



252 Waterford Street, Edinboro, Pennsylvania 16412-2315

NORTHWEST TRI-COUNTY INTERMEDIATE UNIT

PHONE 814-734-5610

1-800-677-5610

FAX 814-734-5806

TTD 814-734-1098

<http://www.iu5.org>

TO: Dr. Aldo Jackson
Director of Erie County Technical School

FROM: Dr. Marjorie A. Wallace
Executive Director

DATE: November 7, 2011

RE: Attached Letter regarding RCI Lease Agreement

Attached is a letter that the IU Board asked our solicitor to draft regarding their concerns of the Regional Choice Initiative Lease Agreement.

Attachment

MAW:kw



252 Waterford Street, Edinboro, Pennsylvania 16412-2315

NORTHWEST TRI-COUNTY INTERMEDIATE UNIT

PHONE 814-734-5610

1-800-677-5610

FAX 814-734-5806

TTD 814-734-1098

<http://www.iu5.org>

November 7, 2011

Dr. Aldo Jackson, Director
Erie County Technical School
8500 Oliver Road
Erie, PA 16509

RE: Regional Choice Initiative Lease Agreement

Dear Aldo:

At its meeting on October 26, 2011, the Intermediate Unit Board of Directors approved the Lease Agreement between the Erie County Technical School and the Northwest Tri-County Intermediate Unit for the lease of a certain portion of the Regional Skill Center building for the operation of the Regional Choice Initiative Programs. You will recall that the approval of this Lease Agreement was delayed in response to the Intermediate Unit Board of Directors' request that the Joint Operating Committee consider a waiver of the lease rental payment of \$40,000.00 per year. The request having been denied, the Intermediate Unit Board then approved the Lease Agreement. However, I must advise you that approval was not unanimous, and the Intermediate Unit Board members continue to have concerns regarding this Lease Agreement, and particularly the lease rental payment.

The paramount concern is that the lease rental payment may constitute "double-dipping" on the part of the Joint Operating Committee. The Board members note that the Regional Skill Center is located on the property of the Erie County Technical School, property which is owned by the member school districts. The facilities located on the property, including the Vo-Tech School itself as well as the Regional Skill Center, were constructed using member district monies, such that the Erie County School Districts that participate in the Regional Choice Initiative have already paid for the building itself. Thus, these Board members consider that the Lease Agreement constitutes a rental charge for the use of the Districts' own building.

Compounding the Board members' concerns about being required to rent property that they already own is the fact that the Intermediate Unit, which operates the Regional Choice Initiative at the request of the districts, had its state funding completely cut in the last state budget for the 2011-2012 school year. The Intermediate Unit had used its state budget funding for the rental payments over the past several years. The loss of this state funding now means that the local school districts' contribution to the Intermediate Unit's general operating budget will have to make up the difference. Thus, this truly represents payments by the individual member districts to rent facilities that were already paid for by substantially the same school districts.

The Intermediate Unit Board understands that all school budgets are tight, and the Erie County Technical School budget is certainly no different. We all have to work together collaboratively to stretch the dollars in our own budgets as well as those of our participating member districts. To that end, I would propose that we meet during the spring of 2012 to discuss the options that we may have with regard to the use of the Regional Skill Center facility. We would hope that the Joint Operating Committee representatives to the Erie County districts would understand that a requirement for a rental payment for the use of the Regional Skill Center building for the Regional Choice Initiative Program amounts to nothing more than shifting of the local school districts' budget dollars from the Vo-Tech School line item to the Intermediate Unit line item (neither of which has independent taxing power) without actually generating revenues.

I trust that we can work together to resolve this matter for the future. I will be contacting you in the spring to arrange a meeting to discuss this further. In the meantime, should you have any thoughts or comments, please let me know.

NORTHWEST TRI-COUNTY INTERMEDIATE
UNIT NO. 5

By: _____


Marjorie A. Wallace, Executive Director