

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING**

February 11, 2019

Carl T. Secor Administration Building – Board Conference Room

5:30 P.M.

Minutes

- I. Larry Dymond called the Finance Committee meeting to order at 5:39 p.m. and led those present in the Pledge of Allegiance. Secretary, Patricia Rosado called the roll.
- II. **Board Committee members Present:** George Andrews, Larry Dymond, and Jason Gullstrand (arrived at 5:47 p.m.). Rich Schlameuss was absent.
- Board Non-Committee member Present:** Keith Karkut
- III. **School Personnel Present:** Brian Borosh, Tom McIntyre, Fred Mill, William Riker, Patricia Rosado and Steven Zall.
- IV. **APPROVAL OF AGENDA AND MINUTES**

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to approve the agenda for February 11, 2019 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 Larry Dymond and carried unanimously, 2-0.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to approve the minutes of the January 14, 2019 meeting. Motion was seconded by Larry Dymond and carried unanimously, 2-0.

V. **ITEMS FOR DISCUSSION:**

a. **Copier Bid Results**

Mr. Borosh said that the current copier lease agreement expires on June 30, 2019. As a result of the RFP, five vendors submitted bids. One was thrown out since they did not have a bid bond, consent of surety letter and non-collusion affidavit form signed. The lowest bidder was Frasier with Sharp copiers. The lease equipment cost is \$90,703.59 and the maintenance total is \$65,438.92 for a grand total of \$156,142.51. As of now this is a cost savings of about \$60,000 per year for a three-year period. Mr. Andrews asked how many copiers are included. Mr. Borosh said 53 copiers. The district used to have 73 several years ago when they had Xerox but some consolidation was made. Mr. Dymond asked if \$90,000 for the lease and \$65,000 for the maintenance is for three year, per year. Mr. Borosh said the number of copiers may fluctuate but they are annual payments. Mr. Andrews asked if Frasier charges per copiers. Mr. Borosh said it is based on actual usage. Mr. Dymond asked if the copiers have issues with breaking down. Mr. Borosh said the copiers have proven to work well. He recommends a three-year contract because five years is too long. The buy-back amount is \$1. The district bought one copier back.

b. PEPPM eRate Mini Bid Results

Mr. Borosh said he is requesting the purchase of Cisco Networking switches to support the additional surveillance cameras the district will be installing in the next several months at Bushkill Elementary, J. T. Lambert Intermediate School, Resica Elementary, Lehman Intermediate, H.S. North and H.S. South. The total cost would be \$101,210.35. The district will be filing for eRate reimbursement; therefore, the district's share would only be 20% of the total cost, which is about \$20,000. Mr. Andrews asked if the district uses Cisco equipment now. Mr. Borosh said the district uses Cisco equipment. Mr. Dymond said that when they purchased the cameras he had asked what else will the Technology Services Department need. The switches were never mentioned. He asked if the switches will run through the WiFi. Mr. Borosh said they will not. Mr. Dymond asked how the information is downloaded. Mr. Borosh said the information is loaded through the category six cable switch that powers WiFi and telephones. Mr. Dymond said he would have liked to see it all as one package. Mr. Andrews said they knew about the cameras but not about the switches. Mr. Borosh said that if he would have included the switches with the cameras, he would not have been able to process the purchase through eRate. Therefore, the switches would have cost \$100,000 as oppose to \$20,000. Mr. Andrews said they did not have to purchase the switches at that time but should have been informed about them.

c. Budget Review - 8000 & 9000 Functions

Mr. McIntyre said tonight he is presenting the last two function codes on the Revenue side of the budget. They are 8000 Revenue from Federal Sources and 9000 Other Financing Sources.

8000-Revenue from Federal Sources

Revenue originating from the Federal Government:

8110 – Payment for Federally Impacted Areas, which are revenues received as financial assistance to LEAs that are affected by the presence of Federal activities as to be classified “Federally Impacted”, etc.

8514 – Title I – Improving the Academic Achievement of the Disadvantaged, which is revenue received for the education of disadvantaged children.

8515 – Title II – Preparing, Training and Recruiting High Quality Teachers and Principals, which is revenue received for the education of children under NCLB Title II.

8516 – Title III – Language Instruction for Limited English Proficient and Immigrant, which is revenue received for the education of children under NCLB, Title III.

8517 – Title IV _ Par A Revenue, which is revenue received for the education of children under ESEA, Title IV.

8732 – ARRA – Qualified School Construction Bonds (QSCB), which is ARRA revenue received under the Qualified School Construction Bond program as interest reimbursement.

8733 – ARRA – Qualified Zone Academy Bonds (QZAB), which is ARRA revenue received under the Qualified Zone Academy Bond program as interest reimbursement.

8810 – Medical Assistance Reimbursement (ACCESS), which is reimbursements received from the Federal Government through the Commonwealth of PA for eligible related health services provided to special education students as part of their individual Education Plan (IEP).

9000-Other Financing Sources

Other financing sources include governmental fund general long-term debt proceeds, fund transfers-in, proceeds from fixed asset dispositions, and other receipts. Such amounts are classified separately from revenues.

9120 – Proceeds from Refunding of Bonds/Notes, which are proceeds that represent monies received due to the refunding of bond or note issues only in the year of the issuance.

9200 – Proceeds from extended term financing, which are proceeds from extended term financing agreements other than the sale of bonds or note.

9400 – Sale of or Compensation for Loss of Fixed Assets which are monies received from the sale of, or compensation for the loss of fixed assets.

Mr. Dymond asked how many students are part of ACCESS. Mr. McIntyre said he believe there are 1,000 or more students are in ACCESS. Mr. Andrews asked if the vans that were donated to MCTI are part of this budget code. Mr. McIntyre said they are not but they would be included in the budget codes that he will be speaking about next month.

d. Procurement Manual – Discussion

Mr. McIntyre said he provided the Committee members a copy of a Purchasing Manual for their review. If they have any feedback, suggestions, questions, they can relay them to him or Dr. Riker. Mr. Andrews asked if Brian Borosh used the procedures outlined in this manual. Dr. Riker said the district has been testing out the procedures and Mr. Borosh and Mr. Schmid have begun to use the procedures. It has been emailed out in order for the departments to start using the procedures. Mr. Dymond asked if a new software will be needed for the new procedures. Mr. McIntyre said the current program, Munis, has the capabilities that are needed to proceed with the implementation of the new procedures. Mr. Andrews said that all employees will need to be informed. Mr. Gullstrand said this is no different than what is currently occurring. Mr. McIntyre said he is correct. The district is now putting all procedures in writing. Although, the State sets the thresholds, the district requires 3 written quotes for purchases over \$5,000. The District reserves the right to request quotes for items/project under \$5,000. Items/Projects over \$11,100 must go to Finance Committee for Review. Items/Projects over \$20,600 must go to School Board. Mr. Dymond asked if there's a vendor that we use often, such as weekly. Mr. McIntyre said that maintenance has some vendors. The Board just approved vendors for small items such as for athletic, paper, catalog discounts, etc. Mr. Dymond suggested speaking to the vendors to see what type of discount they can provide. Mr. McIntyre said the district needs to watch State purchasing laws about going out to bid. Employees should shop around for different vendors in order to find the lowest price. Mr. Karkut said that page 8 of the purchasing manual conflicts with Policy 616 Payment of Bills. Mr. McIntyre said that the policy states other reasons. He just wanted to have concrete numbers to proceed. Mr. Karkut said the manual is a good start but maybe payments should be made for \$5,000 and under not \$10,000. Dr. Riker said that the Board approves a general operating budget and there are items that are over this amount; therefore, they are already approved. Mr.

Andrews said the Board wants to see the actual amounts. Dr. Riker said the policy speaks about budgeted items vs. non-budgeted items. If the Board already approved the item, how many more approvals do they need? Mr. Dymond suggested that the items that were already approved should have a prefix next to it; therefore, not requiring further approval. Mr. Karkut said items that were already approved do not need to go to bids but the best price needs to be obtained. Mr. Andrews said the Board should be able to see what was approved and what was actually spent. Dr. Riker said only non-budgeted items need to come before the Board.

e. 2019-20 Governor's Budget

Mr. McIntyre said that the Governor's proposed budget includes early calculations of an additional 166 million dollars for basic education and 50 million dollars for special education. Our district's share is \$389,000 more than this year for basic education and \$19,000 for special education. These are preliminary numbers, which were derived from the 2016/17 school year budget. All other factors such as poverty level household income will be updated in June. The new formula benefits our district. He will be keeping all numbers as is until they hear back with definite amounts. The district will continue to budget conservatively.

f. Property & Facilities Items

i. D'Huy Engineering – HS North/Lehman Intermediate Roof Replacement Design, Bidding, Construction, Phase Services – Invoice #48715 - \$8,595.06

ii. D'Huy Engineering – Resica Elementary Roof Replacement – Invoice #48716 - \$1,656.02

iii. D'Huy Engineering – District Retainer Services – Invoice #48714 - \$2,000.00

Mr. McIntyre said the above mentioned invoices need to be paid for services rendered, as discussed at the Property/Facilities Committee meeting. Mr. Gullstrand asked why are they paying D'Huy Engineering \$24,000 a year to keep them working on our buildings. Mr. Dymond said that the Committee felt that it would be less expensive if they retained D'Huy on a monthly basis because it would cost less than the piece by piece work they often are called upon to do. D'Huy Engineering will cover all items regardless of how much it costs. Mr. McIntyre said that the retainer is the smaller of the expenses because the roof project will be a bigger expense. Mr. Karkut asked why the Board is approving this expense monthly since it was already Board approved.

iv. Trane – HS North – Eddy Current Tube Testing on Three Chillers Proposal - \$19,922.00

Mr. Dymond said the tube testing on the three chillers need to be performed because it has not been done in over ten years. It should have been done every three years and cleaning should be performed annually. Mr. McIntyre said preventive maintenance was probably not performed as a cost savings measured but they will be changing this procedure in order to have equipment last longer. Mr. Dymond said the pressure gage can indicate if there is a blockage and should be checked before any money is paid. Mr. Karkut said equipment needs to be checked as a preventive maintenance and before it breaks. Dr. Riker said the agreement that the district should enter into is to have the item checked on a regular basis. Mr. Andrews asked if the maintenance agreement will be for five years. Mr. McIntyre said a five-year agreement comes with a lower price. Dr. Riker said they will let the Facilities Department know that they should obtain a maintenance agreement with the best rate.

- v. Eurofins QC LLC – District Wide – Water Testing for Lead Proposal - \$5,005.00
Mr. McIntyre said that Eurofins will be performing about 180 samples for about \$5,000.00, which was the lowest bid that was obtained.

VI. PUBLIC PARTICIPATION – LIMITED TO ITEMS OF DISCUSSION

- A. Chief Mill said that at the September 17, 2018 Regular Board meeting, the Board approved a 2019 Ford Police Interceptor in the amount of \$36,998.00. The New Holland Auto Group placed the order incorrectly; therefore, a 2019 Ford Expedition with the Policy package was ordered at a total cost of \$44,987.00. They no longer make the Ford Interceptor and if this truck is not purchased, the district will need to wait until the summer for the newer model at a higher cost. The dealer is willing to offer a discount of \$2,000 and will accept a trade in of \$500. The total cost will be \$42,487.00, which is \$5,489.00 more than it was approved. He would like to get Board approval for the difference in the amount and for the different model. Mr. Andrews asked why there was a difference in the price. Chief Mill said because it is a different vehicle. Mr. Andrews asked if we need the size of the expedition. Chief Mill said it helps when traveling to the North campus in the snow. Mr. Karkut asked why the district has to pay for their mistake. Chief Mill said if they wait for the summertime the Ford Interceptor would cost more. Chief Mill said the truck was a budgeted expense; therefore, the funds are available.
- B. Mr. McIntyre said that Lyman & Ash submitted their third invoice in the amount of \$5,707.50, which will need Board approval. Mr. Gullstrand asked what amount was agreed upon. Mr. McIntyre said that no specific amount was designated. Dr. Riker said that he had previously asked Lyman & Ash about the Statue of Limitations and the Board needs to get them to answer why they are looking at the North campus when it over the Statue of Limitation, which is 12 years. His recommendation is to ask them if the district has a legal position or not. Lyman and Ash should appear before the Board and let us know if the district has a case or not. Mr. Dymond said another piece of it is if they find fraud, falsification, or collusion, they can pursue a lawsuit. Dr. Riker said he has not seen anything of this nature in the law. If Lyman and Ash has something that contradicts the law, they should come to a meeting and inform the Board. Mr. Karkut said Lyman and Ash has not come to report to the Board or to any committees. He suggests that they should be looking at other schools before their time runs out.
- C. Mr. McIntyre said that MCTI and the CIU 20 will be attending the February 25th Regular School Board meeting to present their 2019-2020 SY budget to the Board. Both budgets, include small increases.
- D. Mr. McIntyre said that Mr. Chris Brown, Solicitor, sent him a Cooperative Agreement regarding the TIF Abatement Program. Mr. Brown has many concerns and has made his comments on the document. Mr. Brown does not recommend approving the document until he has a chance to discuss his concerns with the Board. The Board members will receive a copy of this document before the Regular Board meeting.

VII. ADVISORY RECOMMENDATIONS FOR CONSIDERATION BY THE BOARD OF EDUCATION

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to recommend that the Board consider for approval the following items. Motion was seconded by Jason Gullstrand and carried unanimously, 3-0.

1. The lease agreement with Fraser Advanced Information Systems for 53 replacement copiers in a basic Equipment Lease, in an amount not to exceed \$90703.59 per year for three (3) years and an annual maintenance cost of \$65,438.92.
2. The bid from ePlus, for Cisco Switches in the amount of \$101,210.35, as awarded under the PEPPM E-rate Mini bid. The District's share of the cost is \$20,242.07 with the balance to be paid by the E-rate Funds.
3. The following Property & Facilities Items:
 - i. the payment of invoice #48715 from D'Huy Engineering in the amount of \$8,595.06 for the HS North/Lehman Intermediate Roof Replacement Design, bidding, Construction, and Phase Services.
 - ii. The payment of invoice #48716 from D'Huy Engineering in the amount of \$1,656.02 for the Resica Elementary Roof Replacement project.
 - iii. The payment of invoice #48714 from D'Huy Engineering in the amount of \$2,000.00 for District Retainer Services.
 - iv. The proposal from Trane U.S. Inc. for Eddy Current Tube Testing on three Chillers in the amount of \$19,922.00.
 - v. The proposal from Eurofins QC LLC, for District-wide lead testing of water in the amount of \$5,005.00.
4. The proposal from New Holland Ford in the amount of \$42,487.00 for the purchase of a 2019 Ford Expedition with the Police package, which will be in lieu of the purchase of the 2019 Ford Police Interceptor that was Board-approved on September 17, 2018 in the amount of \$36,998.00
5. The payment of invoice #3119 from Lyman and Ash in the amount of \$5,707.50 for Special Construction Counsel.

VIII. NEXT MEETING – March 11, 2019 at 5:30 pm

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to adjourn. Motion was seconded by Jason Gullstrand and carried unanimously, 3-0.

IX. ADJOURNMENT: 7:28 P.M.

Respectfully submitted,

Patricia L. Rosado
Board Secretary