

**Rochester Board of Education**  
**Finance Committee**  
**January 15, 2015**

**Attendance:** Commissioner Cruz (Chair); Commissioners Adams, Powell, White, and Evans (joined via skype at 7:18PM). Parent Representative: Giancarlo Giannini. District Staff: Bill Ansbro, Chief Financial Officer; Everton Sewell, Budget Director; Gary Smith, Purchasing Officer; Michael Schmidt, Chief of Operations; and Mark Casella, Network Infrastructure Manager. Board Staff: Debra Flanagan

Commissioner Cruz convened the meeting at 6:27PM.

**I. Review and Approve Minutes of December 11, 2014 Finance Committee Meeting**

**Motion** by Commissioner Powell to approve the minutes of the December 11, 2014 Finance Committee meeting. **Adopted 2-0, with concurrence of Parent Representative.**

**II. Questions & Answers**

Commissioner Cruz requested an update of the District's current financial status.

Bill Ansbro provided handout information about the 2015-16 budget process, specifically of obtaining input from various stakeholders. He reported that the following sessions have been conducted or planned for the future to involve stakeholders:

- Central Office Staff: December 12, 2014
- Focus Group of Principals: December 30, 2014
- Student Leadership Congress: January 7, 2015
- RCSD Principals' Meeting: January 9, 2015
- Parents: RCSD School Expo on January 10, 2015
- Assistant Principals/School Administrators: January 14, 2015
- Parents and Community Members: Superintendent's Coffee and Conversation on January 20, 2015
- Parent Advisory Council: January 26, 2015
- Parents and Community Members: Budget Open House on January 28, 2015
- Parents: UPK Registration on February 7, 2015

Mr. Ansbro noted that one additional public Budget Open House is to be scheduled on the Jefferson campus to provide another opportunity for parents and community members to discuss funding priorities for the 2015-16 RCSD budget.

**III. Review December 2014 Financial Report**

Everton Sewell reported that revenue remains constant since the last budget amendments were approved in December 2014. He pointed out that budget amendments are anticipated in February 2015 to account for additional grant revenue, including rollover of federal IDEA funds. Mr. Sewell also noted that \$2.7M in NYS Building Aid will not be provided until the 2015-16

FY because of the timing of approval of Facilities Modernization Program (FMP) projects. He stated that this possibility had been anticipated and \$6.5M in the Fund Balance is assigned to cover delay in receipt of NYS Building Aid.

Commissioner Cruz inquired whether the local share of the cost for Phase I of the FMP may be less than expected.

**Action Item: Mr. Ansbrow will provide an update to the members of the Finance Committee in the February 2015 meeting regarding the estimated local share of the cost for Phase I of the FMP, with a comparison to the original projections.**

Mr. Ansbrow stated that a more accurate estimate can be made after the District approaches the market again for financing.

Mr. Sewell reported that amendments to the 2014-15 RCSD budget will also reflect an increase of \$1M in expenditures for charter school tuition due to the State having increased the per pupil rate by \$250 in last year's legislative session. He stated that this legislation was not expected to result in a net cost to the District, but the NYS Aid to cover the charter school tuition increase will not be provided until 2015-16. Mr. Ansbrow added that he is seeking guidance regarding reporting this funding gap, which presents a cash flow issue for the District.

Commissioner Powell asked whether the NYS Aid for the additional charter school tuition is funded under Transition Aid or a separate source. Mr. Ansbrow replied that this additional expense should not be included in Transition Aid, which is intended to assist districts with an influx of charter schools.

Mr. Sewell explained that the "Available Funds" section of the Financial Report provides a comparison of expenditures in each major budget category for the current year and the previous year. He pointed out that an explanation is provided in the "Available Funds Financial Analysis" section of the Report for categories in which there is more than a 10% difference between current year and prior year expenditures.

Mr. Sewell also noted that the final section of the Financial Report reflects the District's cash balance. He stated that there is a difference between the ending balance and the bank statement balance as of 12/31/2014 because of a check run that the District processed in the last two days of December 2014, and the fact that the bank statement has not yet been provided. Mr. Sewell asserted that the District is trying to obtain online access to their bank account, but this has been difficult because the City of Rochester is the custodian of this account.

**Motion** by Commissioner Powell to approve the December 2014 Financial Report. **Adopted 2-0, with concurrence of the Parent Representative.**

#### **IV. Review and Discuss Quarterly Change Order Report for September through December 2014**

**Motion** by Commissioner Powell to approve the Quarterly Change Order Report for September through December 2014. **Adopted 2-0, with concurrence of Parent Representative.**

## V. Review of Resolutions in Preparation for January 22, 2015 Board Business Meeting

### A. PROCUREMENT & SUPPLY

1. **Washington Music Sales Center, Inc. (dba “Washington Music Center”)** – contract for purchase of musical instruments and accessories for various locations in the District with option for four one-year extensions – **Resolution No. 2014-15: 430**

**Motion** by Commissioner Powell to approve the above resolution for procurement of musical instruments. **Adopted 2-0, with concurrence of Parent Representative.**

2. **First Student, Inc.; Monroe School Transportation, Inc. – contract for student transportation services from July 1, 2015 through June 30, 2016 with option for four one-year extensions – Resolution No. 2014-15: 431**

Gary Smith reported that a Request for Proposals (RFP) was issued by the District in the fall of 2014 for student transportation for summer school in 2015 and for the 2015-16 school year. He stated that responses were received from First Student and from Monroe School Transportation, and the number of separate contracts was reduced to streamline the process. Mr. Smith noted that the cost of the proposed contract with Monroe Student Transportation increased by 3.7% to transport students with disabilities to programs outside of the District. He stated that a number of enhancements are also included in this contract.

Commissioner Powell asked about the possibility of the District using cleaner fuels for buses. She acknowledged that propane is costly, and inquired about the use of gasoline instead of diesel. Mr. Smith replied that the District uses both gasoline and diesel for its vehicles.

Commissioner Cruz pointed out that diesel fuel has become much cleaner, and is now used more widely in Europe.

Michael Schmidt noted that propane fuel is not only more costly, but all of the District’s transportation contractors would be required to purchase new vehicles that can operate using propane. He stated that the District also examined options for re-routing buses to improve efficiency and reduce costs.

Commissioner Powell inquired about changes in school start times as a result of these new transportation contracts.

**Action Item: Mr. Schmidt will provide information to the members of the Finance Committee in the February meeting of the number and the specific schools affected by changes in transportation schedules as a result of the contract with First Student Transportation, Inc. for 2015-16.**

Mr. Schmidt pointed out that changes to school schedules will depend on Teaching & Learning, Student Placement, and actual student enrollment. He stated that the structure of student transportation will be determined by efficiency

considerations and the need to balance between early- and late-start schools. Mr. Schmidt asserted that these determinations are not made on the basis of the transportation contracts, but due to the District's need to have a balance among school schedules to maximize efficiency in transportation.

Commissioner Powell emphasized the importance of providing school schedule information to parents well in advance of the start of the school year. Mr. Schmidt replied that the Transportation Department is also advocating for this information to be provided earlier, so that school schedules will be established by March or April.

Mr. Ansbrow pointed out that determinations of school scheduling should coincide with the RCSD budget process.

Commissioner Powell asserted that assumptions had to be made regarding the number of buses and runs to be made each day to estimate the costs under these transportation contracts. She asked whether changes at the school level were taken into account in developing the transportation contract, such as having fewer students from School No. 42 and no students from School No. 36 in 2015-16. Mr. Schmidt replied that flexibility has been built into the contract to allow for programmatic and other changes to District schools.

Commissioner Adams inquired whether the annual changes in the cost of the contract have been examined. Mr. Ansbrow reported that the District's student transportation contract costs are 90% stable from one year to the next.

Commissioner Adams noted that the District provides bus passes for parents to take their children to preK programs, and asked whether any of these costs are reimbursed through NYS Aid. Mr. Ansbrow replied that these transportation costs are funded under the NYS PreK grant and amount to approximately \$562 per family per year.

**Motion** by Commissioner Powell to approve the above contracts for student transportation. **Adopted 2-0, with concurrence of the Parent Representative.**

## **B. EDUCATIONAL FACILITIES**

### **Final Payments:**

- 1. Eastcoast Electric, LLC – final payment for electrical work for renovations to School No. 20 – Resolution No. 2014-15: 432**
- 2. Eastcoast Electric, LLC – final payment for electrical work for renovations to the School of the Arts – Resolution No. 2014-15: 433**

**Motion** by Commissioner Powell to address the above Facilities final payment resolutions as a group. **Adopted 2-0, with concurrence of Parent Representative.**

**Motion** by Commissioner Powell to approve the above Facilities final payment resolutions. **Adopted 2-0, with concurrence of Parent Representative.**

**Contracts:**

- 3. Hunt Engineers, Architects & Land Surveyors, PC – agreement to provide architectural/engineering services for a capital improvement project for the turf field at Wilson Foundation Academy – Resolution No. 2014-15: 434**
- 4. Hunt Engineers, Architects & Land Surveyors, PC – agreement to provide architectural/engineering services for a capital improvement project for the turf field at the Franklin Educational Campus – Resolution No. 2014-15: 435**

Commissioner Powell inquired whether the Franklin campus had been renovated recently. Mr. Schmidt stated that construction has been done to improve the exterior of the building, but this did not include improvements to the athletic field. He pointed out that the State will provide 100% reimbursement for the cost of replacing the existing infrastructure, such as the bleachers and lighting. Mr. Schmidt reported that these projects are to begin in the fall of 2016.

**Motion** by Commissioner Powell to address the above Facilities contract resolutions as a group. **Adopted 2-0, with concurrence of Parent Representative.**

**Motion** by Commissioner Powell to approve the above Facilities contract resolutions. **Adopted 2-0, with concurrence of Parent Representative.**

**C. INFORMATION MANAGEMENT & TECHNOLOGY**

- 1. Fiber Technologies Networks, LLC – agreement to provide a dedicated high-speed connection to the Internet of at least 1.5 gigabytes per second for July 1, 2015 through June 30, 2016, with option to extend for four one-year terms – Resolution No. 2014-15: 436**
- 2. Fiber Technologies Networks, LLC – agreement for the provisioning, configuration and support of the District’s Wide Area Network (WAN), including gigabyte Ethernet Fiber between schools and administrative facilities for the period of July 1, 2015 through June 30, 2016, with the option to extend for four one-year terms – Resolution No. 2014-15: 437**
- 3. Frontier Communications of Rochester, Inc. – agreement to provide Plain Old Telephone Service (POTS) lines to be used as emergency backups to Voice T1 circuits for 911 services for the period of July 1, 2015 through June 30, 2016, with the option to extend for four one-year terms – Resolution No. 2014-15: 438**

Commissioner Powell inquired about the amount of the District's expenditures for "land lines". Mark Cassella reported that the District has paid approximately \$40-50K per year for traditional telephone lines, but this is to be reduced to \$15K per year. He explained the need to continue these expenditures due to the cost of District listings in the telephone book and for telephone lines in building elevators in the event of an emergency.

Commissioner Adams inquired about the district-wide security project and other technological enhancements through the Facilities Modernization Program (FMP). Mr. Cassella pointed out that the FMP covers hardware and infrastructure, and the above proposed contracts are for information technology services. He stated that the District will save approximately \$700K over the next five years under the terms of the proposed contracts.

Mr. Cassella noted that the District must bid for services in order to obtain E-Rate reimbursement, which will be reduced for telephone line services in the future.

Mr. Cassella explained that the District's Wide Area Network (WAN) is a fiber network that provides connectivity through all of the schools and offices, and through which District-wide applications are accessed (e.g. the Internet, PeopleSoft, Student Management System).

Commissioner Cruz asked about the possibility of using the Smart Schools Bond Funds to cover some of these information technology expenses. Mr. Cassella replied that these funds can only be used for hardware and equipment – not for services.

Commissioner Adams recalled that the Smart Schools Bond Act would allow school districts to expand wireless Internet service to the larger community to reduce the digital divide affecting children and families in high-need areas. Mr. Ansbrow stated that he had also inquired about this possibility two years ago, but staff in the Information Management & Technology Department had concerns about privacy/security issues.

Mr. Cassella reported that he has explored the possibility of extending wireless Internet access to the entire city of Rochester, but it would be quite costly to establish and in terms of ongoing network maintenance. He suggested pursuing an agreement with the City of Rochester and Monroe County to share some of these costs. Mr. Cassella stated that he pursued grant opportunities to fund city-wide Internet access, but most of the grants required direct job creation through the proposed project. He explained that this type of expansion would only indirectly lead to job creation.

**4. Frontrunner Network Systems Corp. – agreement to provide hardware maintenance for all of the District's Voice over Internet Protocol (VoIP) Mitel system equipment for the period of July 1, 2015 through June 30, 2016, with the option to extend for four one-year terms – Resolution No. 2014-15: 439**

**5. Windstream Communications, Inc. – agreement to provide voice communications services required to operate the District’s Voice over Internet Protocol (VoIP) phone system from July 1, 2015 through June 30, 2016, with the option of four one-year extensions – Resolution No. 2014-15: 440**

**Motion** by Commissioner Powell to address above Information Management & Technology resolutions as a group. **Adopted 2-0, with concurrence of Parent Representative.**

**Motion** by Commissioner Powell to approve above Information Management & Technology resolutions. **Adopted 2-0, with concurrence of Parent Representative.**

**6. Organizational Design Study – Information Management & Technology Functions – Pending Superintendent Approval of RTI and Deadline Exception – Resolution No. 2014-15: 441**

Mr. Smith reported that the District issued a Request for Information to conduct an organizational design study to: ISG-1, Xerox, Center for Governmental Research (CGR), and IBM. He explained that Deputy Superintendent for Administration, Adele Bovard, suggested conducting this study because of considerable overlap between the Office of Student Placement and the Information Management & Technology Department. Mr. Smith noted that IBM was selected because of their experience.

Mr. Smith stated that the contract with IBM was negotiated down to \$83K, with a cap of \$16,500 for travel and expenses. He pointed out that these costs will be covered under the NYS Management Efficiency Grant.

Commissioner Adams commented that the NYS Management Efficiency Grant can be used for many different purposes, noting that these funds were used to evaluate the PreK program for three-year-old children at School No. 33 last year and this program is now being discontinued. Mr. Ansbrow stated that this is the last year of the NYS Management Efficiency Grant, which ends in October 2015. He added that this is part of the plan for evaluating the allocation of resources, reducing Central Office costs, and maximizing resources to schools.

Commissioner Adams questioned why in-house staff cannot be used to perform this study. Mr. Ansbrow replied that an outside contractor is needed to complete the work within the timeframe needed to make an informed decision for the 2015-16 RCSD budget.

Commissioner Evans asked about other possible uses for the NYS Management Efficiency grant within the parameters allowed (i.e. that would not lead to a disallowance of costs). Mr. Ansbrow replied that this grant is targeted to identify and/or implement efficiencies in the District. He stated that a proposal was

presented to use some of these grant funds to purchase books to promote families reading together over the summer, but this was not allowed.

Commissioner Adams stated that she would like to see the criteria for use of the NYS Management Efficiency Grant funds in writing to ensure that the District will not encounter disallowances in the future. She pointed out that the District had a problem in the past with disallowances under the EPE grant.

Commissioner Powell questioned the rationale for conducting an organizational design study that only examines two departments in the District. She also emphasized the importance of considering the implications of efficiency recommendations to ensure that this is not at the expense of customer service. Commissioner Powell cautioned that efficiency studies have a limited focus, and do not consider the quality of service or the long-term impact on key stakeholders (i.e. students and parents). She inquired whether the proposed contract includes a commitment from IBM to save at least \$100K to cover the contract costs.

Mr. Ansbro reported that there is more than \$100K in efficiency opportunities in the presumed overlap between the Student Placement and Information Management & Technology departments. He noted that other areas of potential efficiency are also being explored in-house.

Commissioner Cruz concurred with Commissioner Powell in emphasizing that efficiencies cannot be at the expense of service to District students and parents, as this would undermine overall District goals. Mr. Ansbro noted that identifying efficiencies may lead to staff reductions and these are difficult decisions, but necessary to fund priorities.

Commissioner Cruz pointed to the need to be clear about the potential implications of identified efficiencies and the purpose of proposed cuts. He asserted that these considerations are critical in the budget deliberation process.

Commissioner Adams asserted that it is difficult to believe that the District Information Technology Director, Annmarie Lehner, and the Deputy Superintendent of Administration, Adele Bovard, cannot collaborate to identify potential efficiencies and provide a superior set of recommendations to that of an outside contractor.

Commissioner Cruz acknowledged that there is value in having an outside party examine potential efficiencies because there an external source would have no allegiance to a particular organizational structure or to employees in particular positions.

Commissioner Powell pointed out that the proposed contract involves 1.5FTE over nine weeks to perform the organizational design study, but the resolution allows the contract will remain in effect until June 30, 2015. She asked about the five-month timeframe for the contract, while the work is to be performed in just over two months. Commissioner Powell also noted that a completion date of June

30<sup>th</sup> will not allow the recommendations to be included in the 2015-16 RCSD budget, which is to be adopted by the Board in early May.

Mr. Smith stated that the June 30, 2015 timeframe was included in the resolution simply to provide a cushion in case something arises to delay the study.

**Motion** by Commissioner Powell to advance the above Information Management & Technology resolution to the full Board, but with reservations. **Adopted 2-0, with concurrence of Parent Representative.**

## **VI. Review Draft 2015-16 RCSD Budget Calendar**

Parent Representative Giancarlo Giannini asked whether the specific sections of the 2015-16 RCSD budget will be reviewed in each round of budget deliberations. Debra Flanagan replied that the budget deliberation process has historically involved examining specific sections of the budget in each round of deliberations.

**Action Item: Ms. Flanagan will provide information to the members of the Finance Committee by the February meeting of the specific sections of the proposed 2015-16 RCSD Budget to be reviewed in each round of the budget deliberation process.**

Commissioner Powell inquired about guidelines or a timeframe from the State Education Department for conducting the Contract for Excellence hearing. She noted that it would be much more useful to hold this hearing before the RCSD Budget adoption. Commissioner Powell stated that every school district that receives funding under the Contract for Excellence is an urban district that is required to adopt their budget in the spring, typically before the hearing is to be held.

**Action Item: Mr. Ansbrow will contact the State Education Department to obtain guidelines/timeframe for conducting the annual Contract for Excellence hearing, noting that it would be beneficial to hold the hearing prior to budget adoption.**

Commissioner Powell also pointed out that the Board needs to receive the Capital Improvement Plan (CIP) earlier in the budget process. Mr. Ansbrow replied that Board staff have been advocating for the CIP to be provided to the Board earlier in the process.

**Motion** by Commissioner Powell to approve the proposed 2015-16 RCSD Budget Calendar. **Adopted 2-0, with concurrence of the Parent Representative.**

## **VII. Follow-Up Items**

1. Information of the specific RTS routes with sparse student ridership

Mr. Ansbrow stated that he thought that Mr. Schmidt had already provided this information to the members of the Finance Committee.

**Action Item: Ms. Flanagan will check to make sure that information about the specific RTS routes with low student ridership has been provided to the Finance Committee members.**

2. Any news regarding guidelines for use of Smart Schools Technology Funds?

Mr. Ansbrow reported that the State Education Department has not yet issued guidelines for the use of these funds.

3. The number of employees reflected in the addition of 28.2FTE of grant-funded positions

Mr. Sewell provided a handout to the Committee members of the number of FTE of grant-funded positions in the District as of November 30, 2014. He stated that he is collaborating with the Human Capital Initiatives (HCI) department to identify vacancies in these positions and to obtain a headcount of the number of employees in these positions.

### **VIII. Update from Purchasing Department**

Mr. Smith stated that members of the Finance Committee had requested information about upcoming requests for proposal/prospective contracts. He reported on the following planned or pending proposals:

- Request for Proposal (RFP) for community partners to support more and better learning time through extended day programs and supplemental academic services: due February 3, 2015
- RFP for procurement card services: currently evaluating finalists
- RFP for student health services: resolution to be presented to the Board for approval in the February 26, 2015 Business meeting
- Follett Consulting engaged with the District to improve textbook inventory management at no cost
- Transportation for secondary students: ongoing negotiations with RGRTA

**Motion** to adjourn by Commissioner Powell. **Adopted 2-0, with concurrence of Parent Representative.**

Meeting adjourned at 7:56PM.