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Loudoun County School Board, Finance and Operations Committee, Tuesday, March 7, 2023

Date Tuesday, March 7, 2023
Place Loudoun County Public Schools / School Board meeting (see BoardDocs / LCPS-TV)
Length 22m (video)

- Official meeting video (Vimeo / LCPS-TV): <https://player.vimeo.com/video/806092766?rel=0>
- BoardDocs (School Board): <https://go.boarddocs.com/vsba/loudoun/Board.nsf/Public>

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Speech-to-text: whisper.cpp, model large-v3-turbo. Produced 2026-10-22. Each paragraph starts with its time [HH:MM:SS] in the meeting video.

[00:00:00] Good evening. Welcome to the Tuesday, March 7th, 2023 Finance Operations Committee meeting. I understand that Ms. Corbo would like to participate remotely for this committee meeting. Ms. Corbo, if you could, please share your location, whether this is a medical or personal matter, and if you are in anybody else's presence.

[00:00:30] Thank you. I am home. I'm alone. Under School Board Policy 2420, I'm requesting remote meeting participation due to an ongoing disability and ongoing medical condition as also recommended by Loudoun County Human Services Department under ADA disability law.

[00:00:48] So I will move that we admit Ms. Corbo under medical exemption. Is there a second? Lacking a second, that motion will fail. Ms. Corbo, would you like to participate with a personal exemption? No, thanks. Would you like to participate with a personal exemption?

[00:01:07] No, thank you. okay all right so we'll move on to our next item which is uh public comment is there anyone from the this is no one rushing the podium we'll move on to item three which is the minutes is there a motion i moved that sorry i guess no yeah i i moved that the committee approved the meeting minutes from february 21 2023 i'll second that any further discussion seeing none all those in favor of the motion please say aye and raise your hand aye that motion will carry to zero thank you okay we're on

[00:01:41] to approval of the consent agenda. Is there a motion, Mr. Mejedevi? I move that this committee approve the consent agenda for this March 7, 2023 committee meeting. I'll second that. Further discussion? Seeing none, all those in favor of the motion, please say aye and raise your hand. Aye.

[00:01:58] That motion will also carry unanimously. Board of Committee members present with Ms. Corvo absent for the vote. Sorry. On to our action items, business financial services, the self-insurance Fund Supplemental. So is there a motion? Mr. Mahedovee. I move that the Finance and Operations Committee recommends that Lawnham County School Board approve a supplemental increase to self-insurance fund budget in the total amount of \$16,185,883, approve a budget transfer from the

[00:02:34] School Operating Fund in the total amount of \$2,787,810, and approve the use of Health Insurance Fund balance in the amount of \$3,392,155. Okay I'll second that. I am a little concerned about this. So at the last committee meeting, did we discuss these numbers? We can still use these, but perfect. At a high level, but we didn't get into the specifics

[00:03:10] underlying them. Okay, because I am very concerned with the numbers. It mentions that we had also gone over this at the board meeting, and when I look back at the board meeting notes, what I found was a single line referencing the self-insurance funds said health and short-term disability claims have a better outlook compared to first quarter and workers comp claims are increasing so I went back to the to the actual spreadsheet that was provided and under health self-insurance it says

[00:03:50] 9.2 million dollar surplus in revenue 2.4 million dollar surplus in contractor services and 11.6 million dollar deficit in claims so I'm a little confused as to why we're looking for a 16 million dollar ad given given those facts could you help me with that certainly so some of that is the increased revenue we just need the additional budget authority to be able to spend it on the claim side and if you were to reference back to the q2 report there was a line in there that stated that the expenses were exceeding budget and then we would bring back to the committee and the school board and a supplemental request for additional budget authority in order to

[00:04:29] cover it the majority of those claims are from or the majority of the expenses are just from rising health care claims over and above what budget was most of this is in the health self-insurance fund and there's some ancillary smaller costs that are in workers comp s VLDP and short-term disability so why do we have the excess nine million dollars in revenue if that has not been provided by the board why would we identify that as as revenue we're requesting that authority now a lot of that most of that nine million dollars is from revenue in excess of the budget that's coming in higher

[00:05:08] this year than we had planned or higher than we had budgeted for okay because typically a financial statement is a statement of fact and if we haven't provided that nine million dollars that shouldn't be showing up as a revenue is that correct the q2 report was on the projection and that's what we were projecting and that's why we stated in the report that we would come back for the supplemental request okay so it says quarterly financial forecast I'm sorry absolutely so that nine million was an assumption that the board would

[00:05:45] support a modification of nine million dollars to even out the budget correct and most of that revenue is actually coming from employee and employer contributions so based on payroll to date that's a highly probable number will be coming in based on what employees enrolled for in open enrollment so how did we get from 9 million under that assumption to the 13 million health self-insurance fund increase

which is in your background statement on this agenda item over the prior two months so within that q2 report that

[00:06:20] was data as of 12 30 or 12 31 2023 these numbers are updated based on actuals that have come in over the prior two months and primarily in pharmacy costs that have continued to increase that's been the big driver so in that two months based on trends to date and then looking at prior your actuals to see how the second part of the year is played out we're estimating that that pharmacy claim is actually about 2.7 million dollars higher than what we were estimating at the end of Q2 okay because this is now let's see almost four million dollars over the course of two months the the projection just went from 9.2 million up to and

[00:06:59] this is just a health self-insurance fund this doesn't well i mean the others are covered under different funds and the others are all less in aggregate less than fifty thousand dollars it is the health self-insurance fund and 2.7 million of that 4.1 million dollar increases from pharmacy claims so if uh the current balance is sitting at 39 million and my my assumption is i believe that was uh 16 or somewhere what was the percentage that we're holding uh in our net in our net position policy is that we should be uh greater than two months and i believe uh loudon county policy is

[00:07:38] no more than 10 percent okay so uh 39 million with a annual budget total expenditures of 231 is significantly more than 10 i think it's like 16 percent um do we need to be holding on to that net position is there a reason why we would continue to hold in excess of 10 percent in our net position uh i can't remember if it's policy or regulation but one of the two from the school board is a minimum of two months of claims expenditures within the health self-insurance

[00:08:14] okay so a minimum but there is no maximum correct there's no guidance there not that i recall no two months and six 40 million you have any questions mr maddie thank you chair i just have a question to understand the worker uh compensation so what's driving the increase for working compensation this year based on what we budgeted and uh there have been several claims that have been significantly higher than averages that have really driven it up i don't have the specifics on those exact claims but in coordination with the benefits team there's a relatively small

[00:08:52] handful of them that have driven the cost significantly higher this year and then with the return to work this year and schools being fully open and all staff being open and significantly reduced COVID protocols. There's more employees on site have caused a slight uptick than the prior two years. Seeing as there are no further questions we'll place the motion to vote. All those in favor of the motion please say aye and raise your hand. Aye. That motion will carry to zero. Thank you.

[00:09:22] They want information items RFP R20252 architecture engineering services for miscellaneous Projects renewal. Ms. Pilyaw. Before you is the annual renewal for these architectural and engineering services and they are being granted a rate increase of 5% as permitted by the contract for each of the consultants. Okay.

[00:09:40] And this is an extension, which number is this? The third? Third of four. So we have one more. Okay. So that's not bad, 5%. I think that's probably right in line. Mr. Mejedevi.

[00:10:04] No, that's fine. The pricing sheet you have, Ms. Yolo, I'm just trying to, so these are all different consultants, right? I mean, one, two, three, six of them. I'm just curious, how do they have the same rate

card exact? I mean, all of them have exact same, this is how we typically award like same exact card, like rate structure.

[00:10:27] That is correct. That is correct. We negotiate a standard rate that all awarded vendors should follow, must follow. So we said the rate? They provide the rates.

[00:10:43] You'll see it on the next item I'm going to present to you. They provide rates, and then based on the rates they provide at time of solicitation, we take a look at those rates and find a mid-range rate in line with current market and negotiate that rate with these vendors.

[00:11:00] So we don't negotiate different? I mean, because, I mean, every vendor will provide different rate structures. So how do you come out to exactly 250, 220, 50 across every one of them? That's what I'm trying to say.

[00:11:16] So thank you for asking that, Mr. Mehevy. Over time, we realized that we're asking architectural firms to provide the same service. And, you know, each firm is going to have a different structure. And so what we found in years past where all the structures were so different, we had very disparate rates for that.

[00:11:35] So we came up with this process where we assigned what the titles were in the project. So a firm may have a senior project manager, we would just call it a project manager, so that we were able to treat every firm fairly. One of the things when you have a multiple award contract is you have several projects, you have several firms, how do you choose them?

[00:11:54] So we make sure that we divvy up the work on an equitable basis and make sure everyone gets the same amount of work as much as possible. There will be times when a certain firm has an expertise in one thing or other than they should be, you know, they are assigned a particular project. But we do our very best to make sure that we pay the same amount for the same service from each firm.

[00:12:14] I'm sure, I mean, as much as we appreciate the firm's services, I'm sure they're not complaining about being equity in this case. So thank you. Along the lines of Mr. Mejedevi's comment, I'm looking at the cost section, which is the last section in the pricing sheet.

[00:12:32] And the principles for Cooper Carey and MTFA are well below what looks like the standard. Can we talk to that, please? I would have to get back to you with the information regarding those rates and also exactly why their rates are different from everyone else.

[00:13:01] That would be helpful. Thank you. Additional comments? Okay, so we'll go ahead and place this on the action item for the next committee meeting, and if you could please provide us the background information. That would be ideal. Thank you. 6.02, which is RFPR-23252, Geotechnical and Construction Testing Services.

[00:13:23] Ms. Filial. this is actually a new contract with the current contract expiring March 31st 2023 we're bringing this before you this evening as an information item while we'd ask that you be aware that we are still completing negotiated pricing with these vendors the 30 percent increase that you see identified in the budget impact area is simply a placeholder at this time that 30 percent is based on as Mr. Mahadevi brought up the last item the rates they proposed to us we have not yet completed the negotiation to set that standard rate so you will see when it comes as an action

[00:14:01] item a change in that percentage but you are provided the list of vendors that we are concluding negotiations with for the award of this contract with an anticipated spend of approximately

eight \$850,000 okay obviously we look at that 30% in utter shock and disbelief so certainly as as those numbers come in we anticipate what is your anticipation to the to the averages I would not even want to project that for you because I am not sure I would leave it would be less than 30% I know it'll be less than

[00:14:41] 30% but I do not have an indication of what that percentage would be at this time okay that that'll be very important I think that the board is going to be extremely interested in seeing uh seeing how the rates come in and whether they're competitive if we have to downsize are we committed to the number of awards on this or can we we can we commit to a fewer number of awards the number of awards would not be the issue we could still work with like five vendors it's the dollar amount of the goods or the services we need so if we went down to three vendors you'd still need those three vendors to perform eight hundred fifty thousand dollars worth of service so that probably wouldn't be the solution but it's something we will definitely be

[00:15:20] working with the department of construction to take a look at well i think the competitive range if if you were to look at the offers that are provided if we're looking at a competitive range and you go with the uh the lower cost providers um it may shrink the pool it may it would certainly benefit lpcs i mean obviously we don't want to go to a single provider but uh just the the thought of, you know, if we're going to have a standard rate across all the providers, we need to push the providers to provide them more. And that is something that we'd be looking at when we do the standard rate, is if they just will not accept that standard rate, do we go, we wouldn't most

[00:15:57] likely go to another vendor, we may have a shorter list. Okay, perfect. That's good. Yeah, and I would like to add, too, that the amount of work that we have is pretty significant. You know, we have these services on almost every project we have, if not every project we have, and so we do believe that having a number of firms available so that we can call them in a moment's notice to get someone out these are folks that come out to the job sites and inspect work and are there sometimes for long periods of time and it's it's very difficult to schedule that so that's one of the reasons over time we've built a a recommendation on how many firms we need to make sure we can get the service

[00:16:32] when we need it and so that's one of the things that will play into that okay and obviously we're going to balance that with the the cost benefit of having those that number versus the competitive rates that it may or may not be offered so absolutely and i will say that this firm like all the others are subjected to the same inflation that everyone else is dealing with and so that's part of what we're seeing here is cost of construction going up cost of professional services related to design and construction are going up as well and so that's that's pushing on all of our negotiations as we go through this process this is a servicing service contract

[00:17:07] this is not a material contract correct uh yes i mean they do do um yeah i think it's all service I just wanted to add as well that these firms have not seen an increase in doing this work in their five years.

[00:17:24] We haven't given them a percentage increase. So you will see a substantial increase because they haven't had one in quite some time. Okay. And that information will be helpful as we also proceed, especially if we're going to see that large of an increase. I think we'll want to have some historic data to help back that up.

[00:17:42] And that's why we're now in our contracts adding that 5% per year. So we have, you know, 5% each year. We have a trigger in there as to what the percentage could be. Mr. Mehta. Thank you, Chair. I guess there's two parts question.

[00:18:00] I just want to understand what type of services these firms provide. I just want to understand that better. And my second question is, since all of this stuff is public, so for us even discussing the cap at 30% average increase, how does it factor into your negotiation?

[00:18:17] Because now, let's say, next time around, we're going to approve this action item. So how does that factor into your negotiation, knowing that the cap is set to 30%? And then, you know, the contractors know it's going to be 30%. So what leverage do you have anything to negotiate with them up to that point?

[00:18:35] So at this point, what we know is the prices that have been submitted to us have averaged about 30%. so that was just a an indication for for you as a committee to have that awareness that when we come back the prices will go up so the the pricing will uh the negotiation has not i mean they they are aware of the public information is where the numbers they've submitted as you pointed out but the negotiate that's the same as every time we negotiate these costs um so those we don't believe it will affect that i mean we're just offering to you that that's what has been submitted as an estimate and then we will have those conversations with them to your first

[00:19:13] question about what services these are this is what's referred to as geotechnical is a wide range of things so every time we start to design a site we go out and they drill holes in the ground to see what kind of soil what kind of rock it is they test the soil so we know what we're building on and so we know how deep the rock is and so it's an evaluation of the site from a geotechnical perspective what is the makeup of the soil what does make up the rock once we start the construction they do testing on the site they come out and do what they call slump tests on our concrete to test each type of concrete before we pour it to make sure it's in accordance with the mix they test our stone and

[00:19:51] earth placement so every piece of dirt that gets placed on the site has to be compacted to a certain level of compaction based on what they call a proctor so they go in and take the consistency of the soils consistency of the rock do a test and then and test it as its place so we know that once we build the building it will actually stay there and it doesn't sink so those are critical very critical services to make sure our buildings are done properly they also test the steel all the erection of the building erection of the masonry construction so there is someone likely on our major construction projects full-time just to test all those there are times they also do every

[00:20:27] pipe that we put in the ground so there's a lot that goes on there to make sure that our buildings are constructed correctly and it is it is a pretty significant contract every year to make sure that we get what we pay for okay to be to be discussed more thank you and this is only a one-year contract that's correct this would be the first year with optional one-year renewals for total five years okay thank you okay so uh we'll go ahead and place this on the action item agenda uh along with some some additional information and the the accuracy

[00:21:03] of the the estimate for inflation or the price increase would be helpful all right so that finishes our information items uh is there any new business i think there is one item that was brought up to my attention from miss ogadigbe concerning the cost of our workforce being able to bring their child to loudon county these are for out of county residents who work for lcps so i think miss ogadigbe brought that up we may be hearing about that at the next information

[00:21:40] at the next committee meeting as an information item but i just want to make everyone aware of that and mr lewis is that your your understanding of the of the discussion i know we had i had a conversation with that just briefly um with ms willoughby and i think you're talking about the tuition for

folks that come and so i don't know where that stands but i know that conversation has started and so um i think we're probably waiting for mrs elka degby to bring that to us but we'll follow up on that very good okay so we'll wait see uh whether that shows up on the the next committee meeting. All right. Any further new business? Seeing as there's no new business, we are adjourned. Thank you all very much.



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