

**Rochester Board of Education
Finance Committee
June 8, 2006 at 6:00 p.m.**

Attendance: Commissioners Powel and Evans; Ms. Tripi; Mr. Connors; Mr. Smith; Ms. Dunsmoor; Ms. Wilson. Commissioner Brennan arrived 6:08 p.m.

Commissioner Powell convened the meeting at 6:03 p.m.

I. Approve May Minutes

Commissioner Powell requested a motion to approve the May minutes. Made by Commissioner Evans. Seconded by Commissioner Powell. Adopted 2-0 with Commissioner Brennan absent.

II. Receive and Review Monthly Financial Reports

Commissioner Powell opened the floor for questions regarding the financial reports.

Commissioner Evans: What happens to line items that aren't used up 100%. For example Equipment Other Than Buses indicates 79.4% for 2005-06 on the Available Funds report. Does the remaining balance roll over into another fund or do we expect that to be used by the time June 30th comes.

Ms. Tripi: General Fund line items that are not spent roll over into Fund Balance and can be used in the next fiscal year. But they do not roll over to the same departments nor do they roll over to the same line items.

Commissioner Evans: Do you anticipate it being up to the 100% mark by June 30th?

Ms. Tripi: This report is an all funds statement report and some of the line items may be grant-related. Not all grants end on June 30th. There are many grants that go through the end of August.

Commissioner Evans: When does the Staples contract expire?

Mr. Smith: The contract piggybacks the City's contract and the contract was renewed on January 1st of this year. The term is for one year with the option to extend up to an additional four one-year extensions.

ACTION: Ms. Tripi will provide the Committee with a detailed analysis of line items that will roll over into the Fund Balance.

Motion to accept the monthly financial reports and recommend acceptance to the Board made by Commissioner Brennan. Seconded by Commissioner Evans. Adopted 3-0.

III. Receive and Review Proposed Resolutions for June 2006 Board Business Meeting

a. Marsh USA, Inc.

Questions regarding the resolutions were sent to Ms. Tripi prior to the meeting and written responses were sent to Commissioner Powell. Questions and answers were reviewed.

Commissioner Evans: Has the Marsh contract had been approved by Legal?

Ms. Tripi: There was no contract in place only a request to issue and Ms. Cottrell had reviewed the request to issue and was OK with it.

Commissioner Evans: How did we arrive at Marsh; was there a bid?

Ms. Tripi: Marsh pursued us. However, we searched for competing companies who could do a similar type of study and the ones identified were insurance companies and I was concerned that there would be a conflict of

interest whereby their end results would be trying to push products. Marsh is independent and has no ongoing product that they would be trying to sell the District in terms of this study.

Commissioner Evans: So they are mainly an audit firm?

Ms. Tripi: I would describe them as a Risk Management Consulting firm.

Commissioner Evans: What is the estimated cost savings?

Ms. Tripi: We do not know but given that our costs are \$4.1M and having looked at their list of 40 Best Practice areas I believe there is plenty of opportunity to reduce cost but I wouldn't want to put a stake in the ground at this point and time. If we were able to get a 2% reduction we would cover the fee. I am hoping to have the study completed by the end of summer so we can implement any changes at the start of the school year and begin to see results in time for next year's budget process. That way we can determine whether or not we can reduce the budget for 07-08 based on the impact over the course of the 06-07 budget season.

Commissioner Powell: I appreciate you putting this in the context of getting a product earlier enough to work with before the next budget year. However, I proposed following counteroffer:

1. The committee table this resolution
2. Take it to the new internal auditor and ask if this is something within her scope
3. Poll various organizations like NYS School Boards and other affiliate organizations to see if they have identified anything like the 40 Benchmark Best Practices that could be drawn from.

I am not saying that anyone has done anything like that but worker's compensation is a universal issue not only with school districts.

Ms. Tripi: Part of what Marsh will be doing is the trend analysis which is really a lot of data mining and analytical work based on the claims data they receive.

Commissioner Powell: Claims data that they receive from us?

Ms. Tripi: Yes, that is correct.

Commissioner Brennan: If we do this and we discover that the generic research is not satisfactory or the other resources we might utilize can't accomplish what Marsh would have, would the delay have an impact that would be sufficiently negative in terms of what Ms. Tripi was talking about?

Ms. Tripi: The longer we wait the longer it takes to implement changes. Not that we can't start doing things on our own, but I think it would be best to prioritize and hit the biggest areas first. I have been working with worker's compensation for a long time and we already started an initiative to deal with vehicle accidents, we're working with transportation, and facilities and we are moving on it but it is a little bit hit and miss in terms of I think this is an area we should be working on slips and falls, vehicular accidents.

Commissioner Brennan: If you get your answer in July rather than June could you live with that?

Ms. Tripi: There is an urgency in reducing cost, but that is the only urgency.

Commissioner Evans: If it were determined that this work did fall within the auditor general's scope of work (expertise), given the other priorities she has been given would she have the time necessary to weigh in on this even if she can not be a part of this at this time?

Commissioner Powell: As I continue to think through this, I would like to see us table this. Not only because we may have the resources in-house (and it may not be the auditor general) but there may be resources available to us that we could do it ourselves. But also, I would like to see what the other professional alternatives are. If there is percentage of the savings companies out there I would like to see the information side-by-side with this one. I would like to see an RFP on something like this to see what our complete set of options are.

Ms. Tripi: The only thing I would mention is that this is proprietary information and every company may approach this differently and I am happy to table it to get some additional information. Also, going out to RFP for something that is a specific study is a little bit challenging. There is cost in executing an RFP.

Commissioner Evans: I don't think it needs to go out to RFP for \$69k but I agree with Commissioner Powell's point of exploring other alternatives.

Commissioner Brennan: Commissioner Powell's suggestion is reasonable.

Motion to table the Marsh USA, Inc. resolution made by Commissioner Brennan. Seconded by Commissioner Evans. Adopted 3-0.

Commissioner Powell stated the guidance is that:

- (a) Talk with the Auditor General
- (b) Research other resources within our membership organizations
- (c) Find out what proprietary consulting agencies are available

ACTION: Ms. Tripi will speak with the Auditor General, research resources within membership organizations and other proprietary consulting agencies.

b. Day Automation Systems

Ms. Tripi explained this is a renewal of an annual maintenance contract for utilities monitoring systems. That contract was \$200k two years ago and it was increased by \$80k this year and the fee is the same for next year (\$280k).

Commissioner Evans: When the contract ended was it necessary for us to renew the contract with Day Automation?

Ms. Tripi: They are the only vendor authorized in Upstate New York to support the system that we have in the District. There are no competitors in our area.

Commissioner Evans: Authorized by who?

Ms. Tripi: Day Automation is the service representative authorized by the manufacturer of the system. Similar to Xerox services, only Xerox representatives or companies that Xerox outsource to multiple companies to service their equipment but have only one company per region.

Commissioner Powell: Does the monitoring included observing gas and electric consumption and making sure our utility bill is accurate?

Ms. Tripi: It does validate consumption and we then compare consumption against the utility bills.

Commissioner Evans: Was there was any choice in the \$80k increase?

Ms. Tripi: The increase happened last year and it was because we implemented the system in more buildings. We increased as part of the energy performance contract monitoring system in other schools and we went consistent across the board and this caused the increase. I'm sure there was an offsetting decrease for the systems that got thrown out.

Commissioner Evans: The contract did not have a date.

Ms. Tripi: It is July 1, 2006 – June 30, 2007.

ACTION: Contract begin/end dates need to be added to the resolution.

Motion to advance the Day Automation Systems resolution to the Board for consideration made by Commissioner Brennan. Seconded by Commissioner Evans. Adopted 3-0.

c. The College Board

Commissioner Powell said this resolution has a lot of elements similar to textbook adoption and asked if other committee members thought the Quality Assurance (QA) Committee should weigh in on the resolution. Ms. Tripi said this would not have gone to QA. Typically, QA only reviews resolutions for new programs and this is just an expansion and a renewal of an existing program. Because it has the technology component and the Finance Committee has asked to review technology resolutions, we figured we would err on the safe side and bring it before the Finance committee.

Commissioner Brennan: What is the harm in running it past both committees?

Ms. Tripi: Typically it would not have gone before any committee.

Commissioner Powell: This is one of those items that we just follow things that we have always done that could very likely have fallen through all of the cracks. There is a QA meeting on 12th and if Commissioner Thompson was interested in taking this up, we could attach a copy.

Commissioner Evans: Because it is an expansion and not something new, I don't see any reason why it needs to go to QA for review. I am glad that it did come here, because it is technology.

Commissioner Powell: The reason why QA might be involved is to see whether it is one of the products that have proven their worth.

Commissioner Brennan: Is there was any reason why we couldn't run it past QA?

Ms. Tripi: I am not sure what criteria the QA Committee has requested in terms of resolutions going in front of them. I do know that in particular the Dr. Freddie Thomas high school component was added just because the College Board going to that school. The other school getting the College Board school had this curriculum so we wanted to be consistent with the two College Board schools.

Commissioner Powell: I suggest, with the committee's support, that we approve the resolution but one or all of us insist that an assessment -- if a quality assessment hasn't already been done -- that it then gets put on the QA Committee agenda to review the assessment.

Ms. Tripi: Separate of the purchase?

Commissioner Powell: Yes. As a Board we are in a position of making sure programs live up to their promises.

ACTION

1) Have an assessment, if a quality assessment has not been done, and then it goes to QA to review the assessment.

2) Provide the Committee with a list of current software maintenance agreements.

3) Commissioner Powell will prepare the memorandum to the President of the Board that an assessment needs to be done on College Board program

Motion to advance the College Board resolution to the Board for consideration with the caveat that an assessment be made and presented made by Commissioner Evans. Seconded by Commissioner Brennan. Adopted 3-0.

d. The Travel Team, Inc.

Commissioner Powell: Who were the other vendors?

Mr. Smith: In April an RFP was issued. Public notification of the RFP appeared in the *Democrat and Chronicle* on April 18, 2006. The notification was also published on the District website and on BidNet, the online bid notification system. Seven companies obtained the RFP document and we only received two full responses. Travel Team and Town & Country, our current vendor.

Commissioner Evans: What set the two vendors apart?

Mr. Smith: The Travel Team's training programs and on-line software were presented as better than those of Town & Country. The cost proposal from Town & Country was for \$28 for call center reservations and \$15 for on-line reservations. The Travel Team proposal was for \$30 call center reservations and \$15 for on-line reservations. The Travel Team was much more confident that the District employees will embrace using the on-line software. Ultimately the cost savings would come into play once we had people trained using the on-line system. Excellent training and on-line software system that was more friendly and easier to use than Town & Country. The online system that Travel Team offers will search some of the smaller airlines like Southwest and Jet Blue.

Commissioner Powell: Is this something we could do ourselves?

Mr. Smith: I don't think so. With the data we get, the reports received and the controls in place that match our travel policy, I think is well worth going with this system and it's not a high expense. Town & Country last year made about \$15k on all the bookings they did.

Commissioner Evans: What is the dollar amount of the contract?

Mr. Smith: It is based on the number or transactions. If someone calls in and makes a reservation it is \$30 and online it is \$15.

Commissioner Evans: Why do we put in the language about the contract being extended for four one-year extensions. What value does it have?

Mr. Smith: By law we can only enter into one-year agreements and with RFP there are some setup costs involved and if the vendor or the agency does a good job we will automatically renew the contract for another year rather than doing an RFP each year. The intent is to go in for five years. Either party can cancel with 60 days notice.

Motion to advance The Travel Team, Inc. resolution to the Board for consideration made by Commissioner Evans. Seconded by Commissioner Brennan. Adopted 3-0.

e. Avatar Technology, Inc.

Motion to advance the Avatar Technology, Inc. resolution to the Board for consideration made by Commissioner Evans. Seconded by Commissioner Brennan. Adopted 3-0.

IV) Next Meeting – July 20, 2006

Commissioner Evans suggested that the committee met ½ hour before the July 20th Board meeting to discuss the Marsh USA, Inc. resolution.

Adjournment: Motion to adjourn made by Commissioner Evans. Seconded by Commissioner Brennan. Adopted 3-0 at 7:00 p.m.