



Finance & Operations Committee

June 8, 2026

MINUTES

COMMITTEE OF THE WHOLE: Kehoe, Picard, Christenson, Vos, Westra, Sidhu, Ahmed

Meeting called to order: Kehoe 5:01 p.m. **District staff Present:** Merritt, Minnick, Malbon,

Lents, Williams, Ruggirello, Jory **Citizen Representatives:** Roderique (Johnson and DeMers absent)

SVU Student Rep: n/a **Guest Presenters:** A. Read, D. Dinkeloo/ TMP Associates; Kelly Sullivan/EPIC MRA

Public Comments – none

Approval of Prior Meeting Minutes – May 21, 2026– Approved.

Sinking Fund Discussion

The Committee reviewed information related to a potential Building and Site Sinking Fund, including a review of the presentations from PFM Financial Advisors and bond legal counsel Miller Canfield that were originally presented in March, as well as survey results presented by Kelly Sullivan of EPIC-MRA. The presentations provided an overview of allowable uses of sinking fund dollars, election requirements, potential revenue scenarios, and the process the district would follow should it choose to pursue a future ballot proposal.

Mr. Sullivan reviewed the results of a community survey conducted among likely November 2026 voters. The survey indicated generally favorable perceptions of the district, its educational programs, financial management, and facility conditions. Support for a potential sinking fund proposal increased as respondents received additional information regarding allowable uses of the funds, including building repairs, infrastructure improvements, security enhancements, technology upgrades, and facility renovations. While tax increases remained a concern for some respondents, many viewed investments in school facilities, safety, and long-term district sustainability favorably.

Committee members discussed the survey findings and asked questions regarding the reliability of polling data, how survey results compare to actual election outcomes, levels of voter support and opposition, and the significance of the “solid yes” and “solid no” voter groups. Discussion also included voter awareness of sinking funds, community outreach and education efforts, project prioritization, possible funding levels, election timing, and how a sinking fund could support future capital planning efforts. The topic will be discussed further by the Board of Education on June 9, 2026.

Purchase of Weight Room Equipment

Anna Read of TMP Architecture presented the proposed weight room equipment package for the Salem High School Multipurpose Room Addition project. She reviewed the expanded weight room layout and explained that the equipment package was developed collaboratively with Design2Wellness, district administration, building leadership, coaches, students and staff to create a facility that better supports both physical education classes and athletic programs. The design includes updated equipment, free weight areas, and Salem-specific branding intended to modernize the facility and provide opportunities comparable to those available at the other P-CEP schools.

Discussion focused on the project budget, which increased from the original estimate of \$75,000 to a proposed cost of \$163,129, including shipping and installation. Ms. Read explained that the scope of the project had not changed, but that weight room equipment costs have increased significantly since the bond budget was originally developed. Committee members asked questions regarding the impact of the increased cost on the overall Salem project budget, the condition and capabilities of the existing equipment, installation timing, and whether equipment procurement could be coordinated with future weight room improvements planned at Canton High School.

Members also discussed the value of replacing aging equipment, maintaining equitable athletic facilities across the P-CEP campus, and incorporating school branding into the final design. Installation is anticipated following completion of the renovated space, with equipment delivery expected in fall 2026. The item will be presented as a first reading at the June 9, 2026 Board of Education meeting.

Purchase of Grand Piano for P-CEP Choir Program

Ms. Minnick introduced a recommendation to purchase a new grand piano for the P-CEP Choir Program and invited Catherine Williams, P-CCS K-12 Electives Curriculum Coordinator, to present the item. Ms. Williams explained that the existing choir piano has been in service for approximately 23 years in the Salem High School choir classroom and has reached the point where ongoing repairs, maintenance, and frequent tuning are no longer cost-effective.

Ms. Williams reviewed the competitive bid process, which resulted in 15 proposals from multiple manufacturers and vendors. The evaluation included input from district staff with piano expertise and focused on identifying an instrument that would best support daily choir instruction and long-term program needs. Based on the evaluation, the Yamaha C3X Grand Piano was recommended due to its durability, tuning stability, sound projection, pitch clarity, and reputation as an industry-standard instrument for educational settings.

Committee members discussed the differences among the piano models submitted, the condition of the current piano, and the factors that led to the Yamaha recommendation despite lower-priced alternatives being available. Discussion also included the value of purchasing a protective cover, piano truck, and humidity control system to protect the investment and extend the life of the instrument, as well as possible future use of the existing piano elsewhere in the district.

The recommended purchase totals \$42,523, including accessories, and is below the \$58,000 budget allocation previously set aside for choir program equipment replacement. Delivery is anticipated prior to the start of the 2026-27 school year so the instrument can be installed and prepared for student use. The item will be presented as a first reading at the June 9, 2026 Board of Education meeting.

Purchase of Twenty New Buses

Ms. Minnick presented a recommendation to purchase twenty replacement school buses through the Michigan School Business Officials (MSBO) purchasing consortium as part of the district's ongoing fleet replacement plan funded through the 2023 Bond Program. The recommendation included twelve special needs buses and eight regular education buses to replace aging vehicles currently experiencing increased maintenance needs, including motor, transmission, and electrical issues. Administration explained that the proposed Blue Bird buses would maintain consistency within the district's existing fleet and support efficiencies in maintenance, parts inventory, and driver familiarity.

Committee members discussed the district's continued use of diesel-powered buses and whether alternative fuel options should be considered before moving forward with the purchase. Board members requested additional information comparing diesel, propane, and electric buses, with a focus on long-term financial impacts, operational considerations, and available funding opportunities.

Board members noted that the district should fully understand the long-term financial and operational impacts of each fuel option before committing to a large fleet purchase. Board members also requested information regarding whether a portion of the fleet could potentially transition to alternative-fuel vehicles, particularly for routes with shorter travel distances, and asked that administration revisit previous analyses related to fleet replacement options and sustainability initiatives. Discussion also included delivery timelines and whether additional review could occur without impacting the district's replacement schedule.

Following discussion, the Committee agreed that additional information should be gathered before moving forward with the recommendation. The item was tabled and will return to a future meeting after administration has had an opportunity to provide the requested additional information.

Five-Year Renewal of Contract with Durham Student Services for Student Transportation

Ms. Minnick presented a recommendation to renew the district's transportation services agreement with Durham School Services for an additional five-year term through June 30, 2031. The proposed agreement would continue regular transportation services while also expanding Durham's role in transporting certain special populations students. Administration reviewed projected cost increases, anticipated operational efficiencies, and potential savings associated with consolidating transportation services under a single provider. Administration also highlighted Durham's strong performance in recent years, including driver staffing stability, route coverage, and overall service reliability.

Committee discussion focused primarily on the proposed renewal's annual contract escalation rates and the assumptions used in calculating them. Several Board members requested additional information regarding the relationship between the proposed contract increases, driver wage increases, insurance costs, and other operating expenses. Members also requested comparative driver wage rate information from neighboring districts.

While Board members expressed support for Durham's overall performance as a transportation partner, the item was tabled pending receipt of the requested information.

2025-2026 Final Budget Amendment – Ms. Minnick introduced the Fiscal Year 2025-26 Final Budget Amendment and invited Jody Malbon, Executive Director of Finance & Accounting, to present the item. Ms. Malbon explained that the amendment reflects updated revenue, expenditure, transfer, and fund balance projections through the close of the fiscal year and is required to be adopted by the Board of Education prior to June 30, 2026.

Ms. Malbon reviewed the General Fund budget, noting that projected revenues increased by approximately \$3.4 million from the mid-year amendment, primarily due to higher-than-anticipated state aid, MPSERS reimbursements, enhancement millage revenues, special education reimbursements, E-Rate funding, and Medicaid revenues. Projected expenditures increased by approximately \$3.0 million, largely driven by specialized student services, contracted support services, specialized transportation costs, and adjustments related to the distribution of educator compensation funding across multiple district functions.

Committee members discussed several of the expenditure adjustments and asked questions regarding the increase in specialized student support and transportation costs, the use of contracted service providers to address staffing shortages in areas such as special education and speech services, and the financial performance of the Food Service Fund. Administration explained that while some anticipated transfers from the Food Service Fund were no longer expected, those changes were offset by reductions in planned transfers out of the General Fund.

Ms. Malbon reported that the amendment projects an ending General Fund balance of approximately \$35.3 million, or 15.0% of expenditures, which remains consistent with the district's targeted fund balance level. Administration noted that the projected year-end results remain closely aligned with prior budget estimates and demonstrate the district's ongoing efforts to monitor revenues and expenditures throughout the year. Mr. Malbon also provided a brief overview of the district's other funds, including the Bond, Debt Service, Internal Service, and Special Revenue Funds, and reviewed their projected year-end balances.

2026-27 Proposed Budget - Ms. Minnick presented the proposed Fiscal Year 2026-27 budget, noting that it was developed to align financial resources with district priorities while maintaining fiscal responsibility and long-term sustainability. She reviewed the budget assumptions previously discussed with the Committee, including a projected \$250 increase in the foundation allowance, a projected enrollment decline of 75 students, anticipated savings from staff retirements and reduced MPSERS rates, contractual cost increases, and ongoing efforts to identify operational efficiencies.

Ms. Minnick highlighted the continued challenge of balancing rising operating costs with state funding increases that have not kept pace with inflation. She reviewed historical enrollment trends, noting that enrollment declines have moderated in recent years, and explained that the projected increase in foundation allowance revenue is expected to offset the revenue loss associated with declining enrollment. Additional discussion included enhancement millage revenue, special education reimbursements, and changes to transportation-related funding.

The Committee reviewed the district's expenditure assumptions, including staffing aligned to enrollment, negotiated labor agreements, healthcare and utility cost increases, and anticipated retirement savings. Administration reported that the budget includes approximately 65.5 FTE staffing reductions across instructional, support, and administrative areas, along with operational efficiencies and ongoing reviews of purchased service agreements. At the same time, the budget continues investments in staff compensation, technology support, equity-based resource allocation, and student athletics and activities.

Committee members discussed the staffing reductions in greater detail, including how retirements, vacancies, and enrollment changes contributed to the overall reduction plan. Discussion also included the impact on specific employee groups, anticipated staffing needs moving forward, and the district's efforts to minimize layoffs while maintaining student services. Administration noted that many reductions were achieved through attrition, retirements, and position realignment, while continuing to prioritize classroom instruction and student support services.

Administration reported that the proposed budget maintains the district's targeted ending fund balance of 15% while addressing current financial challenges, and future reductions will be necessary to maintain long-term financial stability. The Committee received the presentation and forwarded the proposed Fiscal Year 2026-27 budget to the Board of Education for first reading and consideration.

Adjourned: 8:45 p.m.