

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



<u>BOE Committee:</u> Dana Krug (Chair) Anthony Fleres Yu "Taylor" Zhong	<u>Administration:</u> David Aderhold Larry Shanok Lawrence LoCastro	<u>Guest/Public:</u> None
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March 18, 2014

The meeting was called to order at 6:30 PM at Central Office. Topics covered included:

Review Agenda Items: The materials for the March 25th agenda are accepted by the Committee. There was discussion of four resolutions that will appear on future agendas. On March 11th bids were opened for the High School North fire alarm strobe project. While original quotes for the project were in the mid thirty thousand dollar range. The low bid was \$39,200, but the low bidder asserted that they had made an error and our board attorney seems inclined to accept their version. The next lowest bid is \$61,000, which is 56% higher. The district can accept the next lowest bid; reject all bids as too expensive and rebid the project; or find a cooperative arrangement that will legally engage in the project. The Committee recognized that some delay in the process makes sense rather than immediately pay the much higher amount.

Last month's meeting covered the recent Edvocate inspection results: four schools scored very well, but two were disappointing. Aramark has embarked on a large scale effort to rejuvenate their efforts within the district. A new #1 and #2 person will start this month, new supervisors for each of custodial and the grounds efforts have been named and special teams of Aramark personnel have come to the district to strengthen both the custodial and maintenance efforts. The district is in its fourth year with Aramark. Soon the district will discuss a possible fifth year with Aramark. Assuming that the present momentum continues, a future board meeting will include the renewal for 2014-15.

When the Aramark renewal occurs, a similar renewal is likely for Edvocate's work for the district; Edvocate has been immensely helpful in keeping the facility effort going forward.

The board attorney is hopeful that the legal dispute with D. A. Nolt, Inc. over the 2011 roof projects at Wicoff and High School South may be nearing an end. If so, a concluding change order would appear on the board agenda. Main areas of contention in addition to the outstanding balance due under the original contract are twofold: the contractor's assertion that he is due significant compensation for spending months on the project past the required end of project date and the district's contention that liquidated damages are due the district for the contractor failing to complete the projects anywhere near the required end of project date.

It was noted that two other contractor conflicts remain: the recent problems with Omega at Dutch Neck and the pool project at South from the referendum period.

An examination of the draft Report of the Secretary for February 2014 shows a general fund available balance of \$14.2 million. A year ago, this available balance was \$1.4 million larger; this is in line with the general financial tightening that has been noted and discussed for some time. As the financials tighten, the opportunities for tax relief and to adding to capital reserve will decline.

2014-2015 Budget Progress: Larry LoCastro described the efforts to place the 2014-15 budget into the Department of Education software; final edits are being dealt with for the March 20th deadline. Small changes have been made to facilitate the acceptance process; however, the essential elements are unchanged: a budget-to-budget increase of 1.34%; a tax levy of \$148,521,627 – a levy that utilizes banked cap from the 2011-12 year and in that manner is within the cap rules for the general fund; a budget that has total tax relief of \$5.4 million from fund balance; and is a budget that realigns some personnel in line with shifts in enrollment, but otherwise has no significant shifts and reductions in programs.

The Committee discussed the old Budget Process Review Committee recommendations that have been in use for nearly a decade. At the August and September committee meetings the budget related recommendations were addressed; the Committee's efforts were reported within the committee reports at the main board meetings in line with the BPRC concept. In turn board input and information was addressed at the November 2013 board retreat. The BPRC's work can be emphasized even more in the future so as to energize board member involvement in the budget process. The next milestone with the BPRC would be June input from the board on the concluding 2014-15 budget efforts.

There was brief discussion of newspaper accounts of other budget efforts. Mercer County appears to indicate that it is within cap although the tax levy will increase by 3.5%. Plainsboro Township reports speak of a one cent increase to the tax rate. Reports of West Windsor Township speak of cuts to achieve a zero tax rate increase – the larger cuts were in capital spending.

It can be noted that the district tax levy amount on the “average” West Windsor Township home declined the previous two years. At this time, the district is not in receipt of new assessed value data from both townships.

Generally, the Committee has been approached by the administration on the subject of technology refresh spending by this time of year. The administration noted that this request is still expected to be made this year, simply at a later time than in the past.

Village Addition Update: There was a discussion of the financing pattern for the addition. The original concept was to utilize capital reserve from the general fund and fund balance from the community education proprietary fund balance. A year ago, five million dollars from capital reserve was in the 2013-14 budget; the 2014-15 budget has the final \$4 million from capital reserve in support of the project. In the current year, \$4.25 million was transferred from the community education fund balance to the project – thus the entire \$13.25 million estimated cost of the project is handled without adding to the annual general fund or to the debt service fund budgets.

As purchase orders for the construction are being processed, the board attorney was asked for his view of this pattern. The board attorney indicated that the district “can do what you want to do.” His only caution was “that it may significantly deplete the School District's capital reserve. Should the district ever seek to issue bonds and need a bond rating again, this use of capital reserve may have a negative impact on rating.”

Capital Projects Update: It was noted that for many projects, fees for engineers and architects are often relatively modest compared to the entire project. This is not the case for two current projects. The High School North strobe project has \$11k of such fees for a project that was originally estimated to cost a total of \$50k. The upcoming High School South parking lot pavement project has engineering fees alone of nearly \$30k for a project estimated to cost \$427,000.

While seven of the twelve Round Four ROD projects are listed in the 2014-15 capital project list, the 2014-15 budget includes capital reserve moves to cover all twelve projects; this assures funding and the ability of the district to receive the 40 cents on the dollar for those twelve projects. The discussion also noted that two of the seven ROD projects on the 2014-15 capital project list will be postponed to the summer of 2015 – the lead time for key elements of the project are too long to guarantee that the project would be completed by the end of the 2014 summer. The project will get an early start next December/January so that the lead time does not pose a problem for the summer of 2015.

Food Service Update: The district is in its fifth year with its current provider and as such must engage in an RFP process once again. The Food Service Committee met for an initial review of the three submissions to the district's request for proposals. This Committee consists of three principals, a board member, and district staff. The Committee has meetings scheduled over the next two weeks. As the Committee refines its effort, it will make a recommendation to the Superintendent and the district will come to the Board of Education to award the food service contract for the coming period.

June Reserve Actions: June is the only time of the year (other than as part of a budget) the State of New Jersey allows districts to add to capital reserve. The district, for several years in a row, has utilized the June opportunity to add \$1.75 million to capital reserve. With the use of capital reserve for the Village addition and for the twelve round four ROD projects, it appears prudent to add at least this level in June 2014. The Committee endorses the administration including such a resolution in the June board agenda.

Transportation: The Committee examined a variety of reports generated by the transportation department. A number of clarifying questions were formulated and the department will reexamine the issues. New data should be available for the next meeting.

The meeting adjourned at 8:26P.M.

NEXT MEETING: Tuesday, April 8, 2014, 6:30 PM @ Central Office

Topic for Next Meeting

Review Agenda Items
Contractor Renewals
Transportation

Future Topics:

Impact of Recent Legislation
Policies