

Rochester Board of Education
Finance Committee Meeting
August 18, 2016

Attendance: Commissioner Cruz (Chair); Commissioners Powell, Evans, White and Adams.

Parent Representative: Giancarlo Giannini absent.

District Staff: Superintendent Barbara Deane-Williams; Lauren Poehlman, Chief Financial Officer; Everton Sewell, Budget Director; Mike Schmidt, Chief of School Operations.

East High School Educational Partnership Staff: Dr. Stephen Uebbing, Project Director; Shaun Nelms, Superintendent of East High School; Bethany Centrone, Esq., Legal Consultant

Board Staff: Debra Flanagan

Commissioner Cruz convened the meeting at 6:00PM.

I. Review Minutes of June 9, 2016 Finance Committee Meeting

Motion by Commissioner Evans to approve the minutes of the June 9, 2016 Finance Committee meeting. Seconded by Commissioner Powell. **Adopted 3-0.**

II. Review and Discuss July 2016 Financial Report

Lauren Poehlman noted that the July 2016 Financial Report does not contain any major changes in revenue or expenditures, since this is the first month of the fiscal year. She pointed out that the information and format of the monthly Financial Report has been modified to align with standard practices used in other school districts and in reporting to the State. Rather than combining all District funds and reporting by cost center, the new report is organized by fund and function. Ms. Poehlman stated that these reporting changes are intended to provide information of the fiscal status of each fund and to facilitate comparison over time.

Ms. Poehlman highlighted several issues regarding closing out the 2015-16 fiscal year. She explained that the City changed the definition of Cash Capital, which will require some expenditures to be charged to the General Fund. A recent review indicates that approximately \$1.9M will have to be charged to the General Fund for 2015-16.

Commissioner Cruz asked about the impact of shifting the \$1.9M in costs from Cash Capital to the General Fund. Ms. Poehlman replied that the amount available to place in the Fund Balance for 2016-17 will be reduced. Everton Sewell reported that \$7M will be added to the Fund Balance, rather than the \$9M in savings that was originally projected for the end of the 2015-16 fiscal year.

Ms. Poehlman reported discrepancies between the District and Monroe County in billing under the OACES program. She stated that the County may dismiss some of the outstanding bills, which amount to \$957K as of the end of June 2016. Ms. Poehlman noted that none of the \$957K in outstanding billing has been booked as anticipated revenue, so there is no impact on the

District's budget. She emphasized the importance of developing a solid agreement with the County to clarify expenditures that may be billed and to determine funding for the program in the future.

Commissioner Cruz inquired about actions being taken to ensure that these issues do not recur. Ms. Poehlman explained that a Memorandum of Agreement is needed with Monroe County, particularly to define terms and expectations. She described differences in interpretation in collecting \$500 in tuition from students upon completion of the OACES program. Ms. Poehlman noted that the District has been billing students for tuition, even if they left the OACES program prior to completion to accept employment. The rationale is that the intent of the program is to assist students in obtaining employment and this goal was achieved, even if the student left the program early. The County has contended that these students did not complete the program and therefore should not have been billed for tuition. She stated that these types of discrepancies arose because a written contract or agreement was not in place. Ms. Poehlman added that she will collaborate with the Law Department to determine billing practices and revenue collection for the program from this point forward.

Commissioner Cruz asked about the possibility of recouping at least some of the \$957K in expenses, since the issue is due to a difference of interpretation. Ms. Poehlman responded that she will have more definitive information to provide in next month's Finance Committee meeting.

Action Item: Ms. Poehlman will provide information to the Finance Committee in the September 20, 2016 meeting of the estimated amount of the \$957K in outstanding billing that the District will be able to collect from Monroe County.

Ms. Poehlman also reported a collection issue in the School Food Services Fund of \$1.2M in payments due to the District. She stated that this payment has been due since 2014, and does not appear likely to be collected at this point. She noted that this will reduce the balance available in the Food Services Fund in 2016-17. Mr. Sewell clarified that the District will continue to pursue collection of the outstanding bill legally, but has to account for the likelihood that these funds will not be received.

Motion by Commissioner Powell to approve the July 2016 Financial Report. Seconded by Commissioner Evans. **Adopted 3-0.**

III. Discuss the Memorandum of Understanding between the Rochester Teachers' Association (RTA) and the East High School Educational Partnership Organization (EPO)

Dr. Steven Uebbing stated that East High School teachers approached the EPO leadership with a number of concerns about the impact of the recent RTA agreement with the District. He explained that these concerns were considered in re-negotiating the contract with teachers at East High School, which includes:

- An 8-hour work day, with instruction provided for up to 6 classes per day;
- Each teacher assumes responsibility for a family group of 10-12 students, which requires a minimum of 30 minutes per day;

- Collaborative planning among teachers, posting lesson plans and accountability data online;
- Attending faculty meetings after school at least once each month; and
- Up to 20 days of professional development during the summer

Dr. Uebbing pointed out that the EPO is the receiver for East High School, and has the authority to re-negotiate the contract for teachers in the school. He stated that the contract was re-negotiated in recognition of the additional workload and obligations of East High School teachers, as compared to their counterparts in other RCSD schools. Dr. Uebbing explained that these factors led the EPO leadership to increase teachers' hourly compensation from \$37/hour to \$39/hour. He noted that teachers in other RCSD schools receive an additional 20% in compensation for teaching 6 classes per day, while teachers at East High School only receive additional pay for teaching 7 classes per day. Dr. Uebbing reported that the overall cost under the new contract is \$140K per year, and the contract is aligned with the compensation rate provided to teachers in other RCSD schools.

Commissioner White advised that discussions regarding the additional resources provided to East High School include information about specific progress measures to reflect the value of this investment. He pointed out that preliminary evidence suggests that progress is being made at East High School (e.g. increased attendance rate; reduced suspension rate).

Commissioner Evans commented that the EPO leadership should anticipate questions about the tradeoffs that have been made to fund the increases in teacher compensation under the new contract.

Commissioner Cruz noted that parity concerns will also need to be addressed in terms of the differences in compensation between the teachers at East High School and at other RCSD schools.

Commissioner Adams observed that there has been quite a bit of concern about East High School receiving a disproportionate amount of District resources. She inquired whether the additional \$140K for teacher compensation is within the 2016-17 budget for the school, or if these funds are being requested from the District at this point. Dr. Nelms responded that the EPO saved \$1.6M in 2015-16, which was returned to the District. He stated that the EPO intends to continue exercising fiscal restraint and remain within the 2016-17 budget allocation.

Commissioner Adams inquired about expenditures to be reduced in other areas to cover the additional teacher compensation costs. Dr. Nelms reported that classrooms have been staffed as closely as possible to the requisite student – teacher ratio at each grade level to maximize staffing efficiencies, and staff have only been added as needed. He stated that he is confident that costs will be kept within the 2016-17 budget allocation, but it is too early in the fiscal year to provide a guarantee.

Dr. Uebbing discussed a number of encouraging progress indicators, particularly the greater percentage (72%) of 9th-grade students advancing to 10th grade. He estimated that this percentage will increase to 80% as a result of students attending summer school. Dr. Uebbing cited historical data showing that approximately 50% of 9th grade students at East High School have been ready to advance to the next grade level in the past. He added that resources at East

High School have been concentrated on improving academic achievement in 9th grade, and providing additional ELA and Math instruction for 6th – 8th grade students. Dr. Uebbing reported that the growth in reading scores for students in 6th – 8th grade indicates that they will be much better prepared upon entry into High School.

Commissioner Cruz noted that the EPO has the authority to enter into contracts with collective bargaining units (e.g. RTA) without the Board’s approval, since East High School is a receivership school. Bethany Centrone replied that if the Board does not approve of the East High School EPO agreement with RTA, the receiver (EPO) would be required to notify the Board that their decision is being overruled and the Board would be given an opportunity to reconsider. She stated that documentation would have to be submitted to the NYS Education Commissioner in this situation.

Commissioner White stated that he thought that the final decision would be made by the NYS Education Commissioner if there was a disagreement between the receiver and the Board. Ms. Centrone clarified that the NYS Education Commissioner would intervene if the receiver and the collective bargaining unit were unable to reach an agreement. She explained that the receiver has the ability to overrule the Board in certain circumstances under the NYS receivership statute, which also outlines the process for addressing situations in which the receiver disagrees with the Board.

Commissioner White pointed out that if the receiver’s (EPO) decisions or actions affect the resources available to other schools in the District, the NYS Education Commissioner would have to intervene to settle the dispute. Ms. Centrone concurred, noting that is not the situation with the RTA agreement with East High School.

Commissioner Powell noted that a vote by the Board would lend support for the agreement, even if it is not required. Ms. Centrone replied that the teachers at East High School would feel more comfortable if the Board voted on the re-negotiated contract.

Motion by Commissioner Evans to affirm the agreement between RTA and the East High School EPO. Seconded by Commissioner Powell. **Adopted 3-0.**

V. Review Resolutions in Preparation for August 25, 2016 Board Business Meeting

A. PROCUREMENT & SUPPLY

- 1. D&H Distributing Company – contract extension for purchasing calculators for math and science instruction in the District – Resolution No. 2016-17: 134**
- 2. A. Daigger & Co., Inc. (dba “ETA Hand2Mind”); Cascade School Supplies; Community Products, LLC (dba “Community Playthings”); Constructive Playthings; Follett Library Resources, Inc. (now “Follett School Solutions, Inc.”); Kaplan Early Learning Company; Lakeshore Equipment Company (dba “Lakeshore Learning Materials”); National Educational Systems, Inc.; Really Good Stuff; School Specialty Corporation – contract extension to purchase early childhood learning materials – Resolution No. 2016-17: 135**

3. **Upstate Niagara Cooperative, Inc. – contract for purchase and delivery of milk supply to the District – Resolution No. 2016-17: 136**

Motion by Commissioner Evans to address all above Procurement resolutions as a group. Seconded by Commissioner Powell. **Adopted 3-0.**

Motion by Commissioner Evans to approve all above Procurement resolutions. Seconded by Commissioner Powell. **Adopted 3-0.**

B. FACILITIES

Final Payments:

1. **Hewitt Young Electric, LLC – final payment for electrical work in renovating Central Office – Resolution No. 2016-17: 137**
2. **Thurston Dudek, LLC – final payment for plumbing work in renovating Wilson Commencement Academy – Resolution No. 2016-17: 138**
3. **Eastcoast Electric, LLC – final payment for electrical work in renovating the Jefferson Educational Campus – Resolution No. 2016-17: 139**

Motion by Commissioner Powell to address all above Facilities final payment resolutions as a group. Seconded by Commissioner Evans. **Adopted 3-0.**

Motion by Commissioner Powell to approve all above Facilities final payment resolutions. Seconded by Commissioner Evans. **Adopted 3-0.**

Contracts:

4. **Heaster Building Restoration, Inc. – contract extension for masonry repair – Resolution No. 2016-17: 140**
5. **Betlem Service Corp. – contract extension for refrigeration/equipment repair – Resolution No. 2016-17: 141**
6. **Betlem Service Corp. – contract extension for air conditioning/air handling – Resolution No. 2016-17: 142**
7. **Betlem Service Corp. – contract extension for boiler repair – Resolution No. 2016-17: 143**
8. **Industrial Furnace Company, Inc. – contract extension for boiler tube repair – Resolution No. 2016-17: 144**
9. **Industrial Furnace Company, Inc. – contract extension for boiler refractory repair – Resolution No. 2016-17: 145**
10. **Lauramar Corp. (dba “AP Plumbing”) – contract extension for sewer cleaning – Resolution No. 2016-17: 146**

11. Lauramar Corp. (dba “AP Plumbing”) – contract extension for plumbing repair – Resolution No. 2016-17: 147
12. Downey-Goodlein Elevator Corp. – contract extension for elevator repair – Resolution No. 2016-17: 148
13. CRAL Contracting, Inc. – contract extension for asbestos abatement – Resolution No. 2016-17: 149
14. TES Environmental Corp. – contract extension for sampling and testing laboratory services and air monitoring – Resolution No. 2016-17: 150
15. Kuitems Construction, Inc. – contract extension for miscellaneous millwright repair – Resolution No. 2016-17: 151
16. Manel Excavating Corp. – contract extension for paving and resurfacing – Resolution No. 2016-17: 152
17. Leo J. Roth Corp. – contract extension for roof repair – Resolution No. 2016-17: 153
18. Sheen and Shine, Inc. – contract extension for window washing – Resolution No. 2016-17: 154
19. A.R. Pierrepont Co., Inc. – contract extension for painting – Resolution No. 2016-17: 155

Motion by Commissioner Evans to address all above Facilities contract resolutions as a group. Seconded by Commissioner Powell. **Adopted 3-0.**

Motion by Commissioner Evans to approve all above Facilities contract resolutions. Seconded by Commissioner Powell. **Adopted 3-0.**

Other:

20. University of Rochester, Memorial Art Gallery – agreement to use the grounds adjacent to the Memorial Art Gallery for physical education activities for students at the School of the Arts – Resolution No. 2016-17: 156

Motion by Commissioner Powell to approve above resolution for use of Memorial Art Gallery grounds for physical education for students at the School of the Arts. Seconded by Commissioner Evans. **Adopted 3-0.**

21. Lozier Environmental Consulting, Inc. – agreement to conduct tests for lead at various sites in the District – Resolution No. 2016-17: 157

Commissioner Powell noted that detail has not been provided regarding the proposed agreement or contract costs for Lozier Environmental Consulting, Inc. to conduct lead testing in the District. Mike Schmidt replied that 85-90% of schools have been tested, and the remaining schools will be tested in the next few weeks as

capital improvement work subsidies. He noted that some facilities also have to be re-tested after the new fixture has been installed to ensure that there are no continued problems with lead levels. Mr. Schmidt explained that the testing performed to date indicates that approximately 10% of fixtures have to be replaced/remediated. He reported that a total of 5000-5500 fixtures are being tested, including water fountains and sinks.

Commissioner Powell asked whether the contract would reflect a specified dollar threshold in terms of costs. Mr. Schmidt replied that this would not be advisable because flexibility is needed to address and remediate any lead problems that are found. He stated that a more definitive cost estimate can be provided to the Board by the end of the month, when the last group of schools will have been tested.

Commissioner Powell asked why the contract and payment for lead testing is being considered now, rather than after testing has been completed and the actual scope of work is known. Mr. Schmidt responded that the District has to cover the costs of testing that has already been performed, pointing out that the labs have gone to extra effort in prioritizing analysis of RCSD testing because of the volume of samples involved. He noted that significant costs have already been incurred.

Commissioner Powell recommended that two separate resolutions be developed: 1) For work already performed; 2) For all remaining work and costs – which will be considered by the Board when the work has been completed. Mr. Schmidt replied that he will work with staff in the Law Department to revise the resolution to specify that it cover only the work performed to date and the associated costs.

Commissioner Evans inquired whether all of the lead testing and remediation work will be completed by the beginning of the school year. Mr. Schmidt stated that every fixture will be replaced and remediated by the beginning of the school year. He added that if re-testing indicates continued problems, the fixture will be shut off and will not be accessible to students or staff.

Motion by Commissioner Powell to approve a resolution to contract with Lozier Environmental Consulting, Inc., with the stipulation that the resolution reflect lead testing and remediation work performed to date. Seconded by Commissioner Evans. **Adopted 3-0.**

Meeting adjourned at 6:39PM.