

Rochester Board of Education
Finance Committee
January 19, 2012

Attendance: Commissioner Powell (Chair), Commissioners Cruz and Adams. Commissioner White absent. Parent Representative: Giancarlo Giannini. District Staff: Vernon Connors, Chief Financial Officer; Gary Smith, Director of Purchasing; and Jerome Underwood, Senior Director of Operations; Annmarie Lehner, Information Technology Officer; Vicky Ramos, Director of Student Placement; Jeanette Silvers, Chief of Accountability. Board Staff: Ms. Debra Flanagan.

Commissioner Powell convened the meeting at 5:36PM.

I. Question – Answer Session

Vern Connors reviewed the NYS Aid proposed to be allocated to RCSD under the Governor’s recently released 2012-13 budget. He noted that the Aid is quite evenly split between Foundation Aid (approximately \$6m) and expenditure-based Aid (approximately \$7m). In addition, he pointed out that the Governor’s GAP adjustment has been reduced from \$24m in FY2011-12 to \$18m in FY2012-13. Mr. Connors reported an anticipated deficit of approximately \$40m in FY2012-13, which is planned to be addressed by using \$20m of the Fund Balance and \$10-20m in increased operational efficiencies.

Commissioner Powell stated that the Governor had reported a 4% increase in State Aid for school districts, yet the approximately \$12m increase for RCSD represents less than three percent. She underscored that the impression that the District is falling behind in funding because it has high needs and is not even receiving the average percentage of the increase.

Mr. Connors replied that increases in NYS Aid depend upon the formula used for allocations to districts and funding changes over time for high-needs districts.

II. Review Minutes of December 8, 2011 Finance Committee Meeting

Motion by Commissioner Cruz to approve the minutes of the December 8, 2011 Finance Committee meeting. **Adopted 2-0, with concurrence of parent representative.**

III. Review Financial Reports

A. Quarterly Change Order Report for October – December 2011

Motion by Commissioner Cruz to approve the Quarterly Change Order Report for October – December 2011. **Adopted 2-0, with concurrence of parent representative.**

B. December 2011 Financial Report

Motion by Commissioner Cruz to approve the December 2011 Financial Report.
Adopted 2-0, with concurrence of parent representative.

IV. Review Resolutions for January 26, 2012 Board Business Meeting

A. PROCUREMENT & SUPPLY

- 1. Buffalo Envelope Company – new contract award for envelopes due to lowest bidder withdrawing as a result of an error in their bid (\$25,409) – Resolution No. 2011-12: 458**

Gary Smith explained that this resolution is due to the withdrawal of a previous bidder due to an error in their pricing. The next lowest responsible bidder was Buffalo Envelope Company.

Motion by Commissioner Cruz to approve above Procurement & Supply resolution.
Adopted 2-0, with concurrence of parent representative.

B. FACILITIES

Other:

- 1. Authorization to use contingency funds remaining from previous capital projects to fund high priority summer 2012 construction projects and 2013 project design (\$7,547,000 remaining) – Resolution No. 2011-12: 459**

Contracts:

- 2. Testa Construction, Inc.; Pipitone Enterprises, LLC; Daniel J. D’Amico Plumbing and Heating Co., Inc.; Eastcoast Electric LLC – renovations to School No. 36 (\$525,862) – Resolution No. 2011-12: 460**
- 3. Steve General Contractor, Inc.; Pipitone Enterprises, LLC; Thurston Dudek LLC; Concord Electric Corp. – renovations to Franklin High School (\$2,363,988) – Resolution No. 2011-12: 461**

Final Payments:

- 4. Blackmon-Farrell Electric, Inc. – electrical work for renovations to Monroe High School, School No. 15, and School Without Walls Commencement Academy (\$18,688.50) – Resolution No. 2011-12: 462**
- 5. EastCoast Electric LLC – electrical work for renovations to School No. 41 (\$3,709.75) – Resolution No. 2011-12: 463**
- 6. EastCoast Electric LLC – electrical work for renovations to School No. 42 (\$3,705.90) – Resolution No. 2011-12: 464**
- 7. EastCoast Electric LLC – electrical work for renovations to School of the Arts (\$11,084.80) – Resolution No. 2011-12: 465**

8. **Kuitems Construction Inc. – general construction work for renovations to School No. 12 and the South Avenue Recreation Center (\$29,120.65) – Resolution No. 2011-12: 466**
9. **Kuitems Construction Inc. – general construction work for renovations to School Without Walls Foundation Academy (\$4,292.20) – Resolution No. 2011-12: 467**
10. **Steve General Contractor, Inc. – general construction work for renovations to School No. 5 (re-bid) (\$33,564.48) – Resolution No. 2011-12: 468**
11. **Testa Construction, Inc. – general construction work for renovations to School No. 25 (\$33,583.00) – Resolution No. 2011-12: 469**
12. **Window Specialist Inc. – general construction work for renovations to School No. 5 (\$29,166.30) – Resolution No. 2011-12: 470**
13. **Window Specialist Inc. – general construction work for renovations to School No. 6 (\$4,876.00) – Resolution No. 2011-12: 471**

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

Commissioner Powell stated that she would like to discuss Resolution No. 2011-12: 459 regarding use of contingency funds toward future capital projects.

Jerome Underwood explained that overall capital project costs have been lower than projected over the last several years, which has led to an accumulation of \$7.5m in unused bond funds that are required to be used only for capital improvements to schools. He stated that the City has not allowed these unused bond funds to be applied toward other capital projects, and the District has continued to pay interest on this unused debt. Mr. Underwood reported that the City recently reversed this decision, which will allow the District to use the \$7.5m in unused borrowed funds toward future projects – with the Board’s authorization. He stated that these funds will be used to cover the cost of high-priority projects for summer 2012.

Mr. Underwood underscored the significance of this decision in light of the City’s reluctance to issue debt to support District projects until the NYS Education Department provides a ruling on the impact of debt on the City’s annual Maintenance of Effort (MOE) payments to the District. The City has maintained that issuing larger amounts of debt to finance District projects leads to an increase in their annual MOE payment. The City and the District have

been waiting for a ruling on this issue since spring 2011, but the NYS Education Department has not yet provided clarification. He stated that as soon as the MOE concerns have been addressed and the City begins financing District projects again, the \$7.5m can be restored in the Capital Improvement Plan budget.

Commissioner Cruz pointed out that these funds were originally set aside for improvements to school buildings, but have not been able to be used over the years.

Commissioner Powell emphasized that the District has continued to incur costs from paying interest on these borrowed funds, even though they could not be used.

Mr. Connors clarified that the District has had only two options for these unused borrowed funds: to convert them from short-term (Bond Anticipation Notes – BANs) to long-term (bonds) financial instruments, or use them to pay down the District's debt. Because of the uncertainty about the MOE issue and the City's reluctance to issue additional debt for the District until a resolution has been reached, Mr. Connors explained that the District preferred to use any unused financing to support future capital projects rather than to retire debt.

Parent Representative Giancarlo Giannini requested information as to progress to date for capital project contracts against the total amount of funds borrowed for the project.

Commissioner Powell replied that the final tally of project costs may not coincide with the original contract award because of change orders and the need to perform additional work that could not be anticipated initially.

Commissioner Adams inquired as to the renovations to Franklin and how this relates to plans under the Facilities Modernization Plan (FMP). Mr. Underwood replied that renovations to Franklin and to School No. 36 were originally included in the 2010-11 Capital Improvement Plan (CIP), but were postponed because of the high cost of the bids received at that time. He explained that a decision was made to re-issue the RFP at a later date in the hope that bids would involve lower costs at that time, and also because the scope of work under the FMP for Franklin was unclear in 2010-11. He stated that renovations under the CIP for Franklin include replacing the balcony ceiling in the gym, replacing the exterior door to the auditorium, removing and reinstalling the concrete floor slab, plumbing and electrical work. Mr. Underwood noted that improvements planned to Franklin under the FMP include creating a new bus loop and a handicapped entrance, upgrading the kitchen, and building a new loading dock.

Motion by Commissioner Cruz to approve all above Facilities resolutions.
Adopted 2-0, with concurrence of parent representative.

C. IM&T

1. InfoSnap; NCS Pearson – provide online student registration capability (\$103,950) – Resolution No. 2011-12:

Late submission

Annmarie Lehner explained that the above Information Management & Technology (IM&T) resolution to contract with InfoSnap and NCS Pearson is to enable the District to provide online student registration for all grade levels. She stated that the system will allow registration and transfer of students and update contact information in the Chancery Student Management System, thereby eliminating a great deal of manual effort.

Ms. Lehner reported that four proposals were received in response to the RFP, but only one was viable in meeting District needs. She stated that this proposal was too cost prohibitive (i.e. \$270K for implementation and \$161K annually for maintenance), so she worked with the Purchasing Department to issue an RFI. In response to the RFI, the current proposal was offered by InfoSnap at significantly less cost (\$560K less) and with the same functionality. She stated that the plan is to pilot the system for pre-K this year, and expand its' use to register all students for the 2012-13 school year.

Commissioner Powell inquired why InfoSnap had not heard or responded to the initial RFP issued by the District. Gary Smith replied that InfoSnap had worked diligently with Chancery to develop their proposal in response to the first RFP, but it was submitted late due to mechanical difficulties with the Federal Express plane. He stated that the RFP had specifically stipulated that late submissions would not be accepted under any circumstances. Mr. Smith reported that this language has since been changed to allow for uncontrollable extraneous circumstances. He also noted that NCS Pearson developed the District's Chancery system, and has merged with InfoSnap. Consequently, he stated that they are able to integrate well with the District's existing system.

Commissioner Powell asked about past experience InfoSnap has had with lottery systems for student placement. Vicky Ramos responded that reference checks confirmed that the company has had experience with lottery systems, and additional safeguards are provided by initiating the system on a pilot basis with pre-K student registration. Ms. Lehner reported that the online system will accept custom codes created by NCS Pearson in Chancery for the lottery system. She explained that the online system will accept student registration information and transmit it to Chancery, which will use the custom codes created by NCS Pearson to perform the lottery.

Commissioner Powell noted that a review of the lottery system several years ago revealed as many as 20 families that had been granted priority in school placement due to the fact that these students resided within walking distance of the school, but it was determined that this was not actually the case and these families should *not* have received priority for student placement. She asked whether the new system will prevent this type of manipulation. Ms. Ramos replied that one of the characteristics sought for the new system is to determine automatically whether the student resides within walking distance of the school based on the address entered, and not allowing this information to be altered after the address has been confirmed.

Commissioner Powell emphasized that the lottery system cannot work unless it is tamper-proof because families will find out ways to undermine the system and inequities will be created in terms of school choice. Ms. Ramos stated that the new system is being tested using last year's population to ensure system integrity.

Commissioner Cruz questioned the schedule of annual fees under the contract with InfoSnap. Ms. Lehner stated that the first-year costs are greater because this includes implementation; she explained that the costs in subsequent years include annual maintenance and helpdesk support and are quite reasonable for the industry.

Commissioner Cruz asked about performing a cost-benefit analysis to examine potential savings in staff time. Mr. Smith replied that the cost-benefit analysis was performed using the online registration cost savings form provided by InfoSnap, which indicated an estimated savings of \$228,950 in the first year, and \$250,650 in the second year. He stated that these savings are attainable given the intense manual effort currently required to perform these functions.

Commissioner Powell estimated that this cost savings amounts to the equivalent of 4-5 FTEs.

Commissioner Cruz stated that even if only 50% of the estimated savings are realized, this is still quite significant. He expressed concern regarding parents' willingness to use the new system, since this will determine its' effectiveness. Ms. Lehner responded that the extent to which the new system is utilized depends upon planning and design of the system itself, as well as accessibility to parents and marketing. She stated that the District plans to have stations in schools and in the Placement Office for parents to use.

Jeanette Silvers pointed out that a minimum of ten temporary staff have to be hired each year to input placement data manually into the Chancery system. She stated that with the new system, these temporary staff would not have to be hired and overtime would be reduced for existing District staff.

Ms. Ramos stated that she envisions having families completing registration and placement information on the computer, even if they come to the Placement Office. She noted that 51% of pre-K students come to the District from other agencies, and all of this enrollment information currently has to be entered manually. She stated that she hopes that the new system will also automate completion of certain fields on multiple forms (i.e. name and address) to streamline the process for families.

Commissioner Powell highlighted the fact that once information regarding pre-K students is in the system, registration and placement for kindergarten should easily be automated and managed.

Commissioner Cruz asked whether District staff are working with staff in the agencies to have the online registration system available at these sites. Ms. Ramos replied that this is currently being tested and plans discussed for having computer labs open in schools at certain hours and also available in the library.

Commissioner Adams sought confirmation as to whether anyone with a laptop computer could assist families with pre-K registration. Ms. Ramos confirmed this, but stated that families still have to come into the Placement Office to validate certain information (e.g. current address).

Commissioner Adams inquired whether Placement staff are following families in a proactive way to ensure that they are aware of the need to present certain information after registering online. Ms. Ramos replied that this is being done, and the new system will improve monitoring and tracking by identifying families that need information validated (e.g. address and guardianship).

Commissioner Adams asked whether further reductions were anticipated in permanent staff due to this new system. Ms. Ramos responded that the Placement Office currently has a number of frozen positions that may not have to be filled.

Motion by Commissioner Cruz to approve above IM&T resolution. **Adopted 2-0, with concurrence of parent representative.**

V. Discussion Topics

A. Draft Budget Calendar for FY2012-13

Commissioner Powell referred to a memo circulated to all of the Committee members with proposed dates for budget deliberation sessions and public hearings.

Mr. Connors cautioned that the dates in the overall budget calendar are based on the City's schedule for public hearings and budget adoption, which is tentative at this point.

Commissioner Powell replied that this is typically the case with the budget calendar, and the Board will adjust the schedule to accommodate changes in the City's budget dates.

Mr. Connors also requested an additional day to respond to questions after the first budget deliberation session, proposing that questions be submitted on April 9th.

Motion by Commissioner Cruz to approve proposed 2012-13 Budget Calendar, with the change in date suggested by Mr. Connors. **Adopted 2-0, with concurrence of parent representative.**

Ms. Flanagan also reported that Public Budget Information sessions will be held in collaboration with the Superintendent's Office on:

Tuesday, January 31st: 5:30-7:30PM

Wednesday, February 1st: 5:30-7:30PM

Thursday, February 2nd: 7:00-9:00AM

She stated that the locations are still being finalized, and the sessions will provide an overview of the District budget. Ms. Flanagan noted that topics to be covered include:

- Major District expenditures
- Factors affecting the structural deficit
- Expenses included in the Central Office/Administration budget which are not actually administrative (e.g. transportation, employee benefits)
- New fiscal issues for 2012-13

Commissioner Adams pointed out that the Superintendent is conducting an overview of plans for Alternative High Schools on the evening of January 31st.

Action Item: Ms. Flanagan will check with the Superintendent's Office to ensure that there is no conflict in presenting the overview of Alternative High Schools and the Public Budget Information session on January 31st.

B. Facilities Modernization Plan (FMP) Technology Plan

Mr. Underwood reported that the first set of FMP projects was presented to the Board prior to their vote on the schematic design. He explained that part of Phase Ia of the FMP is the Technology Plan, a great deal of which is eligible for E-Rate subsidy by the federal government. He noted that the documents must be submitted within a short timeframe to obtain the E-Rate subsidy, and must first be approved by the State Education Department.

Mr. Underwood referred to the two main aspects of the Technology Plan: increasing the number of Smartboards in classrooms, and improving surveillance technology in the schools undergoing modernization in Phase I of the FMP. He stated that 80% of the

costs of technology eligible for the subsidy are covered by the federal government, and the local share of the cost will not be due for payment until 2013-14. Mr. Connors clarified that the funds borrowed by the Joint Schools Construction Board (JSCB) to finance the first phase of the FMP will be offset by NYS Building Aid. He stated that the District's share of the costs (i.e. "local share") amounts to the difference between the amount of Building Aid received by JSCB and the total cost of the debt service to finance all of the projects in Phase I. He stated that the debt repayment will begin in 2013-14.

Commissioner Adams expressed concern regarding the substantial cost for surveillance in the District, even outside of the FMP. She questioned the degree of surveillance necessary. Mr. Underwood acknowledged the sizeable expenditures for surveillance, attributing this to the size of the District and the need to upgrade existing surveillance systems from analog to digital to improve the ability to assist law enforcement and protect students and staff.

Commissioner Powell provided an example from her own experience regarding "blind spots" in existing surveillance technology in schools, in which her own daughter was unaccounted for an afternoon because she was not captured on the cameras and had not reported where she was going. Although she returned home safely, Commissioner Powell stated that this experience emphasizes the limits of the existing technology.

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

Meeting adjourned at 6:53PM.

**Next Finance Committee meeting: February 9th, immediately following the
Policy Committee meeting**