

**Northwestern Lehigh School District  
6493 Rt. 309, New Tripoli PA 18066  
WORKSHOP MEETING  
District Board Room  
Wednesday, February 6, 2019, 6:30 PM**

**1. Opening Procedures**

**1.01 Call to Order**

The February 6, 2019 Workshop Meeting of the Northwestern Lehigh School District Board of Directors was called to order at 6:31 PM by President Willard Dellicker.

**1.02 Opening exercises included the Pledge of Allegiance and a Moment of Silence**

**1.03 Roll Call**

PR/AB

|    |                   |      |                   |      |              |
|----|-------------------|------|-------------------|------|--------------|
| PR | John Casciano     | PR   | Todd Hernandez    | PR   | Alan Rex     |
| PR | Willard Dellicker | PR** | Todd Leiser       | PR** | Phil Toll    |
| PR | Joseph Fatzinger  | AB   | Marci Piescienski | PR   | James Warfel |

*\*\* T. Leiser and P. Toll in attendance via Telephone Conference*

Also Present:

Brian Leader, David Maxted, John Frisch, Ted Ledeboer, Jessica Moyer, Jason Zimmerman, Brian Tobin, Arthur Oakes, Luann Matika, Leslie Frisbie, Josh Ziatyk, Jennifer Holman and Janine Partenio

**1.04 Approval of Agenda with item 5.03 moved up to after 1.06**

Moved: J. Fatzinger

Seconded: J. Casciano

Vote: 8 Aye, 0 Nay

**1.05 President welcomed Guests**

**1.06 Courtesy of the Floor**

None at the time

**2. Curriculum/Building Issues**

**2.01 Curriculum/Building Informational Updates Not Requiring Board Action**

None at the time

**3. Policy**

**3.01 First Reading**

[Policy 222 - Tobacco/Nicotine Use](#)

[Policy 323 - Tobacco/Nicotine Use](#)

J. Ziatyk explained changes were made to these policies to update and include nicotine delivery products such as vaping and juuling for students and employees. The Board agreed to move these policies to the February 20, 2019 Board Meeting for First Reading.

**3.02 Second Reading and Final Approval**

J. Ziatyk said there were changes made to the following policy, as per the Board's request, since the last Board Meeting:

[Policy 011 - Principles for Governance and Leadership](#)

J. Ziatyk recommended moving Policy 011 for Second Reading and Final Approval at the February 20, 2019 Board Meeting. The Board agreed to move this policy to the February Board Meeting for action.

### 3.03 Rescind Policies

None at this time

### 3.04 Policy Informational Updates Not Requiring Board Action

None at this time

## 4. Operations

### 4.01 Operational Informational Updates Not Requiring Board Action

None at this time

## 5. District Finances

### 5.01 2019-20 Budget Discussion

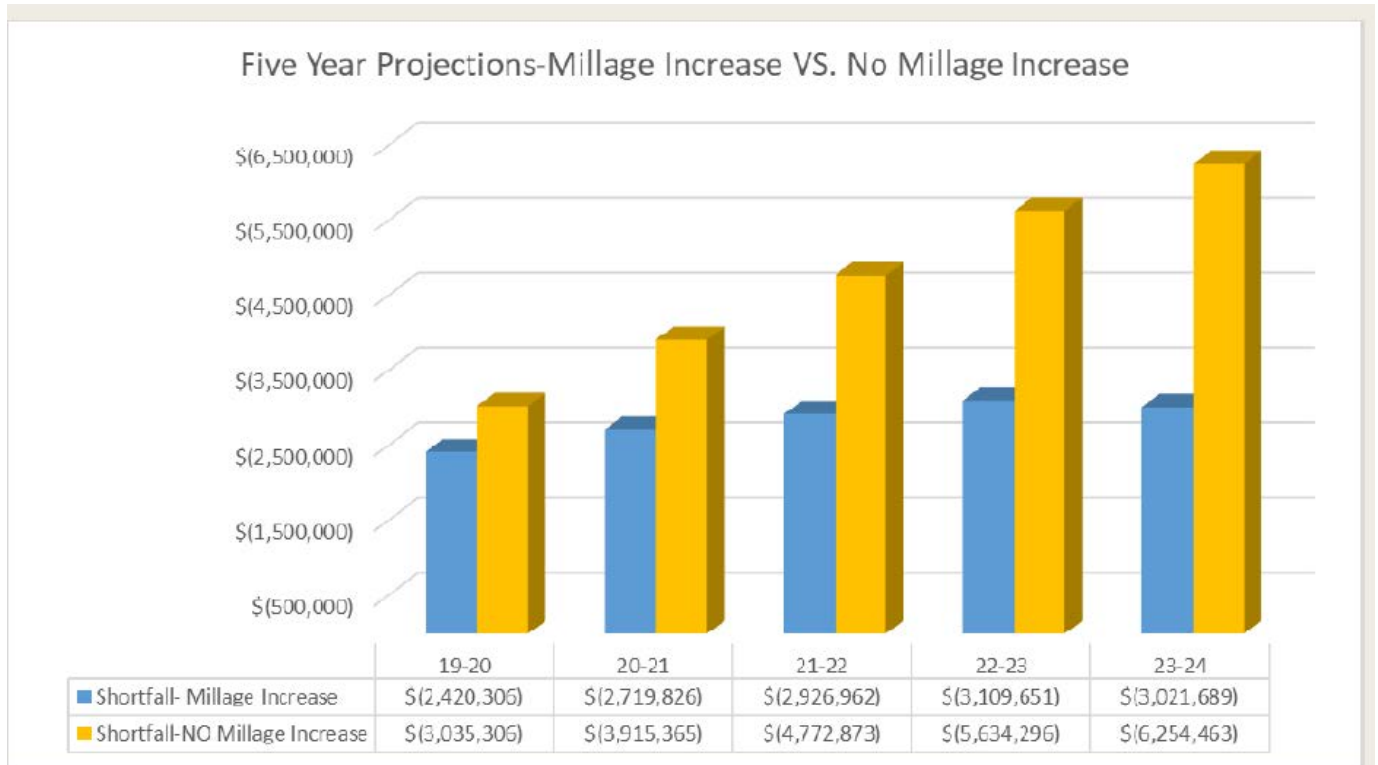
L. Frisbie reviewed the following 2019-2020 Budget Goals:

- Implement strategic planning mission, vision & goals
- Provide instructional programs to meet Chapter 4 requirements in core content areas and in the related arts
- Provide staffing to meet instructional and operational needs
- Continue to commit to long-range technology planning
- Continue to support the Facilities Master Plan to address ongoing facility needs
- Develop a budget with a long-term and short-term focus
- Continue to identify areas to maximize efficiencies and reduce costs without negatively impacting programs
- Provide a funding plan to meet the District's needs while minimizing any potential tax increase to taxpayers

L. Frisbie reviewed the following breakdown of the Committed and Assigned Fund Balance:

| COMMITTED                             | BALANCE<br>6/30/18 | ASSIGNED                       | BALANCE<br>6/30/18 |
|---------------------------------------|--------------------|--------------------------------|--------------------|
| Other Post Employment Benefits (OPEB) | \$2,963,082        | Technology                     | \$720,000          |
| Healthcare Stabilization              | 1,420,000          | Curriculum Textbooks/Materials | 2,136,036          |
| Retirement Stabilization (PSERS)      | 2,553,626          | Capital Projects               | 1,464,000          |
| Emmaus Bond Pool Rate Stabilization   | 412,434            | Bus Replacements               | 460,000            |
| Millage Rate Stabilization            | 343,517            | Budget Appropriations          | <u>3,833,963</u>   |
| Energy Stabilization                  | <u>650,000</u>     | Total                          | \$8,613,999        |
| Total                                 | \$8,342,659        |                                |                    |

L. Frisbie reviewed the following 5-year budget projections with a millage increase vs no millage increase:



J. Casciano asked if the increase of home value is taken into consideration with projections. L. Frisbie explained how the assessment projections have a 1-2% assessed value growth built in.

L. Frisbie reviewed some millage options for the 2019-2020 budget and presented the following summary:

|                                                         |                    |
|---------------------------------------------------------|--------------------|
| Total Estimated Revenues                                | \$44,000,678       |
| Total Estimated Expenditure                             | 47,035,984         |
| Estimated Operating Shortfall (before millage increase) | <u>(3,035,306)</u> |
| Millage increase to Index (2.3%, 0.3735 mills)          | 615,000            |
| Revised Operating Shortfall                             | (\$2,420,306)      |

L. Frisbie reviewed Other Post Employment Benefits (OPEB) and recommended continuing to budget the actual cost of the retiree healthcare benefits through the use of Fund Balance. She addressed the transportation fleet age saying there are currently 10 spare buses and 0 spare vans. She said the replacement plan has been determined using a 15-year age for daily use vehicles in conjunction with mechanic analysis of the fleet. A. Rex asked if ages were determined by the age of the equipment or the date the District acquired the equipment. L. Frisbie said it was based on the actual age of the equipment. She mentioned how replacements have historically been budgeted at \$230,000 annually anticipating 2 buses and 2 vans and estimated the need for the 3 buses and 1 van in 2019-2020. The estimated cost per bus \$95,000 (total \$285,000) and estimated cost per van \$45,000. She also stated that Buildings & Grounds needs auto-scrubber replacements and a Mower

replacement. She recommended utilizing the current budget funds and increase the budget through the use of fund balance to cover the additional funding needed for the third bus and van.

L. Frisbie explained Capital Reserve has an estimated balance of \$1,776,374. She said a proposed transfer in 2019-2020 would be \$313,000 from the Refi Savings and 300,000 for Roof replacements. She said this would give a total proposed transfer of \$613,000 in 2019-2020. She recommended continuing to use refinancing savings and budgeted transfer to fund the capital reserve. The goal is to fund roof replacements at \$300,000, however this may be an area that is reduced to \$100,000 (18-19 amount) depending on necessary reductions. Total proposed transfer \$613,000.

L. Frisbie explained the fluctuation of the heating oil/diesel fuel prices. She recommended if the District selects fluctuating pricing on the heating oil and/or diesel bids, that the District budget an additional \$0.50 per gallon above the current fluctuating price in order to mitigate the risk of price spikes during the year.

L. Frisbie reviewed PSERS and the following rate chart:

|       | ER<br>Rate | Projected Rate<br>Increase | %<br>Increase | Rate in<br>Budget | Budget Rate<br>Increase | %<br>Increase |
|-------|------------|----------------------------|---------------|-------------------|-------------------------|---------------|
| 11-12 | 8.65%      | 3.01%                      | 53.37%        | 9.50%             | 1.28%                   | 15.57%        |
| 12-13 | 12.36%     | 3.71%                      | 42.89%        | 11.50%            | 2.00%                   | 21.05%        |
| 13-14 | 16.93%     | 4.57%                      | 36.97%        | 15.00%            | 3.50%                   | 30.43%        |
| 14-15 | 21.40%     | 4.47%                      | 26.40%        | 18.50%            | 3.50%                   | 23.33%        |
| 15-16 | 25.84%     | 4.44%                      | 20.75%        | 25.42%            | 6.92%                   | 37.41%        |
| 16-17 | 30.03%     | 4.19%                      | 16.22%        | 28.00%            | 2.58%                   | 10.15%        |
| 17-18 | 32.57%     | 2.54%                      | 8.46%         | 30.50%            | 2.50%                   | 8.93%         |
| 18-19 | 33.43%     | 0.86%                      | 2.64%         | 31.00%            | 0.50%                   | 1.64%         |
| 19-20 | 34.29%     | 0.86%                      | 2.57%         | 31.50%            | 0.50%                   | 1.61%         |
| 20-21 | 34.77%     | 0.48%                      | 1.40%         | 32.50%            | 1.00%                   | 3.17%         |
| 21-22 | 35.19%     | 0.42%                      | 1.21%         | 33.00%            | 0.50%                   | 1.54%         |
| 22-23 | 35.82%     | 0.63%                      | 1.79%         | 33.50%            | 0.50%                   | 1.52%         |
| 23-24 | 33.84%     | -1.98%                     | -5.53%        | 33.84%            | 0.34%                   | 1.01%         |
| 24-25 | 33.94%     | 0.10%                      | 0.30%         | 33.94%            | 0.10%                   | 0.30%         |
| 25-26 | 34.18%     | 0.24%                      | 0.71%         | 34.18%            | 0.24%                   | 0.71%         |

She proposed the following budget strategy for PSERS using 31.50%:

|        | Payroll    | Actual ER<br>Cost | Budget    | Planned Use<br>of Fund Balance | Remaining<br>Fund Balance |
|--------|------------|-------------------|-----------|--------------------------------|---------------------------|
| 11-12  | 16,207,232 | 1,416,217         | 1,539,687 | -                              | 2,135,343                 |
| 12-13  | 16,737,537 | 2,043,690         | 1,924,817 | -                              | 1,969,835                 |
| 13-14  | 16,445,726 | 2,803,900         | 2,466,859 | -                              | 1,982,000                 |
| 14-15  | 16,726,593 | 3,552,342         | 3,094,420 | -                              | 2,533,626                 |
| 15-16  | 17,304,726 | 4,429,100         | 4,423,905 | -                              | 2,591,626                 |
| 16-17  | 18,062,222 | 5,308,757         | 5,416,717 | -                              | 2,349,626                 |
| 17-18  | 18,392,139 | 5,916,643         | 5,609,602 | -                              | 2,553,626                 |
| 18-19  | 19,430,535 | 6,495,628         | 6,023,466 | (472,162)                      | 2,081,464                 |
| 19-20* | 20,123,262 | 6,900,267         | 6,338,828 | (561,439)                      | 1,520,025                 |
| 20-21* | 20,726,960 | 7,206,764         | 6,736,262 | (470,502)                      | 1,049,523                 |
| 21-22* | 21,348,769 | 7,512,632         | 7,045,094 | (467,538)                      | 581,985                   |
| 22-23* | 21,989,232 | 7,876,543         | 7,366,393 | (510,150)                      | 71,835                    |
| 23-24* | 22,648,909 | 7,664,391         | 7,664,391 | -                              | 71,835                    |
| 24-25* | 23,328,376 | 7,917,651         | 7,917,651 | -                              | 71,835                    |
| 25-26* | 24,028,227 | 8,212,848         | 8,212,848 | -                              | 71,835                    |

\* Payroll costs are based on 3% annual increases for all years

L. Frisbie recommended continuing the current funding strategy and utilize fund balance to levelize PSERS employer rate increases. She reviewed the Emmaus Bond Pool (EBP) Rate Stabilization and recommended the District continue to budget 3%, funding 1.5% with millage and 1.5% with fund balance.

L. Frisbie explained the historical budget needs for curriculum textbooks and materials. She recommended the District continue level funding in Curriculum budget and budget an additional \$60,000 through fund balance. She reviewed the Budgetary Reserve of \$400,000 which covers expenditures that are not planned or result in additional costs compared to estimates. She recommended the District fund the full amount of budgetary reserve through the use of fund balance.

L. Frisbie proposed the following plan to fund the shortfall with additional reductions or appropriate use of fund balance to be allocated to the \$839,306 remaining shortfall which is currently unfunded:

|                                       |                      |
|---------------------------------------|----------------------|
| <b>PRELIMINARY SHORTFALL</b>          | <b>(\$3,035,306)</b> |
| PSERS Stabilization                   | 561,000              |
| Budgetary Reserve                     | 400,000              |
| Emmaus Bond Pool Stabilization        | 220,000              |
| Additional Fleet Replacements         | 145,000              |
| Fuel Stabilization                    | 95,000               |
| Curriculum                            | 60,000               |
| Strategic Plan                        | 50,000               |
| Other Post Employment Benefits (OPEB) | <u>50,000</u>        |
| Total                                 | <u>(\$1,454,306)</u> |
| Millage Increase                      | <u>615,000</u>       |
| Revised Shortfall                     | <u>(\$839,306)</u>   |

T. Leiser asked if the 800 item includes the offset with the LVHN funding for the Field Project. L. Frisbie said it did not, since it was not approved yet. She explained that the LVHN sponsorship payments would be added to the budget after approval of the LVHN agreement, but it would not have a significant effect on the shortfall. W. Dellicker commended the financial status of the district and its strategic use of fund balance in the last 10 years. L. Frisbie said the fund balance creates flexibility and it is because of the support of this Board and prior Boards that we have this flexibility.

J. Warfel asked if the fund balance could be sustained. L. Frisbie said it is important that appropriate uses of fund balance are taken seriously. She gave examples of different items.

T. Leiser asked if the build-up of fund balance for the retirement cost increase has capped out. L. Frisbie said in 2022-2023 is the peak of employment contribution rate at 35.82% and then begins to come down in 2023-2024. T. Leiser asked about the TIF revenue gain in Weisenberg township and when to expect that. L. Frisbie said the TIF lasts another 12 years and then the District would receive the full tax revenue of approximately \$850,000 back as a revenue stream in the budget annually.

J. Fatzinger questioned the budget strategy for PSERs in 2013-2014. L. Frisbie said fund balance was not used. J. Casciano questioned PSERs and what time of the year the District gets that 50% back. L. Frisbie explained the District receives quarterly payments in arrears and it goes into the revenue line item under retirement subsidy. J. Fatzinger asked if there was anything that could alter the numbers in PSERs. L. Frisbie stated that every year the numbers change slightly due to the actuarial valuation.

### **5.02 CLIU Student Driver Education Program Agreement**

L. Frisbie recommended the approval of the CLIU 21 Driver Education Agreement for the 2019-2020 School Year at the February 20, 2019 Board Meeting. She stated how this was a routine item and the program is at no cost to the District. She said as of February 1, 2019, Northwestern Lehigh School District has 42 students enrolled in the Behind the Wheel course and 32 students enrolled in the online course and is on track to match the enrollments from the 2017-2018 School Year. The Board agreed to move this item to the February Board Meeting for action.

### **5.03 Sports Medicine Services Agreement with Lehigh Valley Health Network**

J. Holman recommended the approval of a Sports Medicine Services Agreement with Lehigh Valley Health Network beginning July 1, 2019 at the February 20, 2019 Board Meeting. She introduced Brian Leader and Dave Maxted from LVHN. She explained how LVHN has been a great partner to Northwestern Lehigh and would like to continue that partnership and expand upon it by the sponsorship of the field.

W. Dellicker said the agreement would provide cash and services to be used toward the construction of the artificial turf field and stipulates advertisement for LVHN at the stadium and the gymnasium. He said the annual contribution would be \$32,500 for 12 years and an option to add an additional 3 years in kind services for staff and families of the District. J. Holman explained that this contract would supersede the current contract and extend forward. W. Dellicker said action would be taken in two weeks and then the agreement would kick in once the stadium project is activated.

J. Warfel questioned what would happen in 15 years from now. J. Holman said proposals would be needed to renew services for athletic trainers and the possibility of branding with new carpet on the field would be a potential to re-negotiate.

J. Zimmerman commended LVHN for their partnership since 1991 and thanked the Board for the opportunity. Brian Leader thanked the Board for the opportunity to grow their partnership with the District. David Maxted stressed the importance of the relationship that LVHN has with their partners and thanked the Board for having them in attendance tonight.

A Rex asked if LVHN's tax status changes if it would affect the District. Atty. Moyer said it could be a possibility.

W. Dellicker asked B. Leader and D. Maxted their thoughts on the health and safety of a turf field vs a grass field. B. Leader said LVHN would not be supportive of the project if they felt there was an issue with turf fields. D. Maxted said there were other factors to consider that contribute to injury rates such as maintenance and weather conditions. W. Dellicker thanked them for their input. He said it is encouraging for people from the health industry to give that information.

A. Rex asked what a safe level of rubber is to inhale or ingest. B. Leader said there is no way to answer that question since there are no studies on it.

Atty. Moyer commended LVHN for working through the fine tuning of the contract and she believed the terms are good and will benefit the partnership. P. Toll questioned why other insurances were not included in the contract. Atty. Moyer stated when insurance was examined, other contracts that P. Toll was comparing had a wider variety of services offered. She said the services being provided by LVHN are limited and LVHN would have workers comp insurance since it is required by law and commercial general liability is also covered by the company.

#### **5.04 LCCC Budget**

L. Frisbie recommended the approval of the Resolution for the 2019-2020 Lehigh Carbon Community College Operating Budget in the amount of \$57,012,317 and Capital Budget in the amount of \$3,077,043 with a district contribution of \$155,814 towards the Operating Budget and \$84,256 for Debt Service/Leases at the February 20, 2019 Board Meeting. The Board agreed to move this item to the February Board Meeting for action.

#### **5.05 CLIU Budget**

L. Frisbie recommended the approval of the Resolution for the 2019-2020 Carbon Lehigh Intermediate Unit 21 General Operating Budget of \$3,104,595 with a district contribution of \$41,164 at the February 20, 2019 Board Meeting. She stated it is a \$1,500 increase from last year and there are additional fees for service which are paid to the Intermediate Unit annually. The Board agreed to move this item to the February Board Meeting for action.

#### **5.06 LCTI Budget**

L. Frisbie recommended the approval of the Resolution for the 2019-2020 Lehigh Career and Technical School General Operating Budget of \$27,666,000 and Academic Center Budget of \$1,860,000 with a District contribution of \$1,168,842 for the General Operating Budget and Capital Costs and \$22,647 for the Academic Center. She explained the five-year average student enrollment is 134 students and the district's contribution is driven off of the five-year average student enrollment and the district's market value. W. Dellicker stated it was a fraction of the charter school costs per student. T. Leiser questioned if it included adults. W. Dellicker said it included adults and online students. The Board agreed to move this item to the February 20, 2019 Board Meeting for action.

#### **5.07 Audited Financial Statements as of June 30, 2018**

L. Frisbie recommended the Board receive the Audited Financial Statements as of June 30, 2018 at the February 20, 2019 Board Meeting. She reviewed the management letter and recommendations on page 4 of the document. She said the auditors recommended an actuary perform a valuation on the defined contribution pension plan at the same time they perform the OPEB Valuation, which will provide data to comply with new GASB standards. She said the management letter also recommended updating the account structure for Student Activities to comply with the new GASB standards. The Board agreed to move this item to the February Board Meeting for action.

#### 5.08 2018-19 Budget Transfers

L. Frisbie recommended the approval of the following 2018-2019 budget transfers at the February 20, 2019 Board Meeting:

| <u>TO</u>   | <u>DESCRIPTION</u>                     | <u>AMOUNT</u>       |
|-------------|----------------------------------------|---------------------|
| 1200        | Special Programs                       | \$ 222              |
| 1700        | Community College                      | 3,480               |
| 2100        | Support Pupil Personnel                | 1,995               |
| 2200        | Support Instructional                  | 3,289               |
| 2300        | Support Administration                 | 6,748               |
| 2400        | Support Pupil Health                   | 156                 |
| 2600        | Support Operation/Maintenance          | 283,508             |
| 2700        | Transportation                         | 359                 |
| 2800        | Support Central                        | 62,109              |
| 2900        | Other Support                          | 1,302               |
| 3200        | Student Activities                     | 770                 |
| 4600        | Existing Building Improvement Services | 1,840               |
|             |                                        | <u>\$ 365,778</u>   |
| <u>FROM</u> | <u>DESCRIPTION</u>                     | <u>AMOUNT</u>       |
| 1100        | Regular Programs                       | \$ (39,246)         |
| 1600        | Adult Education Programs               | (3,480)             |
| 5100        | Other Expenditures and Financing Uses  | (5,631)             |
| 5200        | Fund Transfers                         | (113,838)           |
| 5900        | Budgetary Reserve                      | (203,583)           |
|             |                                        | <u>\$ (365,778)</u> |
|             | Budgetary Reserve as of January 2019   | \$ 400,000          |
|             | Less Current Months Transfers          | <u>(203,583)</u>    |
|             | Total Budgetary Reserve Remaining      | \$ 196,417          |

L. Frisbie explained the transfers and mentioned the support operation /maintenance amount was due to the purchase of a police car as well as mold remediation costs totaling approximately \$218,000. P. Toll asked what could be done to prevent that from happening again. L. Frisbie said administration is in the process of determining if there needs to be an upgrade to the HVAC unit, or if the district can manage the humidity by running the air conditioning and dehumidifiers differently. L. Frisbie said McClure was contacted to assess the issues and come back with recommendations. P. Toll asked if the information from McClure would be received by the final budget presentation. She said any capital improvements would not be completed prior to June 30, 2019. The Board agreed to move this item to the February 20, 2019 Board Meeting for action.

### **5.09 DJ Jimbo Entertainment Agreement**

L. Frisbie recommended the approval of Agreement with DJ Jimbo Entertainment, Trexlertown, PA for Weisenberg Elementary positive behavior assembly on March 7, 2019 in the amount of \$250. She explained that this would be funded from General fund since it is for a Positive Behavior Program. The Board agreed to move this item to the February 20, 2019 Board Meeting for action.

### **5.10 Student Activity Contracts**

L. Frisbie recommended the approval of the following contracts to be paid from the Student Activities Fund at the February 20, 2019 Board Meeting:

Imagi Nation, Allentown, PA for Weisenberg Elementary 2nd grade field trip on March 15, 2019 in the amount of \$656.70

L. Frisbie stated this was a routine item. The Board agreed to move this item to the February 20, 2019 Board Meeting for action.

### **5.11 Reports**

L. Frisbie recommended the Board receive the following Reports for December at the February 20, 2019 Board Meeting:

1. Budget Report
2. Revenues Report
3. Treasurer's Report

**Fund 10 General Fund** with a beginning balance of \$34,781,499.48, receipts of \$3,318,636.95, and disbursements of \$4,095,121.43, leaving a balance of \$34,005,015.00.

**Fund 22 Capital Reserve Fund** with a beginning balance of \$2,224,661.77, receipts of \$3,689.82, disbursements of \$59,620.12, leaving a balance of \$2,168,731.47.

**Fund 36 Capital Projects** with a beginning balance of \$0.00, receipts of \$0.00, disbursements of \$0.00, leaving a balance of \$0.00.

**Fund 37 Capital Projects** with a beginning balance of \$2,390,934.59, receipts of \$3,878.54, disbursements of \$103,487.16, leaving a balance of \$2,291,325.97.

**Fund 50 Food Service Fund** with a beginning balance of -\$1,526.77, receipts of \$69,769.03, disbursements of \$67,620.66, leaving a balance of \$621.60.

4. EIT Report
5. Activity Fund Report
6. Comparison of Prior Year to Current Year Budget to Actual Expenditures by Object Report

L. Frisbie said Real Estate Collections to date are (+) \$1,381,000 ahead of prior year, however the collection percentage is consistent with prior year. She explained that real estate taxes still outstanding as of December 31, 2018 have been turned over to Portnoff for delinquent collection. The Board agreed to move this item to the February 20, 2019 Board Meeting for action.

### **5.12 Financial Informational Updates Not Requiring Board Action**

#### **1. Bond Refinancing Update**

L. Frisbie explained we have not been able to meet the savings target on the refinancing opportunity from over a year ago. She said she spoke to Scott Shearer at PFM and he stated that we may be getting close to the 2% savings target and if the target is met the district would be able to take action at that point since we have the Parameters Resolution still in place.

#### **2. 2019-20 Insurance Renewal**

L. Frisbie said the District has been working with Rob Thompson from EHD. She was looking for direction from the Board to either do an RFP or renew policies with the existing carriers. She said there are some new policies that will be considered such as expanding coverage to cover potential mold remediation. She said the District has had good results with the current Worker's Comp carrier and did not recommend switching carriers. The Board agreed to renew the policies with the current carriers for 2019-20. A. Rex asked what the District's MOD is. L. Frisbie explained that she did not have it on hand.

**6. Old Business**

None at the time.

**7. New Business**

None at the time.

**8. Communications**

**8.01 Courtesy of the Floor**

None at the time.

**9. Adjournment**

Upon motion by A. Rex, seconded by J. Fatzinger, the meeting was adjourned at 8:20 PM.

Respectfully submitted,

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John Casciano, Secretary

By J. Partenio, Assistant Secretary