

Rochester Board of Education
Finance Committee Meeting
June 9, 2016

Attendance: Commissioner Cruz (Chair); Commissioners Powell and Evans (arrived 6:58PM).

Parent Representative: Giancarlo Giannini

District Staff: Superintendent Cimusz; Lauren Poehlman, Chief Financial Officer; Everton Sewell, Budget Director; Annmarie Lehner, Director of Information Management & Technology; Charles Johnson, General Counsel; Mike Schmidt, Chief of School Operations.

Board Staff: Debra Flanagan

Community Members: Tom Renauto, Executive Director of the Rochester Joint Schools Construction Board (RJSCB); Rob Skeelee, RJSCB Program Manager; Mike Ellison, CJS Architects and lead architect for Phase IIa for Monroe High School

Commissioner Cruz convened the meeting at 6:43PM, noting that the agenda will be changed to enable presenters to go first.

I. Review Minutes of April 26, 2016 Finance Committee Meeting of the Whole (3rd Budget Deliberation Session) and of May 19, 2016 Finance Committee Meeting

Motion by Commissioner Powell to approve the minutes of the April 26, 2016 Finance Committee Meeting of the Whole and of the May 19, 2016 Finance Committee meeting.
Adopted 2-0, with concurrence of Parent Representative.

II. Review and Discuss Resolution related to Phase II of the Facilities Modernization Program (FMP)

1. Request for RCSD to advance \$2M in funding to allow plans to proceed for Monroe High School and other priority projects in Phase II of the Facilities Modernization Program (FMP): Resolution No. 2015-16: 852

Tom Renauto introduced Rob Skeelee, Program Manager, and Mike Ellison, lead architect on the Phase II project at Monroe High School.

Mr. Ellison reviewed the construction photos and projects completed at Monroe High School in Phase I of the FMP, which involved installing air conditioning, upgrade of the electrical system, structural repairs, and replacing the roof. He stated that Phase IIa projects for the school include improvements to the auditorium (e.g. audio and lighting systems) and the cafeteria (e.g. cooling system), as well as making common areas wheelchair-accessible.

Mr. Ellison discussed Phase IIa projects intended to support programmatic changes:

- Housing 7th and 8th grade classrooms on the first floor so that these students are separated from the rest of the school;

- Creating a 9th grade academy on the third floor of the building;
- Classrooms in the basement and on the first floor to support new Career & Technical Education programs (e.g. law, business);
- Separate and acoustically treated rooms for the Steel Drum Band (basement) and another band room (4th floor); and
- Renovation of the greenhouse to enable use by all classrooms.

Mr. Ellison added that Phase IIa will include corridor and classroom improvements, replacing and refinishing floors, installing student lockers in the hallways (instead of classrooms), masonry restoration, and replacing doors and windows.

Mr. Ellison stated that the next phase (IIb) will include upgrades to athletic facilities (e.g. new gym, pool, and improvements to athletic fields). He noted that a school-based health center will also be added to the building when a funding source has been located.

Rob Skeelee reviewed the proposed budget for the Monroe High School Phase IIa projects, which are currently pending approval by the NYS Education Department. He reported that the Phase I plan for Monroe High School is approximately 65% complete, with replacement of the entire electrical and mechanical system (e.g. air ventilation, water/plumbing). He stated that an estimated \$24.3M will be needed to complete the final portion of Phase I projects at the school, which will leave approximately \$16.8M in remaining funding. Mr. Skeelee noted that the District may be able to use some of these remaining funds toward Phase II projects at Monroe High School.

With respect to the cost of Phase IIa projects, Mr. Skeelee reported that design and development is estimated at \$22.12M, including a 10% contingency. He pointed out that Phase IIa construction costs for Monroe High School are expected to exceed the budget by approximately \$5.4M if the maximum cost allowance (MCA) is not reset by the State. If the MCA is not reset, Mr. Skeelee advised postponing specific items: window replacement, door hardware, and terrazzo floors. He reviewed the Phase IIa schedule for the school, noting that it has been compressed to enable the school to re-occupy the building by September 2017. Mr. Skeelee stated that this timeframe requires that construction contracts be awarded no later than August 8, 2016.

Mike Schmidt explained that the resolution presented for the Committee's consideration this evening is to allow the District to advance funding for Phase IIa projects, with the primary focus on completion of construction planning and design for Monroe High School.

Commissioner Powell sought confirmation that the City of Rochester has opted not to consider the District's request for a Bond Anticipation Note (BAN) this month. Mr. Schmidt confirmed that the City has decided not to issue any financing for Phase II projects until the NYS legislature and Governor have approved the bill authorizing a waiver of the maximum cost allowance.

Commissioner Powell asked whether the City has been approached about issuing a BAN only for the Monroe High School projects. Mr. Schmidt replied that the District cannot access funding for any of the Phase II projects until the plan has been approved by the NYS Education Department. He reported efforts to reach out to the Governor and the NYS legislative delegation about these concerns.

Commissioner Powell inquired about the \$600K cost to proceed with Phase IIa projects only at Monroe High School. Mr. Schmidt clarified that an additional \$600K would enable the District to refine the designs and proceed with the bid process for the Monroe High School projects, while \$1.4M is required to cover expenses already incurred (~\$1M) and anticipated for July and August (~\$400K).

Commissioner Cruz asked about the implications of the District not obtaining approval of the Phase II plan by early August to meet the deadline for awarding construction contracts for the Monroe High School projects. Mr. Schmidt replied that the District would have to re-evaluate the plan to prioritize specific projects and items based on available funding at that point. Under these circumstances, he stated that recommendations would be presented to the Board by early August because the master plan would have to be revised to bring all of the Phase IIa projects within the maximum cost allowance. Mr. Schmidt noted that some of the projects would have to be dropped. He reported that failure to obtain approval of the Phase II master plan by August 8th will cause delays in the Monroe High School projects and the school will not be able to move into the building for another year.

Motion by Commissioner Powell to approve the above resolution to advance funding to allow the District to proceed with Phase IIa projects for Monroe High School. Seconded by Commissioner Evans. **Adopted 3-0, without concurrence of Parent Representative.**

Giancarlo Giannini stated that he cannot support the above resolution because the City has not approved the amended municipal agreement to repay the funding being advanced by the District for these projects.

Commissioner Powell reported that the legislative group of the New York State School Boards Association and the Office of the Big Five School Districts have been advocating for the waiver to the maximum cost allowance. She stated that the Governor's Budget Office understands that the waiver legislation will not result in additional funding to the District for the Facilities Modernization Program, but simply changes the timeframe over which the funding is provided.

III. Presentation and Discussion of Final RCSD Smart Schools Investment Plan

Annmarie Lehner noted that a presentation was given in last month's Finance Committee meeting regarding the District's Smart Schools Investment Plan, but the NYS Education Department requires two sets of approval by the Board of Education to release the funding. She reported that a public hearing was held on May 31, 2016 and the plan has been posted on the District website since April 28, 2016. Ms. Lehner stated that a great deal of time has been spent discussing the plan with various stakeholders: the leadership team, principals, assistant principals, teachers, non-public schools, unions, parents and students. She stated that the plan will be submitted to the NYS Education Department in July, if approved by the Board this month.

Motion by Commissioner Powell to approve above resolution regarding the RCSD Final Smart Schools Investment Plan. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of Parent Representative.**

IV. Review and Discuss May 2016 Financial Report

Lauren Poehlman discussed changes to the monthly financial reports, specifically in organizing information for each fund. She noted that the Special Aid Grant Funds are self-supporting and the Food Services Fund is self-contained, so the primary focus will be on changes to the General Fund. Ms. Poehlman stated that a more useful basis of comparison would be to report projected expenditures for each category for the end of the fiscal year, rather than comparing expenditures from one year to the next. She explained that the comparison with the previous year is not useful because of major fluctuations in the timing in receiving revenue and incurring expenses.

Ms. Poehlman reported that approximately \$5.6M in revenue is expected by the end of the current fiscal year due to one-time unexpected increases (i.e. increase in interest from bonds, and closing out a liability that has been on the books for years that has not materialized). She stated that the additional revenue at the end of the year will be added to the Fund Balance. Ms. Poehlman pointed out that the District has approximately \$9M in total additional revenue, but grant funds must be set aside because these are to be used for specific purposes.

Commissioner Powell inquired about an additional \$3.5M in grant funding from federal sources. Ms. Poehlman replied that this reflects new grant funding that was not included in the budget.

Ms. Poehlman noted that expenditures have been reported for each fund in the revised monthly financial report. She pointed out that total compensation and benefits are currently over budget in the General Fund at this point, while non-compensation items are below budgeted amounts. Ms. Poehlman stated that available funds in the General Fund are quite minimal right now, but some additional funding will be generated through the end of year review process. She explained that this will involve a realignment of some grants, rollover of some funds, and maximizing the expenses attributable to grants.

Everton Sewell explained that the end of year reconciliation process includes review of pre-encumbrances and encumbrances to ensure that all available funds are rolled over into the next fiscal year. He stated that funds are pre-encumbered when a requisition is entered, and encumbered when a purchase order has been issued. Mr. Sewell noted that not all of the requisitions result in a purchase order, and the end of year review will identify funds that have been pre-encumbered for which purchase is not going to be made. He stated that the review also identifies items for which the purchase order and encumbered amount exceeds the actual payment, thereby releasing these additional funds for the following year.

Commissioner Powell observed that health and dental benefits in the Food Services Fund are over budget, and this information is only apparent because of the way that the financial report has been reorganized. She pointed out that the true cost of employee benefits may not be known at the time the budget is developed, so it is helpful to be able to monitor these expenditures throughout the year. Ms. Poehlman agreed, noting that the true cost of benefits depends to a great degree on employees' health and the cost of health and dental care claims. She reported that a recent review of health insurance and prescription drug claims indicates that the District realizes a substantial cost benefit from self-insurance. She added that considerable rebates are anticipated in the future due to actual costs being lower than anticipated.

Motion by Commissioner Powell to approve May 2016 Financial Report. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of Parent Representative.**

V. Review Resolutions in Preparation for June 16, 2016 Board Business Meeting

A. BUDGET

1. **Non-Resident Tuition Rates for classes for students with disabilities, tutoring rates, and international exchange students in public schools: Resolution No. 2015-16: 815**

Commissioner Powell recalled that resolutions regarding non-resident tuition have typically included a breakdown based on the district in which the student resides. Ms. Poehlman replied that non-resident tuition rates do vary by district, but the rate charged by RCSD is pretty standard across districts. She stated that she is examining non-resident tuition more closely because of an apparent misunderstanding between the stated tuition rates and the amount the District is actually allowed to charge. Ms. Poehlman reported that the District may be able to garner additional revenue from non-resident tuition, but she wants to ensure adherence to NYS guidelines.

Commissioner Powell inquired whether the District decided to charge tuition for the international students attending the School of the Arts this year. Ms. Poehlman replied that these students were not charged tuition because the issue was raised after the students had arrived. She added that she is collaborating with the Information Management & Technology Department to improve identification of foreign exchange, foster care, residential placement, and incarcerated students to obtain non-resident tuition payments.

Motion by Commissioner Evans to approve above resolution regarding non-resident tuition rates. Seconded by Commissioner Powell. **Adopted 3-0, with concurrence of the Parent Representative.**

B. PROCUREMENT & SUPPLY

1. **Action Protective Group, Inc. (dba “Alarm Components”); Simplex Grinnell – contract extension to purchase fire equipment, power supplies and accessories, security equipment, smoke alarms, video equipment, fire call boxes and security monitoring and access control equipment: Resolution No. 2015-16: 816**
2. **Borden Decal, a division of East Bay Sign Co., Inc.; Mid City Signs Inc. – contract extension to purchase informational, directional, overhead, and room control signs: Resolution No. 2015-16: 817**
3. **Best Plumbing Specialties, Inc.; Buckpitt & Company Inc.; Crest/Good Mfg. Co., Inc.; Interline Brands, Inc. (dba “Sexauer”); V.J. Stanley, Inc. –contract extension for plumbing and HVAC equipment and supplies: Resolution No. 2015-16: 818**

4. **B.J.R. Auto Radiator Service, Inc.; D&W Diesel, Inc.; Flower City Glass; GLK Enterprises, Inc. (dba “Upstate Thermo King”); Kaiser-Wilcox Corporation; Milt & Ron’s Automatic Transmission Service, Inc.; Penn D.D.A. LLC; Thru-Way Auto Spring Service, Inc. –contract extension for maintenance and repairs to District vehicles that cannot be performed by RCSD mechanics: Resolution No. 2015-16: 819**
5. **Water Wise of America, Inc. – contract extension for water treatment chemicals and services to maintain air conditioning and boiler systems throughout the District: Resolution No. 2015-16: 820**
6. **Monroe 2 – Orleans BOCES – joint cooperative bidding for milk supplies for 2016-17 school year: Resolution No. 2015-16: 821**

Motion by Commissioner Powell to address all above Procurement resolutions as a group. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of the Parent Representative.**

Motion by Commissioner Powell to approve all above Procurement resolutions. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of the Parent Representative.**

C. FACILITIES

Contracts:

2. **Tandai Asphalt & Sealcoating, LLC – contract extension for snow plowing and snow removal: Resolution No. 2015-16: 822**
3. **Manel Excavating Corp. – contract extension for snow plowing and snow removal: Resolution No. 2015-16: 823**
4. **Archie Donoughe Sanding, Inc. – contract extension for wood floor refinishing: Resolution No. 2015-16: 824**
5. **GP Land & Carpet Corp. – contract extension for maintenance services for resilient flooring: Resolution No. 2015-16: 825**
6. **Rotolite-Elliott Corp. – contract extension for reprographic services: Resolution No. 2015-16: 826**

Motion by Commissioner Evans to address all above Facilities contract resolutions as a group. Seconded by Commissioner Powell. **Adopted 3-0, with concurrence of the Parent Representative.**

Motion by Commissioner Evans to approve all above Facilities contract resolutions. Seconded by Commissioner Powell. **Adopted 3-0, with concurrence of the Parent Representative.**

Final Payments:

7. **Lloyd Mechanical Co., LLC – final payment for HVAC work in renovating School No. 29: Resolution No. 2015-16: 827**
8. **Nairy Mechanical, LLC – final payment for plumbing work in renovating School No. 20: Resolution No. 2015-16: 828**
9. **Highland Masonry and Restoration, Inc. – final payment for general construction work in renovating School No. 52: Resolution No. 2015-16: 829**
10. **Steve General Contractor, Inc. – final payment for general construction work in renovating School No. 22: Resolution No. 2015-16: 830**
11. **SSM&RC, Inc. (dba “Spring Sheet Metal & Roofing”) – final payment for general construction work in renovating the Franklin Educational Campus: Resolution No. 2015-16: 831**
12. **Lloyd Mechanical Co., LLC – final payment for plumbing work in renovating School No. 30: Resolution No. 2015-16: 832**
13. **Genesee Building Restoration, Inc. – final payment for general construction work in renovating the Marshall Educational Campus: Resolution No. 2015-16: 833**

Motion by Commissioner Powell to address all above Facilities final payment resolutions as a group. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of the Parent Representative.**

Motion by Commissioner Powell to approve all above Facilities final payment resolutions. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of the Parent Representative.**

Other:

14. **Direct Energy Business Marketing, LLC; UGI Energy Services, LLC – agreement to supply and deliver natural gas for use at District facilities at specified rates: Resolution No. 2015-16: 834**

Motion by Commissioner Powell to approve above resolution for agreements to supply and deliver natural gas for use at District facilities. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of the Parent Representative.**

15. **Parking Facilities at School No. 54: Resolution No. 2015-16: 835**

Commissioner Powell asked whether the District has ceased leasing space at a Catholic school building to house School No. 54. Mr. Schmidt replied that the

school is currently housed at the building that was previously used for School No. 30, and the existing parking is inadequate. He stated that the transportable classrooms will be removed and a small addition incorporated into the school building in Phase II of the Facilities Modernization Program. Mr. Schmidt reported that property has to be acquired to expand existing parking for School No. 54, and the proposed agreement will enable the District to purchase the property at cost.

Motion by Commissioner Powell to approve above resolution to acquire property to expand parking facilities for School No. 54. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of the Parent Representative.**

D. OTHER

- 1. DG&M Agency, Inc. – agreements to obtain general liability insurance, automobile liability insurance, excess automobile liability insurance, boiler and machinery insurance, crime and dishonesty insurance, and student accident insurance coverage: Resolution No. 2015-16: 837**

Motion by Commissioner Powell to approve above resolution to contract with DG&M Agency for specified insurance coverage. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of the Parent Representative.**

Late Submissions:

- 1. Proposed Agreement with RTS to provide transportation to RCSD high school students for summer school programs: Resolution No. 2015-16: 850**

Commissioner Cruz asked whether the costs under the proposed agreement with RTS for summer school transportation are the same as for last year. Mr. Schmidt replied that the costs are slightly higher this year due to expansion of summer learning programs in the District.

Motion by Commissioner Evans to approve above resolution regarding contract with RTS to provide transportation to summer school programs. Seconded by Commissioner Powell. **Adopted 3-0, with concurrence of the Parent Representative.**

- 2. Final Payment for Hudson Insurance Co. for site work in renovating School No. 8 (due to failure of Hydrolawn to meet contractual obligations): Resolution No. 2015-16: 851**

Motion by Commissioner Evans to approve above resolution for final payment to Hudson Insurance Co. for site work in renovating School No. 8. Seconded by Commissioner Powell. **Adopted 3-0, with concurrence of the Parent Representative.**

Commissioner Cruz pointed out that a financial report is not generated for the month of June because of the time required to perform end of year reconciliation. For this reason, he suggested that the Finance Committee not meet again until August, unless an urgent item/issue arises.

Meeting adjourned at 7:53PM.