

SALISBURY TOWNSHIP SCHOOL DISTRICT

Operations Subcommittee Meeting Administration Building, Monday, February 10, 2014

Committee Members Present: Mr. Frankenfield, Chair

Other Board Members Present: Mr. DeFrank, Mr. Fischer, Mrs. Frick, Mr. Gatanis,
Mr. Mantz, Dr. Spedaliere, Mrs. Ziegler

Administrators Present: Mr. Brackett, Mr. Bruchak, Mr. Roth

I. Call to Order

The meeting was called to order by Mr. Frankenfield at 7:58 p.m.

II. High School Sprinkler Cleanup

Mr. Brackett stated that a situation arose with the removal of the gym floor. A test cut was done in the floor to determine the steps needed to be taken for the floor removal. There was a mass of material under the gym floor that was tested and confirmed that it contains 4% asbestos. Anything that tests over 1% requires a controllable removal process. Mr. Brackett presented three options to the board.

Option #1 is to leave the floor in place, undisturbed, until completion of the school year. The gym doors would be locked so that no one can enter. The potential for mold/mildew growth but at this time there is none. The district is currently working with the insurance company and solicitor. If it is decided to wait until June to remove the floor, it is not considered an emergency situation and would become a biddable project. The floor will not be usable until the end of July.

Option #2 is to remove entire floor along with all asbestos containing material immediately, start work next Monday during school day. The project is expected to take two weeks. This will eliminate all mold/mildew possibilities. It can be handled as an emergency project, circumventing bid procedures. This project can legally be completed with an occupied building as long as it is sealed off and advertised. There may be potential perception issues. The floor will be available to use by the end of April.

Option #3 is to remove all wood & Masonite material immediately but preform the asbestos removal at end of school year when building is unoccupied. This removal is expected to take 1 week. The area will still be sealed off due to dust issues. This will greatly reduce the potential for mold/mildew growth. The cost to remove just the wood & Masonite material will cost \$33,000. The removal will need to be done by hand to make sure they do not disturb the asbestos layer. The removal of the asbestos material will be at the end of the school year when the building is unoccupied. The gym will not be available to use until the end of July.

II. High School Sprinkler Cleanup (continued)

Air quality samples will be done before, during and after the project regardless if the building is occupied or not. The air quality samples will be done daily. There has been no major impact on the curriculum without having the use of the gym although the new gym floor has gotten more abuse. SYA basketball activities have been impacted the most.

The insurance company will eventually cap this project. There are still questions that need to be answered by the insurance company regarding this project. To remove and replace the floor of the same kind would cost about \$150,000. A newer modern wood floor would be about \$130,000. A rubberized floor system, which is what the district is leaning towards, would cost about \$170,000. Asbestos removal is expected to be \$22,000. Option 2 would be the least expensive for removal.

Mr. Roth stated that the administration would prefer to have this project completed at this time. The project would be controlled and safe for completion with an occupied building. He would recommend option 3 if money was not a factor.

A wooden gym floor could be laid over the mastic layer undisturbed; a rubberized floor cannot be put on top. The possibility of the growth of mold and mildew is just as much a factor as the perception of the asbestos removal to be considered. There are not many classrooms around that gym that would be disturbed by the sound of the removal. Mr. Dovico said the few classes could be relocated if necessary.

A rubberized floor is being recommended to be the best for this auxiliary gym because of the history of the flooring and the use of the gym. The board voted to proceed with Option 2. The students, families, staff, and community will be notified prior to the start of the project. A decision on the flooring type will be made next month.

III. Transfinder – Transportation Software

Mr. Bruchak stated that this is just for informational purposes. The district is looking to improve the efficiency of the transportation area of the district. The current software system that is being used now is antiquated. There is a need to have better uses of resources, improve state reporting and improve errors and omissions. It will help to increase communications between buildings, improve bus routes, and create more efficient runs. It will be able to compute reimbursements information for the state. The software package is user-friendly, allowing the district to cross train staff. The district researched six or seven packages and took a close look at three of them. The vendors came in and gave demonstrations and answered questions. The district is ready to make a recommendation to the board on Transfinder. The initial setup is worked into the budget for next year. This will be discussed next month with more details.

IV. 2014-2015 Budget Update

Mr. Bruchak stated that he will review changes to the Preliminary 2014-15 budget and present administration recommendations for adopting a Preliminary 2014-15 budget. The preliminary budget will be on the February 12 agenda for board approval. February 24 is the deadline to submit the Preliminary budget with proposed tax rate increase to PDE. To stay in compliance we need a preliminary adopted and approved by the board if there is any chance we are going to go above the Act 1 index. The deadline for PDE to issue ruling on the school district's petition for exceptions is March 26. The Proposed final budget will be presented at a public meeting on May 5 with the proposed final budget adoption on May 14. The final budget adoption will be June 18.

The value of a mill for 2014-2015 is \$1,278,904. The local revenues, other than proposed real estate taxes, are projected to remain primarily level. The State budget subsidy reflects the Governor's proposed budget. Federal revenues were reduced by 5%.

The expenditure challenges are PSERS, raising the rate from 16.93% to 21.4% of salaries. Charter and cyber schools continue to escalate; close to one million dollars. There is a 15% increase in healthcare costs for 2014-15. Transportation costs continue to rise and include non-public and charter school students. Special Education is a growing area of expenditures for all districts. There are always needs in Capital Improvement.

KidsPeace contract is not consummated. There is an additional half special education position build in the budget. The salaries are built off the existing contracted positions. The PSERS retirement rate is 21.4%. All department allocations primarily were held at the 2013-2014 levels.

The current millage is 16.9203. The Act 1 Index is 2.1%; the increase against that millage would be 0.3553 mills. The total allowable millage in Act 1 without exceptions is 17.2756. The value of a mill is \$1,278,904. The allowable increase in real estate tax revenue is \$454,395.

The preliminary budget is now increased to \$33,113,836. This increase was to build in Corbett's rent that he's proposing. This requires a millage rate of 18.0003 mills, an increase of 1.08 mills of 6.38% which exceeds the maximum allowed under Act 1. The available exceptions are PSERS for about \$379,450 of revenues. Special education is higher than the Act 1 Index at 0.3578 mills and generating revenue of \$457,625. The total allowable exceptions under Act 1 Index total 1.0098 mills which is an increase of \$1,291,467.

The Governor's proposed education budget is \$12 billion. The budget shows an increase of \$387 million. However the largest increase is a \$241 million Ready to Learn Block Grant. This grant has strings attached and will not help districts close to their 2014-2015 budget gap. This money cannot be used for anything already in budget; it would have to be something new. Basic education funding remains level. Special Education funding remains level funded at \$5.5 billion. Special Education subsidy is increased by \$20M, first increase in six years. PlanCon reimbursement remains level funded at \$296 million for the 4th consecutive year.

IV. 2014-2015 Budget Update (continued)

The State currently owes our district over \$366,287 which is tied up in PlanCon. Sam asked if any of the districts haven't talked about suing the state for their money.

The Governor's proposed pension changes are to reset pension collars which would limit the rate of growth in state payments by reducing the existing collar of 4.5% to 2.25 % increase for 2014-15 with additional half percent increase until it reaches the previously determined rate. A \$225 million one-time transfer from the Tobacco Settlement Fund and Health Venture Investment Fund is being proposed to cover part of the employer contribution. A \$62.7 million payment from the elimination of the charter school double dip payment state portion. The district will still be paying for the double dip and looking towards property owners to cover the double dip that charter schools and state are not doing. If the rate was reset at a lower amount, that would bring district expenditures down by about \$285,000 for the pension. However, we do get reimbursed by the state on this, so the revenue portion of the reimbursement by the state will drop down. The net help the district will see from the change will be about \$142,000.

The effect of the governor's budget to Salisbury include basic education subsidy is increased \$5,364 to a total of \$2,180.85. Special education subsidy is increased by \$3.929 to total \$785,841. The Ready to Learn Block Grant, is a one-time cash infusion of \$103,965. PlanCon reimbursement continues in a moratorium. PDE software, Form 2028, calculated real estate taxes less conservatively for a gain of \$85,148. PSERS is not recommended to adjust the budgeted retirement rate lower than 21.4% at this time.

The 2014-15 budget with projected expenses of \$33,113,836 and potential revenue of \$31,733,505 with no tax increase leaves a gap of \$1,380,331. By increasing taxes by the Index only of 2.10% would increase revenues to \$32,187,900 but still leaves a gap of \$925,936 and increases tax to the average assessed value by \$82.53. Using the Index and the PSERS exception of 3.85% increases revenue to \$32,567,347 and leaves a difference of \$546,489 and is a \$151.45 to the average assessed value. With use of the Index and all exceptions that has a tax increase of 5.960% increases the revenue to \$33,024,972 and would be \$234.56 to the average assessed value but still leaves a difference of \$88,864.

The administrative recommendation is to adopt a preliminary budget of \$33,113,836 with a rate of 17.9301 mills at the February 12 board meeting with the preliminary tax increase of 1.0098 mills. The Act 1 Index of 2.1% or .3553 mills totals \$454,395. Act 1 PERS exception of 1.75% or .2967 mills and totals \$379,447. Act 1 Special Education exception of 2.11% or .3578 total \$457,625.

The unresolved factors influencing the final budget are local, state, and federal revenues, retirements, March interims, tax assessment appeals, diesel prices, CLIU special education services, KidsPeace contract, charter school enrollments, budget reduction actions, and the five year projection model.

V. Other

None

VI. Citizens' comments

None

VII. Next meeting

The next meeting will be held on March 3, 2014.

VIII. Adjournment

Mr. Frankenfield adjourned the meeting at 9:46 p.m.

Robert P. Bruchak
Business Administrator/Board Secretary