

FINANCE AND LONG RANGE BUDGET PLANNING COMMITTEE
MINUTES – MEETING OF AUGUST 11, 2008

In attendance:

Committee: Thomas Reinboth; Andrew Pollock; Joseph Simpson (arrived 6:45 pm)

Board: Michael Monaghan; Cynthia Mueller; Betty Huf; Mark Miller; Jane Schrader Lynch;

Staff: Timothy Vail; Sandy Homel; Victor Lasher; Jean Rollo; Susan Klyman; Fred Brimmer

Public: Robert Shaffer; Mel Egber

Press: Manasee Wagh

Call to Order:

Mr. Reinboth called the meeting to order at 6:34 p.m.

Approval of Minutes

Motion to approve the minutes of the June 16 meeting as submitted by Dr. Pollock. Second by Mr. Reinboth. Motion Carried 2-0.

Vending Machines Issues

Discussion on this item focused on the feasibility of selling surplus vending machines on eBay and the review of a proposal from RDS Vending to provide full service snack vending machines to the District. Mr. Fred Brimmer, a bus driver for the District was asked to attend to explain that the vending machines presently in place in the bus garage belong to the Transportation Association and they would prefer to stay with their practice of purchasing items and stocking the machines themselves as the profits associated with the present system are higher than relying on commissions through a third party. He indicated that they would be willing to purchase beverages through the new Coke contract in order to give the District credit toward their overall 5-years purchasing commitment. He also indicated that addition of another machine that sells bottles would give the bus garage to opportunity of offering water which is a constant request from the Transportation staff. Mr. Vail indicated that the other two machines being considered for sale on eBay also did not belong to the District. These machines, located at Log College belong to outside vendors and as such it would not be feasible to sell them. Once these machines are no longer needed they would be returned to the owners.

Mr. Mel Egber of RDS Vending took the Committee through his proposal to provide vending snack services and equipment to the District. He noted that the cost to his company per machine is between \$3,000 and \$4,000 which would constitute a big investment for them. Mr. Reinboth indicated that the Committee wants to be sure we solicited proposals from a wide range of companies before we commit to one particular vendor. The Committee would need to know which other vendors were contacted and why they are not in consideration at this time. Mrs. Huf agreed that she would like to see the complete list as well. Mr. Miller indicated that he had contacted all of the vendors that presently supply machines in various locations throughout the District. Only RDS and Morning Start expressed any interest, but Morning Start backed out as they wanted the beverage concession as well. Thus we are down to just the one proposal. Mrs. Mueller questioned if each building would have a say in determining what items are offered in the machines at their location. Mr. Egber indicated that would not be a problem. Mrs. Mueller stressed that she would be concerned that these machines not interfere with our in-house food service operation. Mr. Vail agreed saying that we would need to take special care to have these machines on timers that would shut them down during school hours. Mr. Miller stated that the Board's role is to select a vendor and the implementation would be up to Administration. Motion by Dr. Pollock to recommend that Administration prepare a suitable resolution to award a contract to RDS Vending per the proposal submitted and this evening's discussion. Second by Mr. Simpson. Motion Carried 3-0.

Stadium Manager

Mr. Vail indicated that both the Facilities' Use Policy (Policy 6.2 as revised adopted by the Board on July 15, 2008) and the proposed Concession Policy (Policy 6.8) make reference to the "Stadium Manager." This item was discussed at the July 15, 2008 Operations Committee Meeting and referred to the Finance Committee for further review and discussion. In the interim Administration has fine tuned how and by whom these duties would be handled and the memo from Jean Rollo with backup attached to this evening's agenda explains the recommendations. Mrs. Homel indicated that Administration had begun to think about a new position but it seemed the incumbent Athletic Director would be best suited to handle these responsibilities as he would need involvement in most aspects anyway. The proposal is to divide the responsibilities of Stadium Manager over 2 existing positions (Athletic Director and Faculty Athletic Manager) plus the new position of Stadium Supervisor as created by the Facilities Policy. Based on this there is no need to create a new position. She indicated that Mr. Pacchioli feels comfortable that he can handle the assignment. Dr. Pollock questioned who the Stadium Supervisor would be. Mrs. Homel indicated this assignment will vary from event to event. Mrs. Lynch expressed concern with the recommendation as it seems to be concentrating a lot of responsibility on the Athletic Director. After some discussion the Committee consensus was that Administration's recommendation be followed. Ms. Rollo indicated that no Board action would be necessary as the changes to the job descriptions necessary to accomplish this have historically been administrative in nature. The Board has never been involved in approving job descriptions. Based on this discussion Administration was directed to make the necessary revisions and notify all affected parties of the changes.

Concession Policy

Mrs. Homel indicated that the Concession Policy had been referred to the Finance Committee by the Operations Committee at their July 15 meeting as the policy refers to the Stadium Manager which had no detail associated with it when brought forward earlier. Given the above discussion this issue has been resolved and Administration is ready to move ahead with recommending this new policy be adopted. Mr. Reinboth questioned the reference to clothing and souvenirs sales by outside groups being exempt from the terms and conditions of the policy. Mrs. Homel indicated this language appears based on the philosophy that only food items would and should be covered. Motion by Dr. Pollock to move this policy forward for Board consideration and approval as submitted. Second by Mr. Simpson. Motion Carried 3-0.

Appoint/Interview Legal Counsel

Mr. Vail indicated this item was discussed at the June 16, 2008 Finance Committee and at that time the Committee expressed interest in pursuing the matter of sending out a second RFP with a provision that certain "basic legal services" be included in an annual retainer fee as opposed to outright billable hours. Administration was asked to analyze the 07-08 legal bills to see if the "covered retainer charges" as outlined in the Fox Rothschild proposal were significant enough to cover the cost of the retainer. Mr. Vail went on to say that at that time he expressed concern that the matter of analyzing the legal bills to determine what might and what might not be included in such a fee would be cumbersome and time consuming. However, based on the directive given, Administration did go through the exercise and has determined that approximately \$4,531 of our YTD total legal bills (\$128,250) would have been covered under this retainer fee. This represents a fairly insignificant portion of our legal expenses, and as such pursuit of the retainer option does not appear to be in our best interests. Committee discussion focused on the history of solicitor appointments and the desirability of retaining the existing configuration of coverage at this time. It was ultimately agreed that the matter would not be pursued at this time and that

all firms having submitted proposals be informed of this decision as soon as possible. No Board action is recommended at this time.

IRS Section 409A Deferred Teacher Compensation Update

Mr. Vail reported that this item was approved at the May 27, 2008 Board meeting via a resolution being adopted to comply with the new IRS 409(A) regulations on deferred compensation. Specifically this was done in keeping with the requirement that the Board needed to take action on this item in order to be in compliance with this new regulation for the upcoming 2008-09 school year. At that time Administration had drafted the form attached to this evening's agenda which was submitted to Solicitor Mike Levin for review. Mr. Levin had advised that the form was fine and is consistent with the new IRS regulations. Based on all of this the Board approved the form and all staff were advised accordingly with a deadline to return their deferral election by August 15, 2008. Mr. Vail went on to report that we are now in receipt of a memorandum from a widely respected attorney in this field advising that the IRS is "expecting to propose a change" to exempt the teacher classification from the new 409(A) regulation. We have been advised that the rule as originally written is still in effect at this time, but it may change and if so it would be our understanding that the language in the CEA contract would again govern the way we pay teachers (namely 26 equal payments with the option of taking the final 4 "summer" payments in lump sum at the end of June). It would appear at this time that no Board action is necessary, but if the rule change goes through we may need to make revisions down the line. In the meantime, be advised that Administration is proceeding under the current IRS regulations and will construct the 08-09 payroll in conjunction with the 409(A) deferrals selected by each individual staff member who has returned a form. Committee agreed that no additional action is necessary at this time, but asked to be kept informed as events dictate.

Advertising/Partnerships

Mr. Vail reported that this item was referred to the Finance Committee by the Operations Committee at their July 15, 2008 meeting. Per the discussion at that time attached to this evening's agenda is a copy of the variance application made to the Warminster Township Zoning Hearing Board as well as their letter indicating that all fees had been waived. Discussion focused on this application and how the decision to add the request for signage on the baseball fields had been made without the majority of the Board having been informed this was being done. Mr. Monaghan explained that he and former Superintendent Dr. Masko had asked Mr. Lasher to include this item in the application based on the provision in District policy giving the Superintendent the authority to do so. He indicated he stood corrected on not giving the other Board members notification of the intent to do so without a chance to review and discuss the matter beforehand. Consensus among all Board members present was that Mr. Lasher would be directed to remove this as part of the pending application to the Warminster Township Zoning Hearing Board. Mr. Lasher indicated he would notify the Township accordingly.

Fuel Bid – Update

Mr. Lasher explained that the District, in consultation with the Board, had decided not to participate in the BCIU Consortium bid award that occurred this past May as Administration did not feel comfortable with locking into prevailing pricing at that time which had been the decision of the majority of participating districts to move ahead with. He indicated that Central Bucks School District had made the decision not to participate as well, and indicated that both districts were now in a position to seek bids to be awarded early this fall. He indicated that he was here this evening to get direction on proceeding and ask that the Board grant permission to Administration to lock in the bid pricing, if deemed advantageous to do so, on the day of the bid opening as these bid prices can't be held beyond the day of the bid opening. Consensus was this was a good time to seek new pricing and that giving Administration to lock in was acceptable

provided the Board takes subsequent action to formally approve the award. Motion by Dr. Pollock to recommend that the Board approve soliciting bids for award of vehicle fuel for 2008-2009 as a joint effort with Central Bucks School District. Administration is also given approval to lock in the lowest responsible bid price if deemed advantageous to do so within the time allotted after the bid opening. If bid is awarded information will be brought back to the Board for formal award at the meeting next following approval by Administration. Second by Mr. Simpson. Motion Carried 3-0.

Use of Facilities Exception-Council Rock Use of Middle School Pools

Mr. Vail reported that Council Rock School District is seeing an exception to Policy 6.2 (Use of Facilities) to permit use of the Middle School pools during a portion of the 2008-2009 school year while their facilities undergo renovation. Fee for use of these facilities would be \$51.50 per hour. They would need to use the pools from October through the end of the year. Motion by Dr. Pollock to move this item forward for Board approval. Second by Mr. Simpson. Motion Carried 3-0.

Sale of District Vehicles

Attached to this evening's agenda is a memo from District Transportation Supervisor Wayne Robinson providing an update on the status of the sale of vehicles retired this year as a result of new purchases. Mr. Robinson indicates that all of the 7 vehicles have been sold or that sales are pending. To date we have collected \$10,350 on the vehicles sold and under deposit which puts us well underway toward exceeding the trade-in offers received from Rohrer of \$1,500 per vehicle. Board will be notified when all sales are finalized.

Communications Consultant

Mr. Vail reported that per discussion at the June 16, 2008 Finance Committee meeting, the Request For Proposal (RFP) for communications consulting services was fine tuned and a survey of what other Districts are doing in this area was compiled. Both documents are attached to this evening's agenda for review and discussion. Mr. Reinboth indicated that the list of consultants is small but he is certain there is no harm in putting out an RFP. Mrs. Huf indicated she was on the Board when Elliott Alexander was employed here as the District's PR coordinator. Since his departure in the late 90's our PR has been piecemeal at best. It has never been the same since he left and she indicated she supports Administration's efforts to bring on someone with this type of expertise. She went on to say that the District is big enough to warrant 100% coverage. Mrs. Lynch indicated she realizes the need for this, but the taxpayers can't afford continuing to add services. Mrs. Mueller indicated this is not a luxury. We are facing major issues with the building program and other issues that surface on a day-to-day basis. It is unrealistic that Central Administration can effectively handle this. Mrs. Homel added that Mr. Alexander was so successful because he had media connections. We need that. We clearly need someone with media savvy. Discussion then turned to the possibility of hiring an employee to handle this rather than a third party consultant. It was determined that the \$72,000 in the budget to fund teachers on special assignment could be freed up for this purpose as Mrs. Home indicated she does not feel our situation warrants filling those positions at this time. However, Administration needs to develop a plan and a job description for using these dollars to hire a full-time Public Relations Specialist. Administration was directed to put together a job description and come back for further direction at that time.

2009-2010 Budget Calendar

Mr. Vail indicated that this evening's agenda includes a copy of the proposed 2009-2010 budget development and adoption calendar. Historically this calendar has been submitted for Board approval each August in order to provide direction and milestone dates for this increasingly

complex undertaking. Committee members indicated they had reviewed the calendar and had no questions or concerns about moving it forward. Motion by Dr. Pollock to recommend that the 2009-2010 Budget Calendar be recommended for Board approval as submitted by Administration. Second by Mr. Simpson. Motion Carried 3-0.

Postage Deposit Concern

Mr. Vail indicated that based on concerns expressed at the June 24, 2008 Board meeting, he had been asked to provide a recap of how postage meter expenses are processed and potential impacts on the 08-09 budget if we change the system. He went on to explain that we have two postage meters in the District – one at Johnsville and one at WTHS. Postage meters must have dollars posted to them through the U.S. Postal Service in order to function. As postage is run through the meter the amount of available funds decreases. As the balance decreases the meter needs to be replenished from time to time in order to have a balance available at all times. There is currently approximately \$13,200 in the Johnsville postage meter and \$6,800 in the WTHS meter due to replenishing the meters in late June in anticipation of summer mailing demands. Historically we have used the June replenishment each year to transfer the remaining available unspent budget in the postage accounts so that as we move into the new year we have adequate postage to see us through. The result is that we are well into the new year before we need to replenish the meters again under the new budget funding. The concern is that we have over budgeted for postage in the 08-09 budget. He indicated he disagrees with this contention based on the practice outlined above. If we finish the 08-09 year by not doing the historic large drawdown in June of 2009 the result will be a skewed budget history for the upcoming 09-10 year in which there would be a fairly large expense early in that new budget year (09-10) in order to replenish the meters at that time. Mr. Vail indicated it is, of course, possible to do that, but it is counterproductive in his opinion and will do nothing over the long run of several budget years to reduce our postage expenditure. Lastly, the dollars presently on our postage meters are considered to be District assets until and unless we spend those dollars on postage. If we go out of business tomorrow the U.S. Postal service would fully refund the unspent amount on our meters.

Mr. Reinboth indicated his only concern is that we are consistently taking advantage of discounted postage rates for bulk mailings and pre-sort mailings when available. He has no concern with how the monies are being deposited into the meters. Dr. Pollock and Mr. Simpson agreed. Mr. Miller indicated he does not think the District is taking advantage of the lowest possible postage rates and cited a recent mailing he had received from Council Rock School District as an example. Mr. Vail indicated he would contact Council Rock and perhaps even take a trip over there with staff to review their mail operations as he is all for saving additional postage dollars.

Class Ring Quote Award

A memorandum from WTHS Assistant Principal Terry White was included with this evening's agenda recommending that the quote for class rings for the WTHS classes of 2012-2014 be awarded to Jostens. Dr. Pollock questioned if any students had been part of the evaluation process and recommendation. Mr. Vail indicated he did not believe so. Committee asked that this recommendation be returned to WTHS Administration with the directive that when the students return in September that they be given an overview of the quotes received and be part of the recommendation that will go to the Board for approval. The Committee further directed that when items such as this are awarded in the future they will be looking for evidence of student involvement in the selection process before the recommendation is moved forward for approval.

Stadium Naming Rights

Mr. Vail indicated we had received word last week that Mr. Dave Blatt and Mr. Bob Schrader would be available to attend the Finance Committee Meeting this evening but conflicts prohibited that from happening. With that being the case the issue of the ongoing negotiations with Modell Sporting Goods was brought up by Mr. Miller indicating that it is critical to get some direction on how acceptable the agreement as presently drafted is to other Board members. He indicated there has been a solution presented that would get Alumni Association funds as well as Modell funding with both groups having their names associated with the stadium. Mrs. Huf stated that in all fairness it is not a good idea to name the stadium Modell when the Alumni can do the same thing. She stated she will not support naming rights for Modell. Mrs. Lynch indicated she understands Mrs. Huf's concerns, however, we know Modell is a player with adequate finances to underwrite this arrangement. The Alumni Association is interested, but its not at all clear if there are one of two alumni groups and if they have the finances available to enter into such a long-term commitment. Mr. Simpson stated that \$5,000 a year for 10 years is too low to give away naming rights to Modell. Mr. Reinboth agreed he could not support the agreement as presently configured either. Mr. Miller indicated that he would like to counter with \$7,500 per year plus other minimal rights to signage in other District locations. After much discussion Committee agreed to authorize Mr. Miller to continue negotiations with Modell. Mrs. Homel was directed to prepare two different resolutions for consideration by the Board at the August 19, 2008 meeting. Further analysis and discussion of the options will be done at that time.

Summary of Third Party/Education Agency Agreements

Mrs. Klyman indicated that on an annual basis the Board reviews and takes action on requests to approve Third Party Education Agency Agreements. Centennial School District contracts with several of these schools for situations in which the District is unable to provide the education services required by law. She indicated this evening's agenda contains a list of those agreements which will be coming before the Board over the next several weeks for approval. Board members present asked several questions on the content of the list. No Committee action at this time.

Adjournment

Meeting was adjourned at 10:40 p.m.

An executive session immediately followed this meeting.

Respectfully submitted,

Timothy E. Vail