

# **SALISBURY TOWNSHIP SCHOOL DISTRICT**

## **Operations Subcommittee Meeting Administration Building, Wednesday, January 30, 2013**

**Committee Members Present:** Mr. Frankenfield, Chair

**Other Board Members Present:** Mr. DeFrank, Mrs. Fischer, Mr. Gatani, Mr. Giordano,  
Mr. Mantz, Mrs. Ziegler

**Administrators Present:** Mr. Brackett, Mr. Bruchak, Mrs. Nickischer, Mr. Roth, Dr. Ziegenfuss

### **I. Call to Order**

The meeting was called to order by Mr. Frankenfield at 7:04 p.m.

### **II. Tax Collector Rates**

Mr. Bruchak stated that when the tax collector is up for re-election, the district needs to set the salary rates prior to February 15. Mr. Bruchak presented the board with a survey from Lehigh County districts that showed their current tax collector rates. Presently, the district's tax collector's annual salary is \$22,852. The tax collector collects approximately 6,200 tax bills. It is recommended that the increase not be less than 2% and not higher than 3%. The tax collector agreement will need to be approved at the February 13 board meeting to stay in compliance. The board would like to know the payment history prior to making a decision for the motion on the February agenda.

### **II. 2013-14 Preliminary Budget Presentation**

Mr. Roth stated that the preliminary budget has been worked on by Mr. Bruchak, Dr. Ziegenfuss, and various departments within the school district as well as himself. The goals are to review the budget process and timeline under the Act 1 regulations; identify challenges and drivers of revenues and expenditures; review revenues generated by Act 1 Index of 1.7%; review available exceptions above Act 1 Index. Administrative recommendation for adopting a Preliminary 2013-2014 budget will be presented to the board. This is the preliminary budget and the numbers being presented will not be the numbers presented as part of the proposed final budget.

The Act 1 budget process requires school districts to seek voter approval through referendum for tax rate increase over an annually determined index. The index for Salisbury is 1.7% which has been set by the state. It provides for exemption from referendum for certain budgeted expenditures with either court or PDE approval. An accelerated budget schedule is required to accommodate the exception and referendum process under Act 1. The accelerated schedule means the school board must vote to stay within Act 1 Index or pass a preliminary budget.

This meeting is to present the preliminary 2013-2014 budget and make recommendations for the budget adoption. The preliminary budget for 2013-2014 adoption will be at the February 13 board meeting. The district will need to submit the preliminary budget with the proposed tax rate increase to PDE by February 25. The deadline for PDE to issue the ruling on the school district's petition for exceptions is March 27. The public presentation of the Proposed Final Budget will be on May 1. The Proposed Final Budget adoption will be at the May 15 board meeting and the final budget adoption

## **II. 2013-14 Preliminary Budget Presentation (continued)**

will be at the June 19 board meeting. There will be three opportunities to see three budgets based upon the timeline.

If PDE does not approve the district petition of March 27 the district can either cut additional expenditures or go out for referendum.

The revenue challenges that the district faces are that we are a small district with limited economies of scale. The district does participate in various opportunities that the district does become part of larger economies of scale in terms of bid processes for fuel, purchasing equipment, and working with the IU which are a few examples. The district has a primarily residential tax base which is based on the State Tax Equalization Board data. Currently 80% of the assessed properties are listed as residential, .84% as industrial, 17.02% as commercial, and 1.84% as vacant land/agricultural. There is 15.37% of property in Salisbury is considered tax exempt. There are some assessment appeals in process that could result in decrease revenue of approximately \$36,000. There is a slow economic recovery. This is the first year of the county-wide reassessment.

The preliminary budget revenue shows that the district does have a change in the value of a mill due to the reassessment. In 2012-2013 one mill was equal to \$430,590 and in 2013-2014 one mill equals \$1,271,124. The local revenues, other than the proposed real estate taxes are projected to remain primarily level. The state budget subsidy is to remain level. In 2011-2012 the governor rolled back the state subsidy to the 2008-2009 levels.

The two largest expenditure challenges are PSERS and healthcare costs which carry a million dollar increase. The charter and cyber charter costs are difficult to budget due to the influx of student enrollment. Transportation costs for both non-public and charter school students to the 51 schools that our district transports to; costs approximately \$450,000. Special education costs are difficult to budget for because there is no way of knowing what the needs of the students are going to be. Mr. Roth stated that the district was done an excellent job in terms of meeting the needs of the special education students. The capital improvement plan needs are challenge due to some aging facilities in the district.

The preliminary budget expenditures assumptions include an average salary increase of 2%. This includes professional, administrative, and support staff. The PSERS retirement increases from the current rate of 12.36% to 16.93%. There is a 7% increase for health insurance. All department allocations primarily held at the 2012-2013 levels and keep the staffing level.

The current millage is 48.754. The reset millage as of the last board meeting is 16.5076. A 1.7% millage increase is 0.2802 mills. The total allowable millage rate is 16.7878. The value of a mill is \$1,271,124. The allowable increase in real estate tax revenue under the Act 1 Index is \$356,125.

The preliminary budget with expenditures as of now is \$31,788,041. This budget would require a millage rate of 17.3609 mills. Based upon the set millage rate that was approved at the last board meeting; that would be an increase of 0.8533 mills or 5.17%. This rate exceeds the maximum allowed under the Act 1 Index. The allowable increase under Act 1 is 0.2806 mills at 1.6% index (\$356,715).

## **II. 2013-14 Preliminary Budget Presentation (continued)**

The available exceptions are the PSERS increase which would allow an additional 0.2197 mills or \$379,224. The other exception is the grandfathered debt which would be another 0.0778 mills or \$98,947. The total value of allowable exceptions and Act 1 Index is 0.5781 mills or \$734,886 increase. This assumes a deficit of \$349,958.

Mr. Bruchak presented four budget summary options. In order to not have a tax increase with total revenue of \$30,703,197 and estimated expenditures of \$31,788,041 shows a difference of -\$1,084,844. The use of Index only generates \$356,715 along with the revenue of \$30,703,197 and expenditures of \$31,059,914 shows a difference of -\$728,129. This is a 1.7% tax increase and an average assessed value of \$65.07. The Use of the Index plus the PSERS exception generates a total of \$635,939 and revenue of \$30,703,197 for a total of \$31,339,136 and expenditures of \$31,788,041 shows a difference of -\$448,905. This is a 3.03% tax increase and an average assessed value of \$116.02. This Use of Index and all exceptions generate \$734,886 along with the revenues of \$30,703,197 and expenditures of \$31,059,914 shows a difference of -\$349,958. This is a 3.502% tax increase and an average assessed value of \$134.06.

The administrative recommendation is to adopt the preliminary budget of \$31,788,041 with the Act 1 index of 1.7% and all the exceptions to keep all options available to the district. The exact tax increase to the average homeowner is not being presented at this time due to the reassessment process. The preliminary budget motion will be on the February 13 board agenda for approval.

The unresolved factors that will influence the final budget are the local, state and federal revenues; retirements, March interims, tax assessment appeals, diesel prices, CLIU special education services, KidsPeace contract, charter school enrollments, costs associated with Virtual Academy Salisbury Township School District (VAST), budget reduction actions, and the five year projection model. The board will be updated on these areas at the upcoming meetings. When the proposed final budget is presented on May 1, it will be known where the adjustments have been made within the budget.

The district is looking closely at the transportation area of the budget. Data is being collected by administration at this time and will be presented to the board along with recommendations in areas that can be changed. The law states that a district does not need to provide transportation, at the elementary level, to students within 1 ½ miles from the school and 2 miles for the secondary level.

The board asked for the amount of state mandated expenses that are in the budget to see what percentage of the district budget is mandated. This information will be given to the board at an upcoming meeting.

## **IV. Use of Facilities-High School Stadium (taken out of turn)**

Mr. Roth stated that the district has been approached by Lehigh Valley Storm for use of the high school stadium for their season. They have currently been displaced due to the turf replacement project taking place at J. Birney Crum stadium. Steven Lombardo stated that the Lehigh Valley Storm football team is a community team playing on a minor league level. One issue that needs to be resolved is the time that the stadium lights will be on. Ms. Deeb stated that the lights

**IV. Use of Facilities-High School Stadium (taken out of turn) (continued)**

would be needed 2-3 times a week for practice for about two hours each time. It is possible to have a practice moved to a Saturday is available. There will be security at the games which will be provided by LV Storm. All guidelines will fall within this district policy for using district facilities. The documents will be reviewed by the solicitor and the use of facilities motion will be on the February board meeting for approval.

**III. High School Sign Update**

Mr. Brackett stated that since the last meeting, they have reviewed a few more design samples to reduce costs. The previous designs ranged from \$3,500 to \$15,000. Mr. Brackett presented a slide of a sign that cost about \$6,000 to the board. The panel is the same size that there is currently with vinyl lettering with reflective surface. The existing post would be used but they would be repainted. The signed presented at the meeting would cost \$4,770. For an addition \$1,500 it would provide a ½ inch thick acrylic dimensional lattice. Mr. Brackett forwarded this information to Ms. Morningstar and Mr. Dovico for their opinion on color and their ideas. There is a young man in the area that would like to earn his Eagle Scout that has volunteered the landscaping around the sign.

Currently the township has in escrow \$6,100 from the high school project that needs to be closed out by finishing the landscaping around the high school from the high school project that will be turned over to the district within the next two months. This is escrow money that needed to be put aside for necessary landscaping that is being required by the township. The idea behind having this landscaping is to stop the headlights from going into the neighbors' houses. There are only two houses along the Dauphin Street side that potentially would see headlights; the township code is 150 feet from a parking lot. The houses on Montgomery Street are farther than the 150 feet that the township requires so additional landscaping is not required. This work along Dauphin Street will be completed in spring when planting can be done.

Mr. Brackett will be in contact with PPL to see if they could put an additional street light on the post at Emmaus Avenue and Dauphin Street to hang over the school sign and/or drop power down the pole for a separate meter. This will come at a cost to the district. This cost could be high for the district but will be presented to the board when information is received. The board commented that additional lighting is not needed with the reflective lettering.

Mr. Brackett will gather additional sign color options from the company that he is working with on this project. Mr. Roth stated that he was approached by an organization that might be able to fund part of the sign project for some recognition. Additional information will be given to the board at a future time. Mr. Roth stated that they will work within the funds available and there are no new dollars being appropriated for this project.

**V. Other**

None

**VI. Citizens' comments**

Mrs. Emmons suggested teaming with the non-profit hospital to see if funds are available through them to help with the sign project. Mr. Roth stated that he has read through agreements that have transpired over the past ten years in terms of the relationship between the school district and Lehigh Valley Hospital that there are certain portions of the hospital that are taxed at a reduced rate such as parking and concession. There are portions that they own that are commercial interest and taxed bringing in revenue to the school district. There is also an agreement made with Lehigh Valley Hospital that a certain amount is paid to the district annually in lieu of taxes. The agreement was a ten-year agreement and the district is currently in the second round of the agreement.

Mrs. Ziegler stated that the curriculum meeting has been moved to next Wednesday evening at the middle school.

**VII. Next meeting**

The next meeting will be held on March 6, 2013

**VIII. Adjournment**

Mr. Frankenfield adjourned the meeting at 9:02 p.m.

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Robert P. Bruchak  
Business Administrator/Board Secretary