

**Rochester Board of Education**  
**Finance Committee Meeting of the Whole**  
**April 28, 2011**

**MINUTES**

**Attendance:** Commissioner Powell (Chair) and Commissioners Williams, Cruz, White (arrived 6:15PM), Elliott (arrived 6:23PM), Evans (arrived 6:23PM), and Campos (arrived 6:33PM).  
District Staff: Jerome Underwood, Joyce Martelli, Tom Keysa, and Andy Wheatcraft. Board Staff: Debra Flanagan

Commissioner Powell convened the meeting at 6:12 p.m.

Review and Discussion of Draft Capital Improvement Plan

Commissioner Powell explained that this meeting is to address questions regarding the draft Capital Improvement Plan (CIP), since there was insufficient time for review prior to the budget deliberation meeting on Monday, April 25<sup>th</sup>. She stated that final budget questions may also be entertained, if time permits.

Commissioner Williams inquired about the current status of the Facilities Modernization Program (FMP). Jerome Underwood replied that the FMP has been submitted to the NYS Education Department for final approval, which should be forthcoming within the next two weeks. He described challenges for financing the first round of FMP because of problems with the City issuing bonds to support these projects. Mr. Underwood clarified that the City has refused to issue bonds to finance District projects until the NYS Education Department confirms that the debt service for the FMP will not affect their annual Maintenance of Effort (MOE) payment to the District.

Commissioner Williams asked whether the \$30m of proposed borrowing for the first phase of FMP will cover the District's share of the cost. Mr. Underwood stated that the \$30m is to cover the initial costs for FMP, which cannot be financed without the City issuing Bond Anticipation Notes (BANs). He explained that RCSD will pay \$29m for its share when the BANs are issued, presumably summer 2012. Mr. Underwood clarified that the District's \$29m share will be paid over a thirty year period, which will amount to approximately \$2m per year.

Commissioner Williams expressed concern that the District's share of \$29m is only for the first phase of FMP and will have to come out of operating funds. He stated that this is a serious issue because the District's increasing structural deficit and a thirty-year commitment of \$2m per year for FMP will take funds away from teaching and learning. Mr. Underwood acknowledged that the District's \$2m share per year will have to be paid out of operating funds, but asserted that the FMP will also supplant many projects that would have had to be funded under the CIP each year.

Commissioner Williams inquired whether the annual \$2m of the District's share for FMP has been included in the projected budget deficit for 2011-12. Mr. Underwood stated that these costs have not been included in the projected deficit.

Commissioner Cruz asked the reason for the substantial improvements planned for School No. 33, as compared to other schools. Mr. Keysa replied that this school requires additional work because

of improvements that were not made in the past. He stated that the exterior walls allow a great deal of air circulation and the insulation is insufficient, so the improvements should provide some savings in utility costs.

Commissioner Powell noted that the proposal to shift from K-6 to K-8 was described initially as “budget-neutral”, but a total of \$2m has been designated in the CIP for 2011-12 to accommodate these changes. She objected to this shift to K-8 for programmatic and fiscal reasons.

Commissioner Powell pointed out that School No. 57 has been included in the CIP for capital improvements, but budget discussions have proposed moving the school into another building with excess capacity (e.g. School No. 2 or 6). She stated that School No. 57 only includes students in grades K-2, and therefore has excess administrative overhead and operational inefficiencies. Commissioner Powell emphasized the importance of examining these types of potential cost savings in funding decisions and in developing the CIP.

Commissioner White stated that while there may be a valid argument for closing School No. 57, he is concerned about the confusion and alarm created in the community when schools are proposed for closure. He emphasized the importance of fully vetting these decisions with parents and the school community before taking any action.

Commissioner Powell noted that School No. 57 is proposed for capital improvements in 2012, which allows time for discussion with stakeholders. She proposed moving the entire school intact to other available space in the District rather than closing the school. She acknowledged that additional time is needed to consult with stakeholders, but the possibility of moving the school should be considered next year.

Commissioner Williams expressed concern regarding substantial changes involved in the FMP that may not correspond to staffing and programmatic realities. He cited plans for School No. 5 and 28 as an example, pointing out that the FMP will involve building a new library and instrumental music room for each of these schools, yet there may not be staff to support the library or music program because of budget deficits. He urged conducting a strategic and systematic assessment to ensure that FMP plans are aligned with future funding realities. Mr. Underwood reported that the Building Advisory Committees are currently developing specific plans and designs for FMP with these considerations in mind. He stated that principals are key members of the Building Advisory Committees and aware of the need to make design plans on the basis of their budget allocations. He explained that the NYS Education Department recognizes that plans will be revised as further examination is made of each school and of budget constraints.

Commissioner Williams noted that final approval of the NYS Education Department and NYS Comptroller regarding FMP will be based on the presentation given by the District. He asserted that substantial changes cannot be made to the FMP without obtaining further approval. Commissioner Williams pointed out that art, music, and library facilities comprise a substantial portion of the FMP, but are also the same specific targets for staffing reductions. He contended that the programs in the school should drive the FMP design. Commissioner Williams also noted that the State approval process for FMP does not include examination of staffing to support these programs, so it is imperative that the District conduct a systematic review to ensure that the facilities will be supported by programs and staff in the future. Mr. Underwood replied that this is a substantial responsibility of the Building Advisory Committees.

Commissioner Elliott asked about the source of funding for the CIP. Mr. Underwood replied that the CIP is financed through borrowing, and the costs are largely reimbursed through NYS Building Aid. Commissioner Elliott inquired about limits on Building Aid, particularly in light of the State's fiscal crisis. Mr. Underwood replied that the State is considering a reduction in the percentage of costs that are reimbursed with Building Aid, so some adjustment can be expected in the future.

Commissioner Elliott asked about the District's current debt status, noting that \$210m in debt will be outstanding at the beginning of FY2011-12. She stated that while the District will pay down some of this debt, additional debt will be accrued from borrowing to finance future projects. Commissioner Elliott expressed concern about the District's ability to repay debt in the future, particularly if Building Aid reimbursements are reduced. Mr. Underwood replied that the District will be notified of reductions in Building Aid reimbursements and can make adjustments in borrowing at that time.

**Motion** by Commissioner Cruz to adjourn. Seconded by Commissioner White. **Adopted 7-0.**

Meeting adjourned at 6:37PM.