

**Rochester Board of Education
Finance Committee
April 23, 2009**

MINUTES

Attendance: Commissioner Powell (Chair) and Commissioner Elliott; Commissioner White (absent); Parent Representative: Felix Jacobs; District Staff: Joyce Martelli, John Scanlan, Vern Connors, Tom Keysa, Andy Wheatcraft, Gary Smith, Gladys Pedraza Burgos, Jeannette Silvers, Linda Stagles, Terry Costich, and Jim Shepard; Board Staff: D. Flanagan

Commissioner Powell convened the meeting at 5:43 p.m.

I. Question / Answer Session

Commissioner Powell discussed two Finance Committee Meetings of the Whole to review and discuss the proposed budget for 2009-10; she explained that final deliberations will be held in the Finance Committee Meeting of the Whole on April 28th, in which the Superintendent will also present an overview as to changes resulting from the federal stimulus package.

Commissioner Powell requested a motion to revise the agenda to allow presentation of the Capital Improvement Plan (CIP) prior to review and approval of Finance Committee meeting minutes.

Motion by Commissioner Elliott to revise the agenda to allow CIP presentation prior to review and approval of Finance Committee meeting minutes. Parent representative concurred. **Adopted 2-0**

II. Presentation of Capital Improvement Plan

Andy Wheatcraft conducted a presentation to provide an overview of the Capital Improvement Plan (CIP), explaining that the final CIP is not yet ready and will be provided next week.

Handout materials were provided of the Powerpoint presentation. Mr. Wheatcraft highlighted the following points: 1) the debt load assumed by RCSD is regulated by the City of Rochester, and the specific amount that can be incurred as new debt also depends on the amount of annual payments; 2) the City currently requires the District to spend at least \$10M annually in cash capital.

Commissioner Elliott inquired as to the basis for including textbooks as a capital item. Mr. Wheatcraft replied that this has been included in cash capital because books do have an extended life. Vern Connors explained that there are two types of cash capital: a cash capital line, and other items considered capital toward meeting the required \$10M annual expenditure (e.g. textbooks, computer hardware).

Mr. Wheatcraft explained that there is a one-year grace period between incurring debt and making interest payments. For this reason, he stated that the debt assumed this year will not affect the budget until next year.

Commissioner Elliott asked about the amount of debt and interest to be paid next year. Mr. Wheatcraft replied that \$25.8M is the projected payment for next year, and explained that the District's debt payments have been exceeding the amount of new debt incurred. He also stated that this data does not account for plans under the Facilities Modernization Project (FMP).

Mr. Wheatcraft described enrollment trends as important considerations in developing the CIP, noting that elementary enrollment has been declining for several years and has now reached a steady plateau.

Commissioner Elliott reported recent data indicating a significant rise in teen pregnancies, which would affect future enrollment. Mr. Wheatcraft stated that there is typically a 5-6 year lag before this would affect enrollment and would represent a very small increase, given the size of the District.

Commissioner Elliott questioned whether this would at least represent the addition of one classroom. Mr. Wheatcraft replied that even an increase amounting to one classroom would not result in the need for an additional classroom because students would be spread out among the schools in the District. Commissioner Powell pointed out that this was a factor considered in developing the parent choice policy and establishing a goal of an 80% occupancy level for each classroom to allow sufficient capacity to accommodate these types of enrollment fluctuations.

Commissioner Elliott inquired as to the factors affecting the significant anticipated drop in enrollment in secondary schools for 2013-14. Mr. Wheatcraft explained that there was a peak in 1990 of 5,000 live births in Rochester, which rapidly dropped to 3200 annually thereafter. He stated that this is reflected in the enrollment projections and that 2013-14 is when this smaller cohort will be enrolled at the secondary level.

Mr. Wheatcraft stated that 95% is recommended capacity for elementary classrooms and 90% for secondary classrooms, noting that the District is well below both of these levels.

In summary, Mr. Wheatcraft explained that the District is planning to borrow \$66M from 2009-2014, which represents approximately \$13M per year. He stated that \$62M is planned for long-term facility improvements, which is the primary focus of the CIP at this point. Of additional funds that the District is allowed to borrow annually, Mr. Wheatcraft explained that most are to be used for maintenance of facilities. He also described the planning process for capital improvements, noting that funds allocated for design of projects occur two years prior to actual implementation. Consequently, now is the time to provide input regarding plans for 2011.

Mr. Wheatcraft explained that decisions as to specific allocations for each school for long-term facility improvements is based on annual inspections and a five-year

Building Condition Survey, as well as consideration of the effective life of various aspects of the building.

Commissioner Elliott noted that the Superintendent is planning to close the Bioscience and International Finance High Schools at Franklin, and inquired as to whether any proposals have been presented for renovation on this campus. Mr. Wheatcraft responded that this is not currently planned because the Franklin facilities are relatively new, but renovation would be considered if new initiatives or programs are planned in the future at this site.

Commissioner Elliott questioned the \$400,000 allocation for expanding the parking area at School #16. Tom Keysa explained that this involves not only expansion of the parking lot, but also relocation of the playground, purchase of playground equipment, and replacing asphalt and curbing. He noted that the asphalt and curbing alone can be quite expensive (i.e. \$150,000).

Commissioner Elliott also asked about the \$615,000 for replacing the boiler at School #16. Mr. Wheatcraft replied that the boiler has an expected life of 40-50 years, and involves a significant investment; he noted that the building is 99 years old and has had a number of problems which have not been addressed for some time.

Commissioner Powell asked whether the problems at School #16 have not been able to be addressed due to delays in the FMP process. Mr. Wheatcraft explained that other factors have affected work on School #16, particularly the school closure plan developed six to seven years ago and which preceded the FMP process.

Commissioner Elliott inquired as to the \$250,000 cost of replacing the floors in the basement classrooms of Wilson Commencement Academy. Project Architect Terry Costich explained that this will involve gutting and rebuilding the entire North wing of the school.

Commissioner Powell asked whether the 50-year-old portable classrooms at School #23 are planned to be removed in the near future. Mr. Keysa replied that this is not reflected in the CIP, but will be done by RCSD maintenance staff. Mr. Wheatcraft explained the importance of proceeding with caution to ensure that changes in enrollment or academic programs do not require additional capacity in the future, particularly since the existing building has no extra capacity.

Commissioner Elliott stated that School #22 is one of the poorest in the District and community advocates would like to have it included in the FMP. She inquired as to the work that will be done to upgrade this school and the way in which this fits in the CIP until renovations can be done under the FMP. Mr. Wheatcraft replied that School #22 was included in the initial phase of FMP, but further assessment revealed that the school actually needs to be replaced and the State has disallowed construction of new schools. He stated that the District is hoping to lobby to allow the replacement of schools in the second phase of FMP, noting that this is an issue for a number of schools. Mr. Keysa explained that the first phase of the FMP is for facility improvements and that funding is available for upgrades of 13 schools, five of which are wooden frame

buildings in which further investment may be cost prohibitive because these structures are obsolete.

Commissioner Powell pointed out that it may be preferable to consider these schools for the second phase of FMP, as replacement has the potential for community revitalization that refurbishment does not.

Mr. Wheatcraft commented on Commissioner Elliott's concern regarding the lack of air conditioning in some of the schools, noting that the operational costs alone for air conditioning would be cost prohibitive and of limited use since students typically do not attend school in the summer. Commissioner Elliott continued to express concern regarding the comfort of students and employees.

Commissioner Elliott inquired about capital plans for Food Services. Mr. Scanlan replied that this is not contained in the current CIP, but upgrades will be financed through the General Fund and have been covered with federal stimulus funds.

Commissioner Powell requested a motion to revise the agenda to move the Quarterly Change Report to the next item.

Motion by Commissioner Elliott to make the Quarterly Change Report the next agenda item. Parent representative concurred. **Adopted 2-0**

III. Quarterly Change Order Reports

Mr. Keysa presented all of the Quarterly Change Order Reports for 2006-07, 2007-08, and 2008-09, stating that these reports will be presented to the Board on a quarterly basis to enable monitoring of contracts and projects. He explained that the reports for each year reflect all of the CIP projects for the year, and the column "C.O. Amount: Previous Quarters" refers to all of the cumulative changes up until the current quarter. The report also reflects the amount set aside (10%) for contingency to cover change orders, as well as the amount of the contingency funds used to date.

Commissioner Elliott requested that future Quarterly Change Order Reports also include the resolution number for the project for greater ease of reference. Mr. Keysa stated that he will include this in future reports.

Mr. Keysa explained the section entitled, "Added Scope", noting that this refers to additional work needed as a result of more detailed examination. For each project for which the scope is to be expanded, an Approval Request for Additional Work is included to explicate the rationale and options considered.

Commissioner Elliott inquired as to whether additional discretionary work is eligible for reimbursement through State Aid. Mr. Keysa replied that if State Aid is not available, this would not be considered an option.

Mr. Keysa pointed to the section entitled, "Change Order Overages", which summarizes all of the projects, number of contracts, and degree of overage involved in the change orders. He pointed out that of 73 contracts for projects in 2007-08, only 36 involved change orders. Mr. Keysa stated that since change orders must be approved by the Board, he is concerned that there is a perception that all contracts involve change orders.

IV. Review and Approve Minutes of March 19, 2009 Finance Committee Meeting

Motion by Commissioner Elliott to accept the minutes of the March 19, 2009 Finance Committee meeting. **Adopted 2-0**

V. Review and Approve March Financial Reports

Commissioner Elliott inquired about changes in funding for BOCES and the way in which these funds are to be used. Mr. Connors replied that the majority of funds provided to BOCES are for nursing services and special education of RCSD students.

Commissioner Elliott noted that many of these students will be returning to the District, and asked about the impact on the budget. Mr. Connors stated that while he did not know the exact number of students that will be returning in fall 2009, there is no expected impact on the budget because the funds provided to BOCES currently will be shifted to accommodate these students in-house.

Motion by Commissioner Elliott to approve March Financial Reports. **Adopted 2-0**

V. Review of Proposed Resolutions for April 28, 2009 Board Business Meeting

A. HUMAN CAPITAL INITIATIVES

1. eVerge Group – Resolution No. 2008-09: 488

Motion by Commissioner Elliott to approve resolution. Parent representative concurred. **Adopted 2-0**

B. ACCOUNTABILITY

1. CaseNex

Motion by Commissioner Elliott to approve resolution. Parent representative concurred. **Adopted 2-0**

C. PROCUREMENT

1. Athletic Uniforms – Resolution No. 2007-08: 653

2. Morris Protective Services, Inc. – Resolution No. 2007-08: 823

Commissioner Elliott inquired as to the rationale for this contract when RCSD has a security team. Mr. Keysa explained that there have been

two vacancies on the RCSD security team which have not been filled due to a problem with the civil service job description. He noted that the contract is to fill shifts due to these vacancies, which are expected to continue through the end of this year.

3. School World – Resolution No. 2007-08: 638

Commissioner Elliott expressed concern that many software programs purchased by the District are not being used. Gary Smith replied that this funding request is to cover licensing fees for the School World software, which Tim Cliby and his staff have determined to be most effective for instructional purposes.

Motion made by Commissioner Elliott to approve all Procurement resolutions listed above. Parent representative concurred. **Adopted 2-0**

D. FACILITIES

Final Payments

- 1. DG Messmer Corp – Resolution No. 2007-08: 777 – mechanical work at Schools No. 20, 23, 25, 41 and 44**
- 2. EASTCOAST Electric, LLC – Resolution No. 2007-08: 576 – electrical work at Douglass Preparatory School**
- 3. EASTCOAST Electric, LLC. – Resolution No. 2007-08: 630 – electrical work at School Without Walls Foundation Academy**
- 4. Leo J. Roth – Resolution No. 2007-08: 573 – mechanical work at School No. 3**
- 5. Lloyd Mechanical Co., LLC – Resolution No. 2007-08: 523 – plumbing work at Schools No. 12 and 19**

Motion by Commissioner Elliott to approve all of above Final Payment resolutions. Parent representative concurred. **Adopted 2-0**

Lease Agreement

6. JR Real Estate – premises located at 836 N. Goodman Street

Commissioner Elliott inquired as to the reason for the month-to-month lease for this facility. Parent representative asked how this facility is being used by the District. Mr. Scanlan explained that this is being used as a Parent Center, but the District is not very satisfied with the facility and this is the reason for the month-to-month lease until a permanent location can be found.

Parent representative expressed concern regarding the frequent movement of facilities within the District, which confuses and inconveniences parents.

Motion by Commissioner Elliott to approve resolution for above lease agreement. Parent representative concurred. **Adopted 2-0**

Contract

7. Steve General Contractor, Inc. – Resolution No. 2008-09: 334 – carpentry work at Schools No. 4, 16, 22, 58 and Holy Apostles and various other locations

Motion by Commissioner Elliott to approve resolution for above contract. Parent representative concurred. **Adopted 2-0**

Other

8. NYS Education

Motion by Commissioner Elliott to approve above resolution. Parent representative concurred. **Adopted 2-0**

Action Items:

- Mr. Wheatcraft will provide the finalized CIP to Board members next week.
- Mr. Scanlan will provide information as to projections for the number of RCSD students currently attending BOCES for special education who will be returning to the District in fall 2009.
- Tim Cliby will provide information as to the extent to which RCSD instructional software is being used.
- Ms. Flanagan will provide copies of the Change Order Reports for 2006-07, 2007-08, and 2008-09; the Grant Revenue Summary Report; Contract for Excellence Calendar; and the Powerpoint presentation regarding the 2009-14 CIP to all Board members not present at this meeting.

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

Meeting adjourned at 7:30 PM.

Next Finance Committee Meeting: May 21st at 5:30 PM