



Committee minutes

Community Financial Review Committee		
4.14.2014	6:30 PM to 8:30 PM	Baltz District Office Board Room
Meeting called by	Jane Rattenni, Chair	
Type of meeting	Monthly Financial Review	
Facilitator	Larry Miller, Community Member	
Minutes	Laura Palombo, Red Clay	
Timekeeper	Larry Miller, Community Member	
Attendees	Bill Doolittle, Victoria Kent, Lynne McIntosh, Larry Miller, and Tom Pappenhagen, Community Members; Steven Fackenthall, RCEA Member; Michael Piccio, BOE Member; Jill Floore, Red Clay CFO; Dan Bristow and Dante Gabrielli of Seiberlich Trane Company, Presenters; Mike Matthews, RCEA President. Facility Committee Members present: Dr. Ted Ammann, Red Clay Assist. Superintendent; Marcin Michalski, Red Clay Manager of Facilities; Martin Wilson and Kenneth Woods, BOE Members; Mark Borst, Rod Halverson and Ted Pankowski, Community Members	
ESCO Presentation		
	Dan Bristow and Dante Gabrielli of Seiberlich Trane Corporation.	
Discussion:	Mr. Bristow and Mr. Gabrielli gave a presentation on the ESCO project which Seiberlich Trane has been facilitating in Red Clay. See Section I attached.	
Action Items	Person Responsible	Deadline
Facility Rental		
	Dr. Ted Ammann, Red Clay Assistant Superintendent of District Operations	
Discussion	Dr. Ammann presented information on the use of Red Clay facilities by outside groups. See Section II attached.	
Action Items	Person Responsible	Deadline
Minutes		
	Larry Miller, Community Member	
Discussion	A review of the March 2014 meeting minutes. Mr. Pappenhagen moved to accept the minutes and Ms. McIntosh seconded. The motion carried.	
Action Items	Person Responsible	Deadline
Monthly Financial Reports		
	Jill Floore, Red Clay CFO	
Discussion	Ms. Floore presented the March 2014 month end reports. See Section III attached.	
Action Items	Person Responsible	Deadline
Announcements		
	Jill Floore, Red Clay CFO	
	The May 12 th meeting of the CFRC will be held at Brandywine Springs School at 6:30 PM.	
Action Items	Person Responsible	Deadline



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Red Clay Community Financial Review Committee Monday, April 14, 2014

I. ESCO Presentation

Dr. Ammann greeted everyone and explained that the Board of Education asked that when we started the ESCO project, we would have quarterly meetings to hear updates and compare actual savings to the projected savings. Mr. Bristow and Mr. Gabrielli from Seiberlich Trane presented to the Committee.

Mr. Bristow explained that the ESCO project has a 2 year construction window. Tomorrow, April 15th is the 1 year anniversary. The infrastructure is in place. The Building Automation Services (BAS) is a 14 month project. The BAS controls temperature in the rooms automatically using computers. We are centralizing the whole district in order to control the schools from a central server. This will allow central scheduling capabilities as well as an APP in order for Red Clay management to have access to information and control. Right now you either have to be at the specific school or using a cumbersome process in the central office. ECMs are energy conservation measures, e.g., work replacing lights and sensors. We are closing out the ECMs installation. We are at 82% field complete. BAS is 44% and other ECMs are greater than 95%.

AIHS is following referendum schedule. Infrastructure changes schedules are being followed so as not to duplicate work. 70% of the ECMs are being turned over. The first walk through is with the contractor, then Seiberlich Trane, then the third walk through is with Facilities to make sure all loose ends are tied up before the job is turned over. April 15, 2014 the guarantee begins.

The total contract amount is \$18,500,000. The invoices come through at regular monthly intervals. It is a combination of progress and retainage invoicing. As we close out ECMs, retainage invoicing is then released.

Dante Gabrielli's group is responsible for collecting data from the building automation system and analyzing the data to make sure the energy conservation measures being put in place are saving what they are expected to save. For the 20 year duration of the contract, they collect the utility bills to make sure those savings are met year after year.

According to the bills they've collected from May 2013 through January 2014, they estimate we have saved \$69,000 in gas and \$37,000 in electric with a total \$106,000 for the first nine months which is ahead of schedule. Ms. Floore asked if the really bad winter affected it. Mr. Gabrielli explained that at the start of the project, they analyzed



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how weather would affect the usage and adjust the baseline for the weather, so the total dollar amount is neutral to weather

In the next 4-5 months with the BAS in place, we will see additional savings. In the slides presented, May of 2013 is being shown for infrastructure improvements. June, July and August were the installation and in September the savings were seen.

ECMs are continually being checked and optimized. BAS, which is the biggest ECM, is in progress. We are in a 2 month lag in utility bills. Mr. Fackenthall asked if fluctuations in the schools were seen between newer schools vs. older buildings. Mr. Gabrielli explained that they break down each school to show how each school is trending. They use an equation giving us an idea if a school is using more per square foot. If they notice one school not trending as the others, they focus on the needs per square footage.

Mr. Miller asked about the equipment being utilized in each of the schools. Were they categorized by the years the current equipment was in the system and how it impacted the overall savings. Mr. Gabrielli stated it is factored into the modeling of the building. All 25 schools have “trace” software. They use this modeling process to build the infrastructure of the school HVAC systems. They make assumptions based on the age of the systems. If we model the building at its design efficiency, we need to break that down to what is in place. Mr. Miller asked if some of the systems cannot be made more efficient due to the age. Mr. Bristow stated that yes there are some systems that cannot be changed so they work around the limitations. Ms. McIntosh asked if the BAS is user friendly or will there need to be a new hires. Mr. Michalski stated that his staff is being trained. The APP that they are developing will ease the problems of the nighttime issues. Some of our current programs take 48 hours to take effect. In the future, the plan is to be able to do it remotely. Ms. Kent asked if it was building-wide control or individual rooms and climate zones. Mr. Gabrielli stated that there will be a centralized plan for every school. There will also be a school level that has zones/wings and the 3rd level will be room specific. Mr. Michalski stated that 90% of the district is currently room specific. Where it is difficult room by room, is where a 20 ton AC unit outside; therefore, room by room specific is not working. Mr. Bristow stated the sensors are in every classroom. The alarm will let them know that the one unit is not being served and they can focus on that room.

Ms. Floore asked about the scheduled completion date. Mr. Bristow stated the construction BAS will be completed the 3rd week of November. However, that is a seasonal change time as well. This winter we learned a lot about the systems. There will still be workers fine tuning at this time next year.

Mr. Michalski asked if AI Dupont High School will be done in June/July. Mr. Bristow explained that yes, only BAS will continue. Ms. Floore asked if any other schools were



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ted to referendum. Dr. Ammann stated that those were done ahead of time but there will continue to be some HVAC work to be done.

Ms. McIntosh asked if anyone from the District was involved in commissioning. Mr. Gabrielli stated that they are continually collecting data from each school. He works with Mr. Bristow to make sure that the energy deviations are not from the ECMs. They, in turn, work with the contractors to make sure it's all working efficiently. Mr. Bristow stated that they have a vested interest in making sure this process and project work well. They have guaranteed savings. Ms. McIntosh stated that the savings are based on usage, not dollar figures. Mr. Gabrielli stated yes, the savings have a dollar value but they are tracking usage.

Mr. Miller asked when the project was being designed, there were assumptions made regarding the pieces of equipment and facilities. Each piece would have a standard performance level they would have to maintain. Dr. Ammann stated they looked at the payback of each ECM making sure they were under 20 years. Mr. Miller asked if each piece has reached the level of performance. Dr. Ammann stated his team is tracking each piece of equipment.

Mr. Bristow stated that before the start of school, the BAS team will do an audit do make sure there are items that need to be addressed. These are reviewed with Mr. Michalski and Mr. Volzone to make sure the schools are tuned up. Red Clay employees do much of the work at that point.

Mr. Pankowski asked if out of 25 schools were there any that did not need any upgrades? We had Blue Ribbon Schools receiving awards for energy conservation. Mr. Bristow stated that there were energy upgrades in every school. Different measures and standards may be used for those awards.

Mr. Pappenhagen asked if there were any tax savings. Ms. Floore stated that yes, we are working with Trane. Dr. Ammann stated those saving come back to Red Clay and do not stay with Trane.

Mr. Fackenthall asked if the sensors are for lights and temperatures. Mr. Gabrielli stated that there is an occupancy sensor that is primarily for the lights but is also tied into the HVAC system. When the lights shut off, the HVAC system goes down a notch or two and then comes back up. There is also a separate thermostat in each room. Mr. Michalski stated there are varying types within the schools. Mr. Fackenthall explained that the teachers have been told things they should and should not hang from the ceilings or over the sensors to "fool" the sensors.

Dr. Ammann explained that when we prepared for the referendum, we knew there were many upgrades that needed to be done. Some were deferred maintenance. We went after the highest need projects. Some of those matched up to energy, i.e. boilers. With the \$20



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million bond bill we could do more. Instead of just doing what was needed, we did more that saved energy. It was efficient doing the list at the same time as the upgrades. At the end of the referendum, our audit will have fewer items that need to be addressed. We thought there would be nothing to save at North Star, yet there were quite a few. Therefore, age was not necessarily a factor.

Mr. Bristow and Mr. Gabrielli were thanked for their presentation.

II. FACILITY RENTAL

Mr. Ammann presented on the facility rental proposal. Our buildings are used by outside groups. The group also did a survey of that usage as well, as some groups use the buildings weekends and late nights.

State code states that we should encourage the use of our buildings for community use. Non-school groups need to pay for the use of the building to recover the reasonable costs incurred. The Board reviewed the facility use rates. We have over 500 applications a year to use the buildings. Some are for a one-time use or some for seasonal use. We see about \$180,000 a year in revenue from use.

We wanted to make the application simpler. The application went to the school first and then Facilities. They also wanted to see the costs to make sure they covered the actual use. When the fees were set, no AC was installed in most of the buildings. In some cases it will raise the costs but not always. There used to be a minimal fee of 3 hours. The proposed rates ask for payment only for the time used. Facilities will make sure the current users know the rates will be changing. The Boys and Girls Clubs know that moving to an air conditioned site will increase their fees.

The fee is linked to the fact the building is paid for by the community. If the group is offering a service to the community at no or little cost, than there is no cost for the use of the building. For example, the community badmitten group which is neighbors of Baltz Elementary. They don't charge their members. They play while the building is normally open. There is no additional cost to Red Clay, so there is no cost to the club. Girl Scouts and Boy Scouts as well who may just use meeting rooms.

Odyssey of the Mind is another. They would pay only for the additional custodial cost to cover the time the building is not open. In the case of after care programs in the schools, they are charging the parents a fee. The wear/tear and AC costs will be passed along to those groups. Organizations running fund raisers can use our buildings, and we will charge for that stay. Even a non-profit will need to pay for the use and custodial use.

Ms. Floore asked will there be an opportunity for an organization to choose not to have heat or AC during their program (to save money) that would not be in the best interest of the kids. Dr. Ammann stated no. We will have to have some rules in place. Ms. Floore



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used the after school program as an example. Dr. Ammann stated during the school year the schools HVAC is set back at 4:00 PM so if it stayed on until 5:00 PM there would be a fee. Mr. Miller asked if the district could create standards and make them comply with those standards. Student's health issues will also spill over to the responsibility of the district. Dr. Ammann stated it also spills over to other issues. If a group wants one day but it needs to be turned on prior, those hours would be charged as well. Mr. Wilson stated that would be decided and written by the Facilities committee. That way there is no conversation as it will be a written rule.

This will also be a more streamlined program that will also allow buildings administration and Facilities to know who is in their buildings.

Ms. Kent asked if all buildings are open to use and one building is using 2 rooms while there is another school within a short distance with the same use, would we then combine the two groups to one school? Dr. Ammann stated they would be asked to use one building to share cost. Mr. Miller stated that coordination is costing some money. Ms. Kent asked if there is an electronic system for this scheduling. Dr. Ammann stated this is also part of the streamlining.

Mr. Miller asked if there were any for profit organizations that use our schools. Dr. Ammann explained, yes, especially our theaters. Dickinson is a large auditorium. We are not putting an end to its use, just changing the rates to make them more up to date. The Facilities committee brought it to the Board and the vote will be June. There is a form online for the groups to provide feedback. June is the vote, but the new rates will not increase until January 2015. Mr. Wilson asked if Cab Calloway or Charter School of Wilmington will get a different rate. Dr. Ammann stated that the school has the first right to say no to any group. Especially if history shows the group has not left the building in a good shape. The custodians will be looking over the buildings after each use and any damages would be charged back to that group. Mr. Woods stated that Cab needs a theater person there whenever it is rented. Dr. Ammann stated that Dickinson also has an organ society so those technical people would be an additional cost to the group. Outside groups will have access to see where things are being scheduled as well as school staff.

III. MONTHLY REPORTS

Ms. Floore presented the monthly reports for March. Our revenue is at 98.1%, and we were at 98.4% last year. The State Division 1 funds have not been totally transferred but they will fund to 100%. Local revenues are at 98% with senior tax credit still due to us. The seniors get a credit and the State makes us whole.

Mr. Doolittle asked if the Boxwood Road receipts have been received. Ms. Floore stated that we have not received that as yet. The new company has paid the bankruptcy fees to



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the County. Ms. Floore stated that will make us over 100%. This is not new money. This is money we did not expect losing last year. The County does a great job collecting taxes, but we do not know when that will come through. The new company will continue to pay the taxes next year.

For March, we are $\frac{3}{4}$ way through, so our target is 75% for expenditures as they are on a month to month schedule. We are looking at those that are high or low and why. Some schools we've noticed before. We don't budget salaries at the school level. Richey is 47% expended over 50% expended & encumbered yet all they have left is \$45,000 for the entire school. We will now reach out to the principal to see what the saving may be used for. Mr. Pappenhagen stated that many have only \$10,000 left. Ms. Floore stated that looking at the encumbrance means they are planned possibly through the end of the year. We allow a direct claim without a purchase order for under \$200. Yet some schools plan far ahead and do a PO for all expenditures. High schools have encumbered for their spring sports. This allows them to see what is left for other expenditures. If they have available funds, they will do requisitions in May for summer deliveries. Mr. Piccio asked if field day is paid for on a school level. Ms. Floore stated that yes, by the school level. DCAS incentives are school budgets as well. Some could be PBS (positive behavior system).

Mary Norris will come in the fall to the CFRC to discuss the legal costs. Mr. Pappenhagen asked if legal included fees or penalties. Ms. Floore stated that one time settlements are in the legal line as well as lawyer fees.

Tipping over budget is Facilities is at 100.3%. Mr. Michalski has a \$41,000 encumbrance. We then look to see if we can cut back on encumbrances. It will be under 100%.

Security school supervision also has an over encumbrance. We are looking at the expenditures. The largest is the SROs. Security cameras in buildings and buses are the next largest expenditure.

Ms. Floore uses this report to work with the program managers and staff to work through the changes that need to be made. Ms. McIntosh asked if the ones that are not being spent as well, as in Drivers Ed. Ms. Floore stated that we are having large purchases for vehicles. We will compare which is better to lease or buy depending on rates. Sometimes it is a matter of what the available funds are- for example we wouldn't lease when we have available cash in Driver's Ed.

In total, 72% is encumbered 73% is encumbered and expended. We are slightly ahead of where we were last year.

Mr. Doolittle asked we have ever had a presentation on adult education. Ms. Floore stated no but we could add that to our presentation list next fall. There are State and



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federal funds that fund the program, as well as the charges to the actual students. We cannot co-mingle funds, so the funding is dedicated to them. We have a new principal there this year, Michael Grossman. We will ask him to come next year to give a presentation.

On federal reports, Ms. Roberts will come next month to discuss close outs. For RTTT, this is our last year. When a fund expires, we then have 3 months to pay the encumbrances. Mr. Fackenthall asked if what happened to partnership zone schools. Ms. Floore stated that those services being provided by PZ were for 3 years. We still have one more installment and they are finishing their plans. When the funds are expended, and we want to continue those programs, we need to find more funding.

Mr. Miller asked what the funds are coming into the district next year. Ms. Floore stated that at this time it looks like a .5% increase as they always have. Because of the pupil growth, the state is spending more than ever on education; however it is less per pupil. There have not been good indicators for next year's state budget.

One unknown is charter schools. Ms. Floore stated that there were 5 approved charters to open this August, possibly 6. Many concentrated in the city area. As of April 1st, there are 3 charters that are significantly lower than their needed enrollment. The impact statement that we prepared is based on our experience and percentages. However, those 3 charters may not be opening as the enrollment is too low. By state law they have to have 80% enrollment by April 1st.

Tuition funds are 100% budget received with 81% on State revenue. Expenditure side has the consortium so we get our credit back for transportation. These are the number of seats for students expelled.

Minor cap is 2 year funding and most funds are used over the summer months.

We pay extra attention to lines 67 and 69 which are Division 1 and local salaries. We are expended 74% local salaries 74% Division 1. Therefore, we are right on track. In the tuition programs that is not the case. Division 54, Meadowood, salaries are only at 58% and local at 65%. We earn units but at the special schools need 100% tuition funded employees, particularly the one-on-one paraprofessionals. The tuition tax pays for these funds. In this case we overestimated on the State fund side.

Transportation is at 94% which is a concern. Ms. Floore is working with Mr. Middleton on looking at routes and services needed. Mr. Doolittle added that one or two high need students can change the bottom line very quickly.

District-wide expenditures are 81% expended and encumbered. We make our insurance payment every year. We are 65% expended at this time of year which is very good.



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IV. Announcements

Our next meeting will be held at Brandywine Springs School teachers' lounge on May 12, 2014 at 6:30 PM. Our presentation on Federal Funds will be presented by Debbie Roberts, Red Clay Supervisor of Accounting.

There have been no public inquiries to the CFRC.