

**BETHLEHEM AREA SCHOOL DISTRICT
BOARD FACILITIES COMMITTEE
MEETING MINUTES
MONDAY, MARCH 1, 2010**

Mr. Rosario Amato, member of the Board of School Directors, called the meeting of the Board Facilities Committee to order at 6:02 p.m. on Monday, March 1, 2010, in the Dining Room of the Education Center. Present were School Board members Judith Dexter, Michael Faccinetto, William Burkhardt, Loretta Leeson, Michele Cann, Rosario Amato, Irene Follweiler, and Aurea Ortiz. Also present were Dr. Thomas Persing, acting superintendent of schools; Stacy Gober, assistant superintendent for finance and administration; Scott T. Gilliland, director of facilities and operations; Arif Fazil, district engineer (D'Huy Engineering, Inc.); David Himmelberger, supervisor of transportation; Michael Byrnes, assistant supervisor of vehicle maintenance; Leigh Kuenne-Rusnak, principal of Freemansburg Elementary School; Ann Behers, operations manager; and representatives from the press.

The following items were discussed:

COURTESY OF THE FLOOR TO VISITORS –

None.

DISCUSSION ITEMS –

Mr. Fazil introduced letter A on the agenda, Authorization to Expend Bond Funds – Bids Opened February 16, 2010 – Demolition, Site Improvement, and Environmental Remediation – Old Northeast Middle School. He said that all the information for this project is listed in the attached memo and agenda item. Mr. Fazil said that the costs for the project came in low; the project total also includes a \$200,000 contingency fund to cover any unexpected expenses or conditions. The Northeast project is under the budget estimate by over \$2 million dollars.

Mrs. Leeson asked if the remaining \$2 million that will be leftover from the Northeast project could be put into the capital reserve fund.

Mrs. Gober answered no because it was bond money.

Mrs. Leeson asked if the bond funds could be used to pay for school buses.

Mrs. Gober replied that the bond money could be used to purchase buses, but it would not be the best choice. This is because the bond money will be paid back over a twenty year term; the buses generally do not have a twenty year useful life.

Mrs. Leeson stated that she would like to see if this money could be used to purchase some of the larger items that the district is considering at this time.

Mrs. Dexter questioned D'Huy Engineering Inc.'s design fee. She said that the agenda item lists that D'Huy's fee will be six and a half percent of the total project cost. She believed that there was an earlier document that was sent to the board that quoted a three and a half percent cost.

Mr. Fazil said that the Northeast Middle School demolition and field project was handled as a summer project. D'Huy's fees for summer projects are six and a half percent. This fee included services that D'Huy performed such as design, approvals, land development, electrical, mechanical, plumbing work, and architectural work for the small building on the property. Mr. Fazil said that this project was not viewed as a major project like Broughal Middle School or Freedom High School; the construction management fees on those projects were three and a half percent. There was separate design fees associated with those projects. Mr. Fazil said that the \$90,000 daily construction management fee on the Northeast project is an allocation to allow for D'Huy to monitor the contactors and the project.

Mrs. Dexter asked if the six and a half percent fee covers the design and demolition.

Mr. Fazil said the six and a half percent fee does cover those items; however, it does not include daily construction management services. This project was simplified as the district went with a single prime mandate waiver which was to include all of the electrical, HVAC, plumbing, and general contractors. A separate environmental remediation contractor was needed as most contractors do not include that service in their scope of work. The project was bid this way because it was decided this was the most economical way to handle it.

Mrs. Dexter said again that she believed she saw an earlier document that quoted the project at a three and a half percent cost for D'Huy Engineering Inc.'s fees.

Mr. Fazil stated that there is no way that D'Huy would be able to complete the Northeast project for three and a half percent. D'Huy had to design the entire site, storm drainage system, utility building and all of the approvals, as well as coordinate the mechanical, electrical, HVAC, and general contractor.

Mrs. Dexter asked if the total project cost included the cost of the fields.

Mr. Fazil answered yes, it does.

Mrs. Follweiler asked Mrs. Gober that since the project has come in under budget and the district is not using the \$2 million remaining in the bond funds, does that mean that the district does not owe that money back?

Mrs. Gober answered that the district does owe that money back because it has already been borrowed. The remaining money can be reallocated to another capital project if the board wishes to do so.

Mrs. Follweiler asked if the remaining bond money could be used to bring down the amount owed by paying it directly back to where it was borrowed from.

Mrs. Gober said that bond council would have to review if that could be done. She believed that if this was done, there would be an expense associated with the transaction. Mrs. Gober said that completing this request would be very complicated.

Mrs. Follweiler stated that she would go back and find the minutes from the meeting when this was discussed. She said that she specifically asked questions that if some of the bond money went unused if it could be used to pay back the bond fund, and she was told that it could. Mrs. Follweiler said that she asked this question because she did not want the district in a situation where they borrowed more than what was needed to complete the projects, but would still be obligated to pay the money back.

Mr. Fazil then continued to explain agenda item A. He said that contract one was the multiple trades being completed under the single prime mandate waiver that was applied for and received. The contract will be awarded to Vollers Excavating and Construction, Inc. Contract two is for the environmental remediation portion; this contract is being awarded to Titan Wrecking and Environmental, LLC. Mr. Fazil noted that both firms were from out of state, but the qualifications of each contractor have been thoroughly investigated. The district has never worked with either contractor, but the administration is recommending that each of the two contractors be awarded as the lowest responsible bidder.

Mr. Amato asked Mr. Fazil if he was comfortable working with these contractors.

Mr. Fazil said that he has never worked with them before, but the district is obligated to take the lowest bid as long as it is responsible. Each contractor appears to meet the qualifications needed.

Mr. Amato asked if either company has had any issues in the past.

Mr. Fazil said that he could not answer that question as he was not clear with what Mr. Amato was asking.

Mr. Amato clarified by saying the he meant any specific issues with the work completed.

Mr. Fazil said that there were no issues related to work that either company performed in the past that he was aware of. A detailed qualification questionnaire was sent to each contractor. As a result of this questionnaire, it was found that each contractor has been around for a significant amount of time, so there have been a few claims and issues with other projects.

Mrs. Leeson said that while reviewing the bid tabulations, she noted that there was not as significant of a range of prices on contract one as there was on contract two (environmental remediation). She said that there were a few other companies that were close in price to the low bidders such as Sargent Enterprises, Inc. and Dore and Associates Contracting, Inc. Mrs. Leeson asked Mr. Fazil if he has worked with either of those companies before.

Mr. Fazil answered that Sargent Enterprises, Inc. has just finished the Liberty High School project and also was involved with the Broughal Middle School project. They have done a lot of work within the district.

Mrs. Leeson asked Mr. Fazil if the prices do not look so “out of line” to him that any concerns should be raised.

Mr. Fazil said no. The companies have complied with all requests for information.

Mr. Gilliland stated that although Sargent Enterprises, Inc.’s, price is close to the lowest responsible bidder, the district does not feel that it can say that Sargent has to be selected over the lowest bidder as they have met all of the qualifications. Not selecting the lowest responsible bidder could subject the district to issues with the bidding process.

Mrs. Ortiz asked if there was any other way of researching these companies.

Mr. Fazil answered that there are very tight qualification requirements that the company has complied with. There is no specific item that would disqualify them from bidding on the project.

Mrs. Follweiler suggested that there is no reason for Mr. Fazil to be uncomfortable with the companies as he has done extensive research of them.

Mr. Fazil said that there will be items that he will be monitoring as the project is completed.

Mrs. Leeson asked Mr. Fazil if he could provided another copy of the plan for the playing fields to the board.

Mr. Fazil said that he would provide the plan to the board via email.

Mrs. Dexter said that at the time the plans were discussed, there was controversy over the cost of the utility building on the plan.

Mr. Fazil said that the utility building will remain the same as it did on the original field plans. The original price that was quoted for the building was approximately \$350,000; the bids came in for under \$200,000.

Mr. Amato asked Mrs. Gober if it would cost the district money to buy buses with the \$2 million in bond money remaining from the Northeast project.

Mrs. Gober said that the district would end up paying more money in interest charges. She stated that purchasing buses with this money is also a ledger issue; the district would be carrying the debt longer than that asset [buses] has value.

Mr. Amato asked how much additional money it would cost the district to finance the buses through bond funds rather than another means of financing.

Mrs. Gober stated that the district would be carrying the debt and as well as have a liability on its books that have no offsetting asset. It would become a negative asset. Mrs. Gober said that it is not illegal to do this, but it would not be recommended.

Mr. Amato asked Mrs. Gober to find out exactly how much it would cost the district to finance the bus purchases through bond funds.

Mrs. Cann said that she understands that Mr. Amato is trying to find a practical solution to help the district; however, one item that the board has tried to target is to get the district out of a structural deficit.

Mr. Amato said that he understands Mrs. Cann's concern, but the district does need find a way to purchase buses.

Mrs. Ortiz asked if this type of financing would affect the district's credit rating.

Mrs. Gober answered that it would not initially affect the district's credit rating, but eventually it would when the buses became fully depreciated. The district would then be carrying that debt as a burden because there would not be an asset to counter it. The district's assets should be greater than its liabilities.

Mrs. Ortiz wanted clarification that the district could purchase buses with bond money if it would not in turn affect its credit.

Mrs. Gober said that as long as the district's other assets continue to counter that deficit, it would be essentially transparent. She believed that purchasing buses with bond money was not good financial management.

Mrs. Leeson suggested looking at the budget to see if there was a place that the district could "prudently use" this money in a more financially sound way.

Mr. Burkhardt said that he would like to remind the board that Mr. Himmelberger has stated that it has been fifteen years since there was a line item in the budget for buses. Buses have also traditionally been bought with bond money; this was not a new practice for the district.

Mrs. Cann said that just because this has been done in the past, does not mean that it is a good idea to continue to finance this way.

Mr. Fazil continued to review agenda item A, stating that numbers two, three, and four were for additional services that had to be performed or for miscellaneous fees and permits.

Mr. Gilliland said that the old Northeast Middle School contains a large amount of asbestos material that has to be abated. JMSI Environmental Corp. will see that the material is abated and disposed of properly. He also said that it is possible that additional permits may be required to

complete the project; that is why the administration is asking for \$30,000 to cover any additional items. If there are no additional miscellaneous items, the \$30,000 will not be used.

Mrs. Cann asked if the work to be completed by Titan Wrecking and Environmental, LLC is different than what JMSI Environmental Corp. does.

Mr. Gilliland answered that JMSI Environmental Corp. will monitor the abatement process and make sure that the contractor is adhering to the asbestos abatement specifications.

Mr. Fazil said that JMSI will also have air quality monitors placed outside that will provide documentation that the abatement process was completed correctly. He also said that JMSI is a professional service that was approved by the school board in May.

Mr. Gilliland then explained agenda item B, Memorandums of Understanding with Local Police Departments. He said that the Pennsylvania Emergency Management Services Code requires that each school district have memorandums of understanding with local police departments. Approximately two years ago, memorandums were submitted to all the jurisdictions within the Bethlehem school district; the district has five departments in its area. The memorandums with Bethlehem Township Police Department and Colonial Regional Police Department are expiring and need to be reapproved by the board. Mr. Gilliland said that the memorandums are unchanged from the last time they were approved.

Mrs. Cann asked how long the memorandums are valid.

Mr. Gilliland said that they are valid for two years. These memorandums will expire at the end of this month.

Mrs. Cann asked if there were any memorandums that were not complete.

Mr. Gilliland said that at this time, there were not. The memorandums from all the jurisdictions will be brought before the board the month before they expire for approval.

Mr. Himmelberger then discussed agenda item C, Award of Bid for School Bus Replacement – Bids Opened February 24, 2010. He said that the bids came in under estimate and there were only two vendors that submitted bids. Wolfington Body Company submitted three different bids. The first bid was for the base bid; they noted that they only had seven 2010 model year buses remaining. The second bid was listed as alternate 1 and was for 2011 model year buses, but these did not meet specifications as the engine is bigger than what the district specified. Mr. Himmelberger noted that International is having problems with the bigger engines, and the administration does not recommend purchasing these buses. The last bid was listed as alternate 2 and was for 2011 model year buses. He said that they are about \$300 dollars more than the 2010 model year buses, but believed that it would be advantageous to the district to spend the extra \$329 per bus to purchase the newer model year buses. He said the district would gain another year on warranty and the buses would also come with mud and snow tires on the rear wheels.

Mr. Himmelberger said that these 2010 model year buses would also have two additional push-out windows located on the each side of the bus.

Mrs. Cann asked how many of these buses were available.

Mr. Himmelberger answered that as of today, at least ten buses were available.

Mr. Gilliland said that the purchase of ten buses this year would begin the process of a normal replacement cycle.

Mrs. Cann asked how long the district has to decide whether or not to accept the bid.

Mr. Himmelberger said that all the buses are in stock, but the bid is noted that the availability of buses is "subject to prior sale". Mr. Himmelberger said he was unsure exactly how many 2011 model year buses were remaining.

Mrs. Ortiz asked Mr. Himmelberger to research how many were available.

Mrs. Follweiler asked if the companies who bid were dealers or manufacturers. She asked if they were the same manufacturers that were listed on our bid and if there was any bus that met our specifications.

Mr. Himmelberger answered that they were dealers and the buses that did not meet the specifications were rejected.

Mrs. Follweiler asked if the district's specifications were "tighter than the law requires". She said that she was trying to determine why they would make a bus that does not meet specifications.

Mr. Himmelberger said that the six cylinder engine is more efficient than the eight; that is why the district chose this model over the eight cylinder engine.

Mrs. Follweiler asked that since the district does not have the budget completed yet, is there a way to find out how many buses are remaining from this company?

Mr. Himmelberger said that he would call to find out how many were remaining.

Mrs. Leeson said that she would like to recommend that agenda items C and D be pulled from the agenda this month until the funding source is decided upon. A decision must be made how these items will be funded before they can be voted upon. Mrs. Leeson then asked if these items were purchased, would they come out of next year's budget.

Mrs. Gober said that if the district takes delivery of the vehicles before June 30, 2010, they will have to be paid out of this year's budget.

Mr. Himmelberger stated that it was specified in the bid documents that delivery would take place after July 1, 2010.

Mrs. Gober said that delivery after July 1, 2010, will mean that the vehicles can then be paid out of the 2010-2011 budget.

Mrs. Leeson said that she would be uncomfortable approving the award of any bids until the board has a clear understanding of next year's budget. She suggested waiting to approve the bids until a later date once the budget is finished and funding can be found.

Mrs. Gober said that from her understanding, the district's fleet has a lot of catching up to do because of the age of the fleet and the overall need for vehicles. She said that she would be less concerned about using bond money as "seed money" to start the replacement cycle as long as the district would commit to have a line item in every budget year to replace a certain number of vehicles.

Mrs. Cann suggested including a line item for buses in the 2010-2011 year budget so the district would not have to use bond money to purchase them.

Mrs. Gober said that as long as the district is willing to start the cycle and continue to purchase replacement vehicles on a yearly basis, including the money in next year's budget would be fine. She said that if the district would like to get a "head start", we can purchase the vehicles now, and then include a line item for 2010-2011 to purchase more.

Mrs. Cann stated that she was not clear on if the district was required to use bond money to purchase the vehicles for delivery in July 2010. She wanted to know if the district could commit to buying the vehicles, but instead of using bond money to purchase them, include a line item in the 2010-2011 budget instead.

Mrs. Gober answered that the district may do whatever they chose; she was just giving some options to consider.

Mrs. Leeson said that in the past, seven to eight buses have been purchased every year. In the last few years, no buses have been replaced. The district is now in a position where they must catch up; this is why the administration is requesting ten buses. Traditionally, ten buses is not the number of buses that would be bought.

Mr. Himmelberger said that in order to catch up and then maintain the recommended replacement cycle, ten buses must be purchased each year for the next five years.

Mrs. Leeson said that the line item that should be included in the budget would be more in the price range of seven to eight buses, not ten. She noted that she will still feel uncomfortable approving the bids without seeing the total budget. Mrs. Leeson said that she understands that purchasing buses is necessary, but she would like to see the total budget first.

Mr. Gilliland stated that the specifications are valid for ninety days or until agreed upon between the two parties.

Mr. Faccinnetto asked if the prices in the bid tabulations reflect the higher cost diesel engines due to the new federal emission regulations.

Mr. Himmelberger said that these prices reflect the engines without the new emissions regulations.

Mr. Burkhardt said that the board's direction to the administration was to bid the vehicles to get pricing information; no one said that they would definitely be bought. He said that if the board is sure that they would like to buy them, there is a way to finance them through bond money. This is not going to change in two or three months when the budget is completed. Mr. Burkhardt suggested making a decision soon as to if the district was going to purchase the vehicles or not.

Mrs. Cann asked that if the vehicles are purchased, when we would have to pay for them.

Mr. Himmelberger answered that if we take delivery after July 1, 2010, we would pay for them shortly there after out of the 2010-2011 budget.

Mrs. Cann asked the board if they would like to commit to purchase the buses now and then arrange for financing through either the 2010-2011 budget or bond funds. If the money cannot be found in the budget, the option of using bond funds would still exist.

Mrs. Dexter said that she would like to see the buses purchased. It can be decided later what money will be used to finance them.

Mr. Faccinnetto said that he liked Mrs. Gober's idea of buying the buses now with bond money and then continuing to replace additional buses each year through a line item in the budget.

After a poll of the board, it was decided that this item would appear on the agenda at the next Regular Board Meeting.

Mr. Gilliland then explained agenda item D, Award of Bids for Maintenance Vehicle Replacement – Bids Opened February 24, 2010. He explained the differences in prices between the state contract prices and bid prices; all vehicles came in lower in price by bidding them. Mr. Gilliland said that there was discussion about forgoing the security vehicle, but this vehicle was bid in case the board authorized the administration to purchase it. Currently, one van that is used by the maintenance staff will not pass inspection. This vehicle has been removed from the road, and subsequently, two technicians are using the same vehicle. Mr. Gilliland said that he would like to thank the board on the approval of the new maintenance dump truck. It was an asset with the past snowstorm.

Mrs. Cann said that from past discussions, she remembered Mr. Gilliland saying that most of the vehicles that were bid were in poor condition with the exception of the security vehicle. Is it possible to wait on the purchase of this vehicle?

Mr. Gilliland said that vehicle could wait to be purchased. This was vehicle number seven on the bid tabulation, the Ford Explorer.

Mrs. Cann asked what the normal depreciation of these vehicles would be.

Mrs. Gober said that she would have to do research to get an accurate answer, but she would guess somewhere around ten years.

Mrs. Cann asked if there was more leeway with the maintenance vehicle purchases than with the bus purchases. Was the district in danger of losing these vehicles because the vendors may run out?

Mr. Gilliland said that the bids were good for ninety days.

Mrs. Cann suggested waiting to make a decision on the maintenance vehicles until the district had a better idea of what next year's budget would be.

Mr. Follweiler said that there was no total dollar figure of all the vehicles requested listed.

Mr. Gilliland said that the total was \$261,162.44 for all the vehicles.

Mr. Follweiler said that information such as this as well as all the other information that Mr. Gilliland reviewed should have been given to the board at an earlier date so the board had time to review it before tonight's meeting. She said that the board does not have enough information to make a decision at tonight's meeting. Mrs. Follweiler said that this information was not included in the packets that were sent out last week, and the information was a lot to try to review.

Mr. Gilliland stated that the information was not included in the packet that was sent out last week because the bid opening was held after the packets were sent out. The information was put together as quickly as possible.

Mrs. Follweiler recommended waiting to place this item on the Regular Board Meeting agenda until the board had an opportunity to review the information provided on the vehicle purchases. Mrs. Follweiler also requested a copy of the information that Mr. Gilliland was referencing regarding the state contract prices versus the bid prices.

Mrs. Ortiz said that she agreed with Mrs. Follweiler that the district should wait to purchase the requested maintenance vehicles.

Mr. Amato stated that he would like to move forward with the purchase of the maintenance vehicles.

Mrs. Dexter said that the same discussion will take place next month if it is decided to postpone this item to the next meeting. There is no new information that will be provided at the next meeting that was not provided tonight or in the past.

Mr. Amato said that he agreed with Mrs. Dexter's statement. He asked Mr. Gilliland if these vehicles would be used for plowing.

Mr. Gilliland answered that the vehicles are used for a multitude of tasks such as plowing, daily transport, summer beautification projects, and hauling the technician's supplies.

Mr. Amato suggested outsourcing all snow plowing and landscaping.

Mr. Gilliland said that is an option for the plow vehicles, but the vans are needed for the district to continue to provide service to the schools.

Mr. Burkhardt asked Mr. Gilliland if there was any chance that there may be money left in his department's budget to purchase these vehicles with.

Mr. Gilliland said that he hopes the answer will be yes. His department's budget has never been overspent.

Mr. Burkhardt said this could be a way to finance the vehicle purchases without spending bond money. This would be money that was already budgeted that could just be reallocated.

Mrs. Cann asked Mr. Gilliland if the district could save money on vehicle inspections by purchasing new vehicles.

Mr. Gilliland stated that a lot of money could be saved on maintenance as the new vehicles would come with a warranty. The older vehicles are out of warranty and the district must continue to replace failed items in order for them to pass inspection.

Mrs. Cann suggested talking about the maintenance vehicle purchases at the April Facilities Committee Meeting.

Mrs. Dexter said again that no new information will be provided that was not provided tonight.

Mrs. Follweiler agreed with Mrs. Dexter. She said that if there is new information, it can be brought up in the Open Forum part of the meeting. In the meantime, she would like Mr. Gilliland to research if there may be money to purchase these vehicles out of his department's budget.

Mrs. Cann asked the board to be mindful of the ninety day expiration of the bids. She then asked Mr. Gilliland to bring this item back to the next meeting only if there was new information for the board.

Mr. Gilliland stated that the board would see this item again after the fiscal accounting has been completed for the 2009-2010 school year.

Mrs. Cann said that she would like to see this item again before the bids expire so the board could make a decision "one way or the other".

Mr. Fazil then introduced agenda item E, Authorization for the Administration to Prepare and Solicit Bids for the Investigation and Remediation of Mold at Freemansburg Elementary School. He stated the district has been very proactive in addressing the mold situation at the school. What is being proposed is that a more detailed investigation of mold and remediation be completed over the summer. The bid package will need to be unique because it may involve the need to remove some items based on the findings. The administration would like to do further investigation to determine if there is additional mold anywhere else in the building. Mr. Fazil noted that the building is safe, and the room that is still under remediation is contained from the rest of the building until the final clearances have been obtained. Surrounding areas have been tested and were determined to be normal. He said that the administration will come back with other information depending on what is found in the investigation. Mr. Fazil stated that a decision must be made soon in order to investigate, design, and bid the remediation work so the district can have this project done over the summer months.

Mrs. Leeson asked how this project will be funded.

Mrs. Gober answered that it may be funded from the general operating budget, capital reserve, or bond funds.

Mrs. Leeson stated that there was only a small amount of money left in the capital reserve account.

Mrs. Ortiz asked if this recent mold problem was related to the same type situation that happened approximately twelve years ago at Freemansburg Elementary School.

Mr. Fazil answered that the two projects were unrelated. The situation that Mrs. Ortiz was referring to was the result of a roof leak. This recent project is isolated to one room and is the direct result of a leaking drain line from a sink. Mr. Fazil said that because the building has been exposed to mold twelve years ago, the district would like to be more proactive in addressing this issue. There is mold in the building, but not on the same level as twelve years ago.

Mrs. Cann stated that completing this project is not an option.

Mr. Fazil said that the remediation portion of this project will be bid. He stated that there are some portions of the building that he is sure will need to be remediated even without knowing the results of any further investigation.

Mr. Gilliland said that this information was being presented because the district wanted to notify the board that there was a problem at Freemansburg and more remediation may be required.

Additionally, maintenance workers have gone to the building and discovered some additional mold behind the floor moldings. Mr. Gilliland said that the district is replacing the damaged wall areas with a product that does not promote mold growth.

Mrs. Leeson said that she would not vote for this project until she knows where the funding will come from.

After a poll of the board, it was decided that this item would appear on the next Regular Board Meeting agenda.

Mr. Fazil then explained agenda item F, Authorization to Repair and Replace Fire Alarm System Components – Freedom High School. He said that the pull stations in the old section of the building are the original pull stations. Two weeks ago, one of the pull stations failed and has been deemed inoperable. The station cannot be fixed as the components are no longer made. There are a total of thirty-eight pull stations in this section of the building; the administration is recommending replacing all of them. The cost to replace one unit is approximately \$2,000, and the cost to replace all thirty-eight is approximately \$18,000. The new pull stations will be able to be tied directly into the new fire alarm panel. Mr. Fazil said that the board may chose to replace the one failed pull station if they wish, but the administration will have to bring this item back to them every time another one fails. Mr. Fazil said that he does not recommend only replacing one pull station.

Mrs. Cann asked what the chances are that the other pull stations will become inoperable.

Mr. Fazil said that they are the original pull stations that were installed when the building was built in 1967. These pull stations are not made anymore, nor are the parts made any longer.

Mr. Gilliland said that if we replace the stations now, it will be considered an emergency repair. He said that a similar circumstance happened at East Hills Middle School and when the original fire panel box failed, the entire system had to be replaced. That meant that the whole fire system had to be brought up to the most recent fire code which meant that other devices also had to be altered at an additional cost.

Mrs. Cann asked how replacing all the pull stations would benefit the district.

Mr. Fazil said that the cost would average out to be \$473 per pull station to have them all replaced as opposed to \$2,000 to replace only one.

Mrs. Leeson said that she would not approve this item until it was determined where the financing would come from. She said that she understands that all the projects and vehicles discuss tonight are all needs and are all important, but the budget is tight.

Mrs. Follweiler asked if these pull stations were the last of their kind and age in the district.

Mr. Fazil said that he was unsure; he would have to investigate the older buildings such as Rosemont to determine if there were anymore left in the district.

Mrs. Follweiler said that she asked the question because items like this should be considered when the district is compiling the budget.

Mr. Fazil said that these items are included on the capital plan.

Mr. Amato said that the four items that were presented to the board tonight are critical. He said that there is \$2 million in bond funds available; he suggested using the bond money to pay for the buses, vehicles, and fire alarm and mold projects. He felt that these items were all safety issues that needed to be fixed.

Mrs. Cann agreed with Mr. Amato buy saying that it makes economic sense to do these items now. She asked the board if they would like to see the fire alarm project placed on the agenda.

After a poll of the board, it was decided that this item would appear on the next Regular Board Meeting agenda.

Mr. Fazil explained agenda item G, Authorization to Apply for Qualified School Construction Bond Program (QSCB). He explained that the administration did not want to miss the opportunity to apply for the program with a project that the district is already planning to pursue. Mr. Fazil said that a draft application is attached; the administration was recommending that this item be placed on the agenda so the deadline is not missed.

Mrs. Cann asked Mr. Fazil to please explain what the program is about.

He replied that it is an opportunity for the district to borrow the \$3 million needed for the Northeast project through a zero interest bond. This program is offered through the state through stimulus money.

Mrs. Gober said that it is part of the government stimulus package, but \$300 million has been allocated specifically for school construction. This program is being offered to select districts across Pennsylvania. Districts are encouraged to apply for access to these low-interest bonds. She said that although they are being advertised as zero interest bonds, they will likely have a small cost associated to cover administrative fees that may be equal to one to one-and-a-half percent. The project must meet certain criteria that has been outlined and defined in the application process. Each project is submitted and scored on a rating scale of up to one hundred points. Mrs. Gober said that the Pennsylvania Department of Education (PDE) is anxious to “move this money along” to school districts. She explained that the administration felt that the Northeast Middle School demolition was a project that was already in place; the board already intended on completing this work. If the district can obtain the funds to complete this project through this program, that will free up the regular bond money for other purposes as the board deems appropriate. The board may decline the money from the state at a later time if they wish to do so.

Mrs. Follweiler asked if borrowing this money would still increase the district's overall debt. She stated that this may have an adverse affect on the district's credit rating.

Mrs. Gober said she was unsure what affect it would have on the district's credit rating. She did say that this was a nominal amount that would be borrowed, and there would not be any question as to what the payment schedule would be because the loan is at a fixed rate. The State School Building Authority is who will be purchasing the \$300 million bond and they will then issue it in sublets to individual school districts.

Mrs. Leeson asked why the draft application stated the money would be used to build athletic fields, but on the back of the application, it stated that the district was creating a sustainable school by improving energy efficiency, improving energy and water conservation, reducing green house gas emissions, improving indoor environmental quality, and reducing waste.

Mrs. Gober said it was written this way because the original Northeast project met those objectives and those statements list what was accomplished as part of the project.

Mrs. Leeson asked how long the QSCB money was available in regards to terms. She asked if these bonds were similar to the "Build America" bonds that were only available for three to five years; that would then leave one unsure what would happen to them after that timeframe.

Mrs. Gober said that she did not believe this was the case. It was a fixed term, fixed rate issuance through the State School Building Authority. She said that there is a webinar that she has been invited to participate in that will provide more information.

Mrs. Leeson asked if the QSCB loan would be at least a twenty to thirty year term. What happens to the bond money that has already been borrowed? Do we take this money and pay it off?

Mrs. Gober said that the district would not be able to do that. The QSCB money must be used to pay for the project that the district applied for. The remainder of the proceeds that would be left from the original bond money could be used for another project. Mrs. Gober stated that she can check with bond council if the original bond money can be paid back with no prepayment penalty.

Mrs. Cann asked Mrs. Gober that if the money has to be used to pay for the project, and the project is defined as items that are already completed, are they not already paid for?

Mrs. Gober answered that the projects are scored higher if they are "shovel ready". That means that the board has already committed to complete the project and will use this low interest bond money as an alternate source to fund the project.

Mr. Fazil said that the project is not done. The QSCB money is for the portion of the project that has not been completed. When filling out the application, it was noted that this field project was part of the master plan approved by PDE. The new Northeast Middle School would have never been built without the old one being demolished.

Mrs. Dexter said that she distinctly remembers the conversation that Mrs. Follweiler was referring to in regard to the original bond money paid back to the account it was borrowed from. She said that the board was told numerous times that any unused bond funds could be used to pay down the debt. Mrs. Dexter said that she favors the QSCB because the rate is lower. If this application is approved, she does not want the district to say that now that the original bond money has been freed up, it can be used for other projects. Mrs. Dexter agreed that some of the projects such as the mold remediation at Freemansburg should be done, but there have been other projects that have been brought to the board in the past that she felt did not need to be done immediately. She believed that these other projects were not emergencies; remediating the mold and replacing reading teachers were more important to her.

Mrs. Cann asked if anyone objected to placing this item on the agenda.

Mrs. Leeson requested additional information on the QSCB Program, and also if the original bond money borrowed could be paid back.

After a poll of the board, it was decided that this item would appear on the Regular Board Meeting Agenda.

Mrs. Cann introduced number three on the agenda, Energy Request for Proposal (RFP) Review. She suggested having a discussion on distributing the RFP for an energy audit and an energy plan. Having the audit done is the first step. She recommended sending out two separate RFP's; one for the energy audit and a separate RFP for the energy plan.

Mr. Gilliland said that the term "audit" is interpreted differently by everyone. He said that he has spoken to many different vendors; some of them refer to it as an "investment grade audit that would include everything from soup to nuts", and others have what is called a class one or class two audit. Mr. Gilliland recommended that an investment grade audit not be done. He said that the district's consumption must be analyzed as we are concerned about how to reduce demand and cost. Mr. Gilliland said that the audit should include reviewing the district's usage and analyzing the areas where we may not be as efficient as we could be. In turn, that data should be examined and recommendations be made as to what needs to be done.

Mrs. Cann asked if a company would be able to come up with an energy plan before an energy audit was complete.

Mr. Gilliland said that the audit must be done first so the data can be benchmarked. He then explained the Energy Star program for schools. He said that it is a program geared toward energy conservation. Energy usage data for buildings can be entered into the Energy Star software that will then be compared with buildings of similar size throughout the nation. That information then sets the benchmark for your building. The main goal is to be in the top twenty-five percent of all buildings to achieve the Energy Star rating.

Mrs. Cann asked if the software was provided to districts at no cost.

Mrs. Gilliland answered that he did not believe that the software was free.

Mrs. Cann said that she asked this question because if the software is free, she thought that Mr. Gilliland may be able to input the data to determine the district's Energy Star rating.

Mr. Gilliland said that the program also normalizes data based on weather and temperature conditions. The district's energy cost per square foot will also be able to be calculated. Mr. Gilliland said that he would like to explain the General State Authority's Rule and exactly what they do. He said that the district would identify capital projects and an RFP would be issued to complete them. As of now, there are eighteen certified contractors that would be able to bid on the project. You would be able to enter into a performance contract using the Authority's RFP and place the project up for bid and a contract would be drawn up for shared savings. The project would be paid for out of monies that would normally be spent on utilities. He said that there are other options that exist for the district such as solar energy. Mr. Gilliland stated that it is critical that the negotiation of power purchase agreements (PPA's) be included in the RFP. He believes that the first step is to have an audit completed, then investigate and negotiate PPA's at the same time the energy plan is designed.

Mrs. Cann said that the idea right now is to get an RFP out for an audit; that would be a "launching point" for the rest of the items.

Mrs. Dexter asked if there was a firm that offered to complete an energy audit at no charge to the district.

Mr. Gilliland said that he was not aware of a company that would do an audit at no charge.

Mrs. Dexter believed that an email was sent that offered to do an audit for free. She continued to say that Mrs. Cann and she met with a student who had done an energy survey. Has the energy audit already been completed by a student?

Mr. Gilliland said that sometimes companies use the term audit to mean that they will review the district's energy bills. He said that an audit also needs to include identification of the pieces of equipment that are the biggest users of energy.

Mrs. Cann requested that the term "audit" be defined in the RFP so the vendors have a clear picture of what the district is requesting.

Mr. Burkhardt asked what action the board needs to take. He asked what the next step for the board was.

Mr. Gilliland answered that he was requesting direction from the board as to the scope of work that needed to be defined in the RFP.

Mrs. Cann again suggested issuing an RFP for only the audit portion.

Mrs. Leeson asked why the board was requesting to have the audit and the energy plan in two separate RFP's. She said that what the district was looking for was proposals as to who was going to do both items. Mrs. Leeson said that she understood PPA's and wholesale buying of energy to be two different items. She believed that the district should explore both these options.

Mr. Gilliland said that the audit needs to be done to determine what areas the district could be saving in. The district will then have to identify if those areas will require a minimal investment with a good return. Mr. Gilliland said that he understood that the board's direction was not to make large capital expenditures because of the long payback.

Mrs. Cann suggested having the audit done and then having it reviewed by a number of companies that would then submit an RFP for the energy plan based on that one audit.

Mr. Burkhardt said that it cannot be done this way because companies may say that the audit should have been done differently.

Mrs. Leeson suggested contacting a few different vendors about having an audit completed.

Mr. Gilliland stated that he has already spoken to a number of vendors about the audits. He has been told that the audits will not be done for free. If a company were to submit a plan for shared savings, the audit and all other tasks would be figured in as the contract is costed out over a period of years. One company that he has spoken to made it clear that if the district is planning on upgrading any equipment, they wanted to be notified because they do not do equipment upgrades.

Mrs. Cann asked what the company will do who submits the plan. Will they actually complete the work, or do they only submit a paper plan?

Mr. Gilliland answered that we will be asking the companies to get an energy picture of the district, analyze that data, and provide suggestions on improvements.

Mrs. Cann wanted to ensure that the board was not authorizing any actions based on the distribution of the RFP.

Mr. Gilliland answered that the purpose of the RFP is to obtain competitive pricing and to analyze the districts' data.

Mrs. Dexter asked if Mr. Gilliland had an idea of what will be involved in the audit process.

Mr. Gilliland said that an all inclusive audit can cost about ten cents per square foot which translates to approximately \$260,000. A class one audit would cost approximately five cents per square foot, or \$130,000.

Mrs. Follweiler asked if this pricing is "in line" with what the state's website guidelines recommend.

Mr. Gilliland responded that the two they are two different entities. The Department of General Services is for capital improvements expenditures.

Mrs. Follweiler asked Mr. Gilliland if he was requesting permission to start an RFP. She understands that one was previously presented to the board.

Mr. Gilliland said that he would like to prepare the RFP and further define the scope of work. He said that he will then bring it back to the board for approval if that is what they wished.

Mr. Faccinetto said that he does not understand why the district wants to spend money to have an energy audit completed.

Mrs. Cann said that the audit would be paid for through energy savings.

Mr. Gilliland said that her statement was not correct; the price for the audit and the plan would be built into the cost of the total agreement.

Mrs. Dexter said that she felt that she needed more information than what has been provided. She said that there have been a few companies that have emailed offering to provide information, but she has been reluctant to “get involved” in a conversation because she does not want to rule them out from being able to eventually bid on an RFP. She stated that there have been people in the community that have offered to provide their ideas; there have also been business people who have contacted the district as well. Mrs. Dexter said that Mrs. Leeson has been contacted by a company who has offered some information as well. She asked what the “parameters” were around having a discussion with these companies. She also asked if she were to talk with a company that contacted her, would that bar them from bidding on the RFP?

Mr. Gilliland said that if a discussion was held to get more information, he did not believe that they would be excluded from bidding. Mr. Gilliland said that he has met with numerous companies on several occasions and would now like authority from the board to act on meeting with them.

Mrs. Dexter said that she knows that she cannot authorize someone to come in to perform a \$130,000 audit, but would be inclined to have a company perform both the audit and energy plan if she knew that there would be guaranteed savings with little risk.

Mr. Gilliland stated that there are many successful companies that exist that have successful track records. The idea is to have all of these items figured into a contract that would be paid out of shared savings.

Mr. Amato stated that the board received an energy savings plan in May 2009 from the district’s engineer. D’Huy Engineering, Inc. is a company that the district has entrusted millions of dollars worth of projects to. Mr. Amato wanted to know why the district was not choosing D’Huy to complete its energy savings plan. He also asked why the district was out looking for another company to come and complete an audit at a high cost.

Mr. Gilliland said that the initial proposal submitted by D'Huy Engineering, Inc. was a fifty-fifty shared savings plan. The second proposal that was presented was on a task based fee schedule.

Mr. Amato believed that thirty-five minutes of time was wasted having a conversation on an energy plan when a plan that would be advantageous to the district has already been presented by D'Huy Engineering, Inc.

Mrs. Cann said that if capital improvements are going to be done as part of the plan, the district is required to put together an RFP.

Mr. Gilliland said that capital improvements, as part of the energy plan, will be bid.

Mr. Burkhardt believed that tonight's discussion would be a validation process discussion. He stated that the district needed to move forward with the energy savings plan.

Mrs. Cann asked the board what they would like to see done.

Mrs. Dexter felt that the district should not choose D'Huy Engineering, Inc. because there was no "track record" with them in energy savings. She believed that they were trying to establish themselves in that field, but there were other firms that already have a good track record in energy savings. She said that there were other reasons why she felt that the district should not choose D'Huy; one was that there was a conflict of interest. Mrs. Dexter said that the district should investigate what savings are out there and there needs to be an organized system put in place to find the lowest price for the fastest return. She stated that she did not think that the district needs to spend \$130,000 on an audit.

Mr. Gilliland said that he agrees that the district does not need to spend that much money on an audit.

Mrs. Dexter said that she would like to meet with the company who contacted her via email to obtain more information.

Mr. Gilliland said that he believes that the company she was referring to does not offer more than one component of the energy plan. Their product treats the water in the chillers to make them more efficient.

Mrs. Leeson said that a decision must be made as to either go with the district's current engineer or to send out an RFP. The RFP should include an audit and a plan. If the prices for the audit come in high, the board can choose to reject the bids. Mrs. Leeson said that the district has two options; the first is to hire D'Huy Engineering, Inc., and the second is to send out an RFP.

Mrs. Dexter believed that these were not the only two options that the district has. She said that information has been presented that may suggest that the district is required to send out an RFP. The district must wait for the solicitor's opinion.

Mrs. Leeson stated that her understanding was that the district would be required to send out an RFP if there were capital expenditures to be included. She did not believe that one was required to be sent out if it was only a plan that was being designed. Mrs. Leeson said that she has not received any information back from the solicitor.

Mrs. Gober said that the only time an RFP is required is when the district would be seeking to do an Act 77 qualified energy performance contract. Otherwise, the district would be asking for a professional service and there is no mandate to solicit bids. It is the district's option if they would like to send out an RFP.

Mrs. Cann said that if it was the consensus not to have an RFP, the district should not move forward until the solicitor's opinion is received.

Mrs. Ortiz said that she would favor selecting D'Huy Engineering, Inc. to do the energy savings plan.

Mrs. Follweiler believed that the district needs to "trust, but verify". There is nothing that the district has received to base D'Huy's information against. She agreed that there was a conflict of interest with D'Huy as well.

Mr. Amato said that D'Huy contacted the district to be proactive about saving us money. He believed that D'Huy should be the firm that is selected to carry out the energy savings plan.

Mrs. Leeson said that either distributing the RFP or choosing D'Huy Engineers, Inc. would be acceptable to her. She believed that whatever is decided needs to be decided on soon so the energy plan can be implemented; her only concern was that D'Huy was not assisting in writing the RFP.

Mr. Gilliland stated that D'Huy has not assisted in writing the RFP.

Mrs. Cann requested that Mr. Gilliland modify the RFP and bring it back to the board. She said that he does not have to wait until the next meeting to send it to them.

Mrs. Dexter asked if anyone had an objection to any board member getting information from any other source in regard to energy proposals.

Mrs. Leeson believed that Mr. Gilliland should be the person collecting and reviewing the information.

Mr. Gilliland said that information is kept from any company who has contacted the district regarding energy savings information.

Mrs. Dexter said that she would like to get more information. She would like permission to contact different sources. She will then send out the information that she receives to the entire board.

Mrs. Leeson again said that Mr. Gilliland should be the district's contact person as well as the person who collects and reviews the information

Mrs. Dexter said that she would like to do this because this is the fourth meeting that has been held and her questions are not being answered.

Mrs. Leeson asked if the companies that Mrs. Dexter contacts will be bidding on the RFP.

Mrs. Dexter said that she did not know if they would bid or not.

Mr. Amato commented that the board members were starting to "freelance".

Mrs. Dexter stated that some board members have already "started to freelance" as Mrs. Leeson has had discussions with companies as well.

Mrs. Cann asked the board if anyone had an issue with board members contacting companies.

Mrs. Ortiz believed that the work should be left to the administration.

Mrs. Follweiler stated that she did not have a problem with a board member forwarding information to Mr. Gilliland. She believed that this discussion on the energy RFP has been exhausted.

Mrs. Dexter said that she will forward any information that she receives to the entire board. She wanted to get more information for her own knowledge so she can make an informed decision when it comes time to vote. Mrs. Dexter noted that she will be obtaining this information from a variety of sources such as the Internet, the Alliance for Sustainable Communities and speaking with professors from Lehigh University. She stated that she is not satisfied with the information that she has been given.

Mrs. Ortiz asked if these actions would jeopardize the RFP.

Mrs. Dexter said that the district has met with D'Huy Engineering, Inc. numerous times about the energy RFP. Does that jeopardize them?

Mr. Burkhardt said that he would like the information to come from Mr. Gilliland as that is who the district has hired to do this job. His advice will be what Mr. Burkhardt uses to make his decision.

Mrs. Leeson said that she would like to point out that when an opportunity arose for her to obtain more information on energy savings, she emailed Mr. Gilliland to ask if he would be interested in meeting with this company. Mr. Gilliland declined, so a conversation was held and Mrs. Leeson, in turn, provided all the information she received to Mr. Gilliland and Mrs. Cann. She said that her recommended way of a board member conducting an outside search for information is to involve Mr. Gilliland and Mrs. Cann from the beginning.

AGENDA ITEMS FOR THE MARCH 17, 2010, REGULAR BOARD MEETING –

After discussion, the board committee agreed to bring the following agenda items to the March 17, 2010, Regular Board Meeting:

- A. Authorization to Expend Bond Funds – Bids Opened February 16, 2010 –
Demolition, Site Improvement, and Environmental Remediation – Old Northeast
Middle School
- B. Memorandums of Understanding with Local Police Departments
- C. Award of Bid for School Bus Replacement – Bids Opened February 24, 2010
- D. Authorization for the Administration to Prepare and Solicit Bids for the
Investigation and Remediation of Mold at Freemansburg Elementary School
- E. Authorization to Repair and Replace Fire Alarm System Components – Freedom
High School
- F. Authorization to Apply for Qualified School Construction Bond Program

COURTESY OF THE FLOOR TO VISITORS –

Stephen Antalics, 737 Ridge Street, Bethlehem: Mr. Antalics said that the problem before the board is finance and energy. The energy problem should be addressed the same way the finance problem was addressed. Mr. Antalics believed that the district already had an energy expert “in-house”, which is Mr. Gilliland. Mr. Antalics suggested issuing a general RFP, because the people who will review it are experts as well. They will come in and review the facilities the same way that the “financial people” did and make a proposal where “all are free to bid”. Mr. Gilliland should then review the proposals and make a recommendation. Mr. Antalics said that, “the problem is we are trying to cook a soup, but we have too many cooks”. The energy savings plan should be treated the same way the finance problem was treated. Mr. Antalics said that he also wanted to speak about the article in the paper and about the people he has been approached by within the community about the possible change in the seating arrangements at the board meetings. He said that they are all appalled because they will feel that they will be excluded from the meetings. Mr. Antalics said that this type of meeting setup brings up a symbolism between the board, public, and the administration. The board and the administration are “objectively detached and should stay that way”. He stated that we all saw what happened when the “board got cozy with the superintendent”. Mr. Antalics said that the community suffered because of this, and he recommended that the board maintain a detached separation from the administration.

OPEN FORUM –

Mrs. Leeson said that she would like to address Mr. Antalics’ concerns. She said that she always appreciates his comments and his viewpoints, but objected to the fact that the community was

not allowing the board to discuss new ideas. It becomes difficult if the board is not allowed to present a new idea and discuss it at the board level. There are many districts that utilize the circular arrangements in committee meetings.

Mr. Antalics said that the public felt they would be alienated.

Mrs. Ortiz said that she had the opportunity to read to students at Donegan Elementary School tomorrow.

The meeting was adjourned at approximately 8:34 p.m.

Minutes prepared by:

Kristen M. Snyder, Secretary to the Director of Facilities and Operations

Scott T. Gilliland, Director of Facilities and Operations