bond has been paid off, but MCTI may need additional borrowing down the road.

j. State Budget

Mr. Gress said the Governor said the State budget will be 1 million dollars less. Mr. Bader said that the Governor want 1 million dollars more for education. The numbers provided on the PDE website are based on the old data and that PDE is in the process of updating those figures. It is also not clear what the Republican majority is willing to approve. There are a lot of moving pieces that are involved. We will not get firm numbers until May or June. PDE is recalculating everything and there is new information. At the same time our 2016/17 allocation from the State may change. Mr. Summers asked based on what. Mr. Bader said PDE has interpreted the law about using the most recent data to make changes to the calculation throughout the year. If they stay the same, the district should get about \$225,000 more money than last year. Mr. Summers asked if this money would be for the 2016/2017 school year. Mr. Bader said that is correct. The district may lose money due to the way the formula is being interpreted. Next year the Governor proposed to change the allocation for transportation by taking 50 million dollars out of it. The district may pick up or lose money. Mr. Bader said he recommends the district continues with level funding. Mr. Summers said according to what was determined, it is possible that the district will get 2.5 million dollars. Mr. Bader said that is correct.

Mr. Summers asked the committee if they would like to try to schedule another Work Session with the legislators. Mr. Bradley asked where is the additional lottery revenue

going. Mr. Bader said it is not being put back into the districts but is being allocated for other things. Mr. Bradley asked what other things. Mr. Bader said items such as fire companies. Mr. Gress said that Senator Scavello serves on this committee. Mr. Bradley asked how can this process be justified. Mr. Gress said because it's the constituents who vote for them that are receiving the funds.

k. Property & Facilities Items

i. D'Huy Engineering – North Campus Paving Invoice # 45612 - \$4,539.11

ii. D'Huy Engineering – JTL Masonry Investigation Invoice #45632 - \$1,850.00

Mr. Summers said D'Huy Engineering is submitting invoices for what appears to be testing and observation services that were completed by Advantage Engineers. He asked that Scott Ihle make sure that all reports that were completed be given to the district so that we know that they were done correctly. Mr. Bradley said that Mr. Ihle said he has the information. Mr. Summers said we should not pay the invoices to D'Huy Engineering until we are sure that the reports are in the district. Mr. Bradley said Scott Ihle has the reports. Mr. Gress said that the motion will contain wording that the invoices can be paid contingent on the fact that the district has the reports.

iii. HSN/LIS Locker Replacement – A. G. Mauro - \$25,665.00

Mr. Summers asked why do the lockers need to be replaced. Mr. Bader said that lockers need to be repaired but they are plastic and the companies no longer have the material to replace them. Mr. Gress said they should have placed metal lockers in the buildings. This was done to save money; therefore, now they need to be replaced. Mr. Bader said they would need to replace locker banks at a time and can use the broken ones for spare parts. Mrs. VanWhy asked if the students are using their lockers. Chief Mill said lockers should be able to hold students' book bags. Mr. Gress said if students use the lockers it would take them more time to get to their classes. As it is, at High School South, it take students longer to get from the Maple Wing to the Main Building. If the students are late they will get written up. The lockers need to be replaced but are they being used. Mr. Bader asked how do the students get their locker assignment. Dr. Riker said normally the homeroom teacher assigns them. Mr. Gress said that the district needs to see what savings can be obtained and saving the pieces can help. Mr. Bader said that 92 lockers are need at this time. Mr. Gress said the district should review how many will be needed and buy them all now to avoid coming back again for the purchase of more lockers. Mr. Bader said he will check with Mr. Ihle. Mr. Summers asked where is the money for the lockers coming from. Mr. Bader said it will be taken from the Capital Reserve Fund. Mr. Summers said that we should have a motion that says that the Property/Facilities Committee needs to update the five-year plan to update priorities. Mr. Bader said the Property/Facilities Committee had a conversation and are in the process of verifying what was done and what needs to get done.

L. Mr. Summers asked if the Board should attempt to meet with the Legislators again. We need to reach out to Senator Scavello, Representative Brown and Representative Madden first to see if they are available on any Saturday prior to April 1st from 9:30 a.m. to 11:00 a.m. We can then reach out to Senator Blake and Senator Baker.

M. Mr. Summers distributed information for the Committee Members to review. The information was titled ESASD Financial Perspective and contained the following items:

Looking back over the past 5 years based on audited district
Looking forward; current year 2016-17, 2017-18 and beyond.
Potential areas for discussion and review

N. Mr. Gress submitted information to the Committee members for their review. He said the district needs a Centralized purchasing area. The savings ranges from 5% to 25%. He also suggested the use of PA Guaranteed Energy Savings Contracts for our upcoming projects such as roofing, security systems, electrical upgrades/lighting, HVAC and central bus compound. The district should consider a Wellness Program to help with Healthcare. Most major studies show ROI of anywhere from \$1.50 to \$6.00 return on actual healthcare savings for each dollar spent. A centralized bus compound must be thoroughly reviewed as grants are available and actual savings in real dollars from fuel, bus, repairs, and personnel could be saved. Bond issues should be reviewed for five-year capital items for the district which total in excess of 12 million dollars and growing. Spreading the cost to future users is appropriate. Information on county reassessment should be reviewed to see what the county is using for the new assessment. We should set a meeting with the Representatives and Senators. There is continued complete failure of Harrisburg to fund ESASD. We are going to get nearly 7million dollars less than Pleasant Valley in 2017-2018.

Mr. Bader said if the district would like to borrow fund, we need to have a plan. We need to be careful due to the Property Tax Bill. As it is currently drafted, Districts will be prohibited from borrow after December 31, 2016, unless approved by a public referendum. The district cannot raise taxes to cover the debt service without public approval. Mr. Summers said Governor Wolf is speaking about Bill 76, authorizing the imposition of a personal income tax or an earned income tax by a school district subject to voter approval. Mr. Gress said we will need to see what money will be needed for the projects. Mr. Bader said they are working on the priority list. Mr. Summers said lets confirm when it happens to see if the district can raise taxes through the voters. Mr. Bader said it can only be raised for the district's debt. Mr. Summers said he does not believe this was the condition of the Bill. Mr. Bader said that what his understanding of the Bill.

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 Lisa VanWhy and carried unanimously, 4-0.

- a. The purchase of the Go Math! Hybrid student resource package from Houghton Mifflin Harcourt for the elementary math curriculum in the amount of \$368,717.
- b. To bid for Food Service supplies for the 2017-18 school year.
- c. The cafeteria school lunch prices for the 2017-18 school year as follows (a \$.10 increase in lunch prices): Elementary \$2.35; Intermediate \$2.45 and Secondary \$2.45.

- d. The agreement with Greg McDonald to participate in Act 120 Training at the Allentown Police Academy.
- e. The proposal to provide administrative services for a District sponsored Flexible Spending Account plan.
- f. The payment of invoices #757 in the amount of \$42,726, #758 in the amount of \$9,522, and #780 in the amount of \$39,419 from Keystone Realty Partners for real estate appeal services rendered.
- g. The PlanCon K for GO Bonds Series of 2017.
- h. The payment of invoice #45612 from D'Huy Engineering in the amount of \$4,539.11 for services rendered as part of the North Campus Paving Phase I project.
- i. The payment of invoice #45632 from D'Huy Engineering in the amount of \$1,850.00 for services rendered as part of the J. T. Lambert Masonry Investigation project.
- j. The proposal from A. G. Mauro in the amount of \$25,665.00 under Costars Contract #008-289 to replace 92 lockers at High School North and to be paid from the Capital Reserve Fund.

NEXT MEETING – March 13, 2017.

VII. ADJOURNMENT: 7:00 p.m.

Respectfully submitted,
Patricia L. Rosado,
Board Secretary