

**Rochester Board of Education
Finance Committee
December 10, 2015**

Attendance: Commissioner Cruz (Chair); Commissioners Evans (via skype – left at 5:47PM due to poor connection), Adams, Powell (arrived at 5:37PM) and White (arrived at 5:37PM).

District Staff: Bill Ansbro, Chief Financial Officer; Everton Sewell, Budget Director; and Mike Schmidt, Chief of School Operations

Community Representatives: Bill Carpenter, CEO of RGRTA; Scott Adair, CFO of RGRTA

Parent Representative: Giancarlo Giannini (left at 6:41PM).

Board Staff: Debra Flanagan

Commissioner Cruz convened the meeting at 5:35PM, announcing that he would like to change the order of the items on the agenda to first address the resolution for an agreement with RTS to provide transportation to RCSD secondary students.

I. Review and Discuss Resolution for Proposed Agreement with RTS for Transportation Services for RCSD Secondary Students for the 2016-17 School Year (Resolution No. 2015-16: 412)

Mike Schmidt presented information regarding the proposed agreement with RTS, noting that a greater number of RCSD students would be transported for less cost than in the current year. He stated that the agreement would be for four years, beginning in the 2016-17 school year. Mr. Schmidt reported that the cost would be \$10.8M in 2016-17, with an annual 2.5% increase thereafter.

Mr. Schmidt explained that a greater number of students could be transported at a lower cost because school schedules would be adjusted to balance the number of schools with early and late start times. This would minimize the number of RTS buses needed because one bus could accommodate at least two schools as a result of these “stacked” schedules. Mr. Schmidt stated that the transportation schedule is based on a 7-hour school day, and special passes will be issued to students attending the Urban/Suburban program, private or parochial schools, or extracurricular programs and activities. He pointed out that the proposed four-year contract is beneficial to RTS and to RCSD by providing fiscal stability.

Mr. Schmidt also indicated that adoption of the proposed agreement with RTS at this point would allow the Teaching & Learning Division approximately 4-5 months to adjust school schedules. Increased standardization of school schedules will also enable a greater number of students to participate in extracurricular activities.

Commissioner Powell asked about schools that do not have direct transportation service from RTS. Mr. Schmidt replied that Wilson Commencement Academy and All City High School are not

included in the list of schools under the proposed RTS contract because students at these schools will continue to be transported by yellow bus service.

Commissioner Powell inquired about efficiencies from transporting students on the same bus run to schools that are in close geographic proximity (e.g. Rochester Early College High School and Wilson Foundation Academy). Mr. Schmidt replied that the transportation structure will allow this type of arrangement because the key factor is balancing the *number* of schools with early and late schedules, but it is not dependent upon a specific school adopting a particular schedule.

Scott Adair discussed the different types of bus passes used by RCSD students:

- No downtown: the majority of RCSD students will be transported via express routes that bypass the downtown corridor (6,208 passes)
- One hour connection: this pass allows some students from the District, and students attending the Urban/Suburban program, private or parochial schools to have additional time to transfer buses. Since these routes are sparsely traveled by students, they do not warrant an entire express route and therefore transfers are needed. (619 passes)
- Flex pass: special pass issued to some RCSD students on regular RTS routes, but must be requested upon boarding (502 passes)
- Two Plus Two passes: issued weekly only for use during that week for students involved in activities outside of the regular school day

Commissioner Adams questioned the budget implications for the Flex passes under the proposed contract, versus purchase of individual passes for students. She also asked about the potential increase in cost if a greater number of students participate in after-school activities. Mr. Adair responded that any additional activities or number of students beyond current levels could raise the cost to the District.

Mr. Adair added that the Two Plus Two passes were a problem in the past, but collaboration with RCSD to restrict issuance of these types of passes has significantly improved the situation. Mr. Schmidt stated that internal controls established in April 2015 have increased accountability in issuing bus passes to students, and the District is nowhere near exhausting the number of Two Plus Two passes allowed under the RTS contract.

Mr. Schmidt explained that the District began negotiations with RTS using three different options, based on the length of the school day. He noted that the resolution presented in this evening's meeting reflects the cost for a 7 ½ hour day, but the actual cost would be lower because the District decided to use a 7-hour day. Mr. Schmidt stated that the resolution will be revised to reflect the lower cost.

Mr. Schmidt announced that opportunities will be explored for realizing similar efficiencies with yellow bus service by maximizing the number of double routes (transporting students to at least two schools, using early and late start times). He reported that the cost difference between single and double routes is \$85 per day, or \$15,300 per year.

Mr. Schmidt explained that “stacking” school schedules and using double routes would be the first step toward promoting operational efficiencies in transportation. He stated that the next step would be to focus on the neighborhood school model to minimize transportation distances, the number of bus runs, and the number of buses required to be used. Mr. Schmidt added that changes in the structure of NYS Aid would be important to allow the District to obtain reimbursement for transportation costs for students living less than 1.5 miles from school.

Commissioner Adams observed that the District did not examine the impact of the two-tiered bus system on school choice. She emphasized the need to track data to examine the impact of schedule changes on school choice preferences and requests for transfers.

Commissioner Powell asked if consideration was given to balancing the number of schools with early and with late schedules within each of the zones. Mr. Schmidt replied that this balance was considered within each zone, with the optimum arrangement of keeping students as close to their school as possible to minimize the amount of time spent on the bus each day.

Commissioner White commented that the proposed plan appears to be much more beneficial than the previous RTS transportation arrangement. Despite the apparent merits of this proposal, he questioned the rationale for the District failing to issue an RFP to solicit bids for transportation services to ensure that the most cost effective option is selected. Commissioner White recalled that many Board members were quite reluctant to approve the RTS contract for the current school year, and only gave their approval because there wasn’t time to conduct a bidding process before the start of school in September. He emphasized that there is plenty of time at this point to issue an RFP and conduct an open bidding process to allow consideration of other vendors for the 2016-17 school year. Commissioner White noted that transportation costs amount to approximately 10% of the entire District budget, making consideration of other options and vendors imperative. He contended that it is irresponsible not to issue an RFP or consider proposals from other transportation vendors.

Parent Representative Giancarlo Giannini inquired about the proposed changes in school schedules, and asked whether these changes have been shared with the schools. Mr. Schmidt responded that the broad parameters of the proposed changes have been presented to school administrators, but the final determination regarding school schedules is up to the Teaching & Learning Division.

Mr. Giannini asked about the extent to which school staff are involved in the process of developing school schedules. Mr. Schmidt explained that the schedules shown in the RTS proposal have been set, and are very close to the school schedules for this year. He acknowledged that some school schedules will have to be adjusted to enable the District to create a more fiscally sound transportation structure.

Mr. Giannini questioned the potential impact on the proposed arrangement from changes to the 1.5-mile distance limit. Mr. Schmidt replied that students residing within the 1.5-mile distance limit would continue to be provided transportation services on an exception basis, which has been the District’s practice.

Mr. Ansbrow pointed out that the District currently has a multi-year contract with yellow bus vendors (e.g. First Student, Monroe Transportation) for a very competitive price, as noted by an

outside consultant. He stated that the District's cost is quite competitive because this is a multi-year contract, and opening up the bidding process would jeopardize this contract.

Commissioner Powell expressed disappointment that Board members concerns regarding the current year contract with RTS were not taken into consideration, and that the Administration simply proceeded to engage in another contract negotiation with RTS without soliciting bids from other potential transportation vendors.

Commissioner White asserted that the Administration could have issued an RFP and initiated an open bidding process after learning of Board members' objections to the current RTS contract in July. He stated that soliciting bids from other potential vendors is the only way to ensure effective use of public funds.

Commissioner Cruz suggested addressing the other agenda items and then returning to consider the resolution for a proposed agreement with RTS.

II. Review Minutes of the November 12, 2015 Finance Committee Meeting

Motion by Commissioner Powell to approve the minutes of the November 12, 2015 Finance Committee meeting. Seconded by Commissioner White. **Adopted 2-0, with concurrence of the Parent Representative.**

III. Review and Discuss Draft Budget Calendar for 2016-17

Commissioner Powell inquired whether the dates contained in the Draft 2016-17 Budget Calendar have been checked against other Board commitments. Debra Flanagan replied that she checked the dates for Board committee and business meetings before proposing the dates for budget meetings and public budget hearings.

Commissioner Powell noted that the District is required by the state to conduct a public hearing regarding the Contract for Excellence, and she encouraged contacting the NYS Education Department to obtain information about the timeline for this hearing.

Action Item: Information will be obtained from the NYS Education Department regarding the timeframe for the District to conduct the required public hearing regarding the Contract for Excellence.

IV. Review and Discuss November 2015 Financial Report and Proposed Amendments to the 2015-16 RCSD Budget

- 1. Amend the 2015-16 General Fund budget to \$686,784,725, an increase of \$1,719,843 due to the net effect of increased Transportation Aid (\$4,099,740) and Indirect Cost revenue (\$359,290); reductions in Foundation Aid (-\$111,511), Special Service Aid (-\$529,421), and Building Aid (-\$798,638); and Title I Interfund Transfer (-\$1.6M): Resolution No. 2015-16: 408**

2. **Amend the 2015-16 Grants and Special Aid Fund Budget to \$111,514,607, an increase of \$15,888,894. The budget has increased due to additional grant funding from NYS (primarily for UPK expansion) and from the federal government (primarily for receivership): Resolution No. 2015-16: 409**
3. **No amendment to the School Food Service Budget: Resolution No. 2015-16: 410**
4. **Amend total 2015-16 RCSD budget to \$819,231,332 to reflect changes in the above fund budgets: Resolution No. 2015-16: 411**

Everton Sewell gave a presentation to describe the changes and rationale for the proposed amendments to the 2015-16 RCSD budget. He reported that the District has received funding for the schools at risk of receivership in 2016-17, and local funds (\$1.2M) for schools at risk of receivership in 2017-18 have been exhausted.

Mr. Sewell noted that transportation costs increased by \$8.2M, less than the \$10.6M projected cost for yellow bus vendors to transport additional students in the current school year because RTS reduced their transportation services for RCSD students.

Mr. Sewell stated that the current balance for contingency funds is less than \$500K.

Mr. Sewell reported that the overall 2015-16 RCSD budget increased by \$17.6M (2.2%), with increases in the General Fund of \$1.7M (0.25%) and the Special Aid Grant Fund of \$15.9M (16.6%). He stated that the major changes affecting the General Fund are:

- Reduction of \$111,511 in NYS Foundation Aid;
- Reduction of \$529,421 in Special Service Aid due to a decrease in student enrollment in CTE classes in 2014-15;
- Increase of \$4,099,740 in NYS Transportation Aid due to an increase in RCSD transportation costs in 2014-15 and \$4M anticipated to offset the costs from the RTS and yellow bus contracts in the current year;
- Reduction in NYS Building Aid of \$798,638 due to delay in completion of capital improvement projects. Projects completed in the first half of the year receive 100% cost reimbursement, but those completed in the second half of the year only receive 50% reimbursement of costs at this time.
- Reduction of \$336,899 in the Local Share Deduction for Certain Students, which increased the amount of revenue to the District.
- Increase of \$359,290 in Indirect Cost revenue

Mr. Ansbrow discussed the anticipated increase of \$4M from the state to offset the costs of the RTS and yellow bus contracts this year. He reported that both houses of the NYS legislature have indicated preliminary approval of these funds to the District, but no response has been received yet from the Governor's office.

Mr. Sewell reported the main factors affecting the Special Aid Grant Fund:

- NYS Grant of \$7.2M for expansion of the PreK program to three-year-old children;
- Federal Stimulus grant of \$1.5M; and
- One-Time Federal grant funding of \$5.3M

Mr. Sewell also noted that a consultant (former CFO from the Buffalo City School District) found that pay for RCSD Lunch Room Monitors was being charged against the General Fund, but could be charged to the School Food Services Fund. He reported a surplus of approximately \$2M in the School Food Services Fund. Mr. Sewell explained that moving Food Services operations in-house enabled the District to charge the pay for these staff members to the School Food Services Fund.

Mr. Sewell noted that staffing changes regarding Food Services employees simply reflect changes in the number of hours worked over the previous 30 days, rather than changes in the number of employees. He reported that the additional 27.0FTE for Paraprofessionals and Teaching Assistants is primarily for Special Education.

Mr. Ansbrow provided a handout to the members of the Finance Committee to summarize projected transportation cost increases. He noted that Mr. Schmidt and his team made every effort to minimize the number of additional buses needed from yellow bus transportation providers to accommodate students no longer transported by RTS this year. Mr. Ansbrow stated that projected transportation costs for the current school year have been reduced from \$10.6M to \$8.2M as a result of these efforts.

Commissioner Powell declared that she would not make a motion to approve either the November 2015 Financial Report or the proposed amendments to the 2015-16 RCSD budget. She stated that the financial report and the proposed budget amendments are predicated on receipt of an additional \$4M in Transportation Aid from the state, which has not been approved officially by the NYS legislature or the Governor. Commissioner Powell contended that amending the budget on the basis of funds not approved or received is irresponsible and violates generally accepted budgeting practices.

Mr. Ansbrow pointed out that the budget is a series of estimates, which is why the budget has to be amended at various times throughout the year. He stated that he is confident of legislative support for the additional NYS Transportation Aid.

Commissioner Powell agreed that the budget is a series of estimates, but contended that it should be based on the best available information and not include aid that has not yet been awarded.

Motion by Commissioner White to approve the November 2015 Financial Report to advance to the full Board for consideration. **Adopted 2-1, with Commissioner Powell dissenting.**

Motion by Commissioner White to approve the above proposed amendments to the 2015-16 RCSD budget with reservation – only to advance to the full Board for consideration. **Adopted 2-1, with Commissioner Powell dissenting.**

Commissioner Cruz called for a recess at 7:03PM, and reconvened the meeting at 7:05PM.

V. Resume Discussion and Consideration of Resolution for an Agreement with RTS to provide Transportation Services to RCSD Secondary Students in 2016-17 (Resolution No. 2015-16: 412)

Commissioner Cruz announced that he would like to postpone a decision regarding the resolution for an agreement with RTS to provide transportation services to RCSD students in 2016-17. He discussed the questions and objections raised by his colleagues, and requested that the Administration develop a plan for conducting an open bidding process.

Mr. Ansbrow pointed out that a legal opinion will be needed about the specific components to be re-bid because the District already has a contract in place with yellow bus transportation service companies.

Commissioner Cruz stated that the plan regarding bidding for RCSD transportation services should include yellow bus service. He emphasized that this request is not intended to criticize or fault the proposal put forward this evening with RTS, or the work performed by the Transportation Department or Finance Department. Commissioner Cruz underscored the importance of conducting an open bidding process to ensure the most cost effective option for the District.

Action Item: Mr. Ansbrow and other members of the Administration will prepare a plan for issuing an RFP and conducting an open bidding process for transportation services to RCSD secondary students in 2016-17. This plan is to include a timeline for the bidding and selection process, and is to be submitted to Board members by Friday, December 18th.

Commissioner Cruz announced that the Finance Committee will reconvene after December 18th to review the proposed plan.

VI. Review Remaining Resolutions in Preparation for December 17, 2015 Board Business Meeting

A. PROCUREMENT & SUPPLY

- 1. Aluminum Athletic Equipment Co.; BSN Sports Inc. (dba “BSN Sports”); Passons’ Sports & U.S. Games; Jim Dal Sports, Inc. (dba “Jim Dalberth Sporting Goods”); The Prophet Corporation (dba “Gopher Sport”); Patterson Medical Supply, Inc. (dba “Medco Supply”); Masune & Surgical Supply Service; Pyramid Paper Co. (dba “Pyramid School Products”); Riddell/All American Sports Corp.; S&S Worldwide, Inc.; School Specialty; and School Health Corporation – contract extension for athletic supplies and equipment – Resolution No. 2015-16: 413**
- 2. Jim Dal Sports, Inc. (dba “Jim Dalberth Sporting Goods”); Riddell/All American Sports Corp.; and V&V Vending (dba “Valenti Sports”) – contract extension for football equipment and protective gear – Resolution No. 2015-16: 414**

3. **Guitar Center, Inc. (dba “Music & Arts Center”); Sam Ash Music Corporation; Shar Products Company; Steve Weiss Music Inc.; and Washington Music Sales Center, Inc. (dba “Washington Music Center”) – contract extension for musical instruments and accessories – Resolution No. 2015-16: 415**
4. **Authorize Acting Director of Procurement and Supply, Timothy F. Schmandt, to open and read bids – Resolution No. 2015-16: 416**

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

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

3. EDUCATIONAL FACILITIES

Final Payments:

1. **Leo J. Roth Corp. – final payment for plumbing work for renovation of Wilson Commencement Academy and Wilson Foundation Academy – Resolution No. 2015-16: 417**
2. **Orchard Earth and Pipe Corp. – final payment for plumbing work in renovating the RCSD Service Center – Resolution No. 2015-16: 418**

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

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

4. OTHER

1. **Health Economics Group – agreement to provide third party administrator services for the District’s self-funded dental plan – Resolution No. 2015-16: 427**

Commissioner Powell asked whether Health Economics Group has been the administrator for the District’s dental plan. Mr. Ansbrow replied that Health Economics Group has administered the District’s dental plan for the last several years.

Motion by Commissioner Powell to approve the above resolution for an agreement with Health Economics Group to administer the District’s dental plan. Seconded by Commissioner White. **Adopted 3-0.**

2. Lifetime Benefit Solutions, Inc. – agreement to provide administrative services to assist with collecting premium contribution payments from approximately 2,000 participating retirees in conjunction with Retiree Medical Insurance split billing – Resolution No. 2015-16: 428

Commissioner Powell sought clarification regarding the proposed agreement with Lifetime Benefit Solutions, Inc. Mr. Ansbrow explained that the District is essentially outsourcing collection of health insurance premiums from retirees.

Motion by Commissioner Powell to approve the above resolution for an agreement with Lifetime Benefit Solutions, Inc. to collect health insurance premiums from District retirees. Seconded by Commissioner White. **Adopted 3-0.**

Motion by Commissioner White to adjourn. Seconded by Commissioner Powell. **Adopted 3-0.**

Meeting adjourned at 7:12PM.