

**Rochester Board of Education  
Finance Committee  
May 21, 2009**

**MINUTES**

**Attendance:** Commissioner Powell (Chair) and Commissioner White; Commissioner Elliott (absent); Parent Representative: Felix Jacobs; District Staff: Joyce Martelli, Vern Connors, Jim Fenton, Nancy Palozzi, Gary Smith, Jerome Underwood; Board Staff: D. Flanagan

Commissioner Powell convened the meeting at 5:46 p.m.

**I. Question / Answer Session**

There were no questions at this time.

**II. Review and Approval of Finance Committee Minutes from April 7, 21, 23, and 28 2009**

**Motion** by Commissioner White to approve the minutes of the April 7, 21, and 28 Finance Committee Meetings of the Whole and of the April 23<sup>rd</sup> Finance Committee. **Adopted 2-0**, with concurrence by parent representative.

**III. Review and Approval of April 2009 Financial Reports**

**Motion** by Commissioner White to approve the April 2009 Financial Reports. **Adopted 2-0**, with concurrence by parent representative.

**IV. Review and Approve Student Activity Funds Report for 3<sup>rd</sup> Quarter of 2008-09**

Mr. Felix Jacobs noted that many schools have not utilized Student Activity Funds this year. He asked whether these funds continue to roll over for use in the future, noting that some schools have a sizeable balance. Ms. Joyce Martelli stated that the District has been allowing these funds to roll over, but this may be handled differently in the future by establishing a checking account centrally from which funds would be distributed to each school. She explained that the carryover and sizable fund balances were cited in an external audit and the District is now trying to establish a new process to ensure that schools are using these funds properly and in compliance with SED law and regulations. Ms. Martelli stated that accounting staff are currently aiding schools in monitoring and documenting the use of these funds.

Commissioner White pointed out that the School of International Finance and Economics has one of the lowest Student Activity Fund balances and levels of activity,

but is supposed to be generating revenue through student enterprises. He expressed concern regarding a possible lack of leadership at the school level to encourage these types of activities among students. Ms. Martelli stated that the School may have utilized most of these funds because it is near the end of the year and they do not want to end the year with a significant balance. She acknowledged a need to clean up the Student Activity funds for some schools for which these funds have remained available and unused for years.

Commissioner White pointed out that there has been no apparent activity in student enterprises at the School of International Finance and Economics during this quarter. Ms. Martelli stated that the balances are for the beginning and end of the quarter and do not reflect activity throughout the year. A comparison would have to be made between each quarterly Student Activity Fund Report for the year to obtain a more complete view of school activities.

**Action Item:** Ms. Martelli will provide Committee members with Student Activity Fund Reports for the last two years to assist in determining the extent and way in which funds have been generated from student activities and enterprises.

Commissioner White contended that additional funding should be generated by the School of International Finance and Economics in each quarter from student enterprises, such as the school bank and bookstore. He inquired as to the way in which these revenues would be accounted and whether they would be reflected in the Student Activity Funds Report.

**Action Item:** Ms. Martelli will examine the accounting for funds generated from student enterprises at the School of International Finance and Economics, such as the school bank and bookstore.

**Motion** by Commissioner White to approve the 3<sup>rd</sup> Quarter Student Activity Fund Report. **Adopted 2-0**, with concurrence by parent representative.

## **V. Review of Proposed Resolutions for May 28, 2009 Board Meeting**

### **A. Human Capital Initiatives**

#### **1. POMCO, Inc. – Resolution No. 2008-09: 841**

Commissioner Powell inquired as to whether RCSD has contracted with POMCO, Inc. in the past. Ms. Nancy Palozzi stated that she was not aware of contracting with this firm in the past.

Commissioner White asked about the anticipated cost to contract with POMCO, Inc. Ms. Palozzi replied that the estimate was \$180K and negotiations are currently underway for a reduced rate to manage Workers' Compensation claims and to serve as the third party administrator for the program. She explained that the District has

not handled Workers' Compensation claims in-house since 1979, making cost comparisons difficult between managing the program in-house and using a contractor. From 1979 to 2004, the District contracted with Sedgwick Insurance as the Workers' Compensation third party administrator. Ms. Palozzi stated that an RFP was issued in 2004 and this led to the contract with EM Risk Management, a subsidiary of POMCO, Inc. She noted that this contract was for a three-year term with two annual renewal options.

Commissioner White inquired as to the number of staff currently dedicated to the Workers' Compensation program. Ms. Palozzi reported that the District has 1 FTE dedicated to this program.

Commissioner White questioned the rationale for contracting to manage Workers' Compensation claims rather than performing this in-house. Ms. Palozzi explained that RCSD has some unique features in the Workers' Compensation program (such as not using the State-prescribed claim form and having to maintain OSHA logs) and that there was not sufficient time to locate a contractor to perform these functions before the current contract expires, so a one-year renewal is to be issued while the RFP is developed.

Ms. Palozzi emphasized the importance of consistency in retaining the same vendor during a period of regulatory and compliance changes, which are anticipated through 2009 (i.e. Return to Work program mandated to be in place by the last quarter of 2009).

Commissioner Powell inquired whether an external CAFR audit had cited concerns regarding RCSD oversight of the contracted third party administrator under EM Risk Management.

**Action Item:** Ms. Martelli will check to determine whether concerns regarding RCSD oversight of the contracted third party administrator for the Workers' Compensation program were cited in an external CAFR audit.

## **2. Enwisen, Inc. – Resolution No. 2008-09: 842**

Commissioner White asked about the rationale for adding \$42K to PeopleSoft. Ms. Palozzi explained that Enwisen, Inc. offers additional information regarding benefits that is not currently available on PeopleSoft, such as insurance plan descriptions, payroll schedule deductions, prescription drug claim forms, and personnel policies and procedures.

Commissioner White inquired as to the way in which staff currently obtain this information. Ms. Palozzi replied that they have to call the Benefits Office.

**Motion** by Commissioner White to approve Human Capital Initiative resolutions (Resolution No. 2008-09: 841 and 842). **Adopted 2-0**, with concurrence by parent representative.

## **B. Procurement**

### **1. Buckpitt & Co. Inc. – Resolution No. 2008-09: 836**

Commissioner Powell asked why Buckpitt & Co. was the sole bidder on this contract. Mr. Jim Fenton replied that there are few potential vendors because this involves specialized equipment in separating food processing (steam kettles) from the heating system in the Central Kitchen, which will reduce total energy costs. He explained that two boilers currently serve to heat the steam kettles and provide heat for the building, which is not an energy efficient system.

### **2. Barnes & Noble, Inc. – Resolution No. 2008-09: 837**

Commissioner White inquired whether there have ever been other bidders on these procurement contracts for books, and whether it would be possible to perform this in-house. Mr. Gary Smith stated that this contract primarily covers library books and the District is attempting to reduce storage of books. He reported that this contract was bid last year, which yielded six respondents and Barnes & Noble was the lowest bidder. Mr. Smith stated that Barnes & Noble has provided a 30% reduction from retail prices for paperback books and 28% reduction for hardcover books with no shipping costs.

### **3. BOCES – Resolution No. 2008-09: 838**

**Motion** by Commissioner White to approve procurement resolutions (Resolution No. 2008-09: 836 through 838). **Adopted 2-0**, with concurrence by parent representative.

## **C. Information Management & Technology**

### **1. Frontier Communications – Resolution No. 2008-09: 843**

### **2. Verizon Wireless Messaging Services – Resolution No. 2008-09: 844**

Commissioner White asked whether Verizon is contracted for cell phone use by District employees, and whether an audit has been conducted to ensure that this use is for business only. Mr. Jerome Underwood replied that analysis is currently underway regarding use of all phones within the District. He explained that this analysis has revealed a small number of staff members with substantially higher use and further inquiry will indicate the extent to which this is necessary in view of their work responsibilities. Mr. Underwood also reported an overall increase in the number of telephones and that a new regulation will establish a cap for each department. If a department wants an exception, their budget code must be used to pay for the cost. Mr. Underwood also described discussions with Verizon regarding the quality of phones and service, as well as leveraging the price.

Mr. Jacobs suggested using cell phones similar to those used by City employees, which function like walkie-talkies and minimize costs when used within the network.

Mr. Underwood replied that there is no cost for usage within the Verizon network, except for the phones themselves. He explained that the new regulation will allow phones to be pulled unless there is sufficient justification of work need for cell phone use. Mr. Underwood stated that there are currently 322 cell phones and 60 to 70 aircards.

Commissioner White inquired as to when further data will be available from this analysis. Mr. Underwood replied that this information should be available within the next 60 days, noting that the new regulation requires an annual report.

**Action Item:** Mr. Underwood will provide data from his analysis of District telephone usage and costs, when this data becomes available within the next 60 days.

Commissioner Powell inquired whether cell phone service has been put out to bid. Mr. Underwood replied that this is a NYS contract which does not require bidding. Commissioner Powell questioned whether RCSD could obtain a better price and/or service from another vendor. Mr. Underwood discussed recent contacts with AT&T to bring leverage to bear on Verizon because switching vendors would be extremely costly.

**3. Ronco Communications and Electronics, Inc. – Resolution No. 2008-09: 845**

**Motion** by Commissioner White to approve Information Management and Technology resolutions (Resolution No. 2008-09: 843 through 845). **Adopted 2-0**, with concurrence by parent representative.

**D. Facilities**

**Final Payments:**

1. **Blackmon-Farrell Electric, Inc. – Resolution No. 2008-09: 826**
2. **Blackmon-Farrell Electric, Inc. – Resolution No. 2008-09: 827**
3. **Crosby-Brownlie, Inc. – Resolution No. 2008-09: 828**
4. **Pipitone Enterprises LLC – Resolution No. 2008-09: 829**
5. **Pipitone Enterprises LLC – Resolution No. 2008-09: 830**
6. **Pipitone Enterprises LLC – Resolution No. 2008-09: 831**
7. **Testa Construction, Inc. – Resolution No. 2008-09: 832**

**Motion** by Commissioner White to approve all final payment resolutions for facilities (Resolution No. 2008-09: 826 through 832). **Adopted 2-0**, with concurrence by parent representative.

**Lease Agreement:**

**8. Holy Apostles Church – Resolution No. 2008-09: 835**

Mr. Jacobs expressed concern regarding the renewal of the lease to house the I'm Ready program for at-risk students at Holy Apostles Church because of criminal activity in the immediate vicinity. He noted that many students take the RTS bus to attend this program, and are regularly solicited by prostitutes and drug dealers. Mr. Jacobs emphasized that this exposure undermines the program itself as well as students' safety.

Commissioner White concurred with Mr. Jacobs, stating that he has also heard reports of problems with crime in this neighborhood. He stated that he would struggle to support this resolution without having more information as to other options for housing this program.

Commissioner Powell inquired as to the possibility of the Board voting on this lease agreement resolution in their June meeting, rather than the upcoming May meeting. Mr. Jim Fenton replied that this postponement would not create a problem.

Commissioner White requested additional information regarding the selection process and options considered for housing this program. He stated that he suspects that "better" neighborhoods would protest having at-risk youth in their area and emphasized the need for neighborhood/environmental conditions to be integrated as a critical aspect of the site selection process for the District.

**Action Item:** Mr. Fenton will obtain and report information regarding the site options considered for the I'm Ready program for at-risk students and of the selection process involved.

Commissioner Powell pointed out the option of working with the City and neighborhood businesses to push criminal activity out of the vicinity of this program.

**Motion** by Commissioner White to table this resolution (No. 2008-09: 835). **Adopted 2-0**, with concurrence by parent representative.

**Contracts:**

**9. The Pike Company – Resolution No. 2008-09: 833**

**10. Santec Architecture, Inc. – Resolution No. 2008-09: 834**

- 11. Archie Donoughe Sanding, Inc. – Resolution No. 2008-09: 821**
- 12. Pro Carpet, Inc. – Resolution No. 2008-09: 822**
- 13. Contact Supply, Inc. – Resolution No. 2008-09: 823**
- 14. Rololite-Elliott – Resolution No. 2008-09: 824**
- 15. P.D.H. Contractors, Inc. – Resolution No. 2008-09: 825**

**Motion** by Commissioner White to approve contracts for facilities (Resolution No. 2008-09: 821 through 825, and 833 and 834). **Adopted 2-0**, with concurrence by parent representative.

**Other:**

- 16. NYS Education – Resolution No. 2008-09: 820**

**Motion** by Commissioner White to approve Resolution No. 2008-09: 820. **Adopted 2-0**, with concurrence by parent representative.

**E. Office of Administration**

- 1. The OMNI Group – Resolution No. 2008-09: 839**
- 2. Brown & Brown Insurance – Resolution No. 2008-09: 840**

Commissioner Powell inquired as to the resolution regarding Brown & Brown Insurance and whether this pertains to the health insurance collaborative effort. Ms. Martelli replied that this resolution is for Brown & Brown Insurance to provide general liability insurance for the District.

**Motion** by Commissioner White to approve Office of Administration resolutions (Resolution No. 2008-09: 839 and 840). **Adopted 2-0**, with concurrence by parent representative.

Commissioner White commented on the difficulty in addressing finance issues in the absence of Commissioner Williams' membership on the Finance Committee. He emphasized that the loss of Commissioner Williams' expertise in finance and fiscal oversight is not in the best interest of the children or employees of the District.

**Adjourn - Motion** made by Commissioner White. **Adopted 2-0**

Meeting adjourned at 6:51 PM.

**Next Finance Committee Meeting: June 18th at 5:30 PM**

