



REGULAR BOARD MEETING

City Council Chambers

14400 Dix Toledo, Southgate, MI 48195

**BOARD OF
EDUCATION**

PRESIDENT

JASON CRAIG

DATE: June 25, 2019 7:00 p.m.

VICE PRESIDENT

TIMOTHY O. ESTHEIMER

BOARD MEMBERS PRESENT: Craig, Estheimer, Green, Lamos, Pomponio

BOARD MEMBERS ABSENT: Freitas, Kupser

SECRETARY

DR. DARLENE L. POMPONIO

ADMINISTRATION PRESENT: Morin, Pastor, Wilson

Mr. Craig read the District Mission and Vision Statements.

TREASURER

JASON R. KUPSER

REVISIONS/APPROVAL OF AGENDA

Dr. Pomponio added number one to presentations under F; Superintendent Presentation. Budget Presentation will be number two.

TRUSTEES

NEIL J. FREITAS
ANDREW A. GREEN
RICK LAMOS

2018/19-163 It was moved by Dr. Pomponio supported by Rick Lamos, the board approve the June 25, 2019 agenda with revision.

YES: Craig, Estheimer, Green, Lamos, Pomponio

NO:

ADMINISTRATION

CITIZENS COMMENTS

None

SUPERINTENDENT

JILL M. PASTOR

PRESENTATIONS

Superintendent Presentation: Ms. Pastor presented the June 2019 Employee of the month to Administrative Assistant, Theresa Grzechowski. Ms. Pastor said this was unanimous among the central office staff. Ms. Grzechowski was selected for this for her work organizing and helping with the move from City Hall to the new offices in the Davidson Middle School building.

BUSINESS AND FINANCE

DIRECTOR

BARBARA WILSON, BOM

2019/2020 Original Budget Presentation: Ms. Wilson prepared a Power Point Presentation and a packet detailing the budget. The General Fund Summary: Ending Fund Balance at 6/30/19 per the June 11, 2019 Budget is \$1,727,587.00 Ending Fund Balance at 6/30/2020 per June 25, 2019 Budget is \$1,009,729.00. The Net Decrease in Fund Balance is-\$717,858.00. The total revenue is \$38,792,504.00. Total expenditures, \$39,510,362.00. Ms. Wilson explained the changes in General Fund Revenue & Expenditures. All districts are still awaiting a budget from the governor's office. Until we know our per student foundation amount, it is difficult to project an original budget.

CURRICULUM/FEDERAL

PROGRAMS DIRECTOR

DR. MICHELLE BAKER-HERRING

DIRECTOR OF

HUMAN RESOURCES

GERARD L. MORIN

She has been very conservative in her calculations for the loss of students. The Special Education Fund, Food Service Fund and Community Service Fund revenue and expenditures were reviewed and the changes were explained.

Changes in General Fund Revenue-State Sources; assumed \$69 per pupil increase in state aid foundation with a loss of 200 FTE's-Fiscal Year 2018-2019 Foundation \$7,871.00; Fiscal Year 2019-2020 Foundation \$7940.00. 35 23A students (Dropout Recovery) overall decrease in foundation state aid (\$1,574,200.00) offset by increase in per pupil \$227,700.00=decrease of (\$1,346,500.00). \$277,900.00 increase in state aid from drop-out recovery program (23A) based on 35 students. Assumed regional enhancement millage at \$1,193,291.00-reduction as a result of student decrease. The operating levy for the non-homestead millage continues to be 18 mills. Transfers inform Cafeteria Fund \$39,227.00, Community Services Fund \$35,317.00 and Special Education Fund \$300,000.00.

Overall changes in General Fund Expenditures; \$301,817.00 reduction in wages/benefits for 3 staff layoffs, plus one voluntary layoff. \$258,872.00 Employee Severance Plan, year 2 of 3. Increase in staffing costs and retirement costs per collective bargaining agreements. \$288,000.00 increase in retirement costs based on 1.52% increase (total rate 39.91%). Reduction in curriculum and maintenance costs from enhancement funds, \$350,000.00. There is a \$45,000.00 savings in central office rental of facilities by moving out of City Hall. \$54,364.00 savings for contracting with Wayne RESA for a full year of payroll services.

Overall changes in Special Education Fund Revenue based on the budget submitted to Wayne RESA in February 2019, and approved; Federal sources no change. County Millage Act 18-increase in funding due to increase in program costs. Transfers currently being reviewed by Wayne County RESA Deputy Superintendent.

Changes in Special Education Fund Expenditures overall-based on budget submitted to Wayne RESA in February 2019, and approved; Changes in instruction, pupil services and school administration due to staff wage increases per collective bargaining agreement and employee benefit changes and the addition of 1.0 social worker. Rent Remains unchanged at \$102,000.00. Indirect costs continue to be 12% of total allowable direct costs. Transfer currently being reviewed by Wayne RESA Deputy Superintendent.

Food Service Fund Summary; Projected fund balance at 6/30/19- \$0. Projected fund balance at 6/30/20- \$0. This is because the transfer back to the general fund is not the maximum we can take. Ms. Wilson is projecting \$39,227.00 transfer to the general fund for indirect costs entitled to max 11.75% or \$71,329.00. Our food costs are at the industry standard of 40%. New in January 2019, 11 four elementary schools, Asher and Beacon are free breakfast and lunch sites.

Changes in food service revenue are mainly in local sources, that is the money students actually pay in. State sources decreased slightly. Federal sources had a boost, that is the money that is billed. Changes in food service expenditures; decrease in wages from not having an employee that is the director, benefits decreased for that same reason. Purchase services have a slight decrease. There are not a lot of changes, they are making enough money to support the expenditures.

Community Service Fund-Latchkey, Preschool and Adult Enrichment-Changes; slight decrease in Latchkey revenue. Some revenue moved to State DHS category, previously recorded as local sources. Preschool program moved to Community Service Funds. The enrichment revenue decreased over 2019/2019. Participation is project to be (\$6,000.00) less than 2018/2019.

For the fiscal year 2019/2020, with the implementation of the Governmental Accounting Standards Board (GASB) #84, some former Student Activity Accounts, (now known as Custodial Funds) must be moved to the Special Revenue Fund/General Fund (Governmental Funds). There are restrictions on the expenditures from this account. No food, flowers, donations or other unlawful expenditures by a governmental unit. There are many legal implications.

Mr. Craig opened up Public Comment for the Public Hearing on the Budget. There were no public comments.

Board Discussion:

Fund balance- it was 6% for 2018/2019 and is being calculated at 4.92% for 2019/2020, changes can be made to the budget to adjust this. Explanations on incoming, outgoing transfers and indirect costs were asked for. Ms. Wilson explained how she made the assumptions for projecting this budget. When all information is finalized she will come back to the board with an amended budget for approval, she is hoping that will be by October 1.

Ms. Wilson explained the retirement rate we pay on each person. The average we can be charged is 39.91%. This is a percentage on wages we pay our employees.

Latchkey tuition and enrichment decreases will be looked at to see what changes need to be made to correct the loss of revenue.

The Deputy Superintendent's review of our incoming transfers and Act 18, in the Special Education Fund, will hopefully be a positive result to offset the decrease in our incoming transfers. The board expressed concern about indirect costs not being accumulated that could result in the loss of revenue to the district.

The board asked for a breakdown by building/program that would show the organizational costs and how the revenue supports all expenditures including indirect costs.

Ms. Pastor has a meeting with Mr. Rod Green July 2. The board requested she have him come in and take a look at our budget and give us some information and talk about the process. This will help get an outside set of eyes on our overall spending.

The board discussed looking at the budget quarterly, so they can see where we stand and make adjustments or changes sooner. Ms. Wilson let the board know the mandatory ESSA report will have the information they are seeking. We are in a warning year and are required to report by building so it can be broken down by student cost.

Board members want to see the cost per building to educate each child.

Food Cost standards (40%) is the cost for the food itself, which is an industry standard.

Board members asked Ms. Wilson to run different scenarios using different potential increases for our per-student foundation numbers; \$69 or \$180 to show what the bottom line would be.

Mr. Craig closed the Budget Hearing at 8:10 p.m.

CONSENT

2018/19-164 It was moved by Mr. Estheimer supported by Dr. Pomponio, the board approve the June 11, 2019 Regular Board Meeting Minutes, June 18, 2019 Work Session minutes and HR update as presented.

YES: Craig, Estheimer, Green, Lamos, Pomponio
NO:

ACTION

1. Approval of Original Budget for 2019-2020:

2018/19-165 It was moved by Dr. Pomponio supported by Mr. Lamos, the board approve the 2019-2020 Original Budgets for the General Operating Fund, Special Education Center Program Fund, Community Services Fund and the Student/School Activity Fund, as presented.

Mr. Green stated that while we have to approve a budget, he wants to make it clear that if things don't change we need to make some changes ourselves.

Mr. Craig agreed with Mr. Green's sentiment, that he is approving this budget as well, but when the numbers come through we are going to have to change this. He is not going forward a whole year looking at cutting our fund balance in half and dipping below the 5%. We are going to have to live within our means.

Mr. Estheimer agreed.

Mr. Lamos wanted to clarify that state has not approved a budget so that's why we are in this state of limbo right now.

YES: Craig, Estheimer, Green, Lamos, Pomponio

NO:

- 2. Approval of issuance of August 2019 State Aid Note:** Ms. Wilson explained this is the resolution authorizing the issuance of the August 2019 State Aid Note for an amount not to exceed \$3.8 million. This is an annual resolution. The amount is the same as the current State Aid Note. The funds are required to meet our cash flow needs throughout the year. Our lowest weekly cash balances are in May and June. The amount is slightly higher than the current state aid note which is \$3.6 million. The reason for this; our note counsel wanted to have more time to look at our cash flow numbers. Ms. Wilson was conservative here as well, and the note counsel was more comfortable with leaving it at \$3.8. We can always borrow \$3.6 million with the actual application.

2018/19-166 It was moved by Mr. Lamos supported by Dr. Pomponio, the board approve the resolution authorizing the issuance of the August 2019 note in anticipation of State School Aid (August 2019 through the Michigan Finance Authority), for an amount not to exceed \$3.8 million, as presented.

YES: Craig, Estheimer, Green, Lamos, Pomponio

NO:

- 3. Direction to the Superintendent:** Mr. Craig explained this was discussed at the work session. Ms. Pastor gave the board a list of pre-set meeting dates. This way people who want to be a part of the committee, to review the scope of a potential bond proposal, will know in advance if they will be able to make the meetings. She also asked the board to list the topics they want discussed at the meeting.

2018/19-167 It was moved by Dr. Pomponio supported by Mr. Green, the board direct the Superintendent to form a committee to review the scope of a potential bond proposal. The committee may consist of up to 3 members from each of the following groups: Board of Education, Administration, Other Employees, Citizens and Plante Moran CRESA.

YES: Craig, Estheimer, Green, Lamos, Pomponio

NO:

4. **Approval of the purchase of Chromebooks:** Ms. Pastor asked the board to approve the purchase of Chromebook Carts for 6-12 Math teachers and 9-12 Science teachers for \$154,748.60. These funds would be from remaining bond dollars set aside for technology purchases. These Chromebooks would be used by the math/science teachers to help utilize Open Educational Resources (OER) to support teaching and learning.

2018/19-168 It was moved by Dr. Pomponio supported by Mr. Lamos the board approve the purchase of 6-12 Math and 9-12 Science Chromebook carts to be purchased from the dedicated bond technology funds.

YES: Craig, Estheimer, Green, Lamos, Pomponio

NO:

5. **Approval of the one-year extension of the bread contract with Aunt Millie's Bakery for 2019-2020:** Ms. Pastor explained the board is being asked to approve a one-year contract extension for Aunt Millie's Bakery. This recommendation comes from Mark Rodriguez and is part of the Southeast Wayne County Buying Cooperative Group. Discussion took place about consortium bidding.

2018/19-169 It was moved by Dr. Pomponio supported by Mr. Green, the board approve the one-year extension of the bread contract with Aunt Millie's Bakery through the 2019-2020 school year.

YES: Craig, Estheimer, Green, Lamos, Pomponio

NO:

6. **Approval of the one-year extension of the milk contract with Berkshire Dairy for 2019-2020:** Ms. Pastor explained the board is being asked to approve a one-year contract extension for Berkshire Dairy. This recommendation comes from Mark Rodriguez and is part of the Southeast Wayne County Buying Cooperative Group.

2018/19-170 It was moved by Mr. Estheimer supported by Dr. Pomponio, the board approve the one-year extension of the milk contract with Berkshire Dairy through the 2019-2020 school year.

YES: Craig, Estheimer, Green, Lamos, Pomponio

NO:

7. **Approval of the one-year extension of the pizza contract with Cottage Inn Gourmet Pizza for 2019-2020:** Ms. Pastor explained, the board is being asked to approve a one-year contract extension for Cottage Inn Gourmet Pizza. This recommendation comes from Mark Rodriguez. Discussion took place about the pricing staying the same as the previous year.

2018/19-171 It was moved by Dr. Pomponio supported by Mr. Lamos, the board approve the one-year extension of the pizza contract with Cottage Inn Gourmet Pizza through the 2019-2020 school year.

Dr. Pomponio commented that she has spoken with several elementary students who say this is a good switch from Dominoes to Cottage Inn Pizza

YES: Craig, Estheimer, Green, Lamos, Pomponio
NO:

EMPLOYEE REPRESENTATIVES

None

INFORMATION AND ANNOUNCEMENTS

Mr. Estheimer wished everyone a safe and Happy 4th of July.

Ms. Pastor announced, Central Office will be in the new location and ready to receive the public Monday July 1. There will be a flag and a few signs to represent where our new Central Office Location is, so parents can find us. She invited board members to stop by and visit. Ms. Pastor said there will be new doors, with secure access, installed as a part of the Michigan State Police grant.

ADJOURNMENT

2018/19-172 It was moved by Mr. Estheimer supported by Mr. Green, the board adjourn the meeting at 8:26 p.m.

YES: Craig, Estheimer, Green, Lamos, Pomponio
NO:

Respectfully submitted by: Theresa Grzechowski

Dr. Darlene Pomponio-Secretary
Board of Education

For detailed conversation, Board meetings may be viewed in their entirety on our website: www.southgateschools.com

