

FINANCE AND LONG RANGE BUDGET PLANNING COMMITTEE
MINUTES – MEETING OF SEPTEMBER 15, 2008

In attendance:

Committee: Thomas Reinboth; Andrew Pollock; Joseph Simpson

Board: Cynthia Mueller; Betty Huf; Jane Schrader Lynch; Thomas Hezel

Staff: Timothy Vail; Sandy Homel; Victor Lasher; Jenny Foight-Cressman; Bob Reed

Public: None

Press: None

Call to Order:

Mr. Reinboth called the meeting to order at 6:30 p.m.

Approval of Minutes

Motion to approve the minutes of the August 11, 2008 meeting as revised by Dr. Pollock. Second by Mr. Simpson. Motion Carried 3-0.

Fuel Bid-Update

Mr. Lasher reported that Administration had recommended that the Fuel Bid Ultra Low Sulfur Diesel Bid No. 2009-02 for CSD transportation be awarded to the lowest responsible bidder, Sunoco, Inc, at a price of \$3.2809 from October 1, 2008 through June 30, 2009 and \$3.3739 from July 1 through December 31, 2009 for delivery of quantities greater than or equal to 6,000 gallons. Mr. Lasher advised that this pricing is lower than the BCIU Cooperative Purchasing Group price of \$4.3325 for the 2008-09 year from July 1, 2008 through June 30, 2009. Mr. Lasher reminded the Committee that per Board action at the August 19, 2008 meeting Administration had been authorized to lock in these prices on the day of the bid opening if the prices were deemed reasonable. The resolution of August 19 also indicated that the Board would take subsequent action to ratify the award at the next meeting following the bid award. It is recommended that the Committee recommend that Board do so at this point in time. Dr. Pollock made the motion to forward this item on to the full Board for approval. Second by Mr. Simpson. Motion Carried 3-0.

Website Upgrade Analysis and Financing Option

Mr. Vail reported that per discussion at the September 2, 2008 Operations Committee meeting, that Committee voted to forward to the Finance Committee the recommendation that the award for the new CSD website design go to SchoolWires of State College, PA. This item was forwarded to Finance for the purposes of determining how the purchase would be financed and how the transition from CMS (existing website vendor) to SchoolWires could and should be handled. To that end Administration has analyzed the options and would present the following scenarios:

- Option 1 – award a 5 year contract to SchoolWires at the September 23, 2008 meeting with an effective date of October 1, 2008. This action would make us eligible for the annual IU Consortium price of \$17,250. On a prorated basis for the remaining nine months of this Fiscal Year that would make our 08-09 obligation \$12,937.50. In addition there would be first year start-up design costs of 7,400.00 for a total 08-09 expenditure of \$20,337.50. If the Board selects this option the goal would be to transition from the current design to the new design in mid December, 2008 with no additional payments to CMS being necessary. Funding for these unbudgeted costs would amount to approximately \$14,937.50 (total less the \$5,400 budgeted for the CMS renewal) from the General Fund Budgetary Reserve account which has a current unencumbered balance of \$208,054. The District would not be eligible for e-rate funding for the first year of the program as we have missed the deadline for applying, but years 2-5 would be eligible.

Years 2-5 would be budgeted as a line item in each budget year at \$17,250 with approximately 24% of this (\$4,140) refunded through the e-rate program. A copy of the draft agreement is attached.

- Option 2 – award a 5 year contract to SchoolWires with an effective date of April 1, 2009. This action would enable the District to finish out the current year under the CMS system giving us a three month design period with implementation of the new website on July 1, 2009. Cost to the District in FY 2008-09 would be approximately \$11,712.50. Under this scenario we would need to renew our agreement with CMS on a quarterly basis and let it lapse in June, 2009 at a cost of approximately \$2,700. CMS will not offer us a month-to-month lease. Again, these unbudgeted funds would need to be transferred from the General Fund Budgetary Reserve account. Years 1-5 would be budgeted as a line item in each budget year at \$17,250 with approximately 24% of this (\$4,140) refunded through the e-rate program.
- Option 3 – delay effective date of the program until July 1, 2009 with implementation by the beginning of the 2009-2010 school year. This scenario would mean no unbudgeted impact on the 2008-09 budget and a portion of the implementation costs would be eligible for e-rate funding as well in the first year of the program.

Dr. Pollock questioned if this is a bid or a quote. Mr. Vail responded that it is a quote and therefore the District is not obligated to award to the lowest responsible bidder. Dr. Pollock indicated that he is in favor of pursuing Option # 2, as we get 5 years of e-rate assistance and there would be a much more limited impact on the current year budget since none of this was incorporated into the 2008-09 budget. Mrs. Huf indicated that she also prefers Option # 2. Mr. Hezel and Mrs. Mueller indicated they preferred Option # 3 for budgetary reasons. Mr. Reinboth indicated that Mr. Miller had sent correspondence since he could not attend this meeting in favor of Option # 3 also. Mr. Reid then reviewed the pros and cons of each option noting that Option # 1 presents problems in terms of realistically meeting a very aggressive time line at the same time Administration is still fully implementing the Skyward system. He indicated that Option # 2 represents a far more realistic timeline. Dr. Foight-Cressman agreed stating that from a teacher perspective Option # 2 is also best. This option gives the teachers a more realistic timeframe for transition to a new system. After some discussion the Committee determined that Option # 3 was not as good a choice as Option # 2 as it would have to be implemented at a time when limited staff is available during the summer and it may be unrealistic to meet the time line to have the system up and running for the beginning of the school year in September. Motion by Dr. Pollock to recommend that the Committee forward Option # 2 forward for Board consideration and approval with the dollars necessary to fund the current year expenses taken from the General Fund's Budgetary Reserve Account. Second by Mr. Simpson. Motion Carried 3-0. Mr. Vail indicated that this item would not move forward to the Board until the 28 e-rate posting period expires early in October. He also noted that in the event this posting brings in additional quotes that the matter would have to be brought back to the Finance Committee for additional analysis and discussion before moving on to the Board for award. Committee agreed this was acceptable.

Stadium Donations Recap

Mr.. Vail reported that, per discussion at earlier meetings attached to this evening's agenda are the following items:

- Projected vs. actual and revenues sources for the stadium project that was approved by the Board in October, 2007. This analysis clearly shows where the funding to pay for the project was to come from and as such \$1,663,986 was transferred from the General Fund

Balance to the Capital Reserve fund in November, 2007 to cover this portion of the expenses.

- Recap of all transactions passing through the Capital Reserve Fund related to donations received, proceeds from the sale of bleacher scrap, and expenses associated with Fundraising efforts. Recap also included the amounts that have been posted toward retiring a portion of the loan with donations, scrap sales and interest earnings between December, 2007 and month-to-date September, 2008.
- Listing of other pending donations that are in process but not yet realized.

Mrs. Huf stated that seeing the total picture in this report gives her concern about the fact that Modell Sporting Goods received permission to advertise in a number of District venues without having contributed anything at all to date toward the retiring the stadium debt. She questioned how this could have been permitted to happen. Ms. Lynch echoed this concern. Mr. Reinboth noted that according to the report no dollars have yet come through from Commerce Bank either. This report is a snapshot as of mid-September with some of the dollars committed at this point not actually having been collected. Mr. Reinboth questioned if there was a game plan with Modell. Mrs. Mueller indicated it was her understanding that the MOU with Modell was to be done in 10 days from the date of the August 19 Board meeting. That did not happen. Mrs. Homel indicated it is her understanding that the MOU will be arriving tomorrow. Mrs. Mueller indicated that she remembers a ceremonial check being presented to the Board in the spring of 2007 representing \$10,000 in donations from WTHS groups. This amount is not reflected in the report either. Mr. Vail indicated that this report fully reflects all funds received to date. He indicated he has no information that a \$10,000 lump sum donation was ever received by the District. He indicated he believes this amount represented a series of donations that were to come from a number of groups but that he has no itemized breakdown. Mr. Hezel indicated that Mr. Blatt had talked about securing a quarter of a million dollars from the booster organizations. There is no evidence of that either in this report. Mr. Vail explained that there was never a firm commitment for when and how those funds would be forthcoming. He indicated that is problematic in his mind as quite a bit of this funding is factored into stadium ticket sales which are considered to be general fund revenues and recognizing these funds to reduce the debt of the stadium would mean reducing the gate receipts revenue presently factored into balancing the general fund budget. However, the income from concession stand sales is not earmarked as a general fund budget item and as such these funds would be available to reduce the debt. There is no clear indication that this figure was any more than an estimate of what could potentially be realized over 10 years. Mrs. Lynch indicated that this whole discussion is moot. The fact is many figures were thrown around, and she continues to question the reality of the numbers. She requested that Administration continue to exercise due diligence in trying to reduce this debt from whatever sources are available. Mr. Reinboth indicated there is still lots of work to be done, and asked that the \$10,000 pledge from WTHS groups be further researched to determine what anticipated donations were included in this amount.

Act 1 Index-2009-2010

Mr. Vail reported that we have received word that PDE has set the 2009-10 state wide Act 1 index at 4.1% . This represents a decrease from the 4.4% index rate of 2008-2009. It remains to be seen how this will impact the bottom line of our proposed 2009-10 budget, but suffice to say that we have less to work with for 2009-2010 than we did last year at this time. He indicated that he will keep the Board advised as more information becomes available. Mr. Pollock asked that the Labor Relations Committee consider approaching CEA about a delay in teacher salary increases for 2009-10. Discussion followed on the logistics of how this would work. Mr. Hezel suggested that the 09-10 salary increases be delayed until January of 2010 which would cut the

budgetary impact in half. Committee indicated that more will follow on this as the proposed 2009-10 preliminary draft is submitted for Board review later this year.

Fee Schedule for the Henry W. Ray Special Experience Room (SER)

Dr. Foight-Cressman explained that Administration had been working on ways to make the SER more efficient and indicated that it could also be a source of revenue for the District if outside interests using the room and were assessed a fee. Administration is recommending a fee of \$125 for in-district schools and \$250 for out of district schools be assessed. Mrs. Lynch questioned how many in-district non public schools have used the SER in recent years. Dr. Foight-Cressman responded that she did not know. Only Council Rock has used the room in recent years to her knowledge. Mrs. Mueller asked if outside groups have used the room and how would they be handled under this new fee system. Mrs. Homel indicated that community groups would not be assessed a fee under this plan. Mrs. Huf indicated she supports these groups paying a fee as well. Dr. Pollock suggested that for organization we should charge the in-district fee amount. Mrs. Lynch indicated that she feels the in-district non-public school deserve a bigger break. It would be a good gesture to give them free access. Motion by Dr. Pollock to move this item forward to the Board for approval. Second by Mr. Simpson. Motion carried 3-0.

Homestead Appeals – Refund Requests

Mr. Vail reported that we have a situation developing here that he believes warrants discussion by the Finance Committee and direction (and possible Board action) to Administration. The situation is as follows:

The amount we were quoted for CSD's share of the state gaming revenue to provide as credits on real estate tax bills for 08-09 was divided into the number of approved homesteads and farmsteads as of the last report received from the Bucks County Assessment Office in early June and the amount of the credit per bill was calculated by dividing this number into the total appropriated state gaming revenue amount. Unfortunately, the County approved three properties we are currently aware of who appealed their denials after the tax bills were calculated and now these property owners (who's 08-09 tax bills did not provide the homestead credit) are being advised by the County to apply for a refund on the credit due. Attached to this evening's agenda is a copy of the County's letter to those taxpayers. Cost of refunds to the three parcels we are aware of would be \$501.00. However, it is Administration's contention that since the total amount of state gaming revenue was already credited in total to those properties that had been approved by early June that there is no funding available to grant these property owners a refund. The only way to do it would be for the CSD Board to approve the use of general fund revenues over and above the state gaming appropriation for this purpose. Administration's recommendation would be that we advise these property owners that they will not be eligible to receive the homestead credit until the following year, and this be the District's ongoing policy as it appears this will occur in future years. Mrs. Mueller indicated she agrees with this analysis. The Board has historically always denied requests for real estate tax refunds other than in instances of assessed value changes. After some discussion consensus was that these refund should be denied and that the Board take specific action to address this formally so that future requests of this nature can be handled administratively. Mrs. Lynch requested that Administration contact Bucks County to determine why these appeals were approved. Mr. Vail indicated he would do so and get back to the Board before the next meeting. Motion by Dr. Pollock to authorize Administration to draft a resolution for Board consideration and approval which would govern the administrative denial of such refund requests for those items presently pending and all such future applications. Second by Mr. Simpson. Motion Carried 3-0.

Adjournment

Meeting was adjourned at 7:35 p.m.

Respectfully submitted,

Timothy E. Vail