

Rochester Board of Education
Finance Committee
August 14, 2014

Attendance: Commissioner Powell (Chair); Commissioners Evans and Cruz. Parent Representative: Giancarlo Giannini. District Staff: Vern Connors, Budget Director; Michael Schmidt, Chief of Operations; Gary Smith, RCSD Purchasing Officer; and Bill Ansbro, Chief Financial Officer. Board Staff: Debra Flanagan.

Commissioner Powell convened the meeting at 5:56PM.

I. Review and Approve Minutes of July 17, 2014 Finance Committee Meeting

Motion by Commissioner Cruz to approve the minutes of the July 17, 2014 Finance Committee meeting. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of Parent Representative.**

II. Presentation regarding Proposed Amendments to RCSD 2013-14 Budget

- 1. Amend the General Fund Budget for 2013-14 to \$630,721,164 to reflect a reduction of \$109,732 in NYS Aid and an increase of \$454,000 in local revenue – Resolution No. 2014-15: 110**
- 2. Amend the Special Aid Grant Fund Budget for 2013-14 to \$126,514,435 to reflect an increase of \$203,430 in federal grants; reduction of \$12,448 in NYS grants; and reduction of \$559,626 in local grants: Resolution No. 2014-15: 111**
- 3. Amend the School Food Service Fund Budget for 2013-14 to \$20,307,732 to reflect a reduction of \$185,017 in Free & Reduced-Price Reimbursements; decrease of \$42,000 in cafeteria sales; and an increase of \$78,000 in Federal Surplus Food Revenue: Resolution No. 2014-15: 112**
- 4. Amend 2013-14 RCSD Budget to \$777,543,331 to reflect above changes to the General Fund, Special Aid Grant Fund, and School Food Service Fund budgets: Resolution No. 2014-15: 113**

Vern Connors gave a presentation to explain the proposed changes to the 2013-14 RCSD budget, resulting in a very slight reduction in the overall budget for the last fiscal year (i.e. -\$173,393). He reported that there was a net increase in the General Fund, but this was exceeded by reductions in the School Lunch Fund and the Special Aid Fund.

Mr. Connors identified the following factors primarily accounting for the changes in the 2013-14 budget:

- General Fund: slight reduction in NYS Aid (-\$100K) from NYS audit of 2006-07 expenditures for RCSD; increase of \$400K in local revenue (mostly due to Microsoft anti-competition class action settlement)

- Special Aid Grant Fund: increase of \$200K in federal Title I Basic Grant; decrease of \$600K in Monroe County CTE and Toyota Family Literacy grants.
- School Lunch Fund: reduction of \$200K in federal free and reduced-price meal reimbursement; increase of \$100K in federal Surplus Food grant.

In terms of expenditures, Mr. Connors noted that there were no changes in staffing, but an additional \$1.2M for substitute teachers and Civil Service substitutes and \$3.3M in retirement benefits. These increased costs were offset by Title I salary adjustments for summer school (-\$1M); reductions in Special Education tuition and contract transportation (-\$0.9M); decreases in Facilities costs (-\$1.1M); and use of contingency funds in the budget (-\$1.7M).

Commissioner Powell asked whether the increased expenditure for retirement benefits is due to the 7.3% increase in pension contributions recently reported in the news. Mr. Connors clarified that this increase in pension contributions will affect the 2014-15 RCSD budget.

Giancarlo Giannini inquired about the amount in the General Fund at the end of FY2013-14, compared to FY2012-13. Mr. Connors replied that the 2013-14 budget was developed to allow \$6.2M to remain for contingency funds, but the actual amount will be less than this figure because of several items that could not be predicted (e.g. NYS Aid adjustment reducing revenue from 2006-07, RCSD students in foster care attending school in other districts, BOCES services). Many of these items are dependent on the number of students and/or services actually used.

Mr. Connors pointed out that the School Lunch Fund will have a surplus as of the end of FY2013-14, which will facilitate installation of hybrid kitchens in elementary schools and replacement/upgrade of food delivery vehicles.

Mr. Giannini asked about the possibility of the District losing universal eligibility for free and reduced-price meals if not enough students are actually eating these meals. Michael Schmidt stated that this is a possibility two years from now, when the initial three-year cycle for universal eligibility expires.

Motion by Commissioner Cruz to approve all above amendments to the 2013-14 RCSD budget. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of Parent Representative.**

III. Review and Discuss Unaudited June 2014/End of FY2013-14 Financial Report

Motion by Commissioner Cruz to approve unaudited end of FY2013-14 Financial Report. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of Parent Representative.**

IV. Review and Discuss Quarterly Change Order Report for April through June 2014

Motion by Commissioner Cruz to approve Quarterly Change Order Report for April through June 2014. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of Parent Representative.**

V. Review and Approve Resolutions in preparation for August 21, 2014 Board Business Meeting:

A. TRANSPORTATION

1. Agreement with RTS – Resolution No. 2014-15: 114

Commissioner Powell stated that the above resolution regarding an agreement with RGRTA is a placeholder because contract negotiations have not yet been concluded. Bill Ansbro reported that the initial proposal offered by RGRTA did not meet financial targets, and this has led to prolonged negotiations. He stated that RGRTA offered some additional items last Monday, August 11th, so there is the hope that an agreement will be reached by early next week.

Commissioner Evans pointed out that the District knew that the transportation contract would have to be negotiated and in place by September for the beginning of the school year. He asked about the reason for prolonged negotiations at this point, when school begins in approximately three weeks. Commissioner Evans objected to the delay in concluding contract negotiations, noting that this process should have begun earlier to ensure that transportation services would be in place at the beginning of the school year.

Mr. Ansbro explained that contract negotiations are different this year because of data regarding actual student ridership available to the District through the use of smart cards. He stated that the most recent data just became available in June, and indicated only 65% of students are actually using RTS bus services. Consequently, the District has advocated for a reduced payment for this contract, which RGRTA has been opposing.

Commissioner Evans emphasized that the Administration should have been aware of this eventuality, and improved their planning and preparation to ensure that an agreement would be in place by the start of the school year. He asserted that this type of brinkmanship in contract negotiations only makes the District appear disorganized, and increases the uncertainty of parents and students.

Commissioner Powell suggested that the Board craft a policy to require that contract negotiations for transportation be concluded by July 1st to ensure that the process is conducted in a timely fashion.

Commissioner Cruz cautioned that this could compromise the District's negotiating position, and establishing a deadline in policy would also require consideration of possible consequences if this requirement is violated.

Mr. Ansbro underscored the importance of realizing cost savings under this contract by avoiding payment for services that students are not using.

Commissioner Evans maintained that the Administration could have forewarned the Board about the difficulties in the contract negotiations, since the student ridership data was available in June. He also pointed out that negotiations could

have been initiated earlier to avoid putting transportation services at risk at the beginning of the school year.

Commissioner Evans refused to consider the above transportation resolution in the absence of a contract. He objected to the Administration's apparent failure to initiate negotiations sooner, provide information to the Board about difficulties in finalizing the contract, and putting the Board in a difficult position by pressuring them to approve a contract because transportation services are needed for the start of the school year – but not allowing the time or opportunity for Board members to vet the contract.

Commissioner Powell inquired when the proposed agreement is expected to be ready. Mr. Ansbrow replied that the District gave RGRTA until the end of the day on Wednesday, August 20th, to provide a proposed agreement.

Commissioner Powell noted that receipt of the proposed agreement on Wednesday, August 20th, would not provide the Board with the required 48 hours for review prior to the Business meeting on Thursday, August 21st. She stated that if an agreement is available by the end of the day on Tuesday, August 19th, the members of the Finance Committee could meet just prior to the Board Business meeting on August 21st to review and discuss the proposed contract. However, if this timeframe cannot be met, then a Special Meeting will have to be conducted the last week of June for the Board to review and vote on the proposed agreement.

Action Item: Debra Flanagan will schedule a Finance Committee meeting for August 21st at 6:15PM to allow review of the proposed RGRTA contract.

Mr. Giannini asked about the assumptions made about student ridership in developing the 2014-15 RCSD budget.

Action Item: Mr. Ansbrow will provide information to the members of the Finance Committee about the assumptions of student RTS ridership underlying the expenditures in the 2014-15 RCSD budget for these transportation services.

B. PROCUREMENT & SUPPLY

- 1. D&H Distributing Company – contract extension to purchase graphic and science calculators – Resolution No. 2014-15: 115**
- 2. A. Daigger & Co., Inc. (dba “ETA hand2mind”); Cascade School Supplies; Community Products LLC (dba “Community Playthings”); Constructive Playthings; Follett Library Resources, Inc.; Kaplan Early Learning Company; Lakeshore Equipment Company (dba “Lakeshore Learning Materials”); National Educational Systems, Inc.; Nasco; Really Good Stuff; and School Specialty Corporation – contract extension for purchasing early childhood learning materials – Resolution No. 2014-15: 116**

Motion by Commissioner Cruz to address all above Procurement & Supply resolutions as a group. **Adopted 3-0, with concurrence of Parent Representative.**

Motion by Commissioner Cruz to approve all above Procurement & Supply resolutions. **Adopted 3-0, with concurrence of Parent Representative.**

C. EDUCATIONAL FACILITIES

Contract Extension:

1. **Team Maintenance Co., Inc. (dba “All Seasons Window Cleaning Co.”) – contract extension for window washing – Resolution No. 2014-15: 117**

Motion by Commissioner Cruz to approve above resolution to extend contract for window washing. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of Parent Representative.**

Final Payments:

2. **TES Environmental Corp. – final payment for air monitoring work for renovations to Douglass campus – Resolution No. 2014-15: 118**
3. **Steve General Contractor, Inc. – final payment for general construction work for renovations to School No. 46 – Resolution No. 2014-15: 119**
4. **Steve General Contractor, Inc. – final payment for general construction work for renovations to School No. 29 – Resolution No. 2014-15: 120**
5. **Approval of State Environmental Quality Review Act to document environmental impact of public work projects – Resolution No. 2014-15: 121**

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

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

Lease:

6. **University of Rochester, Memorial Art Gallery – lease agreement for use of grounds for physical education activities for School of the Arts students from September 2, 2014 through June 30, 2015 – Resolution No. 2014-15: 122**

Motion by Commissioner Cruz to approve above Facilities resolution for a lease with the University of Rochester Memorial Art Gallery. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of Parent Representative.**

New Contracts:

7. **Day Automation Systems, Inc. – agreement to provide software, hardware and technical support to assist in maintenance of District’s energy management system – Resolution No. 2014-15: 123**

Motion by Commissioner Cruz to approve above resolution for an agreement with Day Automation Systems, Inc. to assist in maintaining the District’s energy management system. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of Parent Representative.**

D. OTHER

1. **DG&M Agency, Inc. – agreement to obtain a student accident insurance policy through Glatfelter Insurance Group to cover all students enrolled in the District from September 1, 2014 through June 30, 2015 – Resolution No. 2014-15: 124**

Motion by Commissioner Cruz to approve above resolution for an agreement with DG&M Agency, Inc. to obtain student accident insurance for the 2014-15 school year. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of Parent Representative.**

VI. QUESTIONS & ANSWERS

Mr. Ansbrow reported that amendments to the 2014-15 RCSD budget are anticipated in September, primarily due to increased expenditures for Special Education above the amount budgeted. He stated that Chris Suriano, Executive Director of Special Education, has been invited to the September 18th Finance Committee meeting to give a presentation about changes in Special Education in the District.

Mr. Ansbrow stated that the City Council Finance Committee met earlier this week, and unanimously approved the District’s request to raise the debt ceiling to allow financing of improvements to athletic fields. He announced that this resolution will be forwarded to the entire City Council for a vote next week.

Mr. Giannini inquired whether the anticipated amendments to the 2014-15 RCSD budget will include \$140K in funding for expeditionary learning. Mr. Ansbrow replied that he anticipates this funding to be included in the budget amendments, noting that the District has been targeting eligible grants to fund these programs. He offered to provide an update on the status of grant funding for expeditionary learning in the September 18th meeting.

Action Item: Mr. Ansbrow will provide an update on the status of grant funding for expeditionary learning in the September 18, 2014 Finance Committee meeting.

Motion by Commissioner Cruz to adjourn. **Adopted 3-0, with concurrence of Parent Representative.**

Meeting adjourned at 6:54PM.

Next Finance Committee Meeting: Thursday, August 21st, just prior to Board Business meeting.

Next monthly Finance Committee Meeting: Thursday, September 18th at 5:30PM.