

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
May 8, 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.

Non-Committee Board member present was: Judy Summers

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 May 8, 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, 4-0.

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

IV. ITEMS FOR DISCUSSION:

a. Elementary Computer Bid Results

Mr. Borosh said that they placed a request for bids on the pabids.com website as well as the ESASD website. There were 25 vendors who expressed interest. The district received eight bids for three different items, HP Equipment, Lenovo Chromebooks and Anywhere Carts. The lowest bidder for the HP Equipment was from Staples at \$101,940.86. The lowest bidder for the Lenovo Chromebooks was CDW-G at \$930,064.80. The lowest bidder for Anywhere Carts was from SHI at \$121,239.18. Mr. Gress asked if all of these items that Mr. Borosh bid were budgeted. Mr. Borosh said that he has a budget of \$589,000 for the lease to replace the macs. The total amount for the HP/Lenovo/Anywhere Carts leases total \$282,598.30 and the lease for the Apple computers totals \$138,362.93 at a total of about \$421,000. This would generate a savings of about \$168,000. Mr. Summers asked if the annual fee of \$430,000 will replace the lease that is expiring from 2013/14. Mr. Borosh said that it is. Mr. Summers said the lease we are replacing is generating a savings of about \$100,000. Mr. Gress asked if Mr. Borosh checked these items through a State Contract. Mr. Borosh said he did not because last year we found that we could get a better price by going to bid rather than purchasing from PEPPM or off the State Contract. Mr. Gress asked what happens to all of the old items. Mr. Borosh said that

Apple equipment are sold to a recycler. MacBooks sell for about \$200 depending on the condition. The district gets more money back on IMACs. Mr. Gress asked who does the district use. Mr. Borosh said he uses a company by the name of Sycamore because they have given us the best prices in the past. Mr. Gress asked if we bid out the old equipment. Mr. Borosh said he does not. He contacts about 6-10 recycling companies and he sends them the list of items that the district has. Mr. Gress said that this a huge amount of money that the district is getting back and the items are not being bid. Mr. Bader said that we are not buying the items but receiving compensation for them. Mr. Gress said that we should be getting the best price for them. He suggested speaking to Tom Dirvonas to make sure it's being handled properly. Mr. Borosh said that the district contacts for the recyclables to be picked up and it is done for free. Mr. Gress said we should make sure we are getting the best deal and that our procedures are correct. Mr. Borosh said, in the past, the district did a garage sale. The only problem is that we cannot get determine what we will get ahead of time. Mr. Gress suggested that the district verify that we have proper procedures in place. Mr. Summers said that once all items are sold, he would like to see the results. Mr. Borosh said he will give the Committee the vendor's list.

b. Elementary Computer Financing Results

Mr. Bader said the district received different lease companies for the HP Equipment, Chromebooks and Anywhere Carts with fair market value because at the end of the term the company gets them back or the District can purchase some or all of the equipment at the fair market value at the time. With the capital leases, at the end, the district owns the equipment. The Apple equipment tends to hold its value, so the Administration is recommending that we do a capital lease. Apple Financial also provides the best financing rate as part of their discount. The recommendation is to lease through Apple at an interest rate of 2.44%. There is typically less value in the non-Apple equipment, because the majority are Chromebooks, which have a lower initial cost. We are recommending doing a fair market value lease through American Capital Financial Services who provided the lowest interest rate at -1.326%. With a fair market value lease, we can still purchase any equipment that we feel has enough value at the end of the lease term.

c. Food Service Bid Results

Mr. Bader said that included in your packet is a list of all food bids other than the Government Commodities. It is broken down by vendor. There are five different companies for bulk items. The handout contains four companies that have best pricing for dairy. There is a list of several hundred items.

d. 2017-18 Budget Update

Mr. Bader presented two millage options with the revised Monroe County Assessments. Revised Assessment – Option 1 keeps the Monroe County rate the same as it is for this year at 177.86, but has an increase in the Pike County rate due to the rebalancing necessary for the relative market values of 122.91. Option 1 has estimated tax revenues that equal \$88,786,332, adjusted by \$7.5 million in settled district appeals. Option 2 keeps the Pike County millage the same as it is for this year at 121.27 and has a decrease in the Monroe County to 175.49 mills due to the market value rebalancing. Option 2 has lower estimated tax revenues equal \$87,550,701, adjusted by \$7.5 million in settled district appeals. Draft 1 that he submitted in November, there was no tax increase in Monroe County with a slight reduction in Pike County, which would have generated about 2 million dollars in revenue. Mr. Bader said he tried to get updated assessment information but was not able to do so;

therefore, he met with Chris Brown, Attorney and was able to get some information that he had. He came up with about 7.5 million dollars in increased assessments from already settled appeals filed by the District for under assessed property. What Mr. Bader is suggesting is that Monroe County stay the same and that Pike County will increase slightly due to the assessments. There is no way to fix this formula. Mr. Summers is concerned with having to raise the mills. Mr. Summers said if we keep Pike County and drop Monroe County, it will still be 1.2 million dollars. It's a cumulative affect that will be a problem down the road. It will change what the Board can do. Is this based on higher revenues? Mr. Bader said it is. With current revenues, we get higher numbers. Mr. Summers said he does not like to vote on tax increases but we can figure a way to tell community members that Pike County's taxes have gone down for the past two years. Mr. Gress said that last year Pike County got a larger tax break. Their properties are under assessed. Mr. Summers said that Pike County mills went down by 2.15 and Monroe went down by 1.5. Mr. Gress said that we should use these numbers. Mr. Bader said he has to work on final numbers, which will not come out until after the district's budget needs to be approved. Mr. Bader said there were some changes from the previous budget presentation. The district received final State Property Tax numbers and there was an increase in revenues of about \$1,900. There is also in addition from a State Grant in the amount of \$200,000. There is an adjustment to the Social Security and Retirement Reimbursements, which totals \$1,857,842 in revenues. Under expenses, there is an increase of \$30,100 for insurance renewal. There is a reduction of \$50,000 for the RTL Grant. One item added was for the Senior Citizens Property Tax Rebate in the amount of \$550,000, which was overlooked previously due to the change in new financial system. Mrs. VanWhy asked if this is the amount that is normally spent on senior tax rebate. Mr. Bader said this year it totals \$530,000. Mr. Bader said there was a reduction of four positions from the RTL grant. Wages & Salaries, Social Security, Retirement and Health Insurance have increased. Health Insurance along increased by about \$850,000, which equals 11%. Mr. Gress asked what was it last year? Mr. Bader said he does not have the amount with him. Mr. Gress said if we hadn't decreased the funds last year by about 2 million dollars, we would not need to increase this year. Mrs. VanWhy asked what are the salaries and wages figures based on. Mr. Bader said they are based on anticipated increases for these positions. Mr. Summers said that the IU 20 expenses have increased. In the past three months, the district has paid about 1.4 million dollars. Last year, the district paid 4.2 million dollars and the year before it was 4.3 million dollars. He suggested that somebody review this expense because this is a major concern. Mr. Summer said that another item that needs to be looked is the district's Cyber Academy. He is not sure of the cost of the other cyber schools compared to ours but the district needs to get aggressive. He suggested giving a stipend to teachers to have them work on getting our students back. The results from the other cyber schools are atrocious; therefore, we need to communicate this information. Dr. Riker said that he along with his administrators are working on an idea for the districts Cyber Academy and will present it to the Board members at their next Work Session in June.

e. Insurance Renewals

Mr. Bader submitted insurance renewal information and said all amounts are actual based on renewals. The total amount is lower than he anticipated by about \$20,000. The renewals are through the same companies the district has been using. Mr. Gress asked if the Committee needs to obtain approval now for this item. Mr. Bader said he suggests that the Board approve what was received and there will be others in June.

- f. Meeting with One Source Benefits
Mr. Bader said at Mr. Gress' request, he meet with a representative from One Source Benefits to review how we purchase our health insurance. The representative determined that we were accessing health insurance at the lowest possible cost for this region unless the District would consider a non-Blue Cross/Shield provider or changing the benefit structure.
- g. TIF Update
Mr. Summers said that he spoke to Chuck Leonard today and was informed that the county will not meet until they secure two taxing authorities first. They have not heard from Smithfield Township yet. Once all parties have responded, they will have a meeting.
- h. PILOT request to ESU & LVHN
Mr. Gress suggested drafting a letter to Lehigh Valley Health Network and East Stroudsburg University requesting some type of compensation since they have been taken off our tax roll. They were supposed to be paying for property taxes but they are not. Mr. Bader asked what would the Board request that ESU & LVHN give the district. Mr. Gress said we can ask for any amount. Mr. Summers suggested looking at possible tax proceeds from their assessed value. Mr. Bader said only some the value is available. Mr. Gress said some will be taxed. Mr. Bader said the campus never had taxes applied. Mr. Gress said the district signed off on the taxes for the dorms. Mr. Bader said he will draft a general letter asking for any type of donation. Mrs. VanWhy suggested that we can also ask if they would like to sponsor something specific for the district.
- i. Meeting with Legislators
Mr. Summers said he met with some legislators on Friday at the PSBA Town Hall. Also present were about 40 School Board Directors and Superintendents. On the agenda, was the budget that passed with the extra 100 million dollars and the 50 million dollar cut in transportation. There was discussion about other reductions and talk about PSERS contribution. Mr. Summers said he asked if the district will get more than the 100 million dollars and was told no. There is the HB 97 on Charter School and the Board will be reviewing two resolutions to oppose this bill. The funding formula needs to be fixed because it still supports hold harmless and is only applied to new money. Mr. Summers asked if PSBA supports it and they remained neutral, he wondered why are we funding PSBA? Pension bills are coming back and Keystone testing bill is also being discussed among other items. Mr. Gress said we should have a meeting with the Legislators. Mr. Summers said it will not help because the legislators cannot do anything. Mr. Gress said the Legislators do not have to vote yes and be counted and should not be worrying about reelection. There are other items to look into besides the pension issue.
- j. Purchasing Agent Position
Mr. Gress suggested looking into a Purchasing Agent for the school district. We get bid results but everyone should be doing their job responsibilities and not worrying about purchasing issues. Mr. Bader said he has been compiling job descriptions for a Purchasing Agent and it does not meet the Act 93 requirements because they would not supervise anyone. Mr. Gress said they can have someone to supervise because they will need help. Mr. Bader said this person would not have expertise knowledge of all areas in the district. Mr. Summer said that he has had years of experience with a Purchasing Agent. All they will need is the specs written by the specific department and the Purchasing Agent will

look to get the best price. Mr. Gress said they did this at the Borough when buying voting machines. They got the details and the Purchasing Agent was able to get the best savings. Mr. Bader said he understands and agrees but it needs to be someone who is an expert. Mr. Summers asked that Mr. Bader continue looking at making the Purchasing Agent an Act 93 position. It would probably be necessary to create a department for this person to supervise. Mr. Bader said he would talk to the attorney, John Audi, to structure the job description. Mr. Bradley asked why are we looking to do this position. Mr. Gress said it would be for efficiency and standardize practice. Mr. Bradley said that what they are looking to do is to supplement the situation and they are looking to do a separate department. Mr. Gress said it would just be one central location and not different departments. Mr. Bradley suggested fixing issue with those who are currently handling the purchasing of items.

k. 2017-18 Assessment Appeals

Mr. Gress asked if Mr. Bader has received the latest assessment appeals. Mr. Bader said that he will be receiving information in June. Mr. Summers asked about the email from PASBO. Mr. Bader said the email is about two different bills which would make it illegal for school districts to file a reverse appeal. For now, we will continue working with Keystone to get all the appeals that we can. Mr. Summers said that one bill is at the Senate and the other is at the House. How can any representative from this district, knowing how underfunded we are, vote for this which recoups funds for us. Mr. Gress the Legislators receive money from them. They do not want to cut taxes but cut in other areas.

l. Monroe County Reassessment

Mr. Gress said that the County is not going into the houses to reassess them. The School District does not have a plan because if people's taxes go up, they are not going to be able to afford it. Mr. Bader said initially this is going to be revenue neutral. Mr. Gress said but if they cannot pay, who will have to pay it. Mr. Summers said the appeal process will increase. Mr. Gress said once it goes into effect, it cannot be changed.

m. 2017-18 Staffing Analysis

Mr. Gress said that the district is looking to cut once they look at all the numbers. When will they know what is being done. Dr. Riker said they are cutting back on 1 Director, and two Supervisors in the Special Education Department. These individuals will be bumping into the teaching staff as they have a right to do. Dr. Riker said he will meet with the teachers who will be affected and has met with their union. There will be an item on Monday's agenda pertaining to their change of status for these positions.

n. Property & Facilities Items

i. JTL/LIS Masonry – D'Huy Engineering - \$12,800

Mr. Bader said this invoice is for the specs that were completed by D'Huy Engineering for the work that will need to be done onsite. Construction Management will be an extra cost. Mr. Gress asked if the facade that is falling down was looked at. Mr. Bader said it was looked at but D'Huy did not think it was an item that posed immediate danger. Mr. Bradley said that the bricks and other areas are loose. He recommended placing some scaffolding to prevent from anything happening. Mr. Gress said this item was looked and no further action is recommended.

ii. JMH Playground - \$37,494

Mr. Bader said that the company got their Costars number, but they have had to revise their quote because the project will require prevailing wages. The new cost is \$37,494 and exceeds the \$30,000 that the Board has provided in the past for other elementary playgrounds. The Property/Facilities Committee is recommending that the District stay at the \$30,000 limit. Doing so would require either reducing the scope of the project or finding another vendor who may be less expensive. Smithfield Elementary is also looking to replace its playground and will be approaching the Board for some funding. Mrs. VanWhy said if we budgeted \$30,000, why would we give them more. Mr. Gress said that Resica's playground took a lot of manpower and taxpayers' time, about two years. J. M. Hill is a community school. Mr. Bader said that Resica Elementary received \$30,000. Mr. Summers said if the Property/Facilities Committee is recommending \$30,000, the school will need to raise the rest of the funds that are needed. Mr. Bradley said initially there were other variables but the total that the Property/Facilities Committee recommended is \$30,000.

iii. Fire Alarm, Extinguisher, & Sprinkler Service Agreement – Keystone Fire Protection - \$27,042.35 per year

Mr. Bader said Mr. Ihle looked at CSI and other companies but Keystone Fire Protection came the lowest over a three-year period. The Property/Facilities agreed with Mr. Ihle and recommended Keystone Fire Protection Company. Mr. Gress asked if this company will service all areas of the alarms. Mr. Bader said it includes everything for the alarms as well as the inspections and anything else that is needed.

V. **PUBLIC PARTICIPATION – LIMITED TO ITEMS OF DISCUSSION**

None

VI. **ADVISORY RECOMMENDATIONS FOR CONSIDERATION BY THE BOARD OF EDUCATION**

1.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Ronald Bradley to recommend that the Board consider for approval the following items: Motion was seconded by Gary Summers and carried unanimously, 4-0.

- a. A lease schedule #177682 to the existing Apple Master Lease Purchasing Agreement dated June 22, 2016 in the amount of \$533,990.00 for desktop computers, laptops, and related equipment for a four (4) year term beginning July 1, 2017 with annual payments of \$138,362.93, per Apple's quote dated March 28, 2017.
- b. The Master Lease Agreement with American Capital Financial Services in the amount of \$1,153,244.84 for desktop computers, laptops, Chromeboxes, Chromebooks, storage carts, and related equipment for a four (4) year term beginning July 1, 2017 with annual payments of \$282,598.30 per American Capitals quote dated April 26, 2017.
- c. The award of the Food Service Bids in the estimated quantities and unit prices as presented.

2.

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.

d. The Proposed General Fund Budget for the 2017-18 fiscal year with option 1.

3.

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.

e. The 2017-18 insurance providers and premiums as presented in the total amount of \$523,016.

4.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Gary Summers to send a letter to ESU & LVHN requesting monetary donations. Motion was seconded by Ronald Bradley and carried unanimously, 4-0.

5.

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 Ronald Bradley and carried unanimously, 4-0.

- N. i. Invoice #45963 from D'Huy Engineering in the amount of \$12,800.00 for services rendered as part of the JTL and Lehman Masonry projects.
- N. iii. The proposal from Keystone Fire Protection for a three (3) year service agreement from June 1, 2017 through May 30, 2020 for the inspection and maintenance of the District's fire alarms, fire extinguishers, and sprinkler systems at an annual cost of \$27,042.35.

6.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Gary Summers to recommend that the J.M. Hill Elementary Playground be further reviewed. Motion was seconded by Lisa VanWhy and carried unanimously, 4-0.

VII. **NEXT MEETING – June 12, 2017.**

VIII. **ADJOURNMENT: 6:41 p.m.**

Respectfully submitted,
Patricia L. Rosado,
Board Secretary