

**WEST WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT
BOARD FINANCE COMMITTEE MINUTES**



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| <u>BOE Committee:</u> Anthony Fleres (Chair) John Farrell Ellen Walsh | <u>Administration:</u> Victoria Kniewel Larry Shanok Lawrence LoCastro | <u>Guest/Public:</u> |
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September 21, 2011

The meeting was called to order at 6:36 PM at the Central Office in the superintendent's office. Board Member Walsh joined the meeting at 6:54 PM. Topics covered included:

Review Agenda Items: The committee supports the agenda items.

Budget Process Review Committee Guidelines: The elements concerning the BPRC have been much discussed this year. In October, the guidelines recommend that the Board of Education indicate their values and priorities for the upcoming budget. This year the discussions will be surrounding negotiations and the upcoming BOE retreat will provide additional opportunities for this to happen.

Jamesburg Query: The request was discussed. It was noted that part of Jamesburg's difficulty is the \$4,000 per student spending gap between it and the present district used for high school. WWPRSD is not a significantly favorable move for Jamesburg, especially compared to the lower per pupil costs at other districts for which they made inquiries. In addition, their seventh grade test scores indicate that their children might find it difficult to simply enter the WWPRSD K-12 cycle at the ninth grade level. There appears little opportunity financially or educationally in following up this inquiry further at this time.

Update - Audit: Mr. LoCastro described the completion of field work by the auditor. No material elements have surfaced to date and the effort is on track for committee review of a draft CAFR at the October committee meeting.

Update - Summer Capital Projects: despite the delays caused by the nation's unfavorable supply chain – no one carries inventories these days – most projects progressed well. At the previous board meeting the superintendent outlined the many projects: including upgraded lighting in portions of eight schools, roof work at six schools, some carpet replacement at four schools (most notably in the commons area of High School South), boilers at two schools and new clock/sound systems at two schools. Of the remaining projects, most are now organized to finish with minimum impact on instruction. Six roof projects by three contractors were awarded this year. Two of the contractors have proceeded in a fine fashion and are winding up their projects. The third contractor has been less skillful and there are issues surrounding the successful completion of these two projects; the district and architect are addressing these closely.

Update -Solar: There is only one year remaining on the federal allocation of Clean Renewable Energy Bonds and the district still has not been given a go ahead by the State of New Jersey on its November 2010 application for the Phase II solar projects at seven schools. There has been volatility in the SREC (Solar Renewable Energy Certificates) market; but, this includes a partial recovery from the recent drop. A September 21st auction found 2011 SRECs fetching \$630, up from \$425 a few weeks ago.

If the state continues to prevent forward motion and the CREBS expire, the district will have choices to make: persevere for debt service aid; utilize capital reserve dollars to install solar in the most cost effective locations (not all seven schools of the CREB option); see if some innovative leasing/capital reserve structure is appealing; or, abandon further solar projects for the foreseeable future.

Even under the current circumstances, the Phase II effort can realize \$100,000 or more (as much as \$400,000) of favorable cash flow (energy savings, SREC sales, debt service aid) in excess of outflows (debt service) each twelve-month period of operation.

Central Office Water Damage: The Superintendent described the removal of all central office personnel from the basement. The cumulative impact of the building's design leaves us with the need to find an alternative office solution. The district administrators appreciate the Board support for finding a good long-term, but able to implement in a few months, type of solution.

Negotiations: Likely inflows and outflows for the next three years budgets were considered. While inflows are aided by utilization of the 2% general fund tax levy cap and the legislature's contributions for health benefits, outflows exceed the inflows in most scenarios even with no pay increases. The outflows are dominated by likely double digit increases in health care which exceed the health care contributions by a significant margin in most cases. The district will spend more in the future for Building & Grounds services, but this amount will almost certainly still be below the amount spent in 2009-10 for these services in-house.

Flexible Spending Accounts: The State has mandated an additional cost to the district as it legislated the health care contributions. The cost of a third-party administrator for the legally required FSA could be \$80,000-100,000 annually.

Community Education: There was a discussion of what facility personnel and energy costs may be associated with the CE operation. A case can be made that such annual costs are in the \$400,000 to \$800,000 range. While these have not been formerly assessed, in the recent past – hence the build in the CE account fund balance – these costs may be directly assessed in the future. The fund balance could be depleted over a few years as such costs exceed the operating margin of the department.

Health Contribution: Non-affiliated employees are captured by the new legislation as of their October paychecks; a great deal of work is being done in preparation. This is complicated in that while the legislation was passed in June, the state has changed its implementation as recently as last week. A few employees have been subject to paying a contribution for some health premiums in excess of the employee premium amount. As employees fall under the new contribution laws, this separate contribution will have been superseded by the implementation of the new law.

West Windsor Development: There was a discussion of the study put forward by the consultant for the developer. The consultant's assumptions imply a large benefit to the project. More realistic assessment of the plusses and minuses suggest a more modest net benefit.

The meeting moved to closed session at 8:16 PM. The session moved to open session at 8:25 PM.

District Website: There was a discussion of identifying and making improvements to the district website. It was suggested that a distinction between the actual website content and the user interface to that content may be a useful concept in dealing with current areas of frustration and in finding solutions.

The meeting adjourned at 8:34P.M.

NEXT MEETING: Tuesday, October 18, 2011, 6:30 PM @ Central Office

Topic for Next Meeting

Review Agenda Items

CAFR Review

Chose a Phase II Solar Scenario?

Update on Tech Projects of Last Summer

Future Topics:

Impact of Recent Legislation

Policies