

**Rochester Board of Education**  
**Finance Committee**  
**July 26, 2011**

**Attendance:** Commissioner Powell (Chair), Commissioners Cruz and White. Parent Representative: Giancarlo Giannini. District Staff: Mary Doyle, Vernon Connors, Gary Smith, Jerome Underwood, and Thomas Keysa. Board Staff: Ms. Shanai Lee.

Commissioner Powell convened the meeting at 7:00PM.

Mary Doyle announced that Vern Connors is the new Acting Chief Financial Officer, with eight years of experience as Budget Director. Ms. Doyle explained that Mr. Connors is replacing Joyce Martelli, who recently resigned.

**I. Review and Approve June 2011 Financial Report**

Mr. Connors noted that the June 2011 Financial Reports do not include year-end items, which are still being processed. He explained that the District operates on a cash-based accounting throughout the year, and accruals are done at the end of the year to account for late invoices or receipts. Mr. Connors stated that these financial practices are in accordance with NYS regulations. He informed the members of the Finance Committee that the final year-end report will be provided at the conclusion of the independent audit in September.

**Motion** by Commissioner Cruz to approve the June 2011 Financial Report. Seconded by Commissioner White. **Adopted 3-0, with concurrence of Parent Representative.**

**II. Quarterly Change Order Report**

Commissioner Powell explained that the Quarterly Change Order Report enables the Board to review changes in costs to public works projects prior to final payment.

**Motion** by Commissioner Cruz to receive Quarterly Change Order Report. Seconded by Commissioner White. **Adopted 3-0, with concurrence of Parent Representative.**

**III. Review of Proposed Resolutions for July 28, 2011 Board Business Meeting**

**A. PROCUREMENT & SUPPLY**

- 1. Science Equipment & Supplies Contract Extensions**
- 2. Science Equipment & Supplies Re-Bid Contract Extensions**
- 3. Paperback/Hardcover Books Contract Extension**
- 4. Early Childhood Learning Material Contract Extensions**
- 5. Early Childhood Learning Material Re-Bid Contract Extensions**

Gary Smith noted that all above Procurement resolutions are for contract extensions, except for the re-bids. He stated that the two above resolutions involving a re-bid were due to unsatisfactory groupings of items.

Commissioner White asked the basis for the contract for books, noting that this does not represent the primary source for books for the District. Mr. Smith replied that the above resolution is for procurement of library books by the schools.

Commissioner White pointed out large fluctuation in these expenditures from one year to the next, and asked how these book purchasing decisions are made. Mr. Smith clarified that these library book purchases are based on the librarian's assessment of need and the amount of available funds in each school. He explained that these purchases are from Barnes & Noble, which offers a 30% discount on paperback books and 28% discount on hardcover books and free delivery directly to the school. Mr. Smith stated that the efficiency of this procurement system enables schools to obtain award-winning books almost immediately.

Commissioner Powell recalled a large purchase of culturally sensitive books last year, which may account for some of the year-to-year variability in these expenditures.

Parent Representative Giancarlo Giannini asked whether these library book purchases are being made out of funds added since the April budget. Mr. Smith explained that schools cannot place an order unless sufficient funds are available and pre-encumbered. Mr. Giannini questioned whether a school could make these funds available by reducing expenditures for other items. Mr. Smith stated that it is possible for a school to make this type of decision.

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

**Motion** by Commissioner White to approve all above Procurement & Supply resolutions. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

## **B. FACILITIES**

### **Final Payments**

- 1. Ajay Glass Mirror Co., Inc. – general construction work – renovations at School No. 5**
- 2. A. M. Stern, Inc. – general construction – renovations at Charlotte High School**
- 3. Hewitt Young Electric, LLC – electrical work – renovations to Schools No. 39, 46 & Dr. Freddie Thomas High School**
- 4. Hewitt Young Electric, LLC – electrical work – renovations at School Nos. 50 & 57**
- 5. John W. Danforth Company – mechanical work – renovations at Frederick Douglass Campus**
- 6. Massa Construction, Inc. – general construction – renovations to Wilson Commencement Academy**
- 7. Monroe Piping & Sheet Metal, LLC – plumbing work – renovations to Edison Educational Campus**
- 8. Schuler Haas Electric Corp – electrical work – renovations to Wilson Commencement Academy**

9. **Steve General Contractor, Inc. – general construction – renovations to Frederick Douglass Campus**
10. **V. J. Gautier Constructors, LLC- general construction – renovations to School Nos. 16 & 22**

Commissioner White inquired whether change orders are examined to detect a pattern of cost overruns by a particular contractor. Jerome Underwood responded that this is routine practice in evaluating contractors and architectural firms, as contractors are typically executing the work specified in the design. Tom Keysa gave an example of a situation in which a discretionary change order was involved because neither the District nor the contractor was at fault: once the project began, a failed fire suppression pump and an inoperable tank were found at Edison. This could not have been anticipated when preparing the original plans for the project. Mr. Keysa delineated three possible options in this situation: 1) add the work to the existing project through a change order, which would allow 98% of cost to be reimbursed by the State; 2) replace the pump and tank through Plant Maintenance, which would cause 100% of the cost to be incurred by the District; or 3) postpone the work until it can be budgeted in future years, which was not feasible in this case. Mr. Keysa reported that the average change order for last year was 2% of project costs, which reflects the accuracy of work and cost projections for capital projects.

Commissioner Powell commented that the District routinely includes an additional 10% for contingency costs. Mr. Keysa replied that the overall 8% difference between the actual (2%) and contingency (10%) cost for capital projects has caused problems because the City of Rochester has not allowed the District to re-deploy these funds for other capital projects.

**Motion** by Commissioner Cruz to address all above final payment resolutions for Facilities as a group. Seconded by Commissioner White. **Adopted 3-0, with concurrence of parent representative.**

**Motion** by Commissioner Cruz to approve all above final payment resolutions for Facilities. Seconded by Commissioner White. **Adopted 3-0, with concurrence of parent representative.**

#### Other

#### **11. Final Building Project Reports**

Commissioner Powell noted that the Final Building Project Report is submitted to the State to obtain reimbursement for capital improvement projects.

**Motion** by Commissioner Cruz to approve resolution regarding Final Building Project Reports. Seconded by Commissioner White. **Adopted 3-0, with concurrence of parent representative.**

#### Contracts

#### **12. Heaster Building Restoration, Inc.**

#### **13. Shaheen Paint Co.**

Mr. Keysa noted that the above contract resolutions with Heaster Building Restoration, Inc. and with Shaheen Paint Co. are presented to the Committee to increase expenditures above the ceiling stipulated in the original contract. Mr. Underwood explained that even when the ceiling is increased, expenditures must still be within budget. He commented that the amount of expenditures essentially has to be approved several times by the Board: in the budget, the Capital

Improvement Plan, the original contract, and subsequent request to increase expenditures under the contract. Mr. Underwood stated that spending is controlled by the budget, and additional reviews have delayed the contracting process.

Commissioner Cruz suggested re-examining the additional review process from including a ceiling in the amount of expenditures under each contract, noting that it is redundant to require approval of the budget and then approval of expenditures under each contract and thereby causing unnecessary delays in completing projects. He pointed out that the monthly financial reports also reflect changes in each category of expenditures from one year to the next, which facilitates monitoring by the Board.

Commissioner Powell clarified that this discussion regards expenditures between line items within a department, and does not include transfers between departments or from the schools to the Central Office.

**Action Item: District staff will prepare recommendations regarding the process for reviewing and approving increases in the ceiling for expenditures under contracts. These recommendations will be reviewed in an upcoming Finance Committee meeting.**

**Motion** by Commissioner Cruz to approve above contract resolutions with Heaster Building Restoration, Inc. and with Shaheen Paint Co. to increase amount of expenditures allowed under these contracts. Seconded by Commissioner White. **Adopted 3-0, with concurrence of parent representative.**

**Contracts (Continued)**

**14. Architectura PC**

**15. ArchStetics Architectura, PC**

**16. E. I. Team, Inc.**

**17. Hunt Engineers, Architects & Land Surveyors, P. C.**

**18. IBC Engineering, PC**

**19. Labella Associates, P. C.**

**20. Thomas H. Anderson (dba M A Architects)**

**21. SWBR Architecture, Engineering& Landscape Architecture**

Commissioner Powell directed the attention of the Committee members to the remaining resolutions for contracts for Facilities.

Mr. Keysa stated that these contracts are primarily with architectural and engineering firms to provide the design work for construction on capital improvement projects to be done in summer 2012. He explained that the design work serves as the basis for the plans to submit to the State for approval in time for construction to take place next summer.

Commissioner White stated that these professional service contracts are not subject to competitive bidding, and represent opportunities to contract with M/WBE firms. He expressed disappointment that few of these contract awards are to M/WBE firms. Mr. Underwood replied that some additional M/WBE firms have been recruited to perform work for RCSD, but there are very few architecture and engineering firms that are owned by a minority or woman. He reiterated his commitment to increase M/WBE participation to provide greater equity in contract awards.

Commissioner White asserted that he will continue to challenge the District on this issue because of decades of discrimination carried out under “the good old boys” network of white men in positions of power choosing their friends in conducting business. He contended that these types of attitudes are prevalent in many arenas within the District: the disproportionate number of African American males designated for Special Education or suspended, and the small percentage of teachers of color.

Commissioner Cruz suggested identifying proactive ways to increase M/WBE participation, rather than simply stating that there aren’t enough firms to perform the work. He recommended using Adult Education or high school programs to prepare individuals for these fields so that there will be plenty of qualified M/WBE firms in the near future.

Shanai Lee pointed out a number of factors related to M/WBE contracting:

- a new Professional Services Contracting policy (effective September 15<sup>th</sup>) recently adopted by the Board which promotes M/WBE participation;
- a shortage of M/WBE firms to perform all the different types of projects required by the District; and
- the legal requirement that the District direct all educational and capacity-building activities to the K-12 curriculum, which would prevent preparing individuals for M/WBE participation directly or through Adult Education.

Commissioner White contended that additional research and recruiting efforts by the District would reveal the availability of many qualified M/WBE firms, citing the example of obtaining culturally relevant textbooks from an M/WBE publisher when claims had been made that neither the textbooks nor the M/WBE firms existed. Mr. Underwood questioned whether Commissioner White was referring to local or national firms, noting that the Board has directed the District to utilize local firms as much as possible. Ms. Lee confirmed this directive, stating that the Board adopted a policy to limit the search for M/WBE firms to the Rochester Metropolitan Statistical Area (MSA) with goals for M/WBE participation in each trade based on a disparities study conducted locally.

Commissioner White contended that continued low rates of awarding contracts to M/WBE firms may reflect the inadequacy of this policy (Vendor Relations policy – 6750).

Mr. Giannini inquired about constraints included in professional services contracts. Mr. Keysa replied that bidders are awarded points based on their qualifications to perform the work, with additional points given to M/WBE firms and/or those that are locally based.

**Motion** by Commissioner White to address above contract resolutions for Facilities as a group. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

**Motion** by Commissioner White to approve above contract resolutions for Facilities. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

#### **Late Submissions**

**22. Hunt Engineers, Architects & Land Surveyors, P. C.**

**23. Watts Architecture & engineering, P. C.**

**24. The Cathedral Community Church of Rochester, NY**

Mr. Underwood pointed out that the resolutions for contracts with Hunt Engineers, Architects & Land Surveyors, PC and with Watts Architecture & Engineering, PC are similar to the previous contract resolutions to perform design work in preparation for construction for capital projects in summer 2012.

**Motion** by Commissioner White to address late submission contract resolutions for Hunt Engineers, Architects & Land Surveyors, PC and for Watts Architecture & Engineering, PC as a group. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

**Motion** by Commissioner White to approve late submission contract resolutions for Hunt Engineers, Architects & Land Surveyors, PC and for Watts Architecture & Engineering, PC. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

With regard to the resolution for a lease of the Cathedral Community Church of Rochester, Mr. Underwood reported that he had mistakenly informed the Board that NYS Building Aid would only be provided for a five-year lease. He stated that this resolution is for a one-year lease with options to renew for another four years, and NYS Building Aid is available to reimburse for these costs.

Commissioner White inquired about the status of locating a permanent site for School No. 54. Mr. Underwood replied that a permanent location has not yet been found, but options will be explored as available space changes with enrollment. He explained that there currently is not enough space available in any of the school buildings to accommodate the entire population of School No. 54. Ms. Doyle added that building efficiencies and utilization will continue to be examined to maximize capacity. She stated that the process involved in school closures or moves must be discussed with the Board prior to speaking with parents and the school community. Commissioner Powell suggested conducting a parent survey including a question as to which school they would choose if School No. 54 is moved.

Mr. Underwood requested that the resolution for the lease be amended to include options for renewal each year for the next four years.

**Motion** by Commissioner White to approve above resolution for a lease with Cathedral Community Church of Rochester, with amendment. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

## **C. OTHER**

- 1. Scholastic, Inc.**
- 2. Schoolwires, Inc.**
- 3. Northwest Evaluation Association**
- 4. Suntex International, Inc.**
- 5. Hristos Georgantonia (dba Premier Parking Services)**

Commissioner White asked about the decision regarding 25% of the proceeds for Premier Parking Services. Mr. Smith replied that he had seen someone collecting money for parking in this lot

leased by the District after hours and on weekends. He reported that proposals were solicited to manage this lot after hours to increase revenue and improve safety.

**Motion** by Commissioner White to address all above Other resolutions as a group. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

**Motion** by Commissioner White to approve above Other resolutions. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

Additional Comments/Information:

Mr. Connors added that the July Financial Report has not been provided historically in the August Finance Committee meeting because the District is only one month into the fiscal year and staff time could better be utilized in processing year-end transactions. He stated that the Year-End Report and Year-To-Date Report will be provided to the Board in September.

**Motion** by Commissioner Cruz to adjourn. Seconded by Commissioner White. **Adopted 3-0, with concurrence of parent representative.**

Meeting adjourned at 8:15PM.

**Next Finance Committee Meeting – August 18, 2011**