



Finance & Operations Committee

February 22, 2024

MINUTES

Meeting called to order by: Member Kehoe at 5:00 p.m.

Board of Ed members present: Kehoe, Christenson, Picard

District staff: Merritt, Minnick, Gruszczynski, Salzer, Jory

Citizen Reps: Roderique, McKee **SVA Rep:** Lin, Vakde **Others present:** John Johnston

Presenter(s): W. Bowman/Great Northern; D. Dinkeloo, J. Maino/TMP Architecture;
B. Jessie, M. Stockert/Barton Malow

Public Comments – none.

Approval of Prior Meeting Minutes – February 8, 2024 - approved.

Tanger Property Update – Mr. Bowman is here to share a Letter of Intent offered by Infinity Homes regarding the purchase of the Tanger property. At our meeting in January we shared that the highest bidder was Infinity Homes. Since that time Infinity Homes has met with Northville Township twice, and the township is in favor of the proposed plan. Mr. Bowman feels the progress has been very positive. The township has also confirmed they are open to exploring the Brownfield Grant to cover the demolition costs, which represents a savings of about \$300K to the district. The next time we can apply for a Brownfield Grant would occur in the late summer, which would give them time to get an engineered site plan to the township. Infinity Homes is estimating it will take about 12 months for the process. Mr. Bowman feels that this timeline will work. He and Ms. Abrahams have dealt with Infinity Homes in the past and they have been reliable.

In order to help protect district interests, there will be a stipulation in the purchase agreement that assures that the buyer does not get a deed to the property until the building is demolished. Ms. Minnick will begin to work with Mr. Bowman and Ms. Abrahams to create a purchase agreement between the district and Infinity Homes.

Bid Package # MS-2 (EAST/West) Furniture Purchase – Derek Dinkeloo and Jen Maino are here from TMP Architecture to present a recommendation to purchase furniture and equipment for bid package #MS-2, East and West Middle Schools. The presentation includes detail on all of the pieces recommended for general education and special education classrooms, learning commons, and main offices at each building. Many of the pieces are the same used at Pioneer Middle School in the bid package

#MS-1 project, and feedback from the staff at Pioneer was considered when choosing the pieces for East and West Middle Schools. Meetings with stakeholder groups at the two buildings commenced in October 2023, and were held on a regular basis throughout the planning stages. There were 11 middle school students included in the stakeholder groups. TMP received quotes from furniture vendors on February 5, 2024. All quotes were obtained through purchasing consortiums. The quotes that came in resulted in a positive variance for the two buildings of \$354,212.85. The total cost for the furniture and equipment at both buildings is \$1,115,787.15, which will be paid for with 2020 and 2023 bond funds.

Member Picard asks what happens to the existing furniture when the furniture is replaced, and Mr. Gruszczynski explains that we dispose of broken or unusable furniture, and what remains we work with a company to sell or donate to other districts.

Technology Bid Package #T-8 – IT Director Mark Salzer is here with Brian Jessie and Matthew Stockert of Barton Malow, P-CCS Bond Technology Consultant, to present the purchase of structured cabling services and network infrastructure equipment for 2024 summer bond projects. The #T-8 bid package is the one that involves the e-rate eligible items. The #T-9 bid package covers the remaining technology items for East and West Middle School and other summer projects. This item will be presented for first reading at Tuesday evening's meeting.

Technology Bid Package #T-9 – IT Director Mark Salzer is here with Brian Jessie and Matthew Stockert of Barton Malow, P-CCS Bond Technology Consultant, to present the purchase of A/V Equipment. Paging and clock equipment, video surveillance and access control equipment for 2024 summer bond projects. Bid package #T-9 is the package that contains the non e-rate components of the bond technology needs. This package includes a proposed contingency amount due to the fact that we are estimating what the needed technology may be in these learning spaces. Mr. Salzer adds that we have worked with all stakeholders involved, including security, school administrators, and educators that will use this facility when it is completed. Mr. Gruszczynski shares that we also gathered feedback from the robotics students on their needs. This item will be presented for first reading at Tuesday evening's meeting.

2023-24 Mid-Year Budget Amendment- Ms. Minnick presents the fiscal year 2023-2024 Budget Amendment #1. She shares a PowerPoint presentation of the highlights found in this amendment. The presentation contains historical financial data regarding enrollment, foundation allowance, general fund balance, and enhancement millage revenues. Ms. Minnick walks the committee through each item and gives background to clarify each adjustment. A detailed reconciliation summary completes the slides.

Regarding the use of the various pockets of federal funds, it is explained that all federal funds we have received must be expended by September 30, 2024, so the remainder of them will be spent on summer programming. Some of the programs and positions that will no longer be funded with federal dollars may continue, but those costs will now be paid with general fund dollars, so they will need to be prioritized based on the needs of the students.

The budget amendment is presented as a first and final meeting at the next Board of Education meeting.

2024-25 Budget Assumptions – Ms. Minnick presents the initial fiscal year 2024-2025 budget assumptions. This presentation contains information about the 2024-25 budget timelines, the state budget process, and our initial assumptions. We reviewed the historical financial data that helps us determine our initial budget. Going forward we will continue to monitor the state budget process, as well as gather data to estimate our 2024-25 enrollment numbers. Initial assumptions include an expected 2.5% increase in foundation and categorical funding, maintaining school of choice expansion, keeping class sizes consistent with the prior year. It is also expected that we will have a hard cap increase of 4.1% on benefit costs, and the base MSPERS contribution rate will be 31.34%.

Financial Statements as of January 31, 2024 –

Although July through January accounts for 58.33% of the calendar year, school districts don't receive or expend resources in equal monthly amounts throughout the year. Therefore, we have applied a three-year historical average to the annual budget to determine projected totals for January 31, 2024, and then compared that to the actual results to determine variances. Variances between projected budgets and actual results may be due to timing differences, receipt, or expenditure of funds in a period that is different than anticipated, that will resolve over time; or permanent differences, unanticipated receipts or expenditure of resources not planned, which may require a budget amendment.

The overall revenue received as of January 31st is 50.00% of the budgeted amounts, which is higher than the three year average. The overall expenditures through January are 57.64% of budgeted amounts, which is about 5.56% faster than the three-year historical average for this point in the fiscal year total budget. Details about these variances are found in the Financial Summary Update included in the meeting packet. Overall, the net change in fund balance will be adjusted for the annual audited fund balance during the mid-year amendment process.

Adjourned: **7: 09 p.m.**