

November 23, 2011

Board of Directors
Northwest Tri-County Intermediate Unit
252 Waterford Street
Edinboro, Pennsylvania 16412-2315

Dear Board of Directors:

Please accept this letter as a response to the November 7 letter sent by Dr. Wallace to Dr. Jackson regarding the lease agreement for the Regional Choice Initiative (RCI).

As representatives of nearly the same participating school districts, the Joint Operating Committee (JOC) is fully aware of the difficult financial conditions for school districts and other educational agencies. We are also sympathetic toward the fiscal challenge caused by the loss of the Dual Enrollment grant. We understand the need to be fiscally prudent and responsible.

Even with this understanding, the JOC has four concerns based on the points made in Dr. Wallace's letter:

First, that the Intermediate Unit (IU) board regards the JOC's position on the lease as a 'double dip.' As board members from the same school districts, we embrace the stewardship of the public trust, a responsibility the JOC readily and keenly accepts. This lease is clearly distinct from a 'double dip.'

Second, the position taken by the JOC, to stay with the existing terms of the agreement, was based on the recommendation of the superintendents. Dr. Dean Maynard and Dr. Jackson presented the IU's lease reduction request at the September ECTS Professional Advisory Council meeting. The superintendents recommended leaving the lease as is, even in light of the circumstances. On a matter involving local funds and agreements between partners, the JOC trusts the superintendents are best positioned to provide credible advice.

Third, the JOC's position is based on incurred additional costs related to the use of the Skill Center by the RCI program. The costs are calculated by using current operating expenses and scheduled classroom and space usage. The JOC relies on a carefully calculated per-square-foot cost for all facility use and lease agreements. The \$40,000 is clearly more than a made up amount. In fact, the \$40,000, in place since 2008-2009, has been below the actual calculated cost. It is worth noting that RCI occupancy increased from four days to five days per week for 2011-2012.

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The final and most important point for the JOC is assigned costs. The facility costs for RCI are directly attributable to an IU-contracted operation. Due to the operation of the RCI program, there are increased utility, maintenance and other operating costs at the Skill Center. Those costs should be borne by the IU. It would be unfair to the ECTS budget to take on those costs and improperly inflate the technical school's costs to the districts.

The lease agreement represents an accurate and fair assignment of the facility costs for the Regional Choice Initiative. As it should for our member districts and educational partners, the JOC is being paid revenue equal to the expense. The JOC has made a genuine effort to be reasonable to the districts and RCI program by keeping the lease agreement at the same amount for the past four years. The committee will continue to monitor costs and operations so direct and indirect costs to the districts are equitable and efficient.

Thank you for your consideration. Feel free to speak with us should you have other questions or comments.

Sincerely yours,

James H. Bucksbee, President
Joint Operating Committee