



Board of School Directors Committee Meetings Minutes

Wednesday, May 12, 2021

Meeting Location: Indian Valley Middle School

Generated by Renai Cardillo on Thursday, May 13, 2021

Members present: Courtney Barbieri, Nick Braccio, William Brong, Janet Flisak, Matt Holliday, Ken Keith, Tom Kwiatkowski, and Donna Scheuren

Members absent: Stephen Nelson

Others present: Elisa Ball, Frank Ball, Henry Franz, Frank Gallagher, Christopher Hey, Tom Hillanbrand (*Chartwells*), Nick Kaintz (*Snyder-Hoffman*), Katie Kennedy-Reilly, Jim Meitzler (*KCBA*), Jeff Pammer, Brian Pawling, Gene Sanchez (*Chartwells*) and Megan Zweiback

1. Operations Committee

Mr. Brong called the meeting to order at 6:35 PM. He noted that there were two items on the Committee meeting agenda, and they had been reversed in order of discussion.

1.1 Recommendation for Food Service Management Company contract award

1.2 Future Capital Project Planning

Mr. Brong indicated that the Board and administration had just completed a tour of the Indian Valley Middle School prior to the start of this meeting.

Mr. Pawling reminded everyone that the project summary for Indian Valley Middle School had been previously presented and discussed at the September 2020 Operations Committee Meeting, as part of the KCBA District-Wide Facilities Study. He noted the importance of proceeding with the discussion in an effort to allow design and bidding of the project for a potential start in the Summer of 2022.

Mr. Brong stated that the walk-through of the building this evening gave an up-close opportunity to see the proposed renovations. He also noted that the Operations Committee had been on-site, two weeks ago.

Several Board members had questions on the project; Mr. Braccio commented on the timing of the construction schedule and the impact on students. Mrs. Flisak noted her support of the project and also reiterated the need for a schedule that had the least disruption to students.

Mr. Kwiatkowski asked about some specifics on the building HVAC system and Mr. Pawling said the proposal is comprehensive in all areas.

Mr. Meitzler stated that it would be a comprehensive renovation, making the school more efficient and updated throughout. Mrs. Barbieri asked about the removal of the modular units and Dr. Gallagher responded that with this renovation, the entire footprint of the building could be reevaluated for use.

Mr. Holliday asked for some additional financial information on the project and Mrs. Scheuren expressed concern on the current commodity market and escalating costs associated with building materials. Mr. Pawling responded that the base bid would focus on the critical needs of the building and other areas of improvement could be listed as alternates in the bid, therefore allowing the Board and administration full control of the cost of the project.

Mr. Pawling indicated that this evening was a review of the information and that no action was being requested.

Dr. Gallagher noted the observations and concerns for the project and a brief discussion occurred about a possible walk-through of Franconia Elementary School.

Mr. Meitzler spoke about the new boilers that are scheduled for install at Franconia ES, noting that the original scope of work had included upgrading the boilers as well as piping in the lavatories. However, the current focus will solely be on the boiler upgrades. The piping upgrades will be included in Phase 2 renovations.

The Board and Administration dismissed for an Executive Session.

The Board and Administration returned after approximately 15 minutes.

Mr. Brong called the Committee back into order at 7:15 P.M.

The second item on the agenda was the recommended approval of a cost reimbursable contract with the Food Service Management Company *Chartwells*.

Mr. Pawling stated that after careful evaluation the administration decided to look at the option of replacing a retired Food Service Director with a Food Service Management Company. Using a Request For Proposal (RFP) created by the PDE Division of Food & Nutrition, it was solicited to vendors in early February. Potential vendors were invited for walk-through of our schools and six qualified responses were received. Mr. Pawling noted it was a very qualified list of vendors. A committee was formed comprised of various labor groups that reviewed and evaluated the RFP's. Two companies were invited back for interviews and the recommendation this evening is to award the contract to Chartwells.

Mr. Pawling briefly outlined the details of Chartwells organization and introduced representatives, Mr. Tom Hillanbrand and Mr. Gene Sanchez. Mr. Pawling noted that the Chartwells proposal anticipates a growth in participation as well as a reduction in costs to facilitate their guarantee for the first years' growth of \$321,463.

Mr. Pawling stated that the recommendation this evening is to move the contract to Board Action on May 27 in order to get the contract in place by July 1.

Mr. Brong and Mr. Braccio expressed concerns for the continued employ of SASD staff. Mr. Pawling indicated that no employees would be laid off.

Mrs. Flisak inquired about the actual profit margins. Mr. Hillebrand of Chartwells stated that there is a methodology based on historical evidence for sales and profits.

Mr. Pawling noted that several surrounding school districts had positive experiences and offered favorable references to Chartwells.

Mr. Brong asked about utilizing local vendors for food service and Mr. Sanchez stated that Chartwells often uses local vendors and welcomes the opportunity to work with them. Mr. Brong also inquired about the possibility of Chartwells serving private and public events within the school district and Dr. Gallagher responded that Chartwells would certainly bring that expertise and skill set.

Mrs. Barbieri asked about PDE regulations and Mr. Pawling said that as long as we meet USDA guidelines, we are still eligible for the reimbursement.

Mr. Pawling noted that Chartwells would come in and evaluate each individual school kitchen for possible re-design and how best to brand and market its new offerings.

Mr. Keith asked about penalties should the district elect to opt out of the contract. Mr. Pawling responded that the contract is for one year with optional renewals so the District is only obligated for a year at a time.

The Committee agreed to move forward for action.

Mr. Brong adjourned the Operations Committee Meeting at 7:46 P.M.

2. Finance Committee

2.1 2021-2022 Budget Update

Mrs. Scheuren called the meeting to order at 7:52 P.M.

Mrs. Scheuren stated that this Finance Committee would present an update on the budget development and where we stand as of today.

Mr. Pawling reviewed a slide presentation that included a history of the General Fund from the past three budget cycles. He also presented a slide with General Fund Projections and Budgets for the current school year and the 2021-2022 school year.

Mr. Pawling reviewed projections to the current budget that reflected stable local revenue. The expected decrease did not occur. In addition, he noted that real estate tax collection, earned income and transfer tax revenues were at very high levels. He also noted that expenditures however, were over budget \$1.2 due to the hiring of Long Term substitute teaching positions, and the purchase of technology to facilitate in-person and online learning. Mr. Pawling also noted an increase in charter school expenditures.

Mr. Pawling stated that because no budget ever exists in a vacuum, he reviewed a 5-Year General Fund Projection slide. This allowed the Committee to visualize projected revenues and expenditures through the year 2027.

Slides listing revenues and projections were reviewed. Mr. Pawling itemized the impact of local, state and federal revenues against the budget drivers (expenditures) of salaries and benefits, services and supplies and debt service. Mr. Pawling indicated that the budget assumes five professional retirements each year, a projected PSERS retirement fund increase and approximately a 3-4% health benefit increase. He also noted that a 2% annual increase is included for services and supplies.

Mr. Pawling also reviewed a slide that reflected the PA State Employees Retirement Systems (PSERS) rate history and forecast. The PSERS rate is projected to increase from its current 34.94% to 37.79%. Mr. Pawling did indicate however that the future PSERS contribution rate shifts more of its impact to the employees going forward for staff hired since 2010. Mr. Pawling also reviewed the other mandated expenditures that continue to outpace state revenue including charter school tuition and special education.

Mr. Pawling noted that debt service payments will increase through the 2023-2024 school year, but will reduce current debt payoff in 2024-2025. He also noted that debt payments currently of \$9.4 million decrease to \$7.3 million in 2025-2026. Mr. Pawling also shared slides from the Pennsylvania Association of School Board Officials (PASBO) substantiating the comparison of mandated costs versus state and local funding.

Mr. Pawling noted the following items as primary considerations for budget development; anticipated IDEA revenues from American Rescue Plan have not been included yet. A 20% increase in IDEA allocation could equate to \$236K. This final allocation is not expected until late May. He also indicated that additional retirements and staffing adjustments are still possible. He also stated that department budgets will continue to be reviewed before the final budget approval in June.

A brief discussion occurred about the use of the fund balance and a millage rate increase to balance the budget.

Mrs. Scheuren thanked Mr. Pawling for the comprehensive presentation and asked for a public reminder of the current Act 1 Index to which Mr. Pawling replied is 3%. Mrs. Scheuren reminded that the Board had previously voted not to exceed the Act 1 Index in their budget preparation.

There were comments of concern surrounding the unfunded mandates to the district and the seeming lack of regard to the tax paying community.

Mr. Holliday thanked Mr. Pawling for the budget information presented and inquired about the adjustments that were made to the special education and curriculum budget and Mr. Pawling replied that he had worked closely with Mrs. Zweiback and Dr. Kennedy-Reilly for budget projection refinements. Mr. Holliday expressed concern about a 5-year budget cycle that leaves a \$7M fund balance. He indicated his desire to impose a 1.5% tax increase, therefore not putting the fund balance in jeopardy.

Mr. Brong asked about the 1% millage rate equivalent to the taxpayer and Mr. Pawling responded that it is approximately \$54.00. Mr. Braccio also thanked Mr. Pawling for the detailed presentation. Mrs. Flisak inquired about the CARES funds and Mr. Pawling stated we have a 3-year window to use those funds. He also noted that those funds are a one time use and cannot be used to balance the budget. He indicated that the administration is currently working on ways to utilize the funds for learning loss for students. Mr. Pawling stated that we are prioritizing programmatic items first.

Mr. Keith did not have any questions and acknowledged the scenarios for a potential tax increase.

Mr. Kwiatkowski expressed concern about items that are potentially not being addressed or items that are being put on hold due to the budget. Mr. Pawling stated that he feels the technology and facilities needs are adequately funded and there are no items that have been deferred to next year's budget.

Mrs. Scheuren thanked Mr. Pawling for the budget update and asked him to continue to work to refine it.

Dr. Gallagher announced that the school district was recently made aware of a \$35K from Giant Supermarket for the food service department. He thanked the company and its customers.

Dr. Kennedy-Reilly added that the Pennsylvania Department of Agriculture awarded the school district a grant in the amount of \$3,500 which would be used for greenhouse initiatives.

Mr. Pawling said that he will continue to provide budget updates and that the next Finance Committee Meeting is scheduled for June 2, 2021.

Mrs. Scheuren adjourned the meeting at 8:55 P.M.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Brian Pawling". The signature is written in a cursive, flowing style.

Brian R. Pawling
Board Secretary / Director of Business Affairs