



Committee minutes

Community Financial Review Committee		
4.13.2015	6:30 PM to 8:30 PM	Cab Calloway School of the Arts Library
Meeting called by	Jane Rattenni, Chair	
Type of meeting	Monthly Financial Review	
Facilitator	Jane Rattenni, Community Member	
Minutes	Laura Palombo, Red Clay	
Timekeeper	Jane Rattenni, Community Member	
Attendees	Lynn McIntosh, Tom Pappenhagen, Jane Rattenni Community Members;	
	Mike Piccio, BOE Member; Jill Floore, Red Clay CFO; Marcin Michalski,	
	Red Clay Manager of Facilities	
Minutes		
	Jane Rattenni, CFRC Community Member	
Discussion:	A review of the March 2015 meeting minutes. Mr. Piccio moved to accept the minutes and Ms. McIntosh seconded. The motion carried.	
Action Items	Person Responsible	Deadline
Capital Improvements		
	Marcin Michalski, Red Clay Manager	
Discussion:	Mr. Michalski gave a tour of the Cab Calloway Theater and then made a presentation on the Major Capital Improvements department. See Section I attached.	
Action Items	Person Responsible	Deadline
Referendum Update		
	Jill Floore, Red Clay CFO	
Discussion:	Ms. Floore gave an update of the referendum lawsuit and WEAC report. See Section II attached.	
Action Items	Person Responsible	Deadline
Discussion of students coming to Red Clay through WEAC	Jill Floore	June CFRC Meeting
Monthly Reports		
	Jill Floore, Red Clay CFO	
Discussion:	Ms. Floore presented the reports for the end of March 2015. See section III attached.	
Action Items	Person Responsible	Deadline
Announcements		
	Jill Floore, Red Clay CFO	
Discussion:	The next meeting will be held May 11, 2015 in the Cooke Elementary Community Room. The Meeting will begin with a tour of Cooke Elementary.	
Action Items	Person Responsible	Deadline
Provide a description of the Federal Grants by line.	Deborah Roberts	May CFRC Meeting



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Red Clay Community Financial Review Committee Monday, April 13, 2015

I. Major Capital

Mr. Michalski gave the Committee a tour of the Cab Calloway Theater, a recent major capital project.

Copies of the scope of work for the Cooke Elementary school were distributed. Also, information was provided on the first group of schools to be upgraded that will take place this summer. As funding is received, the next group of schools will be included for next summer. The amounts vary from a large scale project at Dickinson High School to less than \$1 million for Mote, Richey and Marbrook Elementary schools. We will take care of roof and window replacement this summer as well as individual components that were not able to be done the last major capital improvement or were not needed at that time. Brandywine Springs School and A. I. DuPont middle school are the only schools having major HVAC overhauls at this time. Dickinson, AIMS are getting windows as well as Stanton Middle and Richey Elementary. Dickinson and Stanton are getting whole roofs at this time.

Ms. Floore explained that during the latest operating referendum, questions were raised about the passing of the 2012 referendum. Heritage is a good example. The roof is leaking and it is scheduled to be fixed. However, the State funded the referendum through 2017. We don't receive all of the money up front. The first three projects, Cooke, AIHS, and Cab's Theater, were done. The phasing of that and how the money was distributed was determined by the State. They are the primary source of funding. They are 60% to our 40%. It is generated from the bond sales and we pay back the debt on the local share. In the operating unit referendum, we phased ours as \$.20, \$.10 and \$.05. It is a similar example to how they phased their 60% of the \$112 million over various budget years.

Mr. Michalski stated that the State is also paying down the old debt from other school districts as well as ours. Ms. Rattenni stated that with a new school there is an evaluation process by the State to agree that a new school is needed. Ms. Floore and Mr. Michalski stated that the same level of approval is needed for renovations of current schools. Ms. Floore explained that there are 2 certificates of need required. One for a new school and one for renovations. Therefore, our ballot had two separate questions to vote on.

Ms. Rattenni asked when this package will be finished. Mr. Michalski stated that it varies. The Board of Education has already gone out to bid and they have approved 3 of the 12. At this time for Conrad and Richardson Park, we have bid out Bid Pack A. These are things that are long lead items such as mechanical pieces and windows. Windows can



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take 8-16 weeks to order in. We try to get that bid awarded quickly to get the order in. Now we are putting in Bid Pack B for the other items and other schools. The projects should be ready to start by June 8th. Many of the smaller projects can be completed over the one summer. Larger projects like Dickinson, take the summer and the entire school year and another summer. The more we can stay away from the actual school year, the better. Now that Dickinson has the middle school starting there this summer, our phasing has to change for the window installation. Ms. Floore asked if there were some projects that physically, the building won't look different. Mr. Michalski answered that yes, but we also have the buildings on a painting rotation. We are hoping to paint the buildings with smaller projects at the same time, using minor capital funding, so as to keep them looking up to date. Mr. Michalski also looks at the bids coming in and if they come in lower than expected; we can add things for the school the funds are designated for, to that particular school. If the bids come in higher, items have to be cut out of the project. Funds cannot pass from school to school. One thing he is trying to incorporate into every school is a secure vestibule. Therefore, everyone must come in through the main office, with all other doors locked, in order to enter the school building. Some schools who currently have one are Warner, Heritage, Richey, and North Star. We have designers on board that have been paid through major capital. If the funding is not available through major capital, we can do it at a later date through minor capital. Cab Calloway is getting a new wall placed in the lobby, so that visitors must enter through the office. We project that the finished projects will be 2 years from this summer. Conrad was already renovated a few years ago. Now, we will rearrange the main office and a classroom so that they will have a secure vestibule incorporating the work that was done 2 years ago.

Mr. Michalski had an information packet for minor capital project and funding spreadsheet. Ms. Floore explained that minor capital is only 3-4% expended at this time of the year. Our goal is to expend State funding before local funding. Looking at the spreadsheet we can see the projects begin and continue through the year, and then are full blown over the summer. The funding is a 2 year cycle. We are currently using last year's money before this year's funding. Even though the expenditures are unspent, they planned for well in advance.

Mr. Michalski stated there are limitations on what minor capital can be spent on defined by the State. Currently we spent \$913,000 out of an over \$2 million budget. But below that listing, is the anticipated summer work with a balance of \$910,000 getting closer to the threshold. Many of the projects are performed by our own maintenance staff. This is in addition to their regular routine work. Mr. Michalski stated that thanks to Ms. Sharon Rookard and her Voc Ed work, HB DuPont Middle School is getting a new robotics and culinary space. Ms. Floore stated that will be a combination of maintenance and 509/PERKINS funding. Mr. Michalski explained that PERKINS can pay for the equipment but the funds cannot be used for the fit out and space. Conrad is getting a greenhouse with a barn and animals. Ms. Rattenni explained that a twelve month teacher would be responsible for the animals and plants. Mr. Michalski also stated that students take a lot of ownership for their projects over the summer as well.



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Ms. Rattenni asked about the contingency funding and maintenance. She asked if that deferred maintenance is contained in the minor capital budget. Mr. Michalski stated yes and no. The deferred maintenance exceeds the yearly budget. The vestibules are security guidelines. Chimney repairs and pavement rehabilitations are deferred maintenance. It varies year to year. He tries to make sure that painting, pavements, etc. are on a rotation. He also has a list of items that will be on the next certificate of need. He has quotes from an architect on every school fence to fence. It is broken into what is a needed and at what level or priority. In other words, is it a safety need or ascetics? The architect has provided guidelines, dollar values, and time that these changes need to be completed. The hope of that assessment is that through minor capital, these changes have been completed. What cannot be done through that funding, will need to be done through referendum.

The hand out also lists major capital projects and their start and completion dates. Some are to be determined as they are being bid. Ms. Floore stated the listing shows that Red Clay did not go with any one vendor for all projects. Mr. Michalski explained that Dickinson through Central is all Whiting-Turner construction manager and they vary on the design team. Brandywine Springs through Lewis are all EDIS.

Ms. Rattenni asked if the movement forward is waiting for the 60% funding from the state. Do you need all of the money in hand before going out for bid and design? Mr. Michalski stated that we don't need it in hand, but it needs to come soon. The unknown is when the state's funding for major capital sometimes comes in depending on the bond sale. It is why we do the Bond Anticipation Note every year. The first year took longer, and the subsequent years much more quickly. It goes through the attorney general's office. They look at the referendum notice and the process for a legal tax warrant. The issue could be if he hires architects in June and the funding doesn't come until the fall

Mr. Pappenhagen asked what percentage of the minor capital budget is for emergency services. Mr. Michalski explained that a true emergency like pipes, etc. About 10-15%. Mr. Pappenhagen asked if you could place the other funding on the deferred projects. Mr. Michalski explained that it isn't easy as Dickinson has been having problems for the last 2 years and the building flooded completely. The standalone issues are more than likely minor. Ms. Floore also explained that issue also destroyed a computer lab so Technology was working on a plan to re-establish the lab. And it was a design computer lab. Ms. McIntosh asked if it was covered by insurance. Mr. Michalski explained that the state is self-insured and so it was not covered as it was an "act of God". One year was one pipe that flooded 6 classrooms and this year it was 7 pipes that flooded the first floor. The funding comes from minor capital.

Ms. Floore explained our line item expenditure for insurance is for liability insurance. This is for employee actions or negligence. The insurance itself for the buildings is self-insured by the state. Vandalism is not covered.



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II. Referendum Lawsuit Update

Ms. Floore stated that the Department of Elections certified the results of the referendum but several complaints were raised by Sen Peterson. A lawsuit has been filed by the ACLU on behalf of a resident of Red Clay that the vote should be overturned. At the same time the Attorney General's office is investigating the complaints. We are responding to every question and the attorneys will work on filing the appropriate motions. We do not have any results at this time. We are now using local tax payer funding to pay for the attorneys and the fees will be considerable. The remedy the ACLU is looking for is to undo the vote. This will bankrupt the district as staffing plans have already been made based on the certified election results. The question that people voted more than once was 2 people.

At the same time, Councilman Smiley is re-introducing re-assessment of home values. Tom Gordon is opposing as Sussex and Kent aren't doing it and it would create disparities between the counties. It is a state-wide issue but it is falling on Red Clay and Christina School Districts. This also ties to WEAC. At the same time the state is asking Red Clay to take over all of the city schools, we are being challenged on the referendum and fighting for the very basic ability to meet our financial obligations to providing services to students.

Ms. Rattenni asked the status of WEAC. Ms. Floore explained the final reports are out and speak to several recommendations. However, we are financially handcuffed by the funding. How can we help when we cannot guarantee the funding necessary for the schools currently in Red Clay? What does it mean for the tax assessment base for Red Clay residents? There are a lot of funding questions that must be answered first in order to even begin working on a path forward.

We are in a difficult time ourselves and still struggling working with DOE over the 3 Priority Schools in Red Clay. Mr. Piccio stated the Board of Ed feels with no additional funding, we cannot take on more schools. Ms. Rattenni asked about the tax base. Ms. Floore stated the tax base does not provide the resources needed and without funding the proposal would draw resources away from current schools. We have no other resources to give that won't take from somewhere else. Weighted funding is only so good if it doesn't come at the expense of other resources. If we talk of redistribution does that mean at the State level or Red Clay. The worry is that the State may pass something without identifying the funding. How can a district agree to participate if we expect to fail? Ms. Floore also added, and Mr. Piccio agreed, the buildings we would inherit are old and in need of repair. Mr. Pappenhagen asked how the action is completed. Ms. Floore said Red Clay was advised that the process of redistricting currently requires a vote of the people, a referendum. Red Clay residents as well as Christina would have to agree. The fear is the State will change the law so the residents would not have to vote



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which would be very hypocritical to take away the referendum for redistricting but not funding.

At one point, as an official body, this Committee would be asked to look at the finances for the transfer. We will talk in the future on what role the committee would take as we know more. The student body we would be getting is not just numbers. It would include students and their needs- i.e. students who have I.E.Ps or behavior plans, how many have support plans or 504 plans, etc. We, as a district, compiled a list of questions for redistricting, attendance zones and funding. Mr. Piccio stated that would also include a change in the make-up of the Board of Education seats.

III. Monthly Reports

Ms. Floore presented the March 2015 expenditure reports. We would expect to be at 75% expended at this time of the fiscal year. In local funds we are at 99.35% received. We will make it to June 30th. There is a 2% delinquency built in so we will be over 100% at the end of the year. The State has a final allocation \$22 million in salaries.

On the expenditure and encumbered side, we are at 71.9%. Maintenance is at 98% encumbered which means there isn't a lot for emergencies. Mr. Michalski explained that he does have the minor capital funding he can use.

Mr. Pappenhagen asked about Special Education being over encumbered. Ms. Floore stated we will have to lower an encumbrance. Because Spec Ed is 11 month with their ESY summer school, they tend to over encumber for the summer. We will go and adjust them so we are not encumbered for the summer.

Ms. Roberts will go over the Federal Projects at next month's meeting.

On Tuition we are at 98.32% received. We are sending out our tuition billing this month. It will still be 0 next month as it takes a while to get the funding from the other districts. On the minor cap you can see we're at 6.2% expended as Marcin discussed.

Mr. Pappenhagen asked about Meadowood's transportation. Ms. Floore explained that we haven't had a lot of contractor transportation. As in Linden Hill Elementary, we are at 50/50 with contractor and Red Clay owned transportation. Because Meadowood is high need students, we typically don't use contracted buses. But we do use contracted busing when there is a student who is not on the regular route. We add all of the transportation lines together for a transportation bottom line.

District wide services is at 104% but at 88% expended. That is due to the encumbrance with Delta T substitute para contractor. We have to readjust our contracts due to the Affordable Care Act. We cannot have a substitute who works more than 30 hours a week. We may contract out totally for substitutes.



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Ms. Rattenni asked for Ms. Roberts to provide a one line description for each of the grants. There is a concern regarding personnel what the plan is for replacement of grants that are expiring. Ms. Floore announced that Mr. Malik Stewart, Manager of our Federal Programs, has moved to Texas to work with the YMCA and we will be posting for that position.

IV. Public Comments

There were no public comments or questions sent to the Committee.

V. Announcements

Our next meeting will be held at the Cooke Elementary Community Room on Monday, May 11, 2015 at 6:30 PM. We will meet in the lobby for our tour and then continue to the Community Room for the rest of the meeting.