

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



<u>BOE Committee:</u> Anthony Fleres (Chair) Hemant Marathe Yibao Xu	<u>Administration:</u> Victoria Kniewel Larry Shanok Lawrence LoCastro	<u>Guest/Public:</u> None
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September 18, 2012

The meeting was called to order at 6:35 PM at Central Office in the conference room. Topics covered included:

Review Agenda Items: The Committee supports acceptance of the finance agenda items. Bids opened September 13th allow us to move forward with improvements to the filtration of pool water at the high schools. A failure to get bids for the High School South climbing course needs to be ratified by board action.

Budget Process Review Committee Guideline: This former Committee suggested that the Board should discuss values and priorities for the upcoming budget in October. This October the Board will have a retreat to cover this topic.

Past committee discussions have covered the fact that a high level of tax relief in one year can create problems in the following budget year. Too heavy reliance on tax relief from excess surplus can create a problem in the following year: either increase total tax levy to compensate for a decline in tax relief (and once the “savings account” nature of fund balance is spent, there may not be enough to sustain that level of tax relief) or reduce spending in the future. Last budget cycle the district utilized a combination of tax relief, and additions to the capital and maintenance reserves. Similar actions will be necessary in the upcoming budget cycle. An additional possibility for action for the next budget is discussed in the capital spending discussion.

Audit Update: While the district has not utilized the State of NJ’s extension of the CAFR deadline to December in the past, this year’s meeting schedule suggests that we do so this year. The auditor’s field work is nearly done and the substance of the report will conclude by November as in the past. However, the Finance Committee does not meet until November 20th; the auditor will meet with the Committee on that day to review the audit. Board of Education acceptance of the audit will occur at the November 27th board meeting. This will meet the State of New Jersey’s December 5, 2012 deadline.

Bond Refunding Update: The lengthy process that kicked off in March concluded in early September. The successful refunding saves nearly \$2.8 million in debt service payments over the next eight years. As part of the process Standard and Poor’s and Moody’s each affirmed the district bond rating as the highest they give.

Summer Construction: The projects were noted at the last board meeting by the Superintendent. The largest were the new roof on the Wicoff modular section and the two air handlers in the five-step replacement program at Community. Other significant projects include: sidewalk work at Community, paving at Millstone River, carpet replacement at Grover, cupola replacement and entryway coating work at Grover. Over the next few months work will conclude with: High School South MDF room HVAC work, as well as new bleachers in the old gym, air conditioning work at Hawk faculty room and library, stair door hardware at North, and tennis court repair work at South.

2013-14 Proposed Capital Projects: The Finance Committee will give consideration to the level of funding for capital outlay in the next budget. With over \$200 million of capital assets, the present \$1.5 million a year is low. In the past, the district has sustained operations through use of capital reserve and state grants. In the long run, support from these sources may not be sustainable. In addition, it may be good to have a meaningful annual capital allotment for technology in the annual budget. The 2013-14 budget may be a good time to increase the annual budget to \$2-3 million level with a strong allotment to technology outlays.

An area for consideration by the Board is a need to address two situations: Community Education cannot provide services to all portions of the community that request service due to a lack of space. Secondly, coordination and communication among district administrators is impeded by the distances separating many of them. Sounder management would be facilitated by having more of the administrators located together. An effort will be made to develop action plans for doing so. Funding such construction would not require additional bonds be issued. Balances from community education and from capital reserve could be used for the project.

SRECs: In the past, there has been discussion of possibly selling SRECs in advance for a year or two. With the low dollar value (recently down to \$80 per SREC), it was decided not to do so currently. The district will periodically participate in auctions outlined in State of New Jersey regulations.

It was noted that the district's \$7.5 million Clean Renewable Energy Bond allocation from the Internal Revenue service expires next month. The November 2010 paperwork to the State of NJ still has not been acted upon and continues in a state of limbo. Even if it is approved tomorrow, there is no longer time to go to referendum – a necessary step in utilizing the CREBs. Therefore, this opportunity ends next month.

Back in 2010 the net benefit after all costs of the Phase II solar project was hugely positive, nearly one half million dollars in the first twelve months of operation. The value of SRECs has collapsed reducing the benefits. However, the cost of solar panels and interest rates have declined. If the project had moved forward promptly, the project would still have had a net financial benefit, just not a huge one.

Buildings & Grounds' Start of School: Edvocate's August inspection found conditions in the school noticeably better than the very satisfactory levels of a year ago.

While a score below 59% is below average and a score above 80% is above average, eight of the ten schools earned inspection scores above 90% - this is in comparison to five schools that earned that level score a year ago. The overall district score was 92% - a high score. Schools are assessed on 19 to 23 dimensions. A score in each dimension assesses conditions across the entire school, so there is no score that indicates perfection in each and every room. That is why the process of communication includes monthly meetings between principals and Aramark management (augmenting the day to day contact between building administrators and their building's day head custodian).

Another worthwhile comparison is between a school's score in the May inspection compared to August. Buildings are hard used and by May scores are typically at a low point. The district average in May's inspection was 73%; the August district average was 92%. This shows considerable effort over the summer months at readying the schools for September.

The heavy use of the schools by both the district and community organizations, even in the summer months, makes it difficult to accomplish the cleaning in the most efficient manner. Construction projects further complicate the effort. With the scores of most schools so high, Edvocate is introducing another communication process to facilitate continuous improvement. A principal (and Special services supervisor) survey will go out in October. This will allow some differentiation by school of what is most important to each principal. This will augment the Edvocate dimensions and serve to focus meetings between building administrators and Aramark. This has worked at Edvocate's other clients to improve already high levels of performance. As always, ways to improve specific problem areas are pursued by all: our Building & Grounds personnel, Aramark, Edvocate and building administrators.

NJ QSAC: The State of NJ talks of giving high performing districts relief from mountains of paperwork; however, monitoring shows no evidence of that intention. District monitoring by the state used to be good for a seven year period. Then the DOE reduced it to every three years. Recently, the three year NJQSAC interval moved to annual with the Statement of Assurance documentation required in years two and three of the NJQSAC cycle. There are a huge number of DOE paperwork requirements in the Fall period and the Statement of Assurance must be completed by November 15th.

This attitude was demonstrated today in an email from DOE regarding the recently submitted Corrective Action Plan for the Ed Jobs monitoring effort. Nowhere in the findings (which were distributed to all board members) is there a mention of a requirement to submit supporting documentation as a prerequisite for review of the CAP. Yet, the email asks why these documents were not submitted with the CAP; many of these documents are not due according to the schedule included in the CAP for months – yet it is suggested that they are to be provided immediately now that they have sent this email.

Other Business: A reprise of the Committee’s June discussion was made regarding school lunches. The federal requirements that came into effect July 1st have aspects that are likely to increase costs of meals and lower lunch participation rates due to smaller portion sizes. The Board can expect to hear complaints as some may assume the district is arbitrarily reducing portion sizes to economize rather than the reality of following federal lunch program rules. To minimize the impact on participation the district has held the basic student lunch price at last year’s level – many districts have increased prices in the face of higher costs mandated by the new regulations.

The district has had difficulty enlisting trained personnel to serve community users of our facilities through Building-Use policies, especially for lighting needs. A wider range of compensation will be brought to the Board for approval so that such personnel can be found more readily. Another building-use related issue stems from there being both long standing users of the buildings and also newer ones. Shall all new users pay following the present policy? Should long time users have to follow those rules now too? The key question for the Board of Education through its committees, will there be standardization of building-use related actions and payments?

The meeting adjourned at 7:59P.M.

NEXT MEETING: Monday, October 15, 2012, 6:30 PM @ Central Office

Topic for Next Meeting

Review Agenda Items
Parameters for BOE Budget Discussions

Future Topics:

Impact of Recent Legislation
Policies