

Rochester Board of Education
Finance Committee
December 11, 2012

Attendance: Commissioner Cruz (Acting Chair); Commissioners White and Adams (left at 6:03PM). Commissioner Powell absent due to conflict with out-of-town meeting. Parent Representative: Giancarlo Giannini. District Staff: Bill Ansbro, Chief Financial Officer; Vern Connors, Budget Director; Gary Smith, Purchasing Officer; Andy Wheatcraft, Facilities Planner; Annmarie Lehner, Director of Information Management & Technology; Ed Lopez-Soto, Chief Counsel; Bethany Centrone, Chief of HCI; Jerome Underwood, Senior Director of Operations. Board Staff: Debra Flanagan.

Architects: Ted Mountain (SEI); Tom Roger (Gilbane/Savin); Wayne Hermanson (Gilbane/Savin); Michael Short (LaBella Associates); Jim McGuinness (Millennium Strategies); Vic Tomaselli (SEI); and Pepin Accilien (Gilbane/Savin).

Commissioner Cruz convened the meeting at 5:34PM.

I. Presentation of Schematic Designs for Phase IB FMP Projects

A. School No. 12 (Vic Tomaselli and Ted Mountain, SEI)

Highlights of this renovation project include:

- An addition to the existing building
- Improved safety and security exiting for the building
- Eliminating open classrooms in the building (current acoustics and safe exiting are a problem)
- Creating “looped classroom” configuration with classrooms on the outside ring of the building
- Shared community space in center of 1st floor; a library in the center of the 2nd floor; and shared math/science rooms in the center of the 3rd floor
- Creating space for 4 strands of grades K-8 (from current 5 strands of K-6)
- Replacing the elevator
- Infrastructure upgrades (HVAC, windows, doors, storm system, sprinkler system)

Current construction estimates for this project are \$15.7M, below the fixed cost \$16.6M allowance and very close to the \$15.57M NYS maximum cost allowance (MCA). By keeping costs close to the MCA amount, NYS Aid for the project will be maximized. An update on project costs is expected in the next week.

Commissioner Adams questioned whether the original plan for School No. 12 was to build an addition to the 1st floor. Mr. Mountain replied that the plan has always included at least a small addition to the building.

Commissioner Adams asked whether the plan addresses the potential need for preK classroom space in the future, and includes a bathroom in each of these classrooms. Mr. Mountain stated that the plan does not specifically address preK classes, but all of the kindergarten classrooms have their own bathrooms.

Bill Ansbro noted that discussions are being held with City of Rochester officials regarding possibly expanding the gym on this site.

B. Edison Campus (Wayne Hermanson and Pepin Accilien, Gilbane/Savin)

Mr. Hermanson discussed a number of critical repairs needed to Edison:

- Structural repairs (cracks in beams)
- Waterproofing the perimeter of the building to prevent water from infiltrating the building itself. The tendons supporting the building have been rusting due to water leakage.
- Mechanical and electrical equipment upgrades
- Upgrades to the PA and alarm systems

Planned improvements include:

- Replacing the uneven and loose paving stones in the plaza and adding more green space
- Replacing the two small separate building entrances with a new inviting main entrance
- New canopy for building entrance
- Adding 7 new classrooms and an Information Desk inside the main entrance
- Adding a 9500 sq. ft. library just inside the main entrance, with multimedia, computer and teaching stations
- Renovating the entire 3rd floor for specialized CTE classes in health sciences (3 science labs and classrooms that meet current standards) for the STEM school

Mr. Hermanson reported that the construction costs are estimated at \$25.2M, which is approximately \$400K over the \$24.8M maximum cost allowance. He stated that alternate plans have been developed to reduce costs.

Work on this project is scheduled to begin in the summer of 2013 and be completed in 2014.

Mr. Roger clarified that the renovations for Edison are to be carried out in two phases, with the highest priority work to be performed in the first phase. He stated that the information presented in this evening's meeting pertains to the first phase of the project, and an additional \$30M of work is planned for the second phase.

C. District-Wide Technology Project (Jim McGuinness, Millennium Strategies)

Mr. McGuinness reviewed the main elements of the District-wide technology project:

- Upgrade to data, voice and video cabling
- LAN and wireless upgrades
- Interactive whiteboards with projectors in every classroom
- Audio amplification – research studies have shown that amplifying a teacher’s voice helps students to focus on instruction and is associated with increased test scores
- Improvements in video surveillance
- Phone upgrade
- Centralized media distribution system, enabling TV/DVD media to be projected onto the smartboard in every classroom in every school from a central location over the wide-area network (WAN)

Mr. McGuinness explained that the first phase for this project will be implemented at School No. 17, 28, 50, 58, Franklin, and Charlotte. The second phase of the technology project will be implemented at School No. 12, 5, East, Edison, and Monroe. He stated that the plan will be submitted to the NYS Education Department in mid-January 2013 to begin the bidding process in February and complete contract awards by March 14th. Mr. McGuinness noted that March 14, 2013 is the deadline for submitting applications to receive E-rate reimbursement.

Mr. McGuinness reported that the estimated cost for this project is \$5.975M, with \$2.76M anticipated in E-rate reimbursement. He stated that the actual E-rate reimbursement will not be known until April, and the audio amplification and network equipment will be scaled down if E-rate reimbursement is not available.

Commissioner White inquired whether an assessment has been performed regarding equity among schools in terms of technology and technological capability. Mr. McGuinness replied that the District determined the specific schools in which the technology project would initially be implemented. He stated that the technology has been removed from schools with quality equipment (e.g. School No. 17, 50, 58) and moved to swing space to follow the students. In this way, he reported that technology is also being upgraded in these school buildings.

Annamarie Lehner stated that the District is advanced in technology in all schools. She reported that implementation of smartboards has been completed in all of the K-8 schools, and will be finished shortly in the secondary schools. Ms. Lehner noted that all of the elementary schools have wireless capability, and approval has just been granted to use Race to the Top funds to implement wireless in secondary schools. She stated that APPR requires additional testing, which will be accommodated through providing mobile technology carts to schools.

Tom Roger emphasized the advantage to the District from being able to charge program-wide expenses under FMP to the District-wide technology project, thereby maximizing receipt of NYS Aid.

Commissioner Adams inquired about the reason that E-rate reimbursement was not granted for implementation of Phase Ia of this project. Mr. McGuinness replied that the required eligible cost rate was adjusted to 90%, and the eligible costs for Phase Ia were estimated at 87-88% of the project.

Commissioner Adams asked whether audio amplification had already been approved under Phase Ia of the project. Mr. McGuinness stated that this part of the project is being revised, and E-rate reimbursement is being sought again for Phase Ia of the project by eliminating the schools that reduced the overall eligible cost rate to 87-88%.

II. Review and Approve Minutes of October 18, 2012 and November 8, 2012 Finance Committee Meetings

Motion by Commissioner White to approve the minutes of the October 18, 2012 and November 8, 2012 Finance Committee meetings. **Adopted 2-0, with concurrence of parent representative.**

III. Review Draft FY2013-14 Budget Calendar

Bill Ansbro presented the draft 2013-14 RCSD Budget Calendar to the members of the Finance Committee. He also provided a summary of the status of Phase I FMP projects, noting that he will be meeting with City officials to familiarize them with the District's capital planning process.

Commissioner White asked about the timing of including an additional item in the budget, if the Board chose to do so (e.g. UPK, extended school year). Mr. Ansbro stated that the cost impact could be examined much more readily if additional items are presented earlier in the budget process.

Vern Connors noted that the Board of Education has traditionally presented their budget priorities to the Superintendent in January. He explained that introducing additional items later in the process does not lend to thoughtful, deliberative planning in balancing the budget.

Commissioner White inquired about the impact on NYS Aid from Hurricane Sandy. Mr. Ansbro replied that the NYS Comptroller just issued a report estimating the fiscal impact on the State. He noted that the FY2013-14 budget was based on assuming a 3% increase in NYS Foundation Aid.

Action Item: Mr. Ansbro will provide a copy of the recent NYS Comptroller report to the members of the Finance Committee regarding the fiscal impact of Hurricane Sandy on the State.

Parent Representative Giancarlo Giannini recalled that a series of budget presentations were conducted in schools last year to inform parents and community members of funding plans and priorities for the District. He asked about plans to conduct these types of presentations again in 2013. Mr. Ansbro replied that he does plan to have public meetings regarding the Superintendent's proposed FY2013-14 budget, but is not yet certain as to the specific dates. Mr. Connors stated that the budget presentations should be held in January and February to allow input into the budget development process.

IV. Review and Approve November 2012 Financial Reports

Mr. Connors provided a handout to correspond with his presentation regarding the proposed FY2012-13 budget amendments:

- 1. Amend General Fund Budget to \$598,901,246 to reflect a net decrease of \$615,550 in NYS Aid – Resolution No. 2012-13: 355**
- 2. Amend Special Aid Grant Fund Budget to \$109,548,803 to reflect a net increase of \$20,897,182 due to additional federal and state grant funding – Resolution No. 2012-13: 356**
- 3. Amend School Food Service Budget to \$18,190,000 to reflect a net increase of \$769,148 due to community eligibility, increase in the number of meals served, and an increase in the per meal reimbursement rate – Resolution No. 2012-13: 357**
- 4. Amend RCSD 2012-13 Budget to \$726,640,049 to reflect a net increase of \$21,050,780 – Resolution No. 2012-13: 358**

Mr. Connors noted that almost all of the changes to the FY2012-13 budget are due to increased grant funding.

Commissioner White asked about the increase in revenue for summer Food Services. Jerome Underwood reported that the District had a greater push for students to attend summer school this year, and increased attendance led to an increase in meals served. He stated that community eligibility allows the District to provide Food Services to all eligible children up to age 18, and much more could be done to promote this program. Mr. Underwood stated that an increase of \$0.06 in per meal reimbursement has also added to Food Services revenue.

Commissioner White emphasized the importance of celebrating successes in the District, noting that increased summer Food Service revenue reflects increased attendance at summer school and improved quality of food being served to students.

Action Item: Bill Ansbro will identify ways to recognize District successes, such as increases in Food Services revenue or implementing efficiencies.

Mr. Underwood reported that the District has improved the quality of food served to students, which has led to an additional 2,000 meals served daily.

Mr. Connors reviewed increased costs in the FY2012-13 budget, noting that most of these costs are due to an additional 131 FTE and professional development and in-service training required

to implement APPR, Common Core, and expanded day programs. He provided a breakdown of the 131 FTE:

- 65 FTE associated with the General Fund – primarily positions in the schools (Assistant Principals in schools that had none, Athletic Directors, Special Education Coordinator, teachers, teaching assistants and paraprofessionals). Mr. Connors explained that funds were re-deployed due to favorable collective bargaining negotiations and health insurance savings.
- 55 FTE associated with Special Aid Fund (i.e. grants) – the majority of these positions are for ELA/Math coaches (38 FTE) and the remainder are for Expanded Learning Coordinators (2 FTE), Network Team Leaders under Race to the Top (1.5 FTE), and a Coordinator under the Teacher Incentive Fund.
- 11 FTE associated with the School Food Services Fund – cook managers were provided in 5 elementary schools (5 FTE), additional porters and meal delivery, and a cook manager in the Central Kitchen (1 FTE) to provide additional fresh meals (v. pre-packaged meals) to students.

Commissioner White inquired about the impact on the contingency budget from using \$2.3M of these funds to cover increased transportation and program costs. Mr. Connors explained that \$2.7M was set aside in the FY2012-13 budget to cover “contingencies” or unanticipated expenses such as moving students to swing space and extended day programs. He stated that transportation costs increased due to expanded day programs, transporting all students to swing space location, and vendors’ use of “idle time” to receive payment for time that buses were idle between runs as allowed in their contract.

Commissioner White expressed concern about the \$10.6M increase in “Other Salary Compensation”, stating that he thought the District was making every effort to minimize these expenses. Mr. Connors replied that most of these additional expenditures are due to grant requirements for in-service training and professional development, which leads to overtime.

Commissioner White questioned how the additional \$10M of “Other Salary Compensation” expenses have been funded. Mr. Connors replied that these expenses were covered through grant funds and by shifting some Title I monies (\approx \$1M) from SES to extended day programs at School No. 9 and NE College Preparatory Academy.

Mr. Giannini asked about the impact on students from the additional \$20M in the budget. Mr. Connors replied that he will address this in the program portion of the presentation.

Commissioner White pointed out that there was a \$200K funding shortfall in implementing the expanded day program (SAS) at NE College Preparatory Academy. As a result, these funds had to be redirected in the budget. Since the original plan was to implement SAS throughout the District, Commissioner White asked about the impact of the funding shortfall on these plans. Mr. Connors responded that there have been no changes in the funding used to support SAS in the two schools. He explained that the District typically does not fully expend Title I SES funds because provider services do not tend to rise to the level of cost anticipated, which has resulted in

approximately \$1M of these funds unexpended annually in recent years. Mr. Connors stated that he estimates approximately \$250-500K of Title I SES funds will be remaining at the end of the FY2012-13, which can be used to fund expansion of the SAS program to other schools.

Commissioner White stated that the program was re-configured this year and a specific amount was dedicated to support program implementation in the two schools, while a separate amount was set aside to provide services to the remaining schools. He expressed concern that the possibility of a funding shortfall had not been discussed, which raises questions regarding the degree of purposeful planning in implementing the SAS program. Commissioner White pointed out that insufficient planning forced the District to shift funds within the budget to cover these unforeseen costs. Mr. Connors asserted that School No. 9 and NE College Preparatory Academy continue to receive Title I funding, which supports all of the initiatives within the \$5.6M funding framework.

Mr. Connors reported that additional grant funding was received to support mandates such as APPR, Common Core, and school improvement. He noted that receipt of this external funding has enabled the District to address mandates much more readily and to implement initiatives such as the expanded day program. Mr. Connors stated that without these additional external resources, the District would be struggling to meet these requirements.

Commissioner Cruz emphasized the need for flexibility within the budget to shift funds to replicate successful programs, address problems, and reduce or eliminate funds from unsuccessful initiatives. Mr. Connors reported that a mid-year assessment will be conducted at School No. 9 and NE College Preparatory Academy in January 2013 to determine changes needed to maximize the impact of the extended day programs on student performance. He stated that the District plans to implement extended day programs in eight additional schools in 2013-14.

Commissioner White acknowledged that flexibility is important, but should be incorporated into the planning process rather than a consequence of insufficient planning. With planned expansion of the SAS program to other schools, he expressed concern that funding requirements will increase and therefore effective implementation of the program is of paramount importance.

Mr. Giannini reflected on the addition of 131 FTE from the original FY2012-13 budget, and asked about opportunities to use temporary employees for at least some of these positions. Bethany Centrone responded that NYS law prohibits the District from hiring temporary employees to fill teaching positions, and only allows civil service positions to be filled with a temporary employee for a maximum of 90 days.

Motion by Commissioner White to approve resolution to amend FY2012-13 General Fund budget to \$598,901,246. **Adopted 2-0, with concurrence of parent representative.**

Motion by Commissioner White to approve resolution to amend FY2012-13 Special Aid Grant Fund budget to \$109,548,803. **Adopted 2-0, with concurrence of parent representative.**

Motion by Commissioner White to approve resolution to amend FY2012-13 School Food Service budget to \$18,190,000. **Adopted 2-0, with concurrence of parent representative.**

Motion by Commissioner White to approve resolution to amend RCSD FY2012-13 budget to \$726,640,049. **Adopted 2-0, with concurrence of parent representative.**

Motion by Commissioner White to approve November 2012 Financial Report. **Adopted 2-0, with concurrence of parent representative.**

V. Review and Approve 1st Quarter Student Activity Fund Report

Motion by Commissioner White to approve 1st Quarter Student Activity Fund Report. **Adopted 2-0, with concurrence of parent representative.**

VI. Review and Approve Resolutions in Preparation for December 13, 2012 Board Business Meeting

A. PROCUREMENT & SUPPLY

- 1. Follett Software Company – agreement to provide K-12 centralized library and textbook management system software – Resolution No. 2012-13: 359**

Motion by Commissioner White to approve the above Procurement resolution. **Adopted 2-0, with concurrence of parent representative.**

B. FACILITIES

Contracts:

- 1. Request to rescind all bids for work on capital projects on School No. 6, 10, 33 and 39, East High School and Franklin High School due to funding not being approved by City Council within the statutory timeframe required – Resolution No. 2012-13: 360**
- 2. CME Associates, Inc. – contract for materials testing and inspection for capital projects to be carried out in 2013 – Resolution No. 2012-13: 363**

Motion by Commissioner White to address all above Facilities contract resolutions as a group. **Adopted 2-0, with concurrence of parent representative.**

Mr. Giannini requested an explanation regarding rescinding all of the bids for the capital projects specified in Resolution No. 2012-13: 360. Mr. Underwood explained that contracts had been approved for these projects last year, but could not be performed because of the Maintenance of Effort (MOE) issue with the City. He stated that the District will request bids on these projects again.

Motion by Commissioner White to approve above Facilities contract resolutions. **Adopted 2-0, with concurrence of parent representative.**

Final Payments:

3. **Steve General Contractor, Inc. – final payment for general construction work to renovate the School of the Arts – Resolution No. 2012-13: 361**

Motion by Commissioner White to approve the above final payment resolution for Facilities. **Adopted 2-0, with concurrence of parent representative.**

Other:

4. **Request for City Council to approve \$14.125M in bond issuance to support RCSD capital projects for 2012-13 – Resolution No. 2012-13: 362**

Motion by Commissioner White to approve above resolution to request City Council to issue \$14.125M in bonds to support RCSD capital projects for 2012-13. **Adopted 2-0, with concurrence of parent representative.**

5. **Request to submit design and construction plans for School No. 12 to NYS Education Department as part of Phase IB of FMP – Resolution No. 2012-13: 364**
6. **Request to submit design and construction plans for the Edison Educational campus to the NYS Education Department as part of Phase IB of FMP – Resolution No. 2012-13: 365**
7. **Request to submit design and construction plans for Monroe High School to the NYS Education Department as part of Phase IB of FMP – Resolution No. 2012-13: 366 – changed from Monroe High School to District-wide technology project**

Motion by Commissioner White to address all above resolutions related to Phase IB FMP design and construction plans as a group (Resolution No. 2012-13: 364, 365, and 366). **Adopted 2-0, with concurrence of parent representative.**

Motion by Commissioner White to approve all above resolutions related to Phase IB FMP design and construction plans (Resolution No. 2012-13: 364, 365, and 366). **Adopted 2-0, with concurrence of parent representative.**

Mr. Giannini requested a financial summary of costs and savings for Phase 2 FMP projects, with detail for each year to indicate the annual impact on the District's budget.

Action Item: Mr. Ansbro will provide a financial summary to the Finance Committee of the costs and savings for FMP projects after meeting with NYS Education Department staff in January to discuss ways to maximize NYS Building Aid.

Additional Resolutions:

1. Proposed changes to District 403(b) Plan – Resolution No. 2012-13: 373

Ed Lopez-Soto explained that the proposed changes to the District 403(b) plan are for legal compliance. He stated that the changes would allow employees who are veterans to contribute a greater amount toward their 403(b) plan and to continue to be considered an employee after being called to active duty.

Motion by Commissioner White to approve above resolution regarding changes to the District 403(b) plan. **Adopted 2-0, with concurrence of parent representative.**

2. Request to contract with Health Economics Group (HEG) to provide dental insurance for District employees

Ms. Centrone stated that this resolution is to request a contract with Health Economics Group to serve as third-party administrator for District dental insurance. She noted that the contract would be for three years, without opportunity for renewal. Ms. Centrone also pointed out that the proposed contract involves a 20% cost reduction over the existing contract with HEG due to reduced administrative costs.

Motion by Commissioner White to approve above resolution for a contract with HEG to serve as third-party administrator for District dental insurance. **Adopted 2-0, with concurrence of parent representative.**

Motion by Commissioner White to adjourn. **Adopted 2-0, with concurrence of parent representative.**

Meeting adjourned at 7:14PM.

Next Finance Committee meeting: January 17, 2013 at 5:30PM