

Bernards Township School District



FINANCE COMMITTEE MEETING MINUTES THURSDAY, JANUARY 18, 2024 8:00AM

Board Member Attendees: Kirsten Light, Robin McKeon, Tim Salmon

Administration Attendees: Nick Markarian, Jim Rollo

Presenter: Scott A. Clelland, CPA – PKF O’Connor Davies, LLP

Next Committee Meeting: Thursday, February 22, 2024 8:00am

1. Subscription bussing rates

Over the past few years, subscription bussing rates have not been increased and currently sit at \$900 per child per family per location. The District’s bussing coordinator has estimated the actual cost of the bus seat to be \$1,082. Based on the state guidance, the cost that the District must pay non-public school attendees for aid-in-lieu of providing bussing is \$1,165. The committee discussed increasing the rate to be \$1,100 per child per family per location and whether to provide a discount for multiple children in a given household.

Key considerations:

- a. The average cost of a seat is calculated assuming that status quo and that the District maintains the current bussing structure. Should the district move to a double-tier model, this price could trend downward.
- b. The average cost of a seat may include the cost for students that receive free subscription bussing based on need. If this is the case, this amount needs to be removed from the average calculation so that the subscription bussing amounts collected are not subsidizing the students who receive the free services from the District.

In addition to above, the Committee discussed ways to reduce the bussing costs overall outside of the ongoing discussions related to school start times and double tier bussing. The following options were discussed:

- a. Generating a survey for families that currently receive bussing services and may not be using these services to see if they would take \$1,100 per child to sign a transportation contract forgoing their rights to those services for the next school year. The Committee proposed allowing, upon notification to the bussing coordinator, a limited amount of “free bus days” in case of situational changes that families could use without having to refund the aid-in-lieu of bussing payment.

The only way that this could generate cost savings is if enough parents opted in to this program to eliminate routes while trying to keep ride times low. The Committee’s thoughts were that parents that were already driving their students to school on a regular basis but were eligible for services would financially benefit from this program. However, the concern would be if parents want to opt in that don’t already drive their students to school, it could create additional congestion around town and particularly at certain elementary schools.

- b. Many decades ago, there was a path and a bridge that connected the Galloping Hill, Bullion Road and Wexford Drive neighborhoods to William Annin Middle School (WAMS) enabling children in those neighborhoods and within a reasonable safe route and distance to walk to school. The town

has since removed this path and bridge and continues to remove the temporary planks that children have put in place to facilitate easy access to WAMS. The Committee recommends that the Liaison to the Township Committee discuss this scenario to determine willingness to work with the District and the viability/timing of a solution.

Follow up items:

- a. Jim Rollo will confirm that the \$1,082 value does not include the cost of the 18 students that receive free bussing services
- b. Discuss during Finance Committee readout on January 22nd and agree upon final price and multi-child discounts for Board Approval at the February 12th meeting
- c. Nick Markarian to develop the transportation survey and distribute by January 26 to the families that receive bussing services
- d. Nick Markarian to discuss the legal viability of the potential “Galloping Hill” walkway with the Board Attorney.
- e. Once viability of the walkway option is established, the Liaison to the Township Committee should begin discussions with Gary Baumann.
- f. Once viability of the walkway option is established, Jim Rollo will work with the Bussing Coordinator to determine cost savings

Committee Recommendation:

The Committee recommends moving forward with the survey to determine viability of the Parent Transportation Contract option..

2. Various Roof Repairs (RHS, CHS, WAMS) \$90,000

In order to prepare for the projects related to roofing and HVAC units that are covered by the ROD grant, the District hired a contractor to evaluate the condition of the roof on each school building. In general they were found to be in good shape. However, there were areas at RHS, CHS and WAMS that after performing absorption/moisture scans, were found to need some repairs that would enable the roofs to be restored rather than replaced.

The Facilities and Operations Committee recommended being proactive and proceeding with the roof restoration to avoid any issues in school operations going forward and was provided a price of \$90,000 through a contractor that is part of one of the numerous Cooperative programs that the District participates with.

Committee Recommendation:

The Committee recommends approving the \$90,000 repair cost to the RHS, CHS and WAMS structures.

3. Facilities Condition Assessment RFP Results

Upon licensing the Asset Management system during last calendar year, the Facilities and Operations Committee recommended moving forward with hiring a contractor to prepare an inventory of the Districts Fixed Assets valued in excess of \$2,000 so that we can populate the system and more proactively monitor service records, replacement timelines and track costs. A budget was approved by the Board not to exceed \$150,000.

An RFP was issued requesting bids for a Base asset evaluation that related to mostly structural assets (e.g., boiler, HVAC), an alternative to include IT assets (e.g. servers) and an alternative to include vehicles and athletic equipment. The bid also required a deliverable that would be easily imported into the new FMX system, as well as the LINQ “ERP” system being implemented for the next fiscal year. The Board received

four (4) bids and Mr. Rollo is currently speaking to references for the two lowest bidders, Bureau Veritas and El Associates.

Bureau Veritas is a boutique firm, not architectural, who employs architects and other subject matter resources to conduct evaluations specifically for public school districts. This firm has performed numerous evaluations within the state of New Jersey and references are in the process of being checked.

El Associates is a traditional architectural firm whose references are also being checked.

The bids were returned as follows:

Bid Provider	Baseline	IT assets	Vehicle/Equipment	Total
Bureau Veritas	\$59,866	\$15,000	\$12,000	\$86,866
El Associates	\$76,000	\$15,000	\$15,000	\$106,000
Gianforcaro Architects	\$99,500	\$13,000	\$12,000	\$124,500
H2M Architects	\$246,780	\$12,960	No bid	\$259,740

The Committee discussed that the Board agreed to make an investment in a software solution in order to improve the tracking, repair and maintenance of the Districts assets and to enable the district to be proactive in those activities. In order to achieve the maximum value for the investment already made, the Committee felt that the Board should approve the assessment for all three options listed above as long as the fees did not exceed the \$150,000 originally approved.

Committee Recommendation:

The Committee recommends that the Board approves either the bid from Bureau Veritas or El Associates. Mr. Rollo will make the final decision based on the reference check and put this on the January 22nd agenda for approval.

4. Direct Install Bid Results

The District received two bids for this project that was previously approved by the Board. One bid was received by the original firm that assisted the District in the viability of the project, Vanguard Business Solutions. This bid came in significantly higher than that firm’s original estimate.

A second bid was received from TR-State Light and Energy. The baseline bid was for \$377,778 with an anticipated state credit offset of \$280,000 that would result in a cost to the district of \$97,778 that would be financed over 60 months at a 0% interest rate. The District requested an additional alternative to upgrade the lighting fixtures for a cost of \$170,000. If the District wants to move forward with adding the additional alternative then the total cost to the district would be \$267,778 that would be financed over 60 months at a 0% interest rate.

The Board Architect recommended not moving forward with the upgraded lighting cost. However, the Committee discussed other factors in the decision related to retrofitting existing fixtures based on new lighting technology and the significant cost in retrofitting old fixtures in the long run. Additionally, all future retrofitting would not be able to take advantage of the 0% financing cost.

Follow up:

- a. Jim Rollo to speak with the Board Architect about the Committee’s concerns and determine if it would change his recommendation to the Board
- b. Readdress options at the February 22nd Finance Committee meeting to make a recommendation for Board approval on February 26th.

5. Budget Update- Transportation

Based upon current economic conditions related to transportation contracts, the District is anticipating an increase in bussing costs in the amount of \$2,349,481 for the 2024-2025 school year.

As it stands at this point, the following shows the year over year changes to the categories budgeted to date:

Category	2023-2024	2024-2025	Increase/(Decrease)
Salaries	\$66,780,661	\$69,362,391	\$2,581,730
Benefits	\$18,670,289	\$19,379,330	\$709,041
Transportation	\$7,283,365	\$9,632,846	\$2,349,481
Security (w/o Salaries)	\$536,805	\$525,893	(\$10,912)
Facilities (w/o Salaries & Energy)	\$6,719,655	TBD	TBD
Energy	\$1,342,549	TBD	TBD
Out of District Tuition	\$2,045,171	TBD	TBD
All other	\$6,428,676	TBD	TBD
Total	\$109,807,171	TBD	TBD

The maximum tax levy the district can assess without going into the banked cap (additional levy of \$2,979,855 or 5.26% in total) is \$1,826,297 (2%). Mr. Rollo is still working on finalizing current revenue sources, which includes reducing the estimated extraordinary aid from \$3,700,000 that was booked in the prior year to enable a one year tax “hiatus” for our residents.

With about 85% of the operating budget complete, there is a shortfall of \$2,492,178.66 for revenue vs appropriations. Therefore, it is vital that the District determine a way to reduce the cost of transportation. These results will be in flux until the February 26th meeting and Mr. Rollo is diligently working on ways to reduce costs and maximize revenue estimation.

Highlight to the Community:

The cost of bussing has increased significantly in the past 5 years due to inability to license and hire bus drivers in the post-COVID environment, the increased fuel costs as a result of inflation and the lack of competitive bids due to an undesirable single tier bussing structure. The trends are reflected in the chart below.

	Audited			
	18-19	21-22	22-23	23-24
Transportation	5,407,828	5,835,623	7,276,522.00	7,813,187.99

As such, it is incumbent on the Board to explore every opportunity to reduce these costs to the District in order to maintain the current level of programs and services and enable the District to continue compensating our staff and teachers what they are worth

6. Budget Calendar Update

- Final proposed budget numbers will be given to the full board by February 26th.
- Initial presentation to the public will occur March 11th.
- Final budget numbers to be voted on by the Board on May 6th.

7. FY23 Audit Presentation (Scott Clelland, CPA)

The audit of the 2022-2023 Fiscal year has been completed with a clean opinion. There was one audit recommendation that will require remediation plans to be put in place related to the Student Activities fund. However, this is a very common finding in public school districts and is not an item of overall concern. Mr. Rollo will develop and implement a remediation plan.

Overall we ended up as follows in the General Fund, excluding the State Pension contributions to revenue and related expenditure:

Category	Final Budget	Actual	Increase/(Decrease)
Revenues	\$100,236,975	\$105,046,941	\$4,809,966
Expenditures	\$109,056,834	\$103,992,900	(\$5,063,934)
Recap of excess revenues over expenditures (C-1 p.6)			\$9,873,900

The General Fund Balance at 6/30/2023 is \$35,583,279 vs. \$35,135,961 in the prior fiscal year. This change, in essence, results in a \$447,318 increase to the District's fund balance which includes legally restricted reserves such as funds already allocated to the current year budget and restricted reserve accounts.

The General Fund Balance has been designated as follows:

Category	6/30/2022	6/30/2023	Variance
Total	\$35,135,961	\$35,583,279	\$447,318

In essence, going into the 2023-2024 budget year, the district has to apply \$3,797,192 (*) as revenue to offset the tax levy in the 2024-2025 budget cycle and has additional unreserved fund balance of \$4,741,833, \$2,649,841.00 of which can be used to either increase reserves, offset the tax levy, budget for current capital projects in the budget or other items to be discussed and decided upon. The 2023-24 budget was funded with 8,703,440 of excess surplus

The decrease in the Budget Surplus year over year can be partially attributed to the reduction to the increase in the tax levy for the 2022-2023 school year (0.75% vs 2.00%). For the 2023-2024 school year, the tax levy increase was reduced to 0%, as the District increased the forecast of certain revenue line items and reduced expenses to offset the tax levy shortfall. Initially, there was concern by the Committee that the results for 6/30/2024 would be reduced by the amount used to remediate the shortfall (approximately \$2M). However, based on the money management processes put in place in June of 2023, the interest income generated should offset the majority of the decrease in the tax levy and the unassigned fund balance at 6/30/2024 will be mostly dependent on the state grant amount for extraordinary aid.

8. 2014 ROD Grant closeouts 3 of 4 complete

Mr. Rollo was successful in closing out three (3) of the (4) open ROD grants related to the Oak Street roof project and recovered \$269,841. There is one additional outstanding reimbursement for a 2012 paving project at Cedar Hill that still needs to be closed and should result in a recovery of \$40-50K.