

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
April 10, 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 (arrived at 5:32 p.m.), Robert Gress, Gary Summers and Lisa VanWhy.

School Personnel Present: Jeff Bader, Brian Borosh, Fred Mill, Ryan Moran, William Riker and Patricia Rosado.

III. APPROVAL OF AGENDA AND MINUTES

Motion was made by Gary Summers to approve the agenda for April 10, 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 Lisa VanWhy and carried unanimously, 3-0.

Motion was made by Gary Summers to approve the minutes of the March 13, 2017, meeting, with corrections. Motion was seconded by Lisa VanWhy and carried unanimously, 3-0.

IV. ITEMS FOR DISCUSSION:

- a. Discovery Ed/ESASD Partnership
Mr. Moran said the district's goal is to form a partnership for digital transformation of learning through the use of technology. The partnership with Discovery Ed provides training and resources for teachers to more effectively use technology in enhancing student learning. He submitted two contracts one is for training the central administration and the other is for creating and training leadership teams in each school. These contracts will focus on intermediate schools and high schools. The contracts are with Discover Education for professional development services. Mr. Summers asked if the contract that totals \$70,000 is for the 2017-18 school year. Mr. Moran said it is for 2017/18 and it is for 12 participants. Mr. Summers asked if the professional development will include 14 individuals from the intermediate schools and high schools. Mr. Moran said he is correct. Mr. Summers asked if within three years the district will spend \$362,500.00 on top of what the district is already spending. How is this going to be paid? Mr. Moran said currently the district is not utilizing technology funds; therefore, it will not be on top of what is being spent. The Discovery Education contracts will be paid through the RTL Grant and Title I Grant and not from the professional development fund. Mr. Summers said that Discovery Education is known for working with Animal Planet's Mark Edwards who is a legend in North Carolina. He said Mr. Edwards believes every single student K-12 should have a computer. They have not bought a textbook in five years. Mr. Summers said that

the Discovery Education website says that half of the classrooms in the United States have used them. Mr. Moran said this is the same digital resources that our district currently have, which is used by our teachers and technology coaches. Mr. Gress asked what happens if the grants that are paying for this resources are cut. Mr. Moran said he will reallocate his current funds. They are currently using money for different items which can be cut. Dr. Riker said that the district is currently looking at programs that can be eliminated. Mr. Summers said that he is glad that they are reviewing items to insure that the district has good intentions in getting a job done by cutting and spending somewhere else. Mr. Moran said they have been reviewing all resources and will continue to do so. Mr. Bradley asked to discuss a bus issue. Mr. Gress said it can be discussed at a later time.

b. Elementary Network Infrastructure Bid Results

Mr. Borosh distributed the results of the Elementary Network Infrastructure bids. They fulfilled the FCC requirements and were advertised on the website for 30 days. There were five vendors that did not quote all equipment nor provided information. The lowest bid was from CDW-G. Mr. Summers asked if CDW is Computer Discount Warehouse. Mr. Borosh said yes. Mr. Summers asked for an explanation on all the items. Mr. Borosh said they are as follows:

1. Wireless Access points
2. Installation & Configuration of Access points
3. Wireless Access Point Management Software for WAP Controller
4. Power Over Ethernet Switches
5. Stacking Hardware for Switches
6. Building Re-router/Distribution Switch
7. Building router/Distribution Switch
8. 10 GB SFP Module for Switches
9. Mode Conditioning Cables
10. 40 Port Switch with Routing Software
11. Power Supplies for 40 Port Switch with Routing Software
12. 48 Port Partial PoE + Ethernet Switch
13. 10 GB Uplink Module
14. Redundant Power Supply for Ports
15. Uninterruptable Power Supply, etc.

Mr. Summers asked if the district only uses Cisco. Mr. Borosh said the district uses Cisco for phones and equipment in Intermediate and Elementary Schools. The district will look at others in the near future. Mr. Summers asked if it helps to have one vendor. Mr. Borosh said yes it does. Mr. Gress asked if the district will need anything else within a couple of years. If we need to do more work or buy other things, we should get it now. Mr. Borosh said that the majority of the elementary schools need to be done. Resica and Bushkill Elementary were already done. Mr. Gress said that video cameras and fire alarms may need to be looked at. All items need to be reviewed. Mr. Borosh said they worked on the high schools and Lehman Intermediate School and now they are working on the elementary schools to make sure they have infrastructure to support all devices. He will be in charge of cameras and fire alarms in the fall. There may be cabling that will be needed for Lehman Intermediate and High School South. As far as buying any equipment, it is not needed at this time for at least a couple of more years. Cabling may be needed and that can be done with E-rate funding. Mr. Gress said that the cabling may be like the wiring, which may cause some disruption.

c. Debt Restructuring Update

Mr. Bader presented the refunding four-step plan that was previously submitted to the Board and the revised figures. The original plan was for Step 1 to be done in January, which was already done. Step 2 was to occur in February but Jamie Doyle of Public Financial Management (PFM) and Mr. Bader decided to hold off since interest rate started to go up and that diminished the anticipated savings. Rates are not the historic lows that they were last year, but are still low enough to generate significant savings. Step 1 did not bring in the savings as they hoped it would. The revised 2017 refunding plan shows the actual results for Step 1. They had anticipated for the savings to be about 1.3 million dollars but it was about \$800,000, which was 12% savings compared to 20% that was anticipated. Mr. Bader said that PFM would like to combine Steps 2 & 3. The original Step 2 plan was to refund the Go Bonds 2012 and 2012A in February. Due to the small remaining principal the anticipated savings was about \$93,000 (3.41%). Step 3 would have refunded the GO Bonds 2007 and 2007A with an estimated savings of \$10,136,100 (13.35%). The new plan calls for Step 2 to refund the GO Bonds 2012A as new series GO Bonds 2017A with an anticipated savings of \$34,370 (1.72%) and the to refund the GO Bonds 2007 and 2007A as Series 2017AA at an estimated savings of \$8,649,386 (11.39%). This new Step 2 will take place in June. What had been defined in the original plan as Step 4 will now be Step 3 and is still planned for December. Mr. Summers asked if 2007 and 2007A's presentation that they previously looked at was estimated to have 10 million dollars savings but now it was actually a 8 million dollars savings. Mr. Bader said he is correct. Mr. Summers asked was the drop in savings due to the change in the interest rate. Mr. Bader said yes. Mr. Summers asked if the district still wants to continue with the refunding plan. Mr. Bader said yes. At this point all perimeters were set by the Board and no action is required. Action is only needed if the Board does not want to continue. Mr. Summers asked if the Board has to approve something in June. Mr. Bader said the Board does not have to do anything else at this time. Mr. Summers said the Board only needs to take action if they no longer want to continue with plan. Mr. Bader said unless the market collapses, the 2007-2007A refunding should prove worthwhile. Mr. Summers said that the interest rates have been going down within the past three weeks. Mr. Bader said a decrease in rates will improve the savings on these transactions.

d. IU Paper Bid Results

Mr. Bader presented the bid results for custodial and paper supplies. Vendors were awarded on every item and quantities that the district requested. The basic copy paper that the district uses is the W.B. Mason for 3,344 cases at \$21.23 per case. Mr. Summers asked if this is keeping in line with the long-term plan to eliminate paper. Mr. Bader said each year the schools look at what they have in stock and what they estimate they will need for the year to determine their order. Mr. Gress said that the district was supposed to reduce papers but some consumables have to be copied. The district does not buy handouts but then have to make copies. Some schools ran out of paper. Mr. Bader said there are a lot of resources online but some have to be copied. Mr. Gress asked if the district is teaching the appropriate employees to clean with the cleaning materials that are ordered. The custodians and maintenance workers have never been taught how to clean or how to use the products. It's an expense to maintain properly. Mr. Bader said that the bids results he presented tonight is for paper products only. Next month, they will have bids for the custodial products. Mr. Bader said he will speak with the Facilities Department to find out what training is provided on cleaning and mixing the cleaning products.

e. Monroe County Tax Administration Proposal

Mr. Bader said when the district bought its new financial system, Munis (Tyler), we did not buy the tax administration software. Therefore, they talked to the County so the Tax Collectors can work with the County's system the same way that Pleasant Valley, Pocono Mountain and Stroudsburg do. The County would also print the bills. Mr. Bader did a comparison of what it would cost the district. In November, the district checked with Spring Hill and they charge 57 cents for each bills and 34 cents for the reminders. The County charges 51cents for the bills and .2408 cents for the reminders. The district spent about \$12,871 this past year. Spring Hill also has an additional charge of \$25,000 for licensing fee (Software and Maintenance). The county charges \$11,250, which is a savings of about \$14,000. We would have to do the same with Pike County. There is also a fee for the tax collectors to have access but overall the district will save money. Mr. Bader recommends moving forward with Monroe County and then will get the information for Pike County. Mr. Summers asked if this program will take place in August. Mr. Bader said yes it will start in the coming school year. Mr. Gress said the County did a good job with other districts. We should have done this previously because it's a simple system

f. 2017-18 Budget Update

Mr. Bader presented updated information for the 2017/2018 budget. He said the House passed their budget and now it is moving to the Senate. The House's version maintains the 100 million dollars from the Governor's budget. Mr. Summers asked if this is good for us. Mr. Bader said the district will get more money. The formula, however, will not help with past inequities. The Governor's budget also included the \$250,000 Block Grant and the reduction of \$50,000 for pupil transportation. The Government wants to draw up a new transportation formula but nothing has been announced yet. The House started the process and now the Senate needs to get involved. We do not know where this will end up. Mr. Gress said that the Government is not sure if they are increasing pension contributions; therefore, do not know what they are doing yet. Mr. Summers asked if they have set a rate for next year. Mr. Bader said PSERS has set the rate, but it is still projected to increase over the next few years. Mr. Summers asked if Mr. Bader has the final assessment numbers. Mr. Bader said he will not have them until May. Monroe County gave the district figures in December but nothing recent. Mr. Gress said they give numbers twice a year in order to save money. Mr. Bader said he will reach out to both counties in May. He is expecting for Monroe County to go up. Mr. Gress asked when will the Committee see the Proposed Final Budget. Mr. Bader said on May 8th he will have the Proposed Budget. Mr. Bader explained the revenues and expenses from Draft 1 compared to Draft 2. Real Estate Tax Revenue is lower by \$4,200 than what was expected. Special Ed Funding is anticipated to be about 128,000 more. The Transportation Subsidy dropped by about \$100,000. Social Security and Retirement reimbursements are about 157,000 less. On the expense side, the IU Expenses had an increase of about 57,000. MCTI, Salaries and Fringe Benefits were reduced by about 2.3 million dollars. There were staffing changes due to restructuring of Administration. Four Title I paraprofessionals will not be used. Money will be reallocated for other uses. There are 23 vacant and retiree positions. The district worked with Special Education to define the needs for student aides. There are 18 student aide positions that are vacant and not needed. There are two teacher positions retiring and will not be filled. There are 14 position reductions. Draft 1 had a deficit of approximately 7.7 million dollars. Draft 2 now had a deficit of approximately 5.5 million dollars.

Mr. Bradley said he received some parent concerns as to why there aren't any aides on the bus for the younger students. He understands that drivers are trained and new buses will have seat belts but this is a concern. Mr. Bader said the new buses will not have seat belts. Dr. Riker said the district is hesitant in providing aides. Mr. Summers asked if Mr. Bradley is asking so they can control the students. Mr. Gress suggested that the Transportation Department look into this issue. Mr. Bader said all buses have cameras to see what is going on. Chief Mill said that problem with having an aide on the bus is that it can create a concern if they touch a child. Cameras on the buses can assist with disciplining the students in order for the principals to determine if the student should be suspended from the bus. Mr. Gress suggested that Dr. Riker look into this matter. Mr. Bradley said he has informed those who are concerned that there are cameras on the buses and only some special need students have aides. Mr. Gress said it depends on the student's need. Mr. Bader said the IEP determines the needs of a student. Mr. Moran said that the kindergarten students are seated in front of the bus. Dr. Riker said one practice that will be put in place is bus suspension. Students do not have the right to ride on a bus but it is a privilege. Administrators have been told not to be hesitant to give bus suspension when needed.

g. TIF Update

Mr. Summers said he has no update on when the TIF Committee will meet. He will contact them. Mr. Gress said the TIF Committee went to Smithfield Township last week. Mr. Summers said he will call Chuck Leonard since he has not heard from the TIF Committee. Mr. Summers read the TIF information for Kalahari and Camelback. He received positive feedback from Pocono Mountain. Mr. Gress said that one company allowed the money to be used for operations and that is wrong, while the other one did the right thing.

h. 2017 Tax Appeals –

Mr. Gress said he asked Mr. Bader to put the tax-appeal item on the agenda because he was not sure if the district had an updated list for tax appeals. Mr. Bader said that he provided the Committee a list of tax appeals that have been filed to date. The Smithfield Gateway Acquisitions filed an appeal but it would not make sense to continue since they are currently discussing this project through the TIF Committee.

i. PILOT request to ESU & LVHN

Mr. Gress suggested sending a letter to ESU & LVHN to see if the district can meet with them to discuss options for to their lieu of taxes requests.

j. Property & Facilities Items

i. JTL/LIS Masonry – D'Huy Engineering - \$28,000.00

Mr. Bader said this bill is for the balance of the investigation since the design was completed.

ii. MSE Attic Insulation – IAT Pay Application #1 (Final) - \$38,400.00

Mr. Bader said that this is the final bill from Indoor Air Technologies, Inc. for the Middle Smithfield Elementary attic insulation.

iii. JTL/LIS Masonry Bid Results – Jones Masonry - \$1,548,000

Mr. Bader said that there were five bids for the J. T. Lambert Intermediate and Lehman Intermediate masonry repairs. The lowest bid was from Jones Masonry

Restoration in the total amount of 1,548,000, which was better than the district anticipated. Mr. Bradley asked if this is a father/daughter company. Mr. Bader said he does not know. Mr. Gress said he does not believe they are. Mr. Summers said once the Board approves this motion in April when will the work begin. Mr. Bader said they plan to begin once school is out and complete the work by the end of the summer. Mr. Summers asked if they will be done by the time school starts in the fall. Mr. Bader said they will be done early August, weather permitting.

iv. Summer Maintenance Helpers

Mr. Bader said that the Maintenance Department requested three summer interns. Mr. Ihle needs the workers to do some painting, HVAC work, grounds, weeding, etc. for twelve weeks like he had last year. The total expense would be about \$12,000. Mr. Gress said the district plans to pay some \$8 an hour for something that can be done over the course of the year. Mr. Bader said he is not sure of the particulars but the department needs extra hands. Mr. Gress asked what type of helper. Mr. Bader said it can be MCTI students so they can gain some experience. Mr. Gress asked if they will be picking up litter, too. Mr. Bader said he can make this request to Mr. Ihle.

v. Informational Items

1. ESE Gym Floor Repair

Mr. Bader said the district found a 15-16 foot scratch on the East Stroudsburg Elementary gym floor after the FC Pocono group used it. Mr. Ihle got an estimate for the repair in the amount of \$2,800. Mr. Bader said the district will submit the bill to FC Pocono in order for them to pay for the damage. FC Pocono uses the gym Mondays, Tuesdays, Wednesdays and Thursdays. FC Pocono will be informed that if they do not pay, they may not be able to use the gym. Mr. Gress asked why not submit the bill to their insurance. Mr. Bader said the district cannot go to FC Pocono's insurance only they can.

2. LIS Sinkhole Investigation

Mr. Bader said there is a sinkhole in the back corner of the auxiliary gym at Lehman Intermediate School. D'Huy Engineering got a price from NE Site Contractors in the amount of \$6,700 for them to investigate the issue. They believe it is from storm water inlet. Mr. Summers said we have talked about this issue many times. Mr. Bader said our workers are trying to remediate this issue but we prefer to find out what is going on. If water inlet is not the issue, the district will need to get an environmental engineer. Mr. Summers said he remembers discussing this issue with the previous Director of Facilities and there are other sink holes, too. It seems to be from storm water. We need to do what needs to be done. Mr. Bradley asked for the size of the sinkhole. Mr. Bader said he's not sure. Mr. Gress said sinkholes can cost millions of dollars like it occurred in the valley. Mr. Bader said if the issue is storm water, it should be an easy fix. Mr. Gress asked if they will need additional help. Mr. Bader said that Mr. Ihle is reassigning masonry to add support to the grounds crew.

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 Professional Development Services Agreement with Discovery Education for the District’s Administrative Team on digital transformation at a cost of \$70,000 and the Professional Development Services Agreement with Discovery Education for the District’s Core Leadership Team on digital transformation at a cost of \$362,500 paid with grant funds.
- b. The award of the Elementary School Network Infrastructure bid to CDW-G, the lowest responsive and responsible bidder, in the amount of \$498,902.35 and to direct the Administration to file the necessary paperwork for e-rate funding
- c. To confirm the award of bids by the IU Joint Purchasing Board for paper and custodial supplies effective July 1, 2017 for a period of one year in the estimated quantities and unit prices as presented.
- d. The proposal from Monroe County for real estate tax services effective July 1, 2017 as presented.
- e. Payment of invoice #45843 from D’Huy Engineering in the amount of \$28,000.00 for services rendered as part of the JTL and Lehman Masonry projects.
- f. Pay Application #1 (Final) from Indoor Air Technologies in the amount of \$38,400 for the Middle Smithfield Elementary School Attic Insulation project.
- g. The award of bid for the JTL/LIS Masonry project to Jones Masonry Restoration, the lowest responsible bidder, in the amount of \$1,530,000 for the base bid and \$18,000 for Alternate I for a total cost of \$1,548,000.
- h. The request of the Facilities Department to create and hire to fill the following three summer helper positions for a period of 12 weeks and at the pay rates as presented
 - a. Painter - \$10.00/hr.
 - b. HVAC - \$8.00/hr.
 - c. General Grounds - \$8.00/hr.

VII. **NEXT MEETING – May 8, 2017.**

Motion was made by Gary Summers to adjourn the meeting. Motion was seconded by Lisa VanWhy and carried unanimously, 4-0.

VIII. **ADJOURNMENT: 6:31 p.m.**

Respectfully submitted,
Patricia L. Rosado,
Board Secretary