

**NO: XVIII**  
**Minutes of the**  
**Board of School Directors**  
**DERRY TOWNSHIP SCHOOL DISTRICT**  
**Hershey, PA 17033**

**April 27, 2009**

**OPENING ITEMS**

**1.01 Call to Order**

A meeting of the Board of School Directors, Derry Township School District was held on Monday, April 27, 2009, in the District Office Board Room. Mrs. Beulah Chabal, Board President, called the meeting to order at 7:05 p.m.

**1.02 Roll Call**

**Directors Present:** Mr. Christopher Barrett  
Mrs. Beulah Chabal  
Dr. Donna Cronin  
Dr. Henry Donahue  
Mr. John Gräb  
Mr. Alan Malkoff  
Dr. William Parrish  
Mrs. Ellen Sheffey  
Mr. Charles Stover

**Superintendent:** Dr. Linda Brewer

**Secretary:** Mr. Stephen Rineer

**Solicitor:** Mr. Brian Jackson

**Student Representative:** Kathryn Collier  
Andrew Rogers

**Press:** Mr. Drew Weidman THE SUN  
Ms. Monica Von Dobeneck PATRIOT NEWS

**Representatives of the Administrative Staff:** Mr. Dan Tredinnick, Dr. Bernie Kepler, Mr. David Yarian, Mr. Al Harding, Ms. Lori Dixon, Mr. Joseph McFarland, Ms. Sue King, Ms. Jackie Castleman, Ms. Lynn Dell, Mr. Ed Consalo, Mr. David

Lillenstein, and Ms. Lisa Sviben Miller.

**Representatives of the Staff and Community:** Ed Uravic, Chad Killian, Bunny Hottenstein, Chris Morelli, Marilyn Dodge, Diane Leonard, Mary Suminski, Mike Leonard, Judy Haverstick, Susan Foxx, Julie Neal, S. Rogers, and M. B. Hog.

### **1.03 Flag Salute**

Mr. Barrett led those gathered in the Salute to the American Flag.

## **REVIEW AND APPROVAL OF MINUTES**

### **2.01 Approval of April 14, 2009 School Board Meeting Minutes**

A motion was made by Dr. Parrish and seconded by Mrs. Sheffey to approve the minutes of the April 14, 2009 School Board meeting. All Board members signified by a Yes vote.

## **MOTION CARRIED**

## **INFORMATION AND PROPOSALS**

### **3.01 Announcement of Executive Session**

Mrs. Chabal announced the Board met in executive session prior to the Board meeting to discuss labor and relations issues. All Board members were present.

### **3.02 Recognition of Citizens (Agenda Items)**

Diane Leonard: I have to say I'm a little bit uncomfortable because I anticipate that a number of the questions that I have will be covered tonight during the discussion part, so I first want to apologize for any redundancy.

My first agenda item that I'd like to address is Agenda 5.08 and that's relative to the traffic study. My understanding from the public work session was this was going to be the only motion on the table tonight. I understood it was going to be one of the key driving factors that related to the middle school site planning and all of the other motions that are on the table tonight, so I just wanted to state that.

I'm also wondering relative to the transportation study, is there going to be a component that will look at the two tier bussing system. I know that's one of the issues and the ridership that will change with the two tier bussing system. We

already talked about the heritage of high school students, as Mrs. Chabal so eloquently put that, and I'm wondering if having to ride with middle schoolers is going to increase the number of personal vehicles that will take place on the campus, whether some of the high schoolers might want to drive now so as not to have to ride with the middle schoolers and whether middle school parents are going to increase driving of their children who they don't want on buses with high school students. I know previously in Board meeting it has been discussed that our reimbursement from transportation is directly related to ridership. And I wonder is there some way to capture that kind of data related to the transportation traffic study.

My other issue related to that is the increase in traffic for the daycare. We can do all the correct studies that we want right now, but we also somehow need to capture the increase in traffic relative to the daycare. Dr. Brewer and I had a number of conversations in December and January of 2007 and 2008 relative to the daycare and my understanding is that District staff may actually be a minority of the users of the daycare depending upon the current census. I'm wondering if that is the case, if those factors have been weighed into that, and if that needs to be considered when we do the overall site development. I don't want us to be short sighted in this process. Can I anticipate any answers or not?

Mrs. Chabal: Yes, you will be hearing a discussion on that. There's actually ongoing discussion as to the actual Business Plan that relates to a proposed child care center and what that might look like and those things will be across. One of the things that's important to understand is that tonight, what we are doing is giving approval for our architects to then, in fact, move forward for a Master Plan. As has been put very eloquently, this is the very big picture. It's going to be moving, not in an outward way, but as we investigate further a number of the things, including your concerns. And I saw a couple of raised eyebrows around the administrative table, so at some point, there may be clarification on your statement about ridership and reimbursement. I wasn't sure that was something that was understood clearly.

Diane Leonard: Because when that had been discussed before, we who live in town, a lot of us, our children walk. At one point, we were being encouraged to have our children sign up. There had been an article in the Chronicle relative to that and I wish I had looked that up, but related to ridership and potential reimbursement.

Mrs. Chabal: We will address certainly...

Diane Leonard. Yes. I appreciate that. And have we committed to the two tier at this point?

Mrs. Chabal: No.

Diane Leonard: Okay.

Mrs. Chabal: So that we don't get into a one on one dialogue, those questions are good questions. They are questions that the Board is looking at as a whole and I think that you will find whether or not you hear all the answers to them tonight, but we appreciate your diligence and your interest. They really appreciate our feedback on the ongoing process, but this is indeed an ongoing process and we are not voting on any of the site plans or any of the drawings that you saw in the last week or so. That was an illustration. That is not what we are ultimately going to be looking at. These are preliminary for the big Master Plan. What we're doing tonight is allowing Company A, B, C, and D to go out and do that work for us and come back so that the things that need to be modified will be modified.

Diane Leonard: Right. So, that leads right into my next question. The other two motions that are on the table for tonight. Those are simply for design and they don't include full projects scope.

Mrs. Chabal: That's correct. There is no scope of projects tonight.

Diane Leonard: That was a big question. Thank you.

Mrs. Chabal: You're welcome.

Marilyn Dodge: I have a number of questions in a similar vein. I just found out about the meeting two hours ago and was not prepared to speak, but I'll do my best. I want to thank the press, because I would never have known about the middle school development. I knew about the middle school development, but I didn't know about the daycare center nor did I know that we were so far along with this two tier bus system, which myself and most of my neighbors and friends do not understand. We don't know what it's about. We're concerned especially when we see that the plans are so far ahead in terms of developing drop off points and corrals and how much that could cost. So, I would like to know more about that process. I'm glad to see that it's not something that's in stone at this point. So forgive me for not having that knowledge.

The main reason I'm here apart from that piece was about the daycare center. In my past life when I was in New York City, I worked at a multi-national company as an HR Director and we certainly looked at daycare and why you would want to have daycare in an organization, why you wouldn't. Normally, you would have a daycare center if you have a difficulty obtaining staff. If there's a scarcity of staff or there's a problem with retention. That's why you have daycare, because of that reason. Because of the enormous cost, not only of developing the center itself. There is the ongoing costs and the liability involved, the insurance that's involved, not to mention our economic downturn right now. It just seems, it stunned me that this would be something that we would put into a school

redevelopment program at this point in our history. It seems like such a frill and we have no problem with retention of teachers. We have no problem with turnover. We have no problem getting kids for teacher positions, so it seems to me that it has no place in redevelopment of the middle school at this point. I know many of my friends, because of the short notice I couldn't bring people with me, I know this is going to be a very hot issue. Not all of us are making six figure incomes. We're struggling. We're trying to get through this period of time and for taxes to go up once more is just... I would gladly pay for something that was a science lab or an arts facility or something of that ilk, but day care. Sorry. Also, I don't see the necessity. I have to hear about this two tier system, because it doesn't feel good. It doesn't feel right. So, I'm hoping those two issues are addressed.

Mrs. Chabal: Thank you very much, and they will be. Part of it is, it has been a very long process and what we're doing at this time is bringing some things to culmination to discuss further, but just as an example, the reason that our day care is even on the table was that four years ago, Dr. Brewer? Three years ago?

Dr. Brewer: Five.

Mrs. Chabal: Five years ago there was a requested side letter to the HEA contract that said simply, would the administration and the Board consider looking at it and we went yes, we'll consider looking at it. That's what we have been doing. We've looked at it. We're not committed to doing it. There are certain parameters that the Board itself has set that would guide that and those kinds of things will come up and I think it would be more clear to you that what we are doing is honoring a side letter. We're honoring it and there are certain things that we've said for example that it has to be neutral to the District itself and to our taxpayers. There are a lot of things that you probably haven't heard about simply because it has taken time. Some research was done, it went back to sleep, some research came back up and so we are honoring a side letter that says yes, we are carefully looking at this. We have some very strict requirements that have to do with taxes and traffic flow. All those things, so I think that as we discuss those things it will educate you further and we're happy to discuss those things with you later on. The bus system is also the same. It's been a very long process and has a lot to do more with student safety than anything. I hope that as we go through this evening that you will have your answers to questions and if not, let us know how we can help you and when I say come up to speed, I don't mean that in a negative sense, but it has been discussed quite a lot over the last several years. Obviously we haven't done enough to keep our constituents where we are, because we deal with it on a regular basis and you pop in and see bits and pieces of it, so we do need to make sure that we are communicating with you, especially now as it begins to rise to the surface. We appreciate your questions. I hope that as we go through this and our other evenings that we will have answered your concerns so that you will know where the Board as a whole and what kinds of parameters we have

set. The most important thing is that this was a side letter and we felt that we are honoring a side letter by looking at it. That's where we are with that.

Marilyn Dodge: Just one more comment. I understand the side letter, but when you start developing plans around it, that brings expectations to a different level and that concerns me. I understand because I've worked with labor unions myself and when it gets to the point of actually being a plan and the taxpayers are paying for this plan to be developed. I think that's putting the cart before the horse. Make the decisions first and then have the plan developed. I think it's unfortunate. I think it's a wasteful use of taxpayer money, because amendments would have to be made to those plans if other decisions were made later and I think it would make sense to hold back until those decisions are made. Because like I said expectations are high.

Mrs. Chabal: I can certainly understand that point of view. As we work through this perhaps we can be able to make you understand how we went about addressing this issue so that we could bring it to fruition or lay it to rest whenever that decision is made, but thank you very much.

Mr. Barrett: If I could make a communications point. You can dig up whatever presentations were made based on the two tier system. Anything that was brought up with daycare and spotlight that on the home page. If we could get the Sun to actually highlight that that's on there, so that the residents can review it. I think when these subjects pop up, we need to look at the presentations that were made before from a communications standpoint to make sure that it's easily accessible to everybody. Thank you.

Mike Leonard: I've been a resident of Hershey since 1969. Yes, I have a couple of thoughts as we go into another building process. One is I really encourage the Board to protect our kids from the weather, but don't give us the gold plated archways. Our tax fees are based on a percentage of the total cost of the project. I don't need a million dollar walkway for my kid. I don't need fancy entrances. I need plain. I need dry. I need teachers to help my kids. The building just has to keep them out of the weather. So as you go through that process, I encourage that thought to be used as you make the decisions as to what things are going in.

Daycare seems to be an interesting issue to me. I get around town a lot. I haven't found anyone on the Board yet, so I thought I'd voice that tonight. I've had of concerns about it as she did. There's a lot of energy going on with it. Every time it has been brought up before it gets tabled. It comes up, it gets tabled. Nothing ever really gets answered. So eventually it's going to get answered and we're going to be where? I don't think it's a great idea. I think our energy, our time, and our talents can be used toward our children a heck of a lot better than the two hours every one of you are spending on this day care issue and the teachers and the unions and everyone else. I think the expectations rise

and it's something that has to be dealt with and talked about quickly and get the opinion of the people and the taxpayers and see where it all falls out.

One of other interesting things I've thought about driving around town and looking. You know the plaza sits there in there in the library at the back parking lots through the traffic study I don't know if they're going to look at that as potential parking that the kids could walk across the parking lot or not. I know traffics becoming an issue. More kids want to drive. I don't want to go down that road right now whether you put restrictions and have a lottery or whatever. But there are two parking lots that sit there empty during the day that probably aren't much further walking into the school than some of the other parking spaces you get, so I don't know if that's been brought up or not. Just an observation that I had driving around and looking at things.

I guess one question I have is my understanding is from the daycare it was a side letter in negotiations years ago that had to be dealt with before the next negotiations came up.

Mr. Barrett?: Correct.

Mike Leonard: And I understand you're going to be voting on the new contract tonight? So, is the daycare part of that new negotiation or is it still in neutral?

Mrs. Chabal: It's neutral.

Mike Leonard: Thank you very much.

Mrs. Chabal: You're welcome.

Chris Morelli: I have most of the same concerns as a lot of folks here said tonight, so I'll only touch on a couple of highlights and that is it seems like there may be some holes in the process or some places in the process where it looks like, where someone said, we're putting the cart before the horse. In particular, the first two issues deal with planning and when I approach a project at work, mostly MIS projects or IT projects, but I don't care what they are, whether you're building a house or building a computer system, you have to understand the scope of the project first before you can sit down and build a list of requirements and hold those requirements to that scope. Only then can you start thinking about doing things like picking people and deciding what you want to do and all the detail that go along to support those fundamental requirements and ultimately the scope. I don't know how we can have an architect approach that, and I don't know what a site plan is, but again like someone else said, if you tell me, here's a picture of a house that you might want to build and it has a garage on it and every picture you give has a garage on it and you say we'll build whatever you want to build, that house will probably have a garage on it, things like that. It sounds like the school Board and administration has done a great job doing their

due diligence in this letter over the last four or five years. A year or two ago, it came up for the first time that I was aware of it; it sort of went over like a lead balloon. I still think it's going over like a lead balloon. I'm obviously not in favor of it and neither are a lot of the folks. But I don't understand how we can hire architects and especially engineers before we know what we're going to do to increase classroom size at the middle school. I don't think that requires a daycare center or even elementary school enhancements.

Regarding the two tier bus system versus a three tier, again, you guys haven't decided one way or the other what you're doing. You admittedly said it. So, how can you plan for this project? Traffic studies are generally not called for by the Township when someone comes in front of them with a plan unless it's a pretty good plan, because traffic studies have to go against whatever the plan you're looking at. You have a traffic study right now for preliminary plans. I don't care how preliminary they are, but somebody has to do a traffic study based on a plan and a year from now you decide, you know what? We don't need this daycare, we don't need this piece, and you're going to have to do it again. Those things costs \$60,000 to \$100,000, and I don't think there is any hurry for it, because they only take around 2 months to do, not 3 years. So my advice to you is bag that decision tonight and think about this. If you don't do a daycare center and you stick with the three tier because going to two tier, the money you save on gas having 4 trips a day versus 6 will never approach the money you're going to spend with this grand parking lot reconfiguration. If you stay with the three tier, you bag that new parking lot configuration and the daycare, you're going to save millions, especially in this economy. Thank you.

Mrs. Chabal: You're very welcome. Thank you. Anyone else? Once again, thank you very much. We deeply appreciate your presence. We deeply appreciate your comments. There's going to be just a little bit of a change that our student representatives have asked us to do based on their schedule. Normally, at this point, we would go to Standing Committee Reports, however, we are actually going to our student representatives' report from Ms. Collier and Mr. Rogers so that they can then excuse themselves to do things that need to be done.

## **7.02 Student Representatives' Report**

Ms. Collier: Prom season is in full swing, so to kick off this past Friday, we had our annual Mock Accident to warn the high school juniors and seniors of the dangers of drinking and drivers.

Mr. Rogers: That seemed to go pretty well, because sophomore junior prom was this past Saturday and to Ms. Collier and my knowledge, there were no incidents of note, so that's a good thing. Also, I believe next week is kicking off AP tests and while there is a growing feeling of senioritis going on the high school, not just

among seniors, AP tests are at least going to put that off for another one to two weeks before it completely consumes us all.

Mrs. Chabal: Thank you very much. I'm hoping that you will be back during our next several Board meetings. We don't want you to just disappear without our appropriate thanks so we appreciate your input. Have a good evening a safe evening and we'll see you in two weeks.

### **3.03 Standing Committee Report**

Mrs. Chabal: Today there was a meeting of the Finance Standing Committee, Mr. Barrett, do you have a report?

Mr. Barrett: Thank you Madame President. Just a few really quick comments before Dr. Brewer makes the report. At the committee meeting and we've had a number of committee meetings leading up to this and first of all I want to thank Steve and Dr. Brewer and the whole administrative team for getting us to the point we are right now, because this has been a long wonderful process to where we are. At the last committee meeting, we considered expenditures, revenues, fund balance for 2009-2010 and had our final discussion, looked at stimulus package possibilities moving forward and I think I can say that the committee recommends a 0 tax increase for the 2009-2010 fiscal year. However, there is one slide and I think we've been kind of talking about that for the last couple of months, that shouldn't be a surprise, but there is a philosophical thing that I think we need to consider as a Board and Dr. Brewer will get to this at the last slide in her presentation. What we did was, we put a slide in there and it is only one slide and the slide actually looks at a 1% tax increase versus a 0% tax increase. The thing to really keep in mind with that slide is that even a 1% increase would yield \$300,000 in revenue on a \$50 million dollar budget. So, it's not really what it will do this year from a revenue standpoint but what it will do in successive years, because losing any percentage in one year compounds as we go over time. Since there had been some questions, we wanted to make sure that we brought that for discussion. The question has always been in the last couple months is, can we come in with a 0 tax increase in the 2009-2010 fiscal year. The answer is yes. There are a lot of reasons for that, which I think Dr. Brewer will highlight very nicely. So I think it's probably just time to turn it over to you to walk us through that presentation which was very well done. One of the things to look at are the wage and benefits areas which we'll discuss later. I want to congratulate the team for not bringing in any new hires, that's substantially limited. Our expenses because that were a large percentage of our budget is, so I think there is a lot of good news in this presentation and I'll just turn it over to you Dr. Brewer to walk us through it.

### **3.04 Presentation - Proposed 2009-2010 Preliminary Budget**

Dr. Brewer: Thank you Chris.

Tonight, we will present the 2009-10 proposed budget. This is a culminating activity that represents a punctuation point on the end of a very long and complicated sentence. Many meetings with the Finance Committee, the General Services Committee, and joint meetings of those two Committees have occurred from September 2008 to the present. You have a binder that provides you a summary of expenditures and revenues in narrative form; a numerical analysis of revenues and expenditures; and various appendices that provide you with expenditure line items by objects. In addition, we have provided you copies of the presentations leading to this preliminary budget. Those documents include the introduction to the budget that was given on January 12<sup>th</sup>, the staffing presentation on March 23<sup>rd</sup>, and the Capital Maintenance budget presented on April 14<sup>th</sup>. Tonight's presentation will summarize the information in that binder and highlight the following:

- operating expenditure history
- 2009-2010 expenditures by function and by object
- Impacts of major operating expenditures
- Relative "savings" in expenditures comparing the from the 2008-2009 budget to the 2009-2010 budget
- 2009-2010 revenues and changes compared to 2008-2009 and a 5-year history of revenues
- Review the fund balance and the impact of the preliminary budget on the projected fund balance for June 30, 2010.
- Additional variances that could affect the proposed fund balance appropriation.
- A new consideration will be the stimulus package and the need to create a budget appendix as the competing political caucuses and the governor sort out their differences.
- And finally, we will propose a preliminary budget, upon which you will vote on May 11<sup>th</sup>. The budget will then be on public review until the final vote on the budget on June 22<sup>nd</sup>.

As always, the budget process began with an analysis of educational programs, which is an ongoing dialogue between staff and administrators, the administrative team, Board of Education and parents. The cost of those educational programs have been identified; along with revenues to fund them.

#### Operating Expenditures History

First we will turn our attention to expenditures. This slide depicts the operating expenses for 5 years, plus the projected expenditures for next year's budget. Four years of expenditures (2004-05 through 2007-08) are actual, audited expenditures. The current year's expenditures will not be audited until November 2009, so that figure is, of course, the budgeted amount that you passed last year

about this time. For the 2009-2010 school year we, are projecting operational expenditures at \$50,286,910, which represents an increase over the current budget of 1.25%. As you can see, this is the most austere expenditure growth you will have seen in the history of the District, not only since 2004, but also over the last decade.

#### Expenditures By Function

This slide depicts projected expenditures by function, remembering that “function” describes the “why” of budget expenditures. The proportion of our dollar has not appreciatively changed over the last several years.

Instruction remains the largest expenditure, which includes salary and benefits for instructional staff, classroom supplies, and text books, to name a few.

Debt service is a significant, though manageable function. You can view debt service on page 25 of the narrative; and you will see a significant fall off in debt service for the 2014-2015 year.

51 cents of every dollar of our expenditures are related to instruction, while 33 cents on the dollar are related to support services, 14 cents to debt service and 1.5 cents to student/community services and fund transfers.

The function of support services represents all the activities and services which provide administrative, technical and logistical support to enhance the education process. Included in this function are pupil services (such as guidance counselors), support for instructional staff (such as librarians, staff development, tuition reimbursement), administration (including auditor, tax collector, legal services, as well as administrators).

#### Expenditures By Object-

This slide depicts operating expenditures by object. If functions are the “why” of expenditures, objects are the “what” of expenditures. You can see from this pie chart that 63% of the operating budget is accounted for in salaries and benefits.

#### Major Impacts

The major impacts slide looks quite different from last year. This slide allows you to compare increases from 2007-08 to the current budget; and then the current budget to the proposed budget for 2009-2010. Salaries and wages increases have slowed from 2007 to next year. As you know, in a few moments we will recommend that you ratify the HEA collective bargaining agreement. There is cost-containment in this agreement. The salary concessions are reflected in this slide, but the benefits concessions are not. In addition, we continue to realize savings from the unusually large number of retirees from June 2008. With 6 retirees this year, we continue cost savings. Special education costs, here and everywhere continue to rise; but this year we were able to place 50% of the IDEA stimulus monies in special education to offset expenditures. Our proportion of

the Technical School debt service continues to be of note. But tuitions to cyber schools have stabilized; as well as medical benefits, largely due to the savings realized from the proposed collective bargaining agreement.

I want to focus on the PSERS retirement contribution for a moment. We recommend that we continue to budget a contribution rate of 7.13%. The state has recommended a budget of 4.86%. The state will reimburse the District for ½ of that recommended level of funding, which is seriously in deficit. In fact, if the economic situation continues, the projected contribution rate for the 2012-2013 school year will be 20.16%. For us, that represents 3.54 million dollars and a projected increase in taxes of 1.81 mills just to fund the increase in the retirement system. This situation has deteriorated since we spoke about it last year when we were estimating an 11.23% for the 2012-2013 school year. As you know, we have established a retirement stabilization fund and we are projecting that fund to have grown to 1.78 million by June 2010; but without economic recovery, it is doubtful the fund could sustain us for even one year.

#### Expenditure Savings

Last year we had 10 retirees, this year we have 6. Using a step 3 replacement salary, we are estimating a positive variance of \$226,667.

Debt service is down slightly, as is HACC due to the tuition rate stabilization and some funds that were held in abeyance by HACC which we can use to offset expenditures.

We have experienced a good year in medical insurance; so based on that and the concessions from HEA; we are projecting expenditure next year that is \$61,000 less than this year. But given the swings of a self-funded insurance plan, it is important that the \$300,000 contingency fund be available, should medical costs not continue their relatively favorable trend.

In total, the rate of increase diminished significantly for the areas listed, thus \$452,000 in relative savings has impacted expenditures for the 2009-2010 year.

#### Revenue Sources

Turning to the revenues that are required to fund our expenditures, let's look at our revenue sources. This has become an old saw, but unfortunately we simply do not receive very much revenue from the state – 13.8% for next year, and we receive very little support from the federal government with one percent of our revenues coming from the federal government, despite their mandates related to No Child Left Behind, special education, etc. The state and federal contributions have increased from last year from 13.39 to 14.84 cents out of every dollar; but still not much to celebrate.

So this Board and administration continue to share the frustrations of the District's tax payers in that almost 86% of this budget necessarily must be funded through local businesses and citizens.

### Revenue Changes

This chart demonstrates local revenue changes from the current budget to the 2009-2010 projected budget. Because we are presenting the budget in late April, we are showing you actual projections for the current year rather than budgeted revenues. The far right column shows real estate taxes funding 61.21% of the current budget, and 61.93% of the 2009-2010 budget. This real estate projection includes a zero percent tax increase.

Overall, local revenues are projected to be down about 2.2% from the current year and areas that are projected to be down within that include:

- \* real estate transfer taxes
- \* amusement tax
- \* earnings on investments
- \* our endowment from the Hershey Trust

All other revenue sources are projected to show very minimal growth.

In regard to the last item on this chart, the Giant PILOT payment, I want to show you a history of payments.

### Giant PILOT History

We now have an 8 year historical perspective. The payments have fluctuated thereafter from a low of 0 in the first year, with the 2005-2006 year being the next lowest with a contribution of \$238,298. During this current year we received the maximum of \$612,558 for which we had budgeted \$200,000. That, by the way, was the first time we budgeted any revenue for the Giant Pilot payment. Given this record, the Finance Committee felt it was reasonable to budget \$400,000 in revenue for the 2009-2010 year.

### Historical Operating Revenue By Source

Here you see a graph of our revenue history by source. Moving along the horizontal line from left to right, the first 4 years - 2004-2005 to the 2007-2008, represent the actual, audited revenue figures. In the next to last column on the far right, you are viewing the budget that was approved in June 2008. You can see that our local taxpayers continue to assume almost the entire expenditures burden, with the blue bar reflecting the local effort, compared to the state, in yellow, federal government in white.

In the last column on the far right you see the proposed final budget. The local revenue, in blue, includes a zero tax increase. Under Act 1, we could have

proposed an increase of 4.1%, which reflects the state's cost of living index given to us in September 2008.

### Operating Expenditures Versus Operating Revenues

This graph compares the operating revenues and expenditures over a five year period, with the 6<sup>th</sup> year on the far right showing you the proposed final budget.

The last column on the far right shows the proposed final budget with a zero percent tax increase. There is a deficit of \$786,809 between revenues and expenditures for the proposed budget. In the past, historical trends have shown a positive variance when the budgets are audited; but in these unprecedented economic conditions, it is difficult to know if that pattern will hold. The projected deficit does include a contingency fund of \$300,000 for health care, and in a moment we will show you some additional variances that could positively affect the proposed fund balance appropriation.

Next you see the same chart, but this time we have added the changes in the fund balance from 2004 to the projected 2009-2010 school year. In addition, this time we have added in the capital maintenance and improvement budgets for the current school year (2008-2009) and the projected budget for the 2009-2010 school year.

Please note that this year we have added three horizontal columns at the bottom of this chart: The Capital reserve balance and total fund balance, and projected total fund balance. We do this in order to reflect the fund balance designations you approved in June 2006 and the capital reserve fund you approved in June 2008. We now place all budget surpluses in one of the designations or the capital reserve fund in order to maintain the general fund balance at about 8%. This becomes a moving target as we progress from projections to actual, audited expenditures and revenues. The numbers reflected in the capital reserve and total fund balance amounts are 9.36 million dollars for the current (2008-09) budget and 7.25 million dollars for the proposed (2009-10) budget; but on the final line at the very bottom, we estimate projected total fund balances, which reflect current year revenue and expenditures projections that will have positive variances. These positive variances will be confirmed in November when the local audit is completed.

This is something you've not heard me say before in preliminary budgets since Act 1 has come into effect, because we have presented the preliminary budget earlier than the end of April. Because we are at the end of April and because Steve is so good at what he does, we are able to now begin to project what the auditors are going to say to us in November when they look at the books.

Mr. Barrett: Dr. Brewer, can I ask you to go back one slide. There's an important to make here. When you look at our actual 2007-2008 fiscal year expenditures at \$52,485,000, I want to point out that you're proposing a 2009-2010

expenditure of \$50,793,000 which is below expenditures of two years ago, correct?

Dr. Brewer: Yes, but look at this slide. I don't think that you have the capital in what you just quoted.

Mr. Barrett: Okay, so that's not inclusive of capital.

Dr. Brewer: Yes.

Mr. Barrett: Okay, so that's back and forth.

Dr. Brewer: Here are the expenditure summaries totaling \$50,286,000 and here are the operating revenue summaries with a 0 tax increase at 49.5.

#### Preliminary Budget

Combining the proposed operating expenditures, operating revenue, fund balance appropriation which is financed through the fund balance designation established in 2006, and the capital expenditures, the proposed millage increase is zero, which continues to yield a millage rate of 16.52% for the 2009-2010 school year.

Comparing this rate to surrounding districts, I can tell you that we have one of the lowest millage rates in Dauphin County. Of twelve surrounding school districts, 7 had higher rates than we did for 2008-2009, and 3 had lower rates. Should any of those 3 have a tax increase this year, we will be the third to lowest or second to lowest for Dauphin County.

Mrs. Chabal: Excuse me Dr. Brewer. I think I followed that because of the paper in front of me, but I think that what you neglected to articulate was that you were speaking of the millage rate. That was what I was afraid might have been lost, because you said millage rate and then you went on and said lower rates and so since you were talking about two different rates, I just wanted you to make sure that, and I know the Board certainly understands because we've talked about that, but...

Dr. Brewer: It's millage. You know one of the things that happens in our community related to quality of life, supply and demand and so on, is that a comparable house in Hershey may cost more than a house in one of our neighboring communities. School district the actual tax bill would be higher, does that explain it?

Mrs. Chabal: Yes.

Dr. Brewer:

### Fund Balance Review

The starting point for developing the fund balance review is the projected fund balance for June 30, 2009 which is coming up. This takes into account the audit adjustments made from the auditor's report for the 2007-2008 budget, which you heard in January when they essentially were closing out the year and balancing the books. As you can see, the projected, total fund balance as of June 30, 2009 is 8.54 million. The total includes:

- The general fund of 4.58 million
- The capital reserve fund of 3.96 million

Within that general fund of 4.58 are some designations that we will talk about.

We consider our budget variances that are projected to be for the current year (2008-2009); and as you can see, that we are projecting a \$646,227 revenue surplus, and a \$300,000 in expenditure surplus. That \$300,000 is the contingency that we historically keep in should we have any overages in healthcare, but we have not had to expend it yet. The actual amounts will be determined after our local audit has been completed in November 2009. In addition, for the current 2008-2009 budget we included the PSERS retirement rate as 7.13% of wages. If you recall, as I said earlier, we had been advised by PDE to budget at this rate, anticipating last year that the state legislature would take action mandating this higher rate. Instead, the state legislature neglected to take action and kept the rate last year at 4.76%. So, we will also have a positive expenditure variance for the difference between the two rates, which we anticipate adding to the retirement rate stabilization fund balance designation which we also talked about earlier.

We anticipate a similar retirement rate variance for 2009-2010, since the retirement rate is again budgeted at 7.13%, while the PSERS funding rate is 4.78%. Therefore, we anticipate a positive expenditure variance for the difference between the two rates, which by June 2010 would again increase the retirement stabilization fund to a projected level of 1.78 million in that account.

### Fund Balance Review

Taking these projections forward, the projected fund balances as of June 30, 2010. Knowing, again, these balances may change during the 2009-2010 school year as we monitor expenditures and revenues; and of course, knowing that the local auditors are going to make adjustments for us in 2008-2009 and those adjustments are going to be quite positive to the tune of about a million dollars. Their work begins in November 2009.

In summary, we are projecting next year's fund balances, both general and capital, at 8.98 million dollars, taking into account next year's proposed revenues, expenditures, and retirement rates.

Mrs. Chabal: Dr. Brewer, may I ask Steve please, when you've done a budget this large for a couple of years or so, it expands your mind, but these are enormous numbers. I would like for us to clarify basically for the audience what it means when you're setting aside 8 million dollars or 8.9 million dollars because it seems like an enormous amount, but I'd like you to make a relative statement to our \$50 million dollar budget and what that would mean and why it's there.

Mr. Rineer: I'd be delighted. I can recall a Board meeting in February about three years ago, I commented that we had \$13 million dollars in the bank and I said that it seemed like a money. Actually, it is a lot of money until to you consider that that's about 2 months and not much more worth of expenditures. At 12 months in a year, a 48 million dollar budget and we're actually higher than that ends up being about 4 million dollars a month. For example, tomorrow I'll prepare some wire transfers to spend about \$600,000 on debt service payments and they're routine throughout the year. The dollars will come and go in chunks so it's about 2 month's worth of expenses.

Mrs. Chabal: So I think that's important for everybody to understand is that when you see a fund balance of 8 million dollars and some of its designated and some of its undesignated, yes it's a very large amount of money, but what we're actually doing is making sure that we have money on hand to operate the school District. It's not a frivolous amount, it's not just something hanging out over there that we don't really need. We do need it, we need it to operate on a day to day basis. I just wanted to clarify that to the audience, because especially in these economic times that just sounds like an astronomical amount of money when it's actually a very prudent amount of money for a District of this size to be able to operate efficiently and actually maintain such a low amount of money set aside in this fund balance. Thank you both. I just wanted to make sure that everybody was clear on that.

Dr. Brewer: Remember I told you that with a 0% tax increase we were deficit spending about \$787,000. However, if the GIANT pilot performs as to HERCO's expectations and our hope, we could possibly realize an additional \$289,000 more in revenues for this revenue source. In addition, historically, we have not found it necessary to tap into that budgetary reserve. If that trend continues, we would have another positive variance of \$300,000. Finally, the health care concessions from the proposed HEA collective bargaining agreement are estimated to be \$130,000 and that's something that we will factor into our analysis. Should all these positive variances come to fruition, the proposed deficit of \$786,809 would decrease to \$68,200, which, essentially is a balanced budget even without a tax increase.

The concerns are less for the 2009-2010 school year than they are for projections two, three years down the road. As you know, we have limited ability to raise taxes under Act 1; yet we are facing a train wreck in regard to the retirement contribution rate by 2012-2013 if the economy does not improve.

Even if it does improve, that fund is not going to come back that quickly. The state has been, and continues to, under-fund the retirement system. We, along with many professional organizations, are looking for the legislators to step up and realistically look at this situation now.

We are also hoping for improvement in the economy to realize more growth in revenues, such as real estate, transfer taxes, interest on investments, earned income taxes, and of course, our Trust monies and the amusement tax. But this proposed budget does not hold out that kind of hope. It's much more conservative.

### Stimulus Package

A new consideration for the budget cycle is the influx of stimulus money. Now, we do not get much, especially compared to our neighboring school districts; but we are expecting to receive an additional \$520,000 in special education (IDEA) funds, for which we have budget ½ in the revenues. We've been given the direction that we could budget about \$265,000 of that \$520,000 to supplant costs we already have in special education. But we are awaiting direction from the state in regard to the other amounts listed here. We have developed an appendix budget that includes one-time expenditures to receive the stimulus monies. But because the state is not giving us direction and because the caucuses and the governor are not in agreement as to the stimulus monies use, we have not placed these expenditures or the revenues in the budget. It is conceivable that we may need to open the budget to receive the revenues and add the expenditures even after we have approved the final budget in June.

The appendix budget includes \$80,000 in projects that could fund capital improvements we have deferred to the 2010-2011 school year, such as food service refrigeration, oven, carpeting, and a sign for the elementary building.

Textbooks, library books, and professional development are identified for the additional \$153,012 in basic education funding.

Professional development and assistive technology are among the expenditures identified for the additional \$265,000 in special education revenues.

### Effect of Millage Increase

The Finance Committee asked that we show the effects of a 1% tax increase, which would yield us about \$300,000, which of course, has a compounding effect. We have provided a chart that shows assessed values of homes in \$50,000 increments, starting with \$100,000, as you can see on the far left of this chart. The current rate for a \$100,000 home is \$1,652. A 1% tax increase would increase that rate by \$17 dollars, resulting in a rate of \$1,669.

During the local tax study commission study we looked at data that indicated the median (or midpoint) average assessed value for a home in the Hershey area

and at that time it was \$142,000. In addition, the assessed value is now at 82% of the true value of a home.

I just have a couple more things to say and then I'll open it up to you.

The complexity of building a budget is always daunting, but this year especially so with the unprecedented economic conditions, the need to negotiate a new collective bargaining agreement with the HEA, and the influx of stimulus monies – maybe. Bringing in a budget is a team effort, and I would like to take this opportunity to thank the team of Board members and administrators that have led us to this point tonight.

The Finance Standing Committee, under the chairmanship of Treasurer Chris Barrett, along with his colleagues Alan Malkoff, John Gräb and Ellen Sheffey, met with us on many occasions to provide guidance and dialogue. The General Services Standing Committee, under the chairmanship of John Gräb, along with his colleagues, Chris Barrett and Chuck Stover, worked with us often discuss the capital plan and to develop a facilities master plan. In addition, we have been blessed with the talents and input of our citizen advisors, including John Dunn, Charles Lee Decker, Bunny Hottenstein, and Denise Price, who met with us many time out of the goodness of their heart.

And of course, Steve Rineer, and his business office staff, along the directors and the building administrators that are seated to the rear, has been invaluable in assisting us in developing this budget which is very austere this year.

I thank all of you today for your continuing support, expertise, and commitment of time to this process.

We are open to answer your questions and my colleagues can assist in that as well.

Dr. Donahue: I'm just trying to sort of boil this down. You're projective a 1.25% increase in the budget correct?

Dr. Brewer: In expenditures, operating expenditures.

Dr. Donahue: So I'm trying to make it simple for me. With a 0% increase in the tax base. Obviously, you have to come up with some money somewhere if the budgets increasing and the tax base is staying the same, so it's correct that most of that or all of it is coming from deficit spending from the fund balance, correct?

Dr. Brewer: No. \$787,000 is in the deficit. However, we are showing a little bit of growth in real estate by buildings and improvements, but then we're also accounting for some reassessments, but I think we were figuring, our assumption was about a 1% increase.

Mr. Rineer: A 1% increase in growth and assessed values. You need to think that if we're comparing budget to budget, we have a pretty health increase in budget to budget revenue for this year. We build a new budget based on projections, so I think that we should be okay in the revenues. There is always going to be some revenue growth, but there's not very much this year. To balance the budget we need to take the \$787,000 out of the fund balance.

Mr. Barrett: I think Steve is being very conservative in revenue projection, but I think another thing too which is important is that number one there were no new hires, so that's going to automatically drop down, because our biggest expense is salary and benefits. You brought in with 0 hires. That's huge. Plus, you actually will drop the savings from retirements to your bottom line which is an additional \$226,000 which ties back to the salary and benefits line, so that's going to minimize it.

Dr. Brewer: If you go back to the major impacts slide, that's the one that depicts it best where you see the slowing of the growth in expenditures, particularly in salary and wages, it's \$4000,000 in less growth next year than it was the year before. That's attributed to the collective bargaining agreement that we're going to recommend that you ratify tonight and to those retirements. With 10 last year, 6 this year, that has an impact.

Mr. Barrett: and I think in the past when you've built the budget and you hired, you did have savings in retirements every year. However, they were offset by hires. This year, you're dropping that down to the bottom line.

Dr. Brewer: This is the first year in many years that we haven't brought you new positions. Now one of the cautions I would have is as we said to you, we feel very comfortable with the 0% tax increase for next year. But if you remember during the staffing presentation, we brought to you several positions that the administrative team would have liked to have this year that they certainly want us to consider next year and then we always have to keep our eye on enrollment to keep class sizes where we need them to be.

Mr. Barrett: I think another point is that Steve was very prudent in managing our self-insurance rates because we're self-insured from a healthcare standpoint. We narrowed that gap down slightly to have it be more realistic so we were able to save some dollars there, plus coupling it with the contract concessions, we were able to ring out some savings in that area as well, so we're still well positioned to be self-insured, but we're not going to have the higher positive variance that we would in the past. That also narrows the deficit down as well.

Dr. Brewer: That's true.

Mr. Rineer: There's one other thing to. I'm looking at the expenditure history and the objects for the 100 group – the salaries. It is projected to go from about \$23,422,000 which is a big chunk of our budget. In addition to that, our debt service is also a big chunk and I'm looking also at page 25 of the debt service by year and our 2008-2009 for debt service is \$6,240,000, not including the Technical School debt service. For 2009-2010 our debt service is projected to decrease by about \$80,000. When you take a decrease of \$80,000 of a \$6 million dollar number, that has a lot of impact on the rate of increase of the overall budget as well.

Mr. Barrett: In this budget, I think there's a lot forecasting that has to come to fruition. There's a difference in past budgets, there's not a large positive variance projected in a lot of areas, you're a little closer than you have been in the past, which is okay because you've outperformed in your revenue forecast in actual, which his good.

Dr. Donahue: So what I'm trying to get my head around is you've come in clearly with a very lean budget relative to many previous years, but to balance that budget, we're taking money from a pool that will be dwindling, correct?

Dr. Brewer: I think that you have to go back to the slide where we showed you, remember this is very conservative and some of those things will come to fruition. The additional variances which amounted to a total of \$718,000 of the \$787,000 deficit that we're projecting.

Mr. Rineer: The pilot payment that we're budgeting at \$400,000. If we get the same amount as we got this past year that's going to add \$200,000 to \$300,000. The budgetary reserve is \$200,000 that we have not had to use, because we've had some pretty positive experiences with our health insurance. The difference between the proposed deficit and those two items is so small that it is basically a balanced budget. We're talking about \$50 million dollars worth of revenues and \$50 million dollars worth of expenses. If you talk about a 1% variation in any of those, even in both of those, that's a one million dollars. When I do both the revenue and expenditure projections, if I get within 99% of budget, or within 1%, that's a home run.

Mr. Barrett: I think there's another important point we made in Finance Committee meeting, which is important to understand. I applaud your forecasting which is fairly accurate and it's been good for us over the last couple of years. I think that's why we've been able to bring in high fund balance and operate safely, but we don't want to forgo programs because we're being too conservative. That's another thing we need to look at too and be realistic about that so we're spending and not overtaxing either on the revenue side. This budget is fairly accurate in all those areas which is, I think, good, because we should be at 0 budget as much as we can be.

Dr. Brewer: You know the other thing we need to keep in mind that we do have in this budget, we said that we brought you no new positions, but if you remember in the staffing, we are looking at whether or not we may need to add a 1<sup>st</sup> or 5<sup>th</sup> grade classroom as well as maintain the 13<sup>th</sup> section of kindergarten. We're tracking those numbers constantly. Right now, kindergarten is tracking much lower than it tracked last year, so whether or not we'll need to bring that 13<sup>th</sup> classroom in, we don't know and we'll tell you in July. I don't want to misspeak that 1.5 is in there for enrollment and a 13<sup>th</sup> classroom was on budget this year and we had to bring it in at the last minute, but we're paying for that already this current year.

Mr. Malkoff: Yes, I just want to make a couple of comments. There's been a lot discussed this evening regarding the fund balances. One of the benefits that we have in our school district in our finances is that we have one of the highest debt ratings of any of the local school districts. Maintaining that high debt rating is extremely important at any point and time that we need to go out and actually borrow money. It's a major cost savings to us to have a lower interest rate, because we have a higher debt rating from the rating agency. That's just another benefit that needs to be mentioned.

The other thing that I would like to say, just in general as a member of the Finance Committee is this is one of the more difficult budgeting processes that I've seen and I've been this route many times. Obviously, we were very mindful of the economic situation in the community. I'm a small business owner myself. I appreciate what many people are going through. One of the more interesting Finance Committee meetings that I've attended was actually last year. It was the final Finance Committee meeting just prior to when the budget was approved by the Board. We had people from the community that included small business owners and also senior citizens and they expressed some extremely important opinions that lasted with me throughout this whole budgeting process. It was absolutely critical that we come in with a very austere budget. I'm always concerned to a certain extent about not adding to the head count. It's a extremely important from a financial point of view, but I think we also have a very important fiduciary responsibility in terms of quality of education. One of the things that we need to look at is class size. We want to make sure that we don't reach a point where we continue to add students to the classroom on average. At some point and time, now I'm not an educator, I'll admit that, but what I will say is that there's some point where as you add students to the classroom to save money that the educational process or the quality of education somehow deteriorates. So, what we focus on, if you go back to that pie chart that show the expenditures by objective, salaries and benefits are the two very largest components and that is what we focused on this year. In terms of not only eliminating any increase in head count, but doing a very careful job in cooperation with the Hershey Education Association on negotiating a contract that everyone agreed was very fair and equitable, to both the taxpayers, and also

to everyone else that was involved in the whole process. It was extremely important.

The other thing that I would mention here is that the benefits is the number two category behind salaries. Benefits is actually one of the faster growing components. We actually started an initiative this year to contain healthcare costs. That's goes beyond just simply cost sharing. It goes into looking at ways that we can look at various strategies to, on a long term basis, achieve some additional cost savings. We're estimating about \$130,000 this year, that's just the beginning. We've devoted a considerable amount of time. A lot of monthly meetings working with some outside consultants, working with some of our current vendors, and one of the things that I've found very interesting is that Dr. Brewer mentioned that some of the contracts are up with our current vendors. Some of you seemed surprised that we would even consider working with someone else. I can tell you that, as a small business owner, we have responsibility as Board members to look very closely at those contracts. It's not business as usual. We need to consider the fact that there are no sacred cows and that we're here to represent the taxpayers and residents of the school District to provide the most efficient effective way of providing quality education.

Mr. Gräb: Dr. Brewer, I'd like to take this opportunity to thank you for bringing in this budget. As we all understand, you started on this last June after we passed last year's budget and things, perhaps, were running along rather smoothly until October. In October is when the economic downturn first hit us and that's when we as Board members started to hear from the constituencies that, if you could possibly bring in a budget without any tax increases, we would really appreciate it this year. Of course, we as Board members hearing that, put that monkey on your back and you obviously have done an outstanding job up to this point bringing us in a budget with no tax increase. As it has been eluded to several times this evening, there were no new hires this year, even though as we look towards next year's budget, there may be some possibilities that we do need to hire some people, because we don't choose to do anything that has a tendency to tear down the educational program we deliver to our students and that's the most important thing we do here as Board members is maintain the quality of that education system.

I'd also like to take this opportunity to thank the bargaining team, both from the school District and from the bargaining unit, because I think they understood the situation we were in as well with the downturn of the economy. They and our own bargaining team brought home a very good contract understanding the economic constraints that we are in. You already mentioned the fact that in coming years we're going to have increases in the retirement that we're going to have to put aside. I know Mr. Rineer has eluded to the fact that as future years down the road and electricity deregulation goes down, our utility costs are going to up as well. An important to thing to remember is due to the fact that we have such a high credit rating and our bond rates are rather low, we also get a little

amount of money from the state. Not only do we get a limited amount of money, but each year when that state index rolls around, we're always low man on the totem pole. For the past four years, I think we have brought in a budget underneath that state allocated index. I think that speaks very highly of the team that works with you and I think that speaks very highly of the Board sitting here this evening.

Again, I want to take this opportunity to thank you and everyone else who worked on this budget to bring it in with no tax increase. I am concerned about that going forward, but thank you.

Dr. Cronin: I just want to reiterate some points that were already mentioned and just bring up a few points of my own. I'm overjoyed that we can have a 0% tax increase. It's something that's I've been hoping for every year. I do understand that the incremental loss of revenue will have an impact, but I'm glad that this year we're able to prevent that incremental increase burden on our taxpayers, which is also something that compounds for them.

I understand Hank's concern about deficit spending, but I appreciate the way Steve will analyze that 1% or less is pretty much a home run. With that being said, if we are able to as a District have any type of cuts within that 1% range it just reduces the amount of incremental spending that we're making. So any cut that we make will help with that deficit window. I just want to number one thank the Finance Committee for a wonderful job and just to reiterate the importance of looking at the professional model when they are in dire economic straits, what do they do? No new positions. We've done that, that's great. Another thing that's first to go, we review consultants, staff travel. They're low hanging fruit. Supplies and new uniforms, this is what we do in the corporate world. What can we do without and still not negatively impact student services and academics and hopefully that will be a manta that this is not business as usual, where is the low hanging fruit, so that the potential deficit spending, this potential loss of incremental revenue can be minimized by further tightening our belts whenever possible.

Dr. Donahue: I have another question. This is a very hypothetical question. I know you don't have a crystal ball, but you all have been doing this for a while. Do you think having a 0% increase in the tax this year will increase probability that we'll have even a greater increase in future years?

Mr. Barrett: An answer to that question is possibly. Another thing too is we have not increased taxes up to the index in the last three years, two years. So you can say from that aspect that we haven't raised it as much as the state would have allowed us to.

Dr. Donahue: The number I keep thinking about for some reason is 24%.

Mr. Barrett: Let me tell you why that happened. The reason why that happened was because there were one time revenues that were huge, like we had the settlement from the sink hole which was \$800,000, 2.1 million dollars from the Medical Center.

Mr. Rineer: 2.5 million dollars from the Med Center and \$900,000 from the sink hole.

Mr. Barrett: Okay, so then that was what? Close to 4 million. Then the community very rightly said, you need to start spending down some of this fund balance. What happened was we got into recurring expenses and deficit spending that there was no capital plan. There were a lot of issues that we have control of now that we didn't before which is a plus.

Dr. Donahue: If I remember right, the economy was really booming then.

Mr. Barrett: It was. Now, if you look back some of the charts for instance, revenues from 2004 up and if you take a look at those you can see that in fact the one slide that shows the local sources, you can really see it – Historical Operating Revenues by Source. You can see from 2004 to 2005 to 2006, even to 2007, you have spikes in revenue. Now look at 2007, 2008, 2009, your revenues are flat, basically. That was why I brought up the point that I did. I'm all for 0 increase, I'm all for that, but you have to look at it over time. Next year, I think, PDE's probably going to come back and say who know what, inflation is at X, you're only going to be able to go up 2%. Then the question might be, because inflation is under control, but probably the next few years it won't be, but maybe next year it will. You have to say to yourself, can I go 1.5? Can I go 0? Can I go 2? I agree that we are changing the culture in the sense that we have to watch our expenses and that's always a given, but that's a philosophical issue you have to wrestle with. You have to say, I'm forgoing a 0 now, I'm putting a 0 on the table now, but we have a lot of things under control that we didn't have at the time before we went to 24. Because we did the 24, we put those things in place, so a lot of those things now are off the table, like capital. We can delay capital projects. There's a lot of things that you can do that will make those kinds of things less of an impact. Again, part of it is philosophical, but part of it is mathematical.

Dr. Brewer: The bottom line is you cannot have the fund balance for reoccurring expenditures, or . . .

Mr. Barrett: They are one time inheritances, that's what they are.

Dr. Brewer: . . . You're not going to have a fund balance very long.

Dr. Donahue: That was the point I was trying to make earlier when you have dwindling fund balance.

Mr. Barrett: There is a possibility that if those projects don't come to fruition, like let's say the Giant Center payment is \$300,000, you're going to have to hit your fund balance for \$100,000 and that's a one time inheritance. If you get below 8%, you're a distressed District. That's possible. Those are possibilities especially with the current climate. In 2005-2006, 2006-2007, those kinds of possibilities would be unthinkable, but now they're not. Those are real possibilities. You have cash, but your expenses are incredibly high, because let's forget about cutting expenses, but because of wages you already have, those commitments are there.

Dr. Brewer: It's 2/3 of our budget. Salary and benefits are 2/3 of our budget.

Mr. Gräb : Hank, I just want to add to what Chris had said about the deficit spending that led up to the 24% tax increase. There was also an assessment at that time that was adjudicated that was retroactive for 3 years. Not only did we have to put back that money that was collected, we also had to make up that money. It was a storm.

Mr. Rineer: If I can expand on that. What Mr. Gräb was eluding to was the state passed an Act that said that amusement park rides are not land improvements, that they are moveable equipment. In one fell swoop, we lost \$40 million dollars worth of assessed value and per year, at the current millage rate that's probably about \$600,000 or \$700,000. He is right that we had to pay back from the time that that went through the courts.

Mr. Barrett: Hershey Company reassessments..

Mr. Rineer: We ended up having to pay \$1.2 million dollars. HERCO, not Hershey Company.

Mr. Barrett: Wasn't it 100 Crystal A was reassessed?

Mr. Rineer: They have been reassessing the properties since I've been here, but the big assessment was the legislature saying that amusement park rides were not land improvements they were movable equipment therefore not taxable and that was a very strong hit.

Mrs. Chabal: Any other further comments from the Board remembering that this is a presentation, thank you Dr. Brewer. We will see the recommendations at our Board meeting for preliminary budget. It will be out for public review and it will be voted on 30 days after that. That's pretty much how that step ladder is climbed. So this preliminary review is preliminary. I suspect that it's going to hand in there quite close to what we've seen tonight, but the vote on a preliminary budget will be our next Board meeting, the one after that will be the approval of that budget.

So hopefully if you've got any questions or concerns that you would contact us about those.

## UNFINISHED BUSINESS

### 4.01 Unfinished Business

None.

## NEW BUSINESS

### 5.01 Approval of Finance Report for March 2009

The Administration recommended the approval of the March 2009 Finance Report as listed.

1.	The Treasurer's Report for the month ending March 31, 2009 was summarized as follows:	
	• General Fund Revenues	\$1,530,308
	• General Fund Expenditures	3,741,665
	• Balance of Cash Plus Investments  (Includes \$3,966,448 Capital Reserve)	20,754,820
2.	The listed schedule of investment transactions for the period beginning March 1, 2009 through March 31, 2009 had total interest earnings of \$39,274 comprised of the following:	
	• General Fund	\$498
	• Money Market	31,169
	• Certificates of Deposit	3,933
	• PA School District Liquid Asset Fund	69
	• PA Local Government	3,605

	Investment Trust	
	The average interest rate for March 2009 was 1.94%	
3.	The March 2009 expenditures for the paid bills for all funds totaled \$1,666,861 excluding net payroll, retirement contributions, and debt service.	
4.	The April 2009 expenditures for the unpaid bills for all funds totaled \$1,214,526.	
5.	The estimated expenditures of the General Fund for the month of April 2009 are in the following amounts:	
	• Operating Expenses	\$900,000
	• Utilities	123,200
	• Net Payroll (2 pays)	1,240,000
	• Employer Provided Insurance	325,900
	• Payroll Deductions	580,000
	• Employer Payroll Taxes (FICA/RET)	139,000
	• Debt Service	<u>0</u>
	<b>Total Estimated Expenditures</b>	<b>\$3,308,100</b>

Mr. Malkoff moved the Board approve the request and was seconded by Mrs. Sheffey.

Roll Call Vote:

Barrett – Yes  
Chabal – Yes  
Cronin –Yes

Donahue – Yes  
Gräb – Yes  
Malkoff – Yes

Parrish – Yes  
Sheffey – Yes  
Stover - Yes

9 Yes

**MOTION CARRIED**

**5.02 Budget Transfers**

Section 687 (d) of the Public School Code provides: The Board of School Directors shall have the power to authorize the transfer of any unencumbered balance, or any portion thereof, from one class of expenditures or item, to another, but such action shall be taken only during the last nine (9) months of the Fiscal Year."

The Administration recommended the Board authorize the April 2009 budget transfers.

Mr. Gräb moved the Board approve the request and was seconded by Dr. Cronin.

Roll Call Vote:

Barrett – Yes  
 Chabal – Yes  
 Cronin –Yes

Donahue – Yes  
 Gräb – Yes  
 Malkoff – Yes

Parrish – Yes  
 Sheffey – Yes  
 Stover – Yes

9 Yes

**MOTION CARRIED**

**5.03 Requests for Payment - Construction Project**

The Administration recommended the approval of the following invoices as reviewed and approved by Mr. Consalo:

	<b>Elementary School HVAC Improvements:</b>	
1.	Trane, Inc. (HVAC Contractor) Application No. 11	\$45,000.00
2.	Trane, Inc. (HVAC Contractor) Application No. 12	171,000.00
	<b>Multi-Purpose Practice/Playing Fields:</b>	
3.	Derry Township School District Reimbursement for expenditures paid by the General Fund, as follows:	
	<ul style="list-style-type: none"> <li>Derry Township Municipal Authority Permit 4,036.00</li> </ul>	
	<ul style="list-style-type: none"> <li>Township of Derry Permit <u>2,606.95</u></li> </ul>	6,642.95

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Dr. Parrish moved the Board approve the request and was seconded by Mr. Barrett.

Roll Call Vote:

Barrett – Yes	Donahue – Yes	Parrish – Yes
Chabal – Yes	Gräb – Yes	Sheffey – Yes
Cronin –Yes	Malkoff – Yes	Stover – Yes

9 Yes

**MOTION CARRIED**

**5.04 Approval of Hershey Education Association (HEA) Collective Bargaining Agreement 2009-2011**

The Administration and the Human Resources Committee recommended the Board accept and execute the proposed two-year collective bargaining agreement to which the Hershey Education Association's and the District's Negotiations Teams tentatively agreed. The term of the agreement would be July 1, 2009 through June 30, 2011. HEA membership ratified the proposed agreement on April 23, 2009.

Dr. Parrish moved the Board approve the request and was seconded by Mr. Malkoff.

Mr. Barrett: I can talk to the major points of the agreement which at this point is tentative, hopefully it will be concluded in a few minutes. The term is two years, July 1 running concurrently through June 30, 2011. The current 2008-2009 salary matrix will maintain from the duration of this two year contract. Employees will receive an average increase of approximately 2.7% in the first year and 2.6% in the second year. To put this in perspective, the last contract, those increases were 4%, so this is a reduction versus the last contract. Employees who cannot advance vertically on the current salary matrix will receive a \$300 stipend in each year of the contract in which they do not advance. Limited service contracts will receive the same increase, the 2.7 in the first fiscal year and 2.6 in the second fiscal year.

Health insurance: I would announce that each individual employee shall contribute 5% in the first fiscal year and 7% of the COBRA rate for respective level of coverage. There will be 5 new categories, single, husband/wife, parent/child, parent/children, and family. That will be elected by the employee in an open enrollment period. Employee contribution will be based on a maximum cumulative increase in the COBRA at a cap of 30%, so effectively this is a COLA

when our costs go up, they will be passed on to the individual employee at the rate of 5% the first year, 7% the second year. The overall cap for the term of the two years is 30%. Also prescription co-pay, we did have increases there, \$35 in brand for pharmacy, \$70 in brand for mail order. However, we do have an incentive on the generics in order to encourage the employee to use mail order generics versus brand which will save us a lot. It's a mandatory mail order for maintenance prescriptions will be required after second refill at the pharmacy, so we're pushing that through. Emergency room co-pays from \$35 to \$100.

There are three side letters. The daycare center is not one of them. I know that question has been asked. It is not. Parties will continue researching viability of initiating a wellness program, which based upon the cost sharing is a really good idea moving forward to inhibit costs and also to get the employees to understand that their usage affects cost. I'll make comments about the association after this. Throughout the course of the two year contract, the parties will continue to discuss and explore the issue of spousal coverage within the District's health insurance program, and I can explain that also. Also there will be IRS Section 125 deductions added for allowable medical and childcare expenses beginning July 1. Employees making such elections will be responsible for all administrative costs and will not be born by the District.

I'd like to add that execution of this agreement, the Act 93 benefit plan will also tie into this so the Act 93 unit will have to take these concessions as well. I don't think we even forecasted that cost savings. There will be additional health benefit cost savings. Oh, they are in there. Okay. That will also be tied in. That's where the contract really helped us because the concessions automatically went to management on the benefits.

I think that's really a basic summary, just two things I want to say. Number 1 I want to thank the Board members that worked with me. Mr. Jackson's advice was great and I want to thank him personally, because when I was ready to jump off a cliff, he was standing there with the net, so thank you. I have to say that the Hershey Education Association came to the table, they were very open minded. They worked with us as partners to be able to inhibit costs. One of the things I could say is that they realized that this was a difficult financial time and they wanted to work with us so that we could meet that now as well as in the future. So the reason we went the shorter term of the agreement was that we were uncertain of the economic times, they were uncertain. We didn't want to get into a five year agreement, which basically the last two agreements were five year pacts. They were very good at working with us, we have an excellent faculty here and I couldn't say more about the partnership we have together and I think that's due a lot to Dr. Brewer too. You were really facilitating the partnership with them. There's a lot of trust and it's really shown up on the bottom line if you look at salaries, so I appreciate that. I didn't thank everybody who worked with me on the Finance Committee that made it really easy. Ellen, John, Alan, and again Dr. Brewer. So I want to thank the Board members who worked at this because it

was just a team effort on everybody's part on both of these. These were major undertakings and it couldn't have been done without everybody spending a lot of time here to get them done.

That concludes my report. I'm having to answer any questions. This is probably the best agreement I've seen in the last three that have been negotiated. It's a good agreement.

Mrs. Chabal: So let's close that up and have our vote.

Roll Call Vote:

Barrett – Yes

Chabal – Yes

Cronin –Yes

Donahue – Yes

Gräb – Yes

Malkoff – Yes

Parrish – Yes

Sheffey – Yes

Stover – Yes

9 Yes

## **MOTION CARRIED**

### **5.05 Approval of 2009-2010 Dauphin County Technical School Proposed Budget**

The Administration recommended the approval of the 2009-2010 Dauphin County Technical School proposed budget. The proposed budget includes an estimated \$550,243 operating cost contribution by Derry Township School District based on an estimated 5.02% student population from Derry Township. The proposed budget also includes a \$288,453 debt service contribution, and a \$8,008 capital reserve contribution for a total contribution of \$846,704.

Mr. Gräb moved the Board approve the request and was seconded by Mrs. Sheffey.

Mr. Gräb : Does anyone have any questions for Dr. Donahue or myself?

Mrs. Sheffey: You recommend we approve this.

Mr. Gräb : I recommend you approve this.

Mrs. Chabal: Thank you.

Roll Call Vote:

Barrett – Yes

Chabal – Yes

Cronin –Yes

Donahue – Yes

Gräb – Yes

Malkoff – Yes

Parrish – Yes

Sheffey – Yes

Stover – Yes

9 Yes

**MOTION CARRIED**

**5.06 Approval to Enter into an Agreement with Hayes Large Architects, LLP**

The Administration recommended the Board authorize the commencement of negotiation of an agreement with Hayes Large Architects, LLP for architectural services relating to Site Improvements, a Day Care Facility, and a Music/Large Group Instruction Room at the Elementary School. Such agreement will be prepared by the District's solicitor based on negotiated terms for the performance of desired work in a form and content acceptable to the Administration.

Mrs. Sheffey moved the Board approve the request and was seconded by Dr. Parrish.

Dr. Cronin: Yes, I just want to make a point that specific to this elementary project, it does include the music large group instruction room and I believe if this is a shovel ready project we would have possible access to some of the stimulus package that the Federal government is offering, so I support this moving forward because of that potential. If we didn't have a shovel ready project, we would not be in a position to get any of that money. I believe that we need a lot more information and it's a premature to assume that a daycare facility is going to be built and the scope of the project, just to clarify, does not necessarily include that.

Mrs. Chabal: That's absolutely correct.

Dr. Cronin: Thank you.

Mrs. Chabal: I would like to indicate that I will be abstaining from this and any other vote dealing with architectural firms because of the fact that my husband, who is an attorney, and his law practice as a whole may have or may in the future have a client relationship with any of these architects involved. So I, therefore, will be abstaining from this vote.

Roll Call Vote:

Barrett – Yes

Chabal – Abstain

Cronin – Yes

Donahue – Yes

Gräb – Yes

Malkoff – Yes

Parrish – Yes

Sheffey – Yes

Stover – Yes

8 Yes, 1 Abstention

**MOTION CARRIED**

**5.07 Approval to Enter into an Agreement with SCHRADERGROUP Architectural, LLC**

The Administration recommended the Board authorize the commencement of negotiation of an agreement with SCHRADERGROUP architectural, LLC for architectural services relating to renovations and additions to the Middle School. Such agreement will be prepared by the District's solicitor based on negotiated terms for the performance of desired work in a form and content acceptable to the Administration.

Mrs. Sheffey moved the Board approve the request and was seconded by Mr. Stover.

Dr. Cronin: Yes, of course, I just want to say that I firmly believe in the necessity to add the academic space as we determined it to be when we come up with the scope of the project. Especially after hearing from the audience, I definitely want to make sure and I know we will be sensitive to the fact that we want to make sure that we get the academic space without the fluff and that our scope is definitely in line with what we need and not anything beyond that.

Mrs. Chabal: Thank you and a reminder that I will be abstaining from this vote as well.

Roll Call Vote:

Barrett – Yes

Chabal – Abstain

Cronin –Yes

Donahue – Yes

Gräb – Yes

Malkoff – Yes

Parrish – Yes

Sheffey – Yes

Stover – Yes

8 Yes, 1 Abstention

**MOTION CARRIED**

**5.08 Approval of Negotiation of Agreement with Trans Associates Engineering Consultants, Inc. - Traffic Study**

The Administration recommended the Board authorize the commencement of negotiation of an agreement with Trans Associates Engineering Consultants, Inc. for a traffic study to support the services of Hayes Large Architects LLC. Such agreement will be prepared by the District's solicitor based on negotiated terms for the performance of desired work in a form and content acceptable to the Administration.

Dr. Parrish moved the Board approve the request and was seconded by Mr. Barrett.

Dr. Cronin: Thanks to everyone for coming. It's nice to see more people. No offense, Bunny, but for Bunny to have company. Glad to see that. After hearing some of the concerns, I'm worried that we may be putting the cart before the horse and I don't have a lot of background in site work or anything like that, so I'm a little concerned that this might be premature, so I'm not comfortable supporting this at this time.

Mrs. Chabal: Thank you. Any other comments?

Dr. Parrish: I think this may be a good point to address some of the questions that came up about the two tier versus the three tier bus system, because I think this is important because the results of the study may influence whether or not we can either think about a two tier bus system and I think the reasons for going through a two tier bus system from a three, or even considering it, maybe we should reiterate. Safety is certainly the number 1 concern. The time that some of our busses have to turn around their trips from South Point to the school was mind boggling when I heard it.

Dr. Brewer: I wasn't sure when would be a good opportunity to address some of those concerns so I'm glad to do that.

First of all, when we began to have a dialogue with parents about the two tier system way back in the beginning of January, one of the really good suggestions that came up during that dialogue was whether or not there should be a traffic study. Then, we began to develop the master plan for possible improvement to the campus. We began talking about the fact that we're very congested as you know. In fact, one of the reasons we had to take a strong look at the two tier versus the three tier system is related to the fact that we have about 1,000 more kids in our system than we did 10 years ago and all of you know how much more congested the traffic has gotten in the community. Related to that, we can only come off the campus on Homestead right now. One of the things we are concerned about related to safety is that we can't come out on Cocoa. We would not want to consider coming off of Cocoa as an everyday kind of thing, but as a safety consideration. For example, we just did a Three Mile Island drill last week to have that capability and to have that possible access for buses is a place where we could use some data to evaluate whether or not that is even something we would want to petition for.

Also, even if we were not to go from a three tiered to a two tiered system, you know how congested we are around the elementary school, the middle school, and the high school. There are parents coming, special needs buses coming, the kids who are on our campus, and we haven't looked at a traffic study since we were going to build the early childhood center. Things have changed since that time. It would be good information to have in a master plan.

Let me address the master plan. That is not something that one necessarily does all alone. The contracts that we're entering into are meant to provide information. The General Services Committee, this time last year, started considering the possibility of a middle school expansion. We know from the numbers which we've talked to you about that that is something that we may or may not consider around 2012 when our debt service by 2014-2015 takes an appreciable drop and what we needed to know was what kind of money are we talking about. What would a plan look like that might address our needs in two years, three years, four years. When we brought those firms to you two weeks ago, they were just giving you an example of why we picked them. We went through a very extensive process with requests for proposal. We narrowed the architects to six and then three and we made a decision based on some of their initial concepts, which are just concepts. They're not even schemata at this point that these are firms that captured our imagination and these are firms we felt that we could work with should we want to go ahead with their initial ideas.

Because Hayes Large has been doing our fields and because they captured our imagination with what they could do with traffic flow on a two phase project, one would be looking at the traffic flow and possible parking lot issues between the middle school and the high school and the second phase would be down in the elementary school where the traffic flow is not the best regardless of whether it's a two tier or a three tier system. There would be further dialogue, there would be meetings not only with you, but meetings where the community was invited to give their input in this process. We haven't even begun that. What we're beginning tonight is simply entering into a contract with them so we can have the drawings and then we can pick and choose as the time is right what we want to do.

As Dr. Cronin said, one of the fortuitous things about us having started this process last year is the stimulus money, because the monies would be committed from about now to about September 2011. The only projects that are going to be able to be funded are those districts that are nimble enough to be able to turn around a shovel ready project. One of the possibilities might be depending on what the stimulus money looks like and assuming that they're competitive, not entitlements because with entitlements we'll never get any is that we may be able to take a couple of these master plan concepts and we may be able to build them with 0 interest kinds of loans or actual grants and all of that is dialogue that will happen publicly with you and with the community.

In regard to the childcare, the original proposal as you said was related to a side letter that we had with the Hershey Education Association and based on needs assessment that we had done in surveying the Association, we have a very young staff, and it was something that they wanted us to consider and we did our due diligence in considering it. I can tell you by your direction and by also my philosophy, the only way we'd be looking at childcare is that it would wind up being revenue neutral to the taxpayer and would be a space that we could

repurpose, be nimble enough to use for other purposes if we want. All that needs to come to fruition yet. So, none of these whether it is the traffic flow, two tier versus three tiered, the music room in the elementary school, the childcare, and then of course the middle school expansion are things that have come to fruition. It's a dialogue that will take place over the next year. I think the most important thing going back to the direction from General Services quite correctly is, if we're directing a master plan for now, for the future, what are we talking about in scope, and what can we expect these kinds of projects to cost. That was the due diligence that you're doing today.

Mr. Stover: Mr. Yarian, isn't it true that we're one of the only Districts with a three tier system.

Mr. Yarian: Yes it is and I just wanted to emphasize that I'm the one that came forward and said that I wanted us to look at this and it was really for two main reasons. Yes, there would be some benefits in fuel savings and we're looking at trying to be green and so forth, but that wasn't the driving force. My driving force is safety. We have about 20 minutes between when we leave one building and when we have to be back to the next and it just makes for a lot inefficiencies, a lot of pressure on driving staff and so forth. That was the main driving force. Then, of course, the other thing that came about was the loss of instructional time. We do lose a lot of instructional time because we're on a different schedule from other districts and there are so many students that are leaving in the afternoon, especially from the middle school that we were losing a lot of instructional time. That's really the two driving forces. We also have, as people know, our high school buses are not operating full. We need to operate the number we do because of time, so it just really makes sense for us, but safety is really the driving thing for this. There is just not enough time to get around the District with the congestion. We're going the same way we did 20 years ago and if anybody has lived in the community for 20 years knows that you just can't get around the same way you did 20 years ago.

Mr. Stover: Thank you.

Dr. Cronin: I just want to get back to the traffic study that we'll be voting on, I'm still wearing my austere hat thanks to the frugal budget which I appreciate. I think that we all know qualitatively that we have a traffic issue and at this time it might be nice to have a consultant come in and quantitatively tell us exactly how bad it is, but I would rather not spend money on that and perhaps just take our qualitative look and talk to the police force and qualitatively say, yes, we do have a traffic problem and not throw any more money out for it. That's how I'm feeling.

Mr. Malkoff: I look at the projects we're talking about here in kind of a strategic planning viewpoint. We know that we have some issues with capacity constraints at the middle school, traffic problems, the issue with the music room in the elementary program and the various traffic congestion issues that we

talked about before. It just seems to me that instead of managing by crisis, it makes sense to take a strategic planning viewpoint and look at all these issues that we kind of agree upon that are looming out there and come up with some creative solution.

First of all, I'd like to thank the individual residents that provided input. I very much appreciate that. It's extremely important to each Board member that we get that kind of feedback that you're talking about, but we know that we have these issues. We need to think strategically and we need to be ready. The financing of this, as we've just talked about, whether it might be some funds available from federal government programs, to the extent that we've thought through all these different issues and everything is up for discussion. We're not approving any of the specifics, but just kind of the general view of the problems we have and coming up with some creative solutions to the problem in a cost effective manner, to me, it just makes good business sense.

Dr. Parrish: Alan, I think the whole daycare center is a good illustration of that. The whole idea has evolved significantly from what it was two years ago when the idea came back from the architects to build this facility on Memorial Field, which many of us had a huge problem with to could we do it on campus. I think I can talk for myself, not talking for the whole Board, but I think there is some general feeling that there are a couple premises that this whole project works under now. Number 1, it has to be entirely budget neutral if it happens. We don't want to be in the daycare service so we're going to have to outsource that. Whoever outsources it and signs that contract has to be responsible for the cost of the debt for the building, the liability, the teachers, the whole kit and caboodle, because we're not going to pay a nickel. It's not going to have any cost benefit to our teachers. It's not going to be necessarily cheaper than any other daycare center. I had a huge problem with opening this up to outside children. I think if all of this possible for somebody to run a daycare center on campus for our employees and they can make it cost neutral, fine, but to open this up and bring in other children from the community, where you're going to increase traffic dramatically, I think is wrong. Frankly, I think sort of doubt that's even possible to be done financially. I think that for somebody to come to us with a proposal, they have to have an idea of what this building costs, what those expenses are going to be for them to run a facility. Personally, I don't think it can happen.

Dr. Donahue: I want to get back to the busing thing and I'm not going to pretend to understand two tier versus three tier and sometimes I forget what tier we even have. I know it's three now and we're thinking about two. It's a cause a lot of tears. What I've heard repeatedly from a couple different people is that is a safety issue. We pay people in the District to tell us that something we're not doing right now is putting the students at risk. So from my perspective, where student safety is the most important thing, it would probably be irresponsible not to approve the, at least, examination of the possibility of having a two tiered bus

system. Either that or the people that know the most about this are incorrect and the kids aren't at risk and it seems that's unlikely that they're incorrect.

Mr. Barrett: If there's an accident, it's too late.

Dr. Donahue: If there's an accident and we sat here and discussed whether we should have a two tier or a three tier system and then some child gets hit by bus, it's a nightmare obviously. It's beyond a nightmare.

Ed Consalo: One of the reasons we want to do a traffic study now is we want to do it while school's in session, because you can't do a true traffic study by guessing how many cars are going to be there. That's the reason we want to do it now while school's in session. We did go to the police department and talk to them about safety and they recommend the traffic study. We went to the Township and also talked to the engineers and they recommended the traffic study for us to do this. We have done our leg work. Some of the things they are going to look at: they're looking at the direction the buses travel, which way they go. Whether it's two tier or three tiers, they still are going to look at travel for the buses and see if they can find a safer way to come into the school or if we need to reroute the entrance to a safer way to do it. It's not just two tier or three tier, it's also the safety of the entries to the school, because if you know, they're all right up against each other. If they can come up with a way of saying if we move this down 50 feet, this will separate the traffic, that's what we're looking at. As Dr. Brewer said, one of the things we looked at is everybody knows the ECC and elementary, we have a loop that goes around the school. The reason we're doing that is because we couldn't go out to Cocoa, so we use Homestead. We're looking at different ways to make the loop, so that we don't have students going across with cars and buses. That's another thing we're looking at. How do we change that, and the traffic study, the people are experts on this. That's what they know. As far as, someone made the comment that traffic studies cost \$60,000 to \$80,000, it's far from that, because we have preliminary proposals that we're working on now and I'm getting them down every day a little less than what they have.

Dr. Brewer: Let's just say about 1/5 of what was mentioned.

Ed Consalo: The reason we haven't brought a price to you is because we're still negotiating.

Dr. Cronin: What is a ball park? I have no concept of what a traffic study...

Dr. Brewer: One-fifth of the \$60,000.

Ed Consalo: Right around that price. It depends upon the extent of the study. We also went to Townships and said what do you want? Do you want it to go all the way across Homestead, you want us to go all the way across Cocoa? So,

we got our marching orders from them and what they're looking for. We have done our leg work for that. We didn't just come up and say we're going to throw a traffic study, because in the beginning we didn't want to do it. I figured why spend the money, we know we're crowded, but after talking to the police department and Safety Office and then the engineers for the Township and the Township Zoning representatives, they recommended it and we figured that was the best way to go. We looked at different companies to do it. The reason we're using Hayes Large is because they already did the preliminary part of our property when they did the fields. They already have that information and we liked some of the ideas they had. Even with the architects, we're long from having a print to show you. We asked the architects when they came in to think out of the box. Anybody can put a wall up, we wanted somebody who could think out of the box, how they could save us money, how it can be energy efficient, how we can make it green. We looked at different ways to do it and these were the two best architects. Schrader was the best one we had out of the groups that we started with. Once we do this contract, we'll start meeting with teachers, see what they're asking about and there is quite a bit of work that needs to be done before we come to you and present you with a proposal. It's a lot of work that has been done so far and a lot more needs to be done.

Dr. Cronin: I just had a question, because I've never seen a traffic study. What information are we looking for, because obviously Mr. Yarian knows how many buses are coming in and out and how often. We know how many students are driving. Is there something else that I'm missing?

Ed Consalo: Yes. They will have people standing out and actually counting cars from time to that time, they count the direction they're going to and coming from. They use expert analysis and they know what it looks like and show you the routes and locations for where they're all going. As far as the buses, they want to know which way the buses are going because they might say since all the buses are going to the left, we need to move our entrance or exit closer to that road. That's what we need to know, what directions the buses are going to go.

Dr. Cronin: Can we do any of that stuff?

Ed Consalo: No. It would be like asking me to teach English in the high school. It's more than a count.

Dr. Cronin: They're counting buses and which way they're going....

Ed Consalo: They count cars, they analyze the information and tell you how the traffic flow is from this time for this period, but they really do it while it's in school so they know it's true information. They can do it in the summertime, but you're guessing. You've been on Homestead in the morning and you see what it is. If they went in July and did that, it's far from that. They do it for a living. That's

their job. They know what they're doing and they can analyze it for us and tell us what it is.

Mr. Gräb: If I can jump in there, remember when we bought the early childhood center and we did a traffic study. They not only count how many cars go and which they direction they turn, but they sometimes go from a half mile to a one mile radius from the school to determine what impact it may have upon other intersections. We could very easily sit there and count the number of buses and then of course which they go, but at the same time they have people at the intersection of Cocoa and Governor and they may even go out to Fishburn and Cocoa and count cars out there.

Ed Consalo: You're correct.

Mr. Barrett: Because there is a stacking effect.

Ed Consalo: They will be counting cars on Coca too. They won't be going to all the way down 422, they'll stop at a certain area. They actually look and tell you how the traffic is flowing. It's something that we did check and everybody recommended that we do that, because originally I said no, why spend the money. After speaking with the experts and the engineers, they are the ones that recommended it, so that's the reason we're doing that.

Mrs. Chabal: Thank you very much. Donna, thank you for your questions. I think it is important for us when we're not sure to ask questions, so that's fine. When you look at, how many acres to we have Dr. Brewer?

Dr. Brewer: 114.

Mrs. Chabal. One hundred fourteen acres, and the number of students, faculty, parents, buses, and everything else moving in and out, it certainly behooves us to pay attention to folks who tell us we definitely need a traffic study. With that, reminding that since this in fact still attached to an architectural firm, I will be abstaining.

Roll Call Vote:

Barrett – Yes

Chabal – Abstain

Cronin –No

Donahue – Yes

Gräb – Yes

Malkoff – Yes

Parrish – Yes

Sheffey – Yes

Stover – Yes

7 Yes, 1, No, 1 Abstention

**MOTION CARRIED**

**5.09 Approval of Overnight Field Trip/Excursion - Future Business Leaders of America - June 2009**

<i>Group:</i>	Future Business Leaders of America
<i>Number of Participating Students:</i>	4
<i>Grade Level:</i>	9 - 12
<i>Destination:</i>	Anaheim, CA
<i>Purpose:</i>	National Leadership Conference and Competition
<i>From:</i>	June 23, 2009
<i>Until:</i>	June 29, 2009
<i>Trip Leader:</i>	Bonnie Ritchey

The District reserves the right to cancel the excursion based on events that could pose a heightened safety or security risk.

Mr. Barrett moved the Board approve the request and was seconded by Mrs. Sheffey.

Roll Call Vote:

Barrett – Yes

Donahue – Yes

Parrish – Yes

Chabal – Yes

Gräb – Yes

Sheffey – Yes

Cronin – Yes

Malkoff – Yes

Stover – Yes

9 Yes

**MOTION CARRIED**

**5.10 Approval of Overnight Field Trip/Excursion - Boys' Basketball Team Camp - Bucknell University**

<i>Group:</i>	High School Boys' Basketball
<i>Number of Participating Students:</i>	35-40
<i>Grade Level:</i>	9 - 12
<i>Destination:</i>	Bucknell University
<i>Purpose:</i>	Basketball Team Camp
<i>From:</i>	June 25, 2009
<i>Until:</i>	June 27, 2009

<i>Trip Leader:</i>	Tim Bean
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The District reserves the right to cancel the excursion based on events that could pose a heightened safety or security risk.

Mr. Barrett moved the Board approve the request and was seconded by Dr. Parrish.

Roll Call Vote:		
Barrett – Yes	Donahue – Yes	Parrish – Yes
Chabal – Yes	Gräb – Yes	Sheffey – Yes
Cronin –Yes	Malkoff – Yes	Stover – Yes

9 Yes

**MOTION CARRIED**

- 5.11 Approval of Thirty-Day Review of Revised Policies: (Dr. Kepler)**  
**335, 435, 535 - Family and Medical Leaves**  
**348, 448, 548 - Unlawful Harassment**  
**504 - Employment of Classified Employees**  
**810 -Transportation**  
**818 - Contracted Services**  
**906 - Public Complaints**

The Administration recommended the approval of a Thirty-Day Review of Revised Policies: 335, 435, 535 - Family and Medical Leaves; 348, 448, 548 - Unlawful Harassment; 504 - Employment of Classified Employees; 810 - Transportation; 818 - Contracted Services; 906 - Public Complaints of the Derry Township School District Policy Manual in the following locations: Hershey Public Library; Derry Township Tax Office; Derry Township Municipal Office; Hershey High School Library; and the District Office.

Mrs. Sheffey moved the Board approve the request and was seconded by Dr. Cronin.

Roll Call Vote:		
Barrett – Yes	Donahue – Yes	Parrish – Yes
Chabal – Yes	Gräb – Yes	Sheffey – Yes
Cronin –Yes	Malkoff – Yes	Stover – Yes

9 Yes

**MOTION CARRIED**

## 5.12 Requests for the Use of School Facilities

The Administration recommended the approval of the following Requests for the Use of Facilities:

<i>Group:</i>	Derry Township Police Department
<i>Date/Time:</i>	June 20, 2009 10:00 a.m. - 2:00 p.m.
<i>Requested Facility:</i>	High School Staff/Faculty Parking Lot, Gym Hallway, Bathrooms
<i>Event:</i>	Children's Festival
<i>Fee:</i>	None
<i>Group:</i>	Wilkes University
<i>Date/Time:</i>	May 12 to June 18, 2009 Tuesday and Thursdays 4:30 p.m. - 8:00 p.m.
	June 29 to July 16, 2009 Monday through Thursday 8:00 a.m. - 11:30 a.m.
<i>Requested Facility:</i>	District Office
<i>Event:</i>	Graduate Courses
<i>Fee:</i>	None
<i>Group:</i>	Hershey Youth Football Association
<i>Date/Time:</i>	August 13 to November 20, 2009
	Monday through Fridays 5:30 - 8:00 p.m.
	Saturdays Noon - 10:00 p.m.
<i>Requested Facility:</i>	Memorial Football Field
<i>Event:</i>	Football Season Practices and Games
<i>Fee:</i>	None
<i>Group:</i>	Hershey Youth Field Hockey Association
<i>Date/Time:</i>	September 8 to October 31, 2009
	Monday through Fridays - Practices 5:30 - 6:30 p.m.
	Sundays - Games 1:00 - 5:00 p.m.

	October 31, 2009 - Tournament 9:00 a.m. - 6:00 p.m.
<i>Requested Facility:</i>	Middle School Field Hockey Field
<i>Event:</i>	Field Hockey Practices, Games, Tournament
<i>Fee:</i>	None
<i>Group:</i>	Derry Township Parks and Recreation
<i>Date/Time:</i>	November 6, 2009 3:15 - 6:30 p.m.
	November 7, 2009 5:00 a.m. - 5:30 p.m.
<i>Requested Facility:</i>	High School Hallways, LGI, Cafeteria, Restrooms
<i>Event:</i>	Arts & Crafts Show
<i>Fee:</i>	None

Mr. Gräb: Madam President. If we could block the first one out, the Derry Township Police Department, I would appreciate that, I'll explain later.

Mrs. Chabal: Thank you. We'll take that first. May I have a motion to approve voting on the first item separately.

Mr. Stover moved the Board approve the request and was seconded by Mr. Gräb.

Mr. Gräb: Contrary to popular belief, I do not have that much interaction with the Derry Township Police Department. June 20, I always do the Kids Fest where they bring in numerous agencies from the area. They were kind enough to permit the Kiwanis Club of Hershey/Hummelstown to operate a food stand for the both the Food Fest and for the soccer tournament. The possibility exists that there some money may be coming in from that food stand that may benefit me in the future and consequently I view that as a conflict of interest and I will be abstaining.

Mrs. Chabal: Thank you.

Mr. Rineer: On the motion to separate.

Roll Call Vote:

Barrett – Yes  
Chabal – Yes  
Cronin –Yes

Donahue – Yes  
Gräb – Yes  
Malkoff – Yes

Parrish – Yes  
Sheffey – Yes  
Stover – Yes

9 Yes

**MOTION CARRIED**

Mrs. Chabal: May I have a motion to approve the Use of Facilities related to the Derry Township Police Department?

Mr. Barrett moved the Board approve the request and was seconded by Mrs. Sheffey.

Roll Call Vote:

Barrett – Yes  
Chabal – Yes  
Cronin –Yes

Donahue – Yes  
Gräb – Abstain  
Malkoff – Yes

Parrish – Yes  
Sheffey – Yes  
Stover – Yes

8 Yes, 1 Abstention

**MOTION CARRIED**

Mrs. Chabal: May I have a motion to approve the remaining requests?

Mrs. Sheffey moved the Board approve the request and was seconded by Mr. Barrett.

Dr. Cronin: I'll be abstaining. I'm an officer in the Youth Field Hockey Association, so I'll abstain. I have a conflict of interest.

Mrs. Chabal: The definition is financial.

Roll Call Vote:

Barrett – Yes  
Chabal – Yes  
Cronin –Abstain

Donahue – Yes  
Gräb – Yes  
Malkoff – Yes

Parrish – Yes  
Sheffey – Yes  
Stover – Yes

8 Yes, 1 Abstention

**5.13 Personnel – Resignation**

The Administration recommended the approval of the following resignation:

<b>Professional:</b>
<b>Lewis, Terry</b> Social Studies Middle School Reason: Personal

Effective: At the end of the 2008-09 school year and not later than 06/30/09
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Dr. Parrish moved the Board approve the resignation and was seconded by Mrs. Sheffey.

Roll Call Vote:

Barrett – Yes

Chabal – Yes

Cronin –Yes

Donahue – Yes

Gräb – Yes

Malkoff – Yes

Parrish – Yes

Sheffey – Yes

Stover – Yes

9 Yes

**MOTION CARRIED**

**5.14 Personnel – General**

1.	The Administration recommended the approval of the following appointments:
	<b>Transfer of Professional Staff:</b>
	<b>Talley, Sallyann *</b> From: Grade 4 Teacher Elementary School To: Librarian Elementary School Effective: 08/27/09
	<b>Classified:</b>
	<b>Broadbent, Lindsay *</b> Substitute Secretary District-wide Salary: \$13.22 per hour Effective: 04/28/09
2.	The Administration recommended the approval of the following personnel for 2009 summer employment:
	<b>Stockroom:</b>
	<b>Guydo, Keith *</b> Summer Stockroom Help 8 Hours per day Salary: \$11.25 per hour Effective: 06/08/09
	<b>Seip, James *</b> Summer Stockroom Help 8 Hours per day

	Salary: \$11.25 per hour Effective: 06/08/09
	<b>Steelman, Peter *</b> Summer Stockroom Help 8 Hours per day Salary: \$11.25 per hour Effective: 06/08/09
	<b>Swavely, Matthew *</b> Summer Stockroom Help 8 Hours per day Salary: \$11.25 per hour Effective: 06/08/09
	<b>Warfel, Michael *</b> Substitute Summer Stockroom Help As needed Salary: \$11.25 per hour Effective: 06/08/09
	<b>Transportation:</b>
	<b>Danner, Ronald *</b> Summer Secretary 8 Hours per day Salary: \$11.25 per hour Effective: 06/08/09
	<b>Klahr, Deborah *</b> Substitute Summer Secretary As needed Salary: \$11.25 per hour Effective: 06/08/09
	<b>Lachman, Brenda *</b> Summer Bus Custodian 8 hours per day Salary: \$11.25 per hour Effective: 06/08/09
	<b>Lewis, Cheryl *</b> Summer Bus Custodian 8 hours per day Salary: \$11.25 per hour Effective: 06/08/09
	<b>Grierson, Denice *</b> Substitute Summer Bus Custodian As needed Salary: \$11.25 per hour Effective: 06/08/09

<p><b>Yohn, Linda *</b>  Substitute Summer Bus Custodian  As needed  Salary: \$11.25 per hour  Effective: 06/08/09</p>
<p><b>Buildings and Grounds:</b></p>
<p><b>Agostino, Cosmo *</b>  Summer Painting  8 hours per day  Salary: \$11.25 per hour  Effective: 06/08/09</p>
<p><b>Bohannon, Jackie</b>  Summer Painting  8 hours per day  Salary: \$11.25 per hour  Effective: 06/08/09 (pending receipt of Act 151 clearance)</p>
<p><b>Patrick, Kyle</b>  Summer Painting  8 hours per day  Salary: \$11.25 per hour  Effective: 06/08/09 (pending receipt of Act 34 and 151 clearances)</p>
<p><b>Allen, Clarence *</b>  Summer Groundskeeper  8 hours per day  Salary: \$11.25 per hour  Effective: 06/08/09</p>
<p><b>Geib, Daniel *</b>  Summer Groundskeeper  8 hours per day  Salary: \$11.25 per hour  Effective: 06/08/09</p>
<p><b>Rogers, Douglas *</b>  Summer Groundskeeper  8 hours per day  Salary: \$11.25 per hour  Effective: 06/08/09</p>
<p><b>Boyer, Christopher</b>  Summer Custodian  8 hours per day  Salary: \$11.25 per hour  Effective: 06/08/09 (pending receipt of Act 34 and 151 clearances)</p>
<p><b>Kurtz, Michael</b>  Summer Custodian</p>

	8 hours per day Salary: \$11.25 per hour Effective: 06/08/09 (pending receipt of Act 34 and 151 clearances)
	<b>Technical Support:</b>
	<b>Boehmer, Tyler *</b> Summer Technical Support District-wide 7.5 hours per day Salary: \$11.00 per hour Effective: 05/11/09 through 08/14/09
	<b>Wertley, Jordan *</b> Summer Intern (PA College of Technology) District-wide 7.5 hours per day Salary: \$10.00 per hour Effective: 05/11/09 through 08/14/09
3.	The Administration recommended the approval of the following addition to the 2008-2009 Substitute Teacher List:
	<b>Ellingson, Katie</b> B.S. in Elementary Education from Southern Utah University
4.	The Administration recommended the approval of the following addition to the 2008-2009 Guest Teacher List: <b>Correll, James</b>
	<b>* This individual is currently an employee and/or volunteer. Clearances are on file.</b>

Dr. Cronin moved the Board approve the personnel recommendations and was seconded by Mr. Barrett.

Roll Call Vote:

Barrett – Yes  
Chabal – Yes  
Cronin – Yes

Donahue – Yes  
Gräb – Yes  
Malkoff – Yes

Parrish – Yes  
Sheffey – Yes  
Stover – Yes

9 Yes

## MOTION CARRIED

## DELEGATES REPORTS

6.01 Dauphin County Technical School Report

Mr. Gräb : A brief reminder this Saturday at 2:00 p.m., May 2, the Dauphin County Technical School will be hosting a tour of their new facilities of which you very kind enough pay. In addition, even though we voted on the Dauphin County Technical School budget this evening, I believe were in receipt of a mail ballot from the Dauphin County Technical School pertaining to other issues that were raised and voted on at the joint Board meeting in April. If you have not as yet, I would appreciate it if you will vote those and send them in. I could care which way you vote, but just send in the vote.

## **6.02 Derry Township Tax Collection Association Report**

Mr. Malkoff: The most recent meeting of the Derry Township Tax Collection Association took place last Thursday, April 23. It was a routine meeting, simply approval of minutes from the prior meeting and approval of financial reports.

Mr. Stover: I'd like to clarify something. It's come to my attention that its been stated publicly in the community that Mr. Barrett is responsible for the problems we had with the local services tax. I brought this up for the discussion at the March 4 Tax Association meeting and the minutes for that meeting state "Charles Stover brought up the subject of the adoption of local services tax by the Township. The School District believes that there could have been better communication between the Township and the District prior to the adoption of the tax." Then it says, " A discussion followed." I'd like to tell you, without going into detail, that the discussion that followed never involved any wrongdoing by Mr. Barrett. He simply was not at a meeting when Mr. Rineer and Mr. Malkoff were at the meeting and subsequently at our April 23 meeting, I brought this up again and there was no further discussion that Mr. Barrett had any wrongdoing. So I just wanted to clear my colleague's name, and I appreciate his service to the Board. Thank you.

Mrs. Chabal: Thank you.

Mr. Barrett: Thanks, Chuck.

## **6.03 Harrisburg Area Community College Report**

Nothing to report.

## **6.04 Capital Area Intermediate Unit Report**

Mrs. Sheffey: We met last Thursday and as a Board we approved the hiring of Cindy Mortzfeldt as the new Assistant Executive Director. I had mentioned the previous month, we had approved the position and we have now approved a

person. We reviewed the IU Special Education Plan. I think the highlight is that the IU will be transferring back to the host districts several multiple disability support classes. This is exactly what they hoped to accomplish. Our District is not one of those, but they've been working in and they are making progress which is positive. The IU is anticipating new classes to serve an increased number of students with severe autism disorders and also challenging diagnostic cases.

## **SPECIAL REPORTS**

### **7.01 Announcement of Staff Development Conferences**

<p><b>Jane Zimmerman</b> <b>National Association of School Nurses Conference</b> <b>Boston, MA</b> <b>June 25 - 28, 2009</b> <b>Expenses: \$1,470</b></p>
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<p><b>Traci Landry</b> <b>National Education Computing Conference</b> <b>Washington D.C.</b> <b>June 29 - July 1, 2009</b> <b>Expenses: \$500.00</b></p>
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<p><b>Kimberly Brown</b> <b>AP Summer Institute - English Languages and Composition</b> <b>Allegheny College, Meadville, PA</b> <b>July 13 - 17, 2009</b> <b>Expenses: \$1,368.10</b></p>
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### **7.02 Student Representatives' Report**

See Page 8.

### **7.03 School and Community Information Report**

Mr. Tredinnick: This is the time of month where we take a few moments to honor some of our students who are even more exceptional than the bulk of our student body, which is, of course, exceptional all in its own right. Specifically, we want to honor David Furjanic and Rachel Tack have been named the Students of the Month for April at Hershey High School.

Tack is the daughter of Walt and Lou Ann Tack of Hummelstown. She is secretary of the National Art Honor Society and a member of Sigma Gamma.

She is an honor roll student who participates in the Pennsylvania Youth Apprenticeship Program. She is active in with the Country Meadows Holiday Dance show and with the creation of the Art on Ice show for breast cancer awareness and research. Her hobbies include art and dance.

She will attend college in the fall majoring in dance, with a concentration in pre-physical therapy.

Furjanic is the son of Patricia and Joseph Furjanic of Hummelstown. He is a member of the National Honor Society, is active in the Drama Club and Anime Club. He has appeared in numerous school and community plays. He too participates in the Pennsylvania Youth Apprenticeship Program at Milton Hershey Medical Center. In addition to being a distinguished honor roll student, his hobbies include running, writing and gaming.

He will also be attending college in the fall with the intention of majoring in either English or Psychology.

I should also note that spring is concert season and there are a variety of musical offerings over the next several weeks. Check the district web site for the various dates and locations. The Young Learners showcase, which is always a highlight in the community for parents, friends, and family of elementary students is coming up on May 7, 6:30 – 8 p.m. at the elementary building.

#### **7.04 Board Members' Report**

No report.

#### **7.05 Superintendent's Report**

No report.

#### **7.06 Board President's Report**

No report.

### **RECOGNITION OF CITIZENS (Non-Agenda Items)**

#### **8.01 Recognition of Citizens**

Diane Leonard: I would just ask tonight, we talked about a number of public input sessions that the Board and administration consider keeping some type of

notes or records of those meetings as I recognize and review in past minutes that has been an issue in the past.

Mrs. Chabal: Thank you.

## **ADJOURNMENT**

### **9.01 Adjournment**

Mrs. Chabal announced the next Board meeting would be on May 11, 2009 at 7:00 p.m. in the District Board Room.

Dr. Cronin moved to adjourn, with a second by Mrs. Sheffey and, approved by unanimous voice vote by all members. The meeting was adjourned at 9:28 p.m.

Respectfully submitted,

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Stephen E. Rineer  
Secretary to the Board  
Approved at the May 11, 2009 meeting

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Beulah Chabal  
President of the Board

LDM