

**Rochester Board of Education
Finance Committee
May 18, 2011
6:00PM**

MINUTES

Attendance: Commissioner Powell (Chair) and Commissioners Cruz and White (left at 6:38PM). Parent Representative absent. District Staff: Vern Connors, Gary Smith, Cerri Cupples, and Tom Keysa. Board Staff: Debra Flanagan

Commissioner Powell convened the meeting at 6:01 p.m.

Vern Connors reported that the final budget has been sent to the printer and will be provided within the next few days to the Commissioners and to the City.

I. Review and Approve Minutes of April 21, 2011 Finance Committee Meeting and of Finance Committee Meetings of the Whole on April 14, 21, 25, and 28, 2011

Motion by Commissioner White to approve the minutes of the April 21, 2011 Finance Committee meeting and of the Finance Committee Meetings of the Whole on April 14, 21, 25, and 28, 2011. Seconded by Commissioner Cruz. **Adopted 3-0.**

II. April 2011 Financial Report

Motion by Commissioner White to approve the April 2011 Financial Report. Seconded by Commissioner Cruz. **Adopted 3-0.**

III. Review of Resolutions for May 26, 2011 Board Business Meeting

A. PROCUREMENT & SUPPLY

- 1. Best Plumbing Specialties, Inc.; Buckpitt & Company, Inc.; The K.L. Group (dba Johnstone Supply of Rochester); V.J. Stanley – plumbing and HVAC equipment and supplies – Resolution No. 2010-11: 798**

Motion by Commissioner Cruz to approve above procurement resolution. Seconded by Commissioner White. **Adopted 3-0.**

B. FACILITIES

Contracts:

1. **Rotolite-Elliott Corporation – one-year contract extension to provide large-format copying – Resolution No. 2010-11: 804**
2. **Rotolite-Elliott Corporation – one-year contract extension for printing – Resolution No. 2010-11: 805**

Motion by Commissioner Cruz to approve all above Facilities contracts. Seconded by Commissioner White. **Adopted 3-0.**

Final Payments:

3. **Hewitt Young Electric, LLC – electrical work for renovation of School No. 58 – Resolution No. 2010-11: 799**
4. **Lloyd Mechanical Co., LLC – plumbing work for renovations to School No. 42 – Resolution No. 2010-11: 800**
5. **Steve General Contractor, Inc. – general construction work for renovations to Transportation Department complex – Resolution No. 2010-11: 801**
6. **TES Environmental Corporation – air monitoring work for renovations to Wilson Commencement Academy – Resolution No. 2010-11: 802**
7. **Titan Development, Inc. – site work for renovations to School No. 16 and 22 – Resolution No. 2010-11: 803**

Commissioner Powell noted that the construction work with Steve General Contractor, Inc. for renovating the Transportation Department complex (Resolution No. 2010-11: 801) involved 14 change orders, which increased the contract cost by almost 10 percent. Tom Keysa explained that this was an extensive project, which involved acquisition of a number of homes and property from Coca Cola to build the Transportation complex. He reported that contaminated soil was discovered on the property after the buildings had been demolished. Removal of this contaminated soil accounted for the most substantial cost increases for the project, and could not have been anticipated in the original contract.

Commissioner White asked whether the \$3.2m cost is for the entire project, or just for the contract with Steve General Contractor, Inc. Mr. Keysa clarified that this was the amount of the original contract with Steve General Contractor, Inc. and the additional work increased the total contract to \$3,526,008. He reported substantial cost increases during the project due to the oil crisis in 2007.

Motion by Commissioner White to approve all above final payment resolutions for Facilities. Seconded by Commissioner Cruz. **Adopted 3-0.**

Other:

- 8. National Fuel Resources, Inc. – agreement to purchase natural gas at a fixed price for the fiscal year – Resolution No. 2010-11: 806**

Motion by Commissioner White to approve above resolution for purchase of natural gas. Seconded by Commissioner Cruz. **Adopted 3-0.**

C. INFORMATION TECHNOLOGY

- 1. Gartner, Inc. – agreement to provide consulting services regarding vendor selection, benchmark analysis, strategic planning and disaster recovery/business continuity planning – Resolution No. 2010-11: 808**

Annmarie Lehner stated that Gartner, Inc. is the leading research firm in the IT industry and employs over 4,000 analysts to review and evaluate each specific product, application and service. She noted that Gartner, Inc. assisted RCSD in examining the cost-effectiveness of different options such as contracting with a third-party administrator for technical support of PeopleSoft. She stated that Gartner, Inc. analysis of specific products, applications, vendors and services cannot be obtained anywhere else and has resulted in significant cost savings for the District.

Ms. Lehner reported that Gartner, Inc. is currently assisting the District in assessing the type of technology that is most useful at each grade level, which is an integral aspect of the four-year Technology Plan.

In addition, Ms. Lehner stated that Gartner, Inc. would manage every aspect of disaster recovery under this agreement.

Motion by Commissioner Cruz to approve above resolution for an agreement with Gartner, Inc. Seconded by Commissioner White. **Adopted 3-0.**

Ms. Lehner announced that the Information Technology Department will be giving a presentation on June 2nd to Board members regarding the Data Warehouse. She stated that the Department has been asked to present this Data Warehouse model to various groups around the country, including the upcoming Council of Great City Schools conference in Seattle. Ms. Lehner explained that the Data Warehouse will provide data regarding student attendance and assessments to assess teacher performance in accordance with new NYS statutes.

D. OTHER

- 1. Lease Agreement with City of Rochester – for use and maintenance of the Adams Street Recreation Center and South Avenue Recreation Center – Resolution No. 2010-11: 807**

Mr. Keysa explained that these Recreation Centers are leased from the City to allow the District to provide physical education for students in School Nos. 3, 19, and 12. He cautioned that the City has been considering closing the South Avenue Recreation Center, which would require RCSD to assume all of the maintenance and operating costs.

Commissioner Powell noted that there has been concern in the community that the Recreation Centers are closed when RCSD schools are closed. Mr. Keysa stated that RCSD school closure does not affect the Recreation Centers, and the problem is that the City has difficulty staffing the Centers.

V. GASB 54 FUND BALANCE REPORTING

Cerri Cupples reported that the Governmental Accounting Standards Board (GASB) has provided new guidelines for financial statements and fund balance reporting, and requires school districts to establish a Fund Balance policy. She stated that the draft policy is based on the GASB guidelines, Buffalo City School District policy, and recommendations of many auditing firms.

Commissioner Powell expressed concern that the draft policy would require replenishment of the unrestricted general fund balance by a minimum of 1% per year until it accumulates to 5% of annual General Fund expenditures. She noted that this may create further fiscal constraints on the District, particularly under current economic circumstances. She asked whether future budgets would be based on these guidelines, and whether the Board would have the authority to grant an exception to the 5-15% required to be maintained in the unrestricted general fund. Vern Connors replied that the situation would be similar to this year, in which a contingency fund was created to manage the budget based on directives from the Board.

Commissioner Powell sought clarification as to whether the policy would have to stipulate that the Board has the authority to grant exceptions regarding the percentage of funds to be set aside to replenish the Fund Balance. Mr. Connors stated that the Board already has this authority, so it would not have to be stated in the policy.

Commissioner Cruz commented that the draft policy and guidelines seem to be based on concern that districts are accumulating excess funds not allocated for specific purposes, which does not apply to most urban districts.

Ms. Cupples stated that the GASB recommended annual review of the policy.

Commissioner Powell inquired whether the draft policy has been vetted by the Law Department. Ms. Cupples stated that the Law Department has not reviewed the draft policy.

Action Item: The draft Fund Balance policy will be submitted to the Law Department for review.

Motion by Commissioner Cruz to refer the draft Fund Balance policy to the Policy Committee after review by the Law Department. **Adopted 2-0.**

Action Item: Include the draft Fund Balance policy in the agenda for the June 21st Policy Committee meeting.

Motion by Commissioner Cruz to adjourn. **Adopted 2-0.**

Meeting adjourned at 6:49PM.

Next Finance Committee Meeting: Thursday, June 9th, at 5:30PM