

**Rochester Board of Education**  
**Finance Committee**  
**September 15, 2011**

**Attendance:** Commissioner Powell (Chair) and Commissioner Cruz. Commissioner White absent. Parent Representative: Giancarlo Giannini. District Staff: Vernon Connors, Annmarie Lehner, Jerome Underwood, Maria Mello-Dupre. Board Staff: Ms. Debra Flanagan.

Commissioner Powell convened the meeting at 6:42PM.

**I. Questions and Answers**

Vern Connors announced that the State approved the Contract for Excellence in their budget, but the guidelines were not issued until mid-August. He reported that the District's Contract for Excellence plan had been filed today, and primarily consists of continuing existing programs. Mr. Connors noted that all of the programs in the plan are subject to approval by the State.

Commissioner Powell pointed out that if the 2011-12 RCSD budget had cut funding for these Contract for Excellence programs, the budget would have to be amended at this point. Moreover, restoration of these funds as required by the State would cause the District to make cuts elsewhere.

Mr. Connors also informed the Committee members that there is a short timeframe for holding a public hearing to receive input on the District's Contract for Excellence plan.

After some discussion, it was determined that the public hearing would have to be conducted no later than one week before October 18<sup>th</sup>, when all public comment must be received.

**Action Item: Ms. Flanagan will contact Board members to schedule the public hearing for the District's 2011-12 Contract for Excellence plan no later than October 11<sup>th</sup>.**

Mr. Connors also discussed recent State legislation delaying the payment of Building Aid and the impact on the Facilities Modernization Program (FMP). He reported that the delay in NYS Building Aid payments by 2-3 years will necessitate an increase in the initial financing for the FMP: from \$13m to \$49m to provide sufficient cash flow until payment is received. He stated that the NYS Education Department is requesting that the State legislature create an exemption from the delayed Building Aid payments for the FMP projects in the Big Four school districts. Mr. Connors also noted that the President's infrastructure proposal could create \$55m for the FMP, but this is just at the proposal stage.

Another issue raised by Mr. Connors was the plan to create reserves within the Restricted Fund Balance for Workers' Compensation, OPEB, and insurance claims. He stated that he plans to bring a resolution to the Board in the October Business meeting to obtain their approval to create these reserve funds.

**II. Review and Approve Minutes of August 18, 2011 Finance Committee Meeting**

**Motion** by Commissioner Cruz to approve the minutes of the August 18, 2011 Finance Committee meeting.  
**Adopted 2-0, with concurrence of Parent Representative.**

### **III. Review and Approve Financial Reports for August 2011 and 2010-11 Year End**

**Motion** by Commissioner Cruz to approve August 2011 and 2010-11 Year End Financial Reports. **Adopted 2-0, with concurrence of parent representative.**

### **IV. Review and Approve Quarterly Student Activity Funds Report**

Mr. Connors stated that the NYS Education Department and an independent auditor provided guidelines for defining student activities, which are reflected in the report.

Commissioner Powell expressed concern about the large amounts that are carried over at the end of the year. Mr. Connors replied that the rules require the funds to be used *only* for the specified activity; if the activity were to be discontinued, the funds would remain in student activities for the following year.

Commissioner Cruz inquired as to the use of large amounts of funds remaining for the Class of 2011 and the Class of 2012 at the School of the Arts. Mr. Connors replied that each class could choose to purchase a piece of art or renovate the student lounge as part of their legacy to the school.

Commissioner Powell pointed out that these students have gone on and are no longer meeting as a group to make these types of decisions.

**Action Item: Mr. Connors will look into the potential uses of funds remaining for certain types of student activities such as Class of 2011 or Class of 2012, since these students are no longer available to make decisions about the use of these funds.**

### **V. Review Resolutions for September 22, 2011 Board Business Meeting**

#### **A. PROCUREMENT & SUPPLY**

- 1. Bernadette, Inc. (dba "Interstate All Battery Center"); Cross Brothers Co.; D&W Diesel, Inc.; Fleet Pride; Frey The Wheelman, Inc.; Matthews Buses, Inc.; Oil Filter Service, Inc.; Regional International Corp.; Tracey Road Equipment, Inc.; Uni-Select, Inc. – contract extension for maintenance and repair of the District's fleet vehicles**
- 2. Monroe 2 – Orleans BOCES – cooperative bidding for 2011-12**
- 3. Follett Software Co. - contract renewal for annual maintenance and support services for the PreK-12 centralized Destiny Library and Textbook Management system**

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

Commissioner Powell inquired whether the centralized Destiny management system could be used to track other items used by students, in addition to library books and textbooks. She noted that a question was raised in the August Business meeting about the system used to track calculators. Mr. Connors replied that calculators could potentially be tracked through the Destiny system, which uses bar codes to monitor items. He stated that any items to be tracked must be done district-wide and schools should not be allowed to opt out from the system.

Commissioner Powell stated that she was uncertain as to all of the items in students' possession to be able to specify what should be monitored through the system.

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

## **B. FACILITIES**

### **Contracts:**

1. **Manel Excavating Corp. – contract for snow-plowing**
2. **Power Team Maintenance Co., Inc. (dba “All Seasons Window Cleaning Co.) – contract for window washing**
3. **Exodus Exterminating, Inc. – contract for pest management**
4. **New York State Fence, Inc. – contract extension for fence repair**
5. **Heaster Building Restoration, Inc. – contract extension for masonry repair**
6. **Pipitone Enterprises, LLC – contract extension for refrigeration/equipment repair**
7. **Betlem Service Corporation – contract extension for air conditioning and air handling**
8. **Betlem Service Corporation – contract extension for boiler repair**
9. **DG Messmer Corp. – contract extension for sewer cleaning**
10. **DG Messmer Corp. – contract extension for plumbing repair**
11. **R.C. Shaheen Paint Co., Inc. – contract extension for shade and blind repair**
12. **P.D.H. Contractors, Inc. – contract extension for curtain and stage drapery cleaning**
13. **Home Guard Environmental Services Inc. – contract extension for asbestos abatement**
14. **TES Environmental Corp. – contract extension for testing laboratory services and equipment**
15. **Kuitems Construction, Inc. – contract extension for miscellaneous millwright repair**
16. **A.R. Pierrepont Co., Inc. – contract extension for painting**
17. **Kircher Construction, Inc. – contract extension for demountable partition work**
18. **Hewitt Young Electric, LLC – contract extension for electrical work**
19. **Wm. Summerhays Sons Corporation – contract extension for boiler tube repair**
20. **Wm. Summerhays Sons Corporation – contract extension for boiler refractory repair**
21. **Schindler Elevator Corporation – contract extension for elevator repair**
22. **Manel Paving and Sealing, Inc. – contract extension for paving and resurfacing**
23. **Leo J. Roth Corporation – contract extension for roof repair**
24. **Sheen and Shine, Inc. – contract extension for window washing**

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

Jerome Underwood explained that the first three resolutions (Manel Excavating Corp., Power Team Maintenance Co., and Exodus Exterminating, Inc.) are for new contracts and the remaining resolutions (4 – 24 above) are for extensions of existing contracts because the District has been pleased with the current supplier. He noted that the majority of contract extensions involve a reduction in costs.

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

### **Final Payments:**

25. **Hewitt Young Electric, LLC – electrical work for renovations to School No. 16 and 22**

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

**Other:**

**26. Request for revision of Financial Information regarding NYS Building Aid**

**Motion** by Commissioner Cruz to approve above resolution to submit the FPI report to the State for Building Aid. **Adopted 2-0, with concurrence of parent representative.**

**C. OTHER**

**1. MJ Photocopy Enterprises Inc. – authorization to purchase software license agreement**

**Motion** by Commissioner Cruz to approve above resolution to purchase software license from MJ Photocopy Enterprises, Inc. **Adopted 2-0, with concurrence of parent representative.**

**VI. Discussion Topics**

**1. District Property Management Practices**

Commissioner Powell expressed concern about the extent to which schools are using the centralized Destiny system to inventory library books and textbooks. Mr. Connors responded that this has not been analyzed systemically, but he knows that some schools are better than others at collecting books from students. He explained that schools' performance in monitoring books is indicated through their purchases of replacement texts each year, and noted that these purchases have decreased since the use of the Destiny system. Mr. Connors also pointed out that as more responsibilities are devolved to the schools, there is greater awareness that increased purchases of replacement texts translate into fewer funds available for other purposes.

Commissioner Powell discussed current District practices in only monitoring property for which an individual item costs at least \$5K, and inquired about the possibility of tracking property which is less costly, such as office furniture. She pointed out that there is no real additional effort involved in placing bar codes on chairs or tables, which could be monitored by custodians. Mr. Connors responded that he has reviewed the sample property management policies provided by Ms. Flanagan, and has reached out to other districts to learn how they manage inventory. He stated that he thought that the sample policy from the Albany school district would be most useful as a model because it allows the Board to establish a dollar threshold and also identifies key items to be monitored below the threshold, such as textbooks and computer equipment. Mr. Connors emphasized the following considerations in developing a property management policy: 1) costs and benefits of monitoring specific items and establishing a dollar threshold; 2) practical concerns in being able to track items – this must be manageable; 3) political concerns in terms of items to track; 4) the tracking system must be accountable. He pointed out that while a policy can be created, it is ultimately the responsibility of the building managers to be the stewards of District property. Mr. Connors explained that the current \$5K threshold is based on federal guidelines. He noted that while this practice only involves monitoring a few types of assets, these account for 90% of the value of District property.

**Action Item: Mr. Connors will present recommendations in the October Finance Committee meeting as to the dollar threshold and property management system to be used to monitor District property.**

## **2. Resolutions subject to review by the Finance Committee**

Commissioner Powell noted that current Board policy (Financial Reporting & Resolutions – 6630) only requires budget, finance and information technology resolutions to be reviewed by the Finance Committee prior to submission to the Board for approval. She explained that this policy does not include resolutions pertaining to facilities, instructional technology, District programs, professional and technical service contracts, or agreements with external organizations.

Parent Representative Giancarlo Giannini expressed concern about some of the relatively small or minor items reviewed by the Finance Committee which are not a productive use of staff or Committee members' time. He stated that he would like to examine these practices to eliminate items that are not cost effective to review.

Commissioner Powell asserted that eliminating the “not to exceed” provision will help to reduce the number of resolutions subject to review, and acceptance of the Quarterly Change Order Report should theoretically reduce the number of final payment resolutions. Mr. Connors took exception to the notion that the Quarterly Change Order Report would reduce the number of final payment resolutions for review. He explained that changes may be made late in a project and not contained in the quarterly report, so a final payment or change order resolution would still be required. He noted that Board approval is essential in audits of Building Aid by the NYS Education Department.

Commissioner Powell stated that if the Quarterly Change Order Report is not reducing the number of final payment resolutions for review and simply adds another level of effort, then the Finance Committee may want to eliminate this report.

Mr. Giannini suggested asking the staff preparing the materials for the Finance Committee to identify the more time-consuming tasks and present recommendations regarding other options to Committee members.

**Action Item: With the start of the new year, staff will present recommendations as to alternatives for exercising oversight for tasks which are more time-consuming to perform in preparation for review by the Finance Committee. These recommendations will be presented in the January 2012 Finance Committee meeting.**

**Motion** by Commissioner Cruz to adjourn. **Adopted 2-0, with concurrence of parent representative.**  
Meeting adjourned at 8:06PM.

**Next Finance Committee Meeting – October 20th, immediately following the Audit Committee meeting**