

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
June 19, 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: Robert Gress, Gary Summers and Lisa VanWhy. Ronald Bradley was absent.

Non-Committee Board members present were: Robert Cooke and Debbie Kulick

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

Community Members: Nikki Baker – IU 20
Jim McDonald – IU 20
Christopher Wolfel – IU 20

III. APPROVAL OF AGENDA AND MINUTES

Motion was made by Gary Summers to approve the agenda for June 19, 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 May 8, 2017, meeting, with revisions. Motion was seconded by Lisa VanWhy and carried unanimously, 3-0.

IV. ITEMS FOR DISCUSSION:

a. IU Resolve Program

Mrs. Stevens distributed information regarding the IU 20 Resolve Outpatient Program, which is located in the Administration Center. The program has been in the district for the past two and half years. The cost of this program was previously sustained through a grant that has now expired. The program currently serves 80 families district-wide. It provides psychiatric services as well as individual and family counseling. She is asking that the district offset the potential cost, which is anticipated not to exceed a cost of \$16,000. The program may very well be self-sustaining, with no cost to the district during the 2017-2018 school year, but district support is needed to ensure the continuation of this program. The program has enabled the district to reduce cost associated with students requiring a school-based hospitalization program (SBP), which would cost from \$34,000 to \$38,000. The referral process has provided psychiatric services as well as counseling to students and their families prior to the student medically requiring this level of care. It has also been

available to provide support to students and their families after discharge, reducing the need for re-entry into a SBP program. The history demonstrates the continued decrease in student requiring this level of care. Mr. Gress asked if we don't have the program it may cost the district double than what the program cost. Mrs. Stevens said we are not sure how much it would cost the district. The program requires the district's commitment of \$16,000 in case it's needed. The IU will bill the individual's insurance to offset the cost. The program may be self-sustaining. Mr. Gress asked if the district needs approval to approve the program within the district. Mrs. Stevens said approval is needed for the expense of \$16,000 in order to get the contract prepared. Mr. Gress asked if this item was placed in next year's budget. Mr. Bader said it is a hard item to budget but it can be placed in the budget as an unknown expense. The total expense can then be determined, if any. The Finance Committee needs to make a motion for the IU Resolve Program at an expense up to \$16,000 in order to get a contract signed for the program. Mr. Gress asked if we need to approve \$16,000. Mrs. VanWhy asked if this expense is for a year. Mrs. Stevens said yes and it may not total \$16,000. Mrs. VanWhy asked if the grant covered the expense for this school year. Mrs. Stevens said yes and can be self-sustained. Mr. Bader asked how does the IU prorate the cost among the districts that use the program. Mrs. Steven said it is prorated by the total amount of school districts in the program. Mr. Summers said the three districts are Bethlehem School District, Pleasant Valley School District and East Stroudsburg Area School District. Mr. Bader asked how are they prorated. Mr. Wolfel, IU 20, said that the total expense is divided by three. Mr. Gress said the Committee will recommend to the Board that the district cover the cost for the Resolve Program.

b. 2017-18 Budget Update

Mr. Bader said there have been some adjustments from the Proposed Final Budget to the Final Budget. Under Revenues, there was a decrease of \$849,308 from the Social Security Reimbursements, Retirement Reimbursement and Proceeds from the Ext. Term Financing. Under Expenses, adjustments were made to reflect the actions of the Board at the May meeting which led to a reduction of eight positions, totaling a savings of about \$800,000. The computer leases actual expenses came in lower than budgeted. There was a 1.2 million dollar savings from the debt service refinancings that took place over the last 6 months. The 2017 Series A and AA came in with strong results. The Final Budget deficit equals \$2,243,225 compared to the Proposed Final budget of \$4,791,616. Mr. Gress asked if any money is budgeted for possible new positions because kids are constantly moving into the district. Some classes sit with 18 students compared to other classes that have 26 students making it not an equal education. Mr. Bader said the district budgeted based on projected enrollment. Currently, class sizes are projected to be similar to what they are now and no kindergarten class is projected to have more than 23 students. The district has transient students and reviews the need for additional staffing based on actual enrollments. Mr. Gress said that it is unequal. Some schools went from 4 to 3 classes so that increased the amount of students in a class. Mr. Bader said they will review as needed. The district used to budget and set aside for extra, if needed, but that led to unanticipated surpluses in the past when the positions were not needed. The budget is now built on anticipated numbers to be more accurate. Mr. Gress asked where will the district get the deficit of 2.2 million dollars. Mr. Bader said it will need to be taken from the Fund Balance in the absence of a tax increase or other revenues. We are budgeting State revenue based on the current year's actual numbers because the State has not passed its budget for 2017-18. The district might get about \$700,000 more funds for Basic Education but there may be a

reduction for the Transportation subsidy. Mr. Gress asked if the budget will remain as presented. Mr. Bader said yes, unless the Finance Committee makes changes.

c. 2017-18 Homestead/Farmstead

Mr. Bader said that Homestead/Farmstead increased by \$1,900 in slot revenues from last year. There were fewer Homestead parcels. There were 131 less. As a result the Homestead/Farmstead amount is \$432.50, which is a \$5.83 increase over this year.

d. 2017 Series A & AA Bond Sale Results

Mr. Bader said we just completed the financing of Series A & AA of 2017 General Obligation Bonds. Page 7 of the handout from Public Financial Management includes the seven names of the bidders which contain very attractive offers due to the district being a good credit risk. Moody's gave the district an A3 credit rating. The district decided to delay the timing of when to go for bids for these bonds because the interest rate was not beneficial. The waiting paid off since the market turned in the District's favor. Page 9 shows a savings of 16.95%, which is higher than it was initially anticipated. No action is needed at this time. The information is being provided to everyone as an update of the results.

e. Custodial, Athletic, Tech Ed Bid Results

Mr. Bader said he included with the backup documentation the low bidder results from the Custodial, Athletic and Tech Ed bids. He also provided Catalog bids for items that are not on the original bid list.

f. Workers' Comp Self-insurance

- i. Inservco TPA Proposal
- ii. EHD Administration Proposal
- iii. White & Williams Legal Services Proposal
- iv. Safety National Excess Insurance Proposal
- v. \$200,000 Escrow account

Mr. Bader explained the comparison information for changing the district to worker's comp self-insurance. This year Highmark's premium was about \$626,000. Next year, Brick Street, who purchased Highmark's Workers' Comp program in 2016 would be about \$531,000. This would be a reduction of about \$100,000. The district believes we can save an additional \$130,000. The total cost for self-insurance is about \$407,000. This total includes the estimate of the claims. Inservco will do the claim processing for a total of about \$12,000. We had proposals that were over \$30,000. The EHD Administration costs \$65,000. The Excess Insurance Policy totaling about \$78,000 would handle stop loss insurance, which is anything over half a million dollars. This is a requirement from the State. Included is also a proposal from White and Williams who would be the workers comp legal counsel. The State requires for the district to set aside an escrow of about \$200,000 in a separate bank account to make sure the district has enough money to cover all claims. The district has \$6,000,000 set aside for Health Insurance cost. The \$200,000 can be taken from that money to allocate for the escrow that is needed for the self-insurance. Mr. Gress asked where is money coming from. Mr. Bader said it will come from the committed funds in the Fund Balance. Mr. Summers asked if the Board has to approve this allocation. Mr. Bader said yes. Mr. Gress said the handout states that the annual payroll is 65.6 million dollars but that's not the amount in the current budget. Mr.

Bader said that they used last year's payroll when they first priced the policy. The current amount for salaries of 63.7 million dollars would not impact the policy.

g. Pike County Tax Collection

Mr. Bader said the Committee previously approved the tax collection system for Monroe County. The district received an email inquiry from Government Software Services, Inc. to set up Pike County tax collector system for \$50 a month per collector. They will also maintain the software. No proposal has been received yet. This system is used in Delaware Valley and Wallenpaupak. Mr. Gress said the Committee can approve to move forward with obtaining a system for the Pike County Tax System. It can then approve the actual contract.

h. Westmoreland IU Fraud Verification Proposal

Mr. Bader said that the district would like to contract with the Westmoreland IU in order for them to help us verify that all proper claims were submitted for when the districts had the \$500,000 lawsuit against the State. Mr. Gress asked what would the staff do. Mr. Bader said they would maximize claims and insure that everyone submit their logs in order. Mr. Gress said since the district's staff will not be doing this work, they will have more time on their hands and hopes they have other work to keep them busy.

i. Kronos Proposal

Mr. Bader explained that the Business Office will be bringing up Payroll and HR in the new financial system in July. In order to bring the data from the Kronos timekeeping system a new software interface needs to be written by Kronos. The Human Resources and Payroll portion would not be able to be completed without this interface. Mr. Summers asked if we need this program in order for the time clock to function with the new system (Munis). Mr. Bader said that is correct. Mr. Gress asked is the new system (Munis) has the time clock included. Mr. Bader said it does not. Once payroll is up and running, the District will be looking at other timekeeping systems that already interface with Munis and are less expensive than Kronos. Tyler, the owner of Munis, recently acquired a timekeeping software company and AESOP, the system we use for absence requests also has a timekeeping system. Mrs. VanWhy asked if this will be a one-time expense. Mr. Bader said yes. Mrs. VanWhy said he mentioned purchasing another system. Mr. Gress said we bought a new financial system but the district did not buy what they needed for the time clock system. Mr. Bader said most financial systems do not have an embedded time keeping system and instead rely on interfacing with software that is specifically designed for it. Mr. Summers asked who will be using this system. Mr. Bader said that the Budgetary Accounting system has been used by the District since the fall. In fact, the 2017-18 Budget was built in Munis and all purchasing is running through it as well. Mr. Summers asked if they have someone who understands the entire system. Mr. Bader said that the Business Office has been using most of the modules with Tom McIntyre overseeing the implementation and training of various offices and departments. Mr. Bader said the implementation has been planned in phases to make sure we are successful. One of the next phases will be to roll out the employee self-service center so employees can access their paystubs and other information without the need to print documents and send them to employees. Mr. Gress asked if the district budgeted for this expense. Mr. Bader said the financial software has been budgeted for and any new timekeeping system should be less expensive than what we are paying now. Mr. Gress

said how much time will this new system free up. Mr. Bader said it will save money on overtime.

j. Mountain Valley Ortho/LV Hospital Grant

Mr. Bader said that Mr. Brennenman received letter from Mountain Valley Ortho and Lehigh Valley Hospital informing them that the Athletics Department is being awarded \$3,700 to purchase a gator for the South Athletic complex. The Board's approval is needed to accept these grants. Mr. Gress asked if any of the business' names will be on the equipment. Mr. Bader said no because the policy has not been developed on how to accept named gifts. Once the policy is developed it will be taken to the Board.

k. Property & Facilities Items

i. JTL/LIS Masonry – D'Huy Engineering - \$1,280

Mr. Bader said that masonry progress continues at J. T. Lambert and Lehman Intermediate Schools.

ii. JTL/LIS Masonry – Wind Gap Elec - \$9,740

Mr. Bader said that one of the walls at JTL that needs to be repaired has electrical conduit running down it that needs to be temporarily relocated. Mrs. VanWhy asked if this was part of the original budget. Mr. Bader said that it was not and this is in addition to the current contract. Mr. Gress said will this extra expense require prevailing wage. Mr. Bader said yes. Mrs. VanWhy asked if the price will include everything that needs to be done. Mr. Bader said yes.

iii. North Campus PA Replacement – CSI - \$67,350

Mr. Borosh said that Lehman Intermediate and High School North needs to be connected. Currently the mechanical relays are not shutting down. The district spoke directly with Rauland but were told that CSI is the sole source provider in this area of the State. If the District wants Rauland equipment, it must work through CSI. The north campus system is the second oldest but most used system since it services two large buildings. The District will be replacing the headend of the system and the software. The cabling and speakers will remain. They will need to install a new TCU equipment and remove existing TC2100 equipment. A new master clock and retro fit will be provided. Speaker levels will be adjusted and training will be provided. Mrs. VanWhy asked if this problem existed when it was originally installed. Mr. Borosh said it was installed in 1997 and overtime problems may exist. Mr. Borosh said money was placed aside in the capital reserve for this project. Mr. Bader said it was part of the original plan. Mr. Summers asked where can this expense be found in the capital reserve budget. Mr. Bader said it was part of the emergency management center. Mr. Gress said that there are a lot of other items that need to be done like at J. M. Hill Elementary. Mr. Borosh said he is correct. Mr. Gress asked if J. T. Lambert Intermediate also needs to be done. Mr. Borosh said J. T. Lambert Intermediate is on the list. Mr. Gress recommended that all items that need to be done be bid out. This expense is ongoing and the district should look at funding these items through energy efficiency grants. CSI should not be the only company that we are looking at. The cost will not only be \$67,000 because next year other projects will need to be done. Mrs. VanWhy said that she does not like the comment that CSI is territorial. Mr.

Borosh said he would recommend Rauland since their PA system is the primary one used in public schools and in over 50% of hospitals. The plan is to complete this project in the fall unless the Board would like him to evaluate other PA Systems. The North campus struggled with the current PA System this past year. Mr. Gress said that there should be a plan on all areas so that we call one company for everything. Once it's done, they can take care everything. All projects should be looked at so one price is given; therefore, not costing the district more money in the future. Mr. Summers said that the Property/Facilities Committee should be informed that the 5-year capital plan in place needs to be reviewed and updated. He suggested that D'Huy Engineering take a look at all projects that need to be done so that they are done at the same time. The district needs to figure out a way to fund all items. Mr. Bader said that at the last Property/Facilities Committee meeting, the Board members began to review the items that were completed and prioritize what needs to be done. Therefore, the Committee began this process.

iv. Propane Fueling Stations

1. Electrical Service – JT1 Electric - \$9,975
2. South Lot Lighting – JT1 Electric - \$5,960

Mr. Bader said that the bid the District issued included the installation of power for the pump and dispensers at the South and North bus lots from the garage wall. The District is responsible for supply power to the building exterior. JT1 Electric Inc. was chosen to provide electricity from main panels to exterior panels. They will also have a shut off system. Mr. Gress asked what will the cost be for digging trenches. This may cost about 1.5 million dollars to 2 million dollars because they will need to drill solid rock. The change order can cost the district from \$3,000 to \$6,000; therefore, both North and South projects should be combined into one. He asked if quotes were obtained for this project. Mr. Bader said they were not because the cost fell under the threshold. Mr. Gress said this work is part of the project that was previously bided; therefore it needs to be prevailing wages. Mr. Bader said the work should have been anticipated. Mr. Gress said if it is not done properly, someone can sue the district because we did not go to bid. He suggested talking to Tom Dirvonas to insure everything is done correctly. Mr. Bader said he will verify to see that everything was taken care of. Mr. Gress suggested that Mr. Bader ensure that there is no violation with the bidding process. Mr. Bader said that the Committee needs to recommend for this project to go forward in order to have everything in place for the buses.

V. PUBLIC PARTICIPATION – LIMITED TO ITEMS OF DISCUSSION

A. Mr. Larry Dymond said he has the following concerns/comments:

1. He agrees with Mr. Gress to have the bus lots done properly. He asked why the line was not run above like they originally discussed. Mr. Gress said it cannot be done that way. Mr. Dymond said since they are explosive cables they cannot be placed on poles or they should be made explosive proof. It will cost a lot of money to install the box and wires. It will also cost a lot of money to repair the black top. He asked why can we have our own personnel run the power. Mr. Bader said that it requires three phase power and North doesn't currently have this installed.
2. Mr. Dymond asked if the PA System was bided out. Mr. Bader said it was. Mr. Dymond said that the Kronos System and the PA System should have been bided at the same time.

- B. Mr. Gress asked for an update on the letters that the Committee requested be written requesting some monetary donation in lieu of LVHN and ESU paying their taxes. Mr. Bader said that he is currently working on the letters and asked the committee to inform him if there is any specifics that need to be included in the letter.

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, 3-0.

- a. The District support of up \$16,000 for the IU Resolve program for the 2017-18 fiscal year should the program not be self-sustaining.
- b. The formal resolution as presented to the Board for the 2017 Homestead and Farmstead Exclusion. This will result in a maximum tax reduction of \$432.50 for each approved homestead and farmstead within the School District for the 2017 tax year.
- c. The award of bids for Athletic, Custodial, Medical, and Tech Ed supplies to the lowest responsible bidders as presented.
- d. The following items for the Workers' Comp. Self-Insurance:
 1. The proposal from Inservco to serve as the District's TPA for its Self-insured Workers' Compensation program for a three (3) year term at a cost of \$12,000 for 2017-18, \$12,360 for 2018-19, and \$12,730 for 2019-20 in accordance with their proposal dated May 1, 2017.
 2. The proposal from Engle-Hambright and Davies to serve as the District's risk management consultant for its Self-insured Workers' Compensation program for a three (3) year term at an annual cost of \$65,000 in accordance with their proposal.
 3. The proposal from White and Williams, LLP to serve as the District's legal counsel for its Self-insured Workers' Compensation program.
 4. The proposal from Safety National Casualty Corp. for Excess Insurance at a cost of \$78,720 for District's Self-insured Workers' Compensation program.
 5. The authorization to transfer \$200,000 from the Committed Fund Balance for healthcare costs to create an escrow account at ESSA Bank to meet the requirements of the PA Department of Labor & Industry for self-insured programs.
- e. The proposal from Government Software Solutions to provide tax administration services and tax bill printing effective July 1, 2017 for the collection of school real estate taxes for Lehman and Porter Townships at an annual cost of \$4,200 per year.
- f. The proposal from the Westmoreland Intermediate Unit to provide access to their e-Services Fraud Check Services during the 2017-18 fiscal year at a cost of \$500.
- g. The proposal from Kronos to provide an interface to the District's payroll system in the amount of \$10,770 for software programing and an amount not to exceed \$9,360 for online support.
- h. The acceptance of the grants from Mountain Valley Orthopedics and the Lehigh Valley Health Network Pocono Foundation in the amount of \$3,547.84 each for the purchase a gator to be used by the Athletic Department.
- i. The following Property/Facilities Committee items:
 1. The payment of invoice #46082 from D'Huy Engineering in the amount of \$1,280 for services rendered as part of the JTL and Lehman Masonry projects.

2. The proposal from Wind Gap Electric in the amount of \$9,740 for electrical work as part of the JTL Masonry project.
3. The proposal from CSI in the amount of \$67,350 for the replacement of the PA system at High School North and Lehman Intermediate.
4. The proposal from JT1 Electric in the amount of \$9,975 to provide electrical work as part of the installation of the propane fueling stations at both the North and South Bus Lots.
5. The proposal from JT1 Electric in the amount of \$5,960 to install light poles at the South Bus Lot.

VII. NEXT MEETING – July 11, 2017.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Lisa VanWhy to adjourn the meeting. Motion was seconded by Gary Summers and carried unanimously, 3-0.

VIII. ADJOURNMENT: 6:27 p.m.

Respectfully submitted,
Patricia L. Rosado,
Board Secretary