

Finance Committee Meeting – 01/23/15

- Roll call
 - Friday, January 23rd at 7:06 am in attendance were Steve Barrett, Steve Vasek, Ed Bradac, Tom Meyer, Tim Cosgrove, Josh Nau.
- Approval of Meeting Minutes
 - No minutes provided. Will be approved at next meeting.
- 5 Year Forecast
 - Steve calculated actual STEPs to be 2.2% for 2015. Unchanged for 2016. 2.1% for 2017.
 - A discussion about the differences between the assumptions in salary, retirement and benefits prior to the completion of the current contract and the actuals in the forecast was discussed.
 - The current year forecast improved by approximately \$50k due to personnel changes and future year forecasts increased approx. \$40k in 2015 due to higher than assumed salary and benefit costs.
 - Steve stated that an increase in tax revenue of \$55k due to changes in collection rates has been added to the forecast.
 - Tom brought up the need to discuss Healthcare costs at the next agenda as a way to address the new forecasted annual deficits of \$174k in 2016, \$629k in 2017, and \$2.2m in 2018.
 - Steve Vasek attended the latest board meeting of the healthcare consortium and commented that they are developing a formal and regular RFP schedule related cost containment. He also commented that the board has been historically passive and appears to be moving into a more active role of cost containment.
 - Tim questioned as to whether or not the consortium was able to negotiate a reduction in cost.
 - Tom then asked if the design of medical plan was able to be changed at the behest of the consortium or would each of the 18 members have to approve?
 - Tom requested that we continue to research healthcare options outside of the current consortium.
 - Tom asked that Kyle at Gallagher attend the next finance meeting and set our expectations as to what the agenda of their educational meetings might be with the Board and the Teacher's Union.
 - Tim asked if numbers could be provided to better understand the cause of the increase in Real Estate revenue between 2012-2014 while our 2015-2019 is essentially flat. Tim commented that between 2002 and 2012 there was a 30% increase in real estate revenue while expenses increased by 40%. These versus an inflation rate of 20%. **He asked if Steve could research the impact of levies over this time period and if he could determine what the actual net increase in revenue was without any levies to better understand this increase.**
- Financial Update
 - Steve Vasek lead a discussion on the financial update.
 - **Joe/Tom requested that a continued breakdown of purchased services that Steve provided at the line item level be provided on a monthly basis going forward.**

- **Joe/Tom also requested that comments/insight be added to explain drivers of each line item expense.**
- Revenue is trending about the same as last year while expenditures are 0.6% higher. However, both are trending slightly below forecast.
- Revenues are down 1.5% versus last year while expenses are higher by 3.7%.
- Straight A Fund
 - Ed Bradac provided an update on the Straight A Fund. We were allocated \$1,745,700. To date we reflect an expenditure of \$73,456.
 - Tom asked that a plug be added to the total plan cost to fill in the gap between the allocation and the reflected plan spend of \$1,687,887. **Steve B. will provide that at the next finance meeting.**
 - Guhde Flooring has been selected to do the carpet. No state bidding required on flooring, blinds or paint.
 - Ed has researched the current state bid furniture cost and confirmed it was higher than the current agreement with Steel Case to provide the furniture.
 - **Tom asked Ed to provide information as to whether or not state bid prices have been researched and compared to current bid prices for any applicable purchases.**
 - Tim asked if Steve can provide a cost for completing the project on a more piece-mail basis, doing some work now while school is in session, as opposed to issuing the purchase orders now to only complete it all over the summer.
 - **Steve and Ed commented that cost differences due to completing the work now, while school is in session, compared to in the summer at a later date would be provided at future meetings.**
 - Ed provided an exhibit with classroom concepts that were provided to teachers for selection of future furniture concept design. Approximately \$12,500 is provided for furniture. Steve and Ed ensured that there will a variety of furniture design concepts will be used.
 - Tim asked if wireless and electrical upgrades have been researched. **Steve commented that electrical and wireless upgrades will be researched and information will be provided at the next finance meeting.**
 - A discussion around the wireless needs for the K-12 ensured. Ed commented that around \$50k is the current estimated cost to upgrade the wireless as unmanaged (managed internally).
 - There is nothing allocated specifically for wireless outside of the high school. High school wireless max is \$25k through the Straight A fund.
 - Tim moved for the BOE to approve a resolution that would allow for specific and flexible expenditures by Ed on behalf of the Straight A Fund be approved by the finance chair (Joe) and the BOE chair (Tom).
- 5 Year Facilities Plan
 - Tim asked for priorities of the five year facilities plan to be provided at the next Finance meeting.
 - Josh and Steve met with Rick Bloom about the five year plan and the intent to mitigate long term costs via more plan full spend.

- Josh provided a detailed update on buildings and grounds that included electrical, bleachers, roofs, driveways and parking lots, masonry, insulation, and recommendations for future research that includes sidewalk, waterline, ADA compliance, paint, and landscaping.
- A discussion ensued regarding the bleachers are **Tom requested that Glen Ramage provide insight as to whether or not the current state bid cost of \$76k was in line with other competitive bids.**
- Tom asked what our electrical assessment process is. **Steve commented that Josh and Ken Blankenship would research. Tom also asked that Glen Ramage or Rick Bloom also provide insight given their background and Steve agreed/relented.**
- Josh will also research preventive maintenance steps suggested by Rick that will be added to the current maintenance budget. Josh would also like to break the maintenance budget into a 5 year plan that mirrors the concept of the 5 year facilities plan.
- Josh will spend time incorporating the 5 year facilities plan and will reconcile existing budget estimates in the plan with his research.
- Josh provided an update on transportation that detailed a new inspection plan from the department of public safety. In addition, he detailed efforts around a used bus and new bus purchase.
- Josh discussed the Painesville-Kirtland-Perry consortium and added staff as a result. Although staff has been added, average wage costs have declined due to better economies of scale (spreading these costs over a larger district pool).
- Josh will develop a review of our current bussing philosophy and present his findings at a later date. This will include the number of busses, the location of pickups, the drive times, etc...
- Shared Services
 - Food service discussion with the union took place and they expressed some concern over the current state of food service.
 - Additional food service commentary ensued about the continued economic challenges and the need to continue to explore other options outside of the current shared services agreement with Euclid.
- Public Comments
 - There were none.
- Adjourn
 - The meeting was adjourned at 10:02am.