

Rochester Board of Education

Finance Committee

March 8, 2005 at 6:15 p.m.

Present: Commissioners Evans, Garcia, Porter, Powell, Ms. Rohring, Jeremy Wildrick-Cole, Mr. Marini, Mr. Omiccioli, Ms. Smouse, Mr. Keysa, and Ms. Cottrell.

Commissioner Powell convened the meeting at 6:40 p.m. with apologies for starting late.

I. Receive and Review Monthly Financial Reports

Commissioner Powell asked if everyone had an opportunity to look over the monthly financial reports and whether anyone had any questions.

Commissioner Powell mentioned that she had discussed with Dr. Rivera and Mr. Marini why the professional development allocation listed on available funds is substantially below the level it was last year. It represents a significant union give back.

Mr. Marini stated that Mr. Connors will look into this further to verify. He said after teachers complete professional development time, they receive \$700 which, due to completion timing, is generally paid at the end of the year.

Commissioner Garcia asked if the district pays when they complete it.

Mr. Marini stated the process is to pay it out when completed and for many that is the end of the year.

Motion to accept the monthly financial reports and recommend to BOE by Commissioner Garcia. Seconded by Commissioner Evans. Adopted 3-0.

II. Receive and Review Resolutions for March Business Meeting

a. Revision to language on approved E rate resolution from last month.

Mr. Marini explained to the Committee that when the Board approved E-Rate resolutions in February, the staff mistakenly included a clause in the Fibertech

resolution making it contingent upon E-Rate funding. The staff is not asking for an additional sum of money, but we are requesting the Board remove the contingency. The Fibertech contract should not be dependent on E-Rate funding.

Ms. Cottrell said that the Fibertech contract has been submitted as part of the District's E-Rate application, but whether or not approved, the work must be done in order to maintain district fiber connections.

Commissioner Garcia asked if the RFP included the contingency.

Commissioner Porter said all of the E-Rate contracts had that provision. Everyone that applied, applied with that provision and all the contracts were approved, including Fibertech, with that provision. How does Fibertech come back and say they did not mean to apply with that provision?

Ms. Cottrell said all parties involved in the WAN negotiation agreed that the work must be done regardless of E-Rate. The District has contracted for this service in the past and will do so going forward.

Commissioner Porter said that doesn't answer the question why we are making an exception for Fibertech and why they applied knowing there was a contingency. He asked if we don't get E-Rate, are we stuck with over \$700K bill? Why are they special?

Commissioner Garcia asked for clarification about whether the RFP contained the contingency requirement.

Ms. Cottrell agreed to review the RFP to confirm whether it was subject to the E-Rate contingency.

Commissioner Powell suggested that the committee advance to the next item on the agenda and come back to this after Ms. Cottrell completed her review.

b. Ronco resolution

Mr. Marini indicated that Ronco had been a telecommunication provider to the District since '01-'02. The District is currently understaffed in the telecommunication area so we are asking for \$33,000 in services to hold us over until the end of June 2005.

Motion to advance the resolution to the full Board for consideration made by Commissioner Garcia. Seconded by Commissioner Evans. Adopted 3-0.

III. Final CIP 2005-06 to 2009-2010 presentation to committee

Mr. Marini referred to the CIP document and said Mr. Keysa would answer any questions the committee might have. He indicated there are some typos and some adjustments needed before it will be a final product. However, it is consistent with a standard 5-year plan as required to be in compliance with SED. We have a constraint by the city of Rochester so we can't spend more than we pay down on debt service. We must come up with special legislation to get that changed. Otherwise, we will become like Buffalo and NYC if we don't keep spending on capital projects.

Commissioner Evans asked if the CIP will change in any way due to recommendations from the Facilities Modernization Board.

Mr. Marini said it would not impact '05-'06, but it might have an impact on '06-'07 through '10-'11. We are at the ceiling of 3-1/2% share of 9% of debt service permitted under state law. We must make a recommendation to increase our share. It is a negotiation for the Board and City Council.

Commissioner Garcia said that at the last meeting there was some discussion that the city might resolve this issue by crossing fiscal years.

Mr. Marini pointed the commissioners to page 31. The City has said that even though the way they project debt out, in '05-'06 they have agreed to let the District spend the same amount of money that has been authorized--\$17M—so the District can continue at same pace for capital improvements. However, without a facilities modernization plan, there is only \$9M in further out years. That is not enough to keep up work. We currently have over \$100M in backlogged projects.

Ms. Rohring said that the Board is aware of this issue and understands the implications. They have raised the issue on several occasions with City Council, but that City council will not discuss this matter until July 2005 after FMB recommendations have been made and the Board responds to the recommendations.

Commissioner Garcia said this matter is still up for discussion.

Commissioner Powell suggested that as a committee, it recommend a joint city council/school board retreat. It's only been done once in last the 5 years. Commissioner Porter says we must look at the legality of that.

Commissioner Powell said there is nothing that says we can't recommend it. If we meet with the entire city council, we can hear where there may be different opinions/ideas.

Commissioner Garcia motioned to recommend that a joint City Council Board of Education retreat be convened.

Commissioner Evans seconded, saying the Board needs to know their thinking, especially on the debt issue. Adopted 3-0.

Commissioner Powell asked whether the committee would recommend advancing the CIP to the full board.

Commissioner Garcia asked about summary award on p.58. Am I to interpret that 25 comes from cash capital and rest from bonding?

Mr. Marini said that was correct.

Commissioner Powell noted that there is \$90K set aside for school 25 on page 27. She asked for an interpretation.

Mr. Keysa said if you look at page 26, the way these cycles work, a certain percentage is paid out in the current year. The draw represents final payments on a project already done. We have jobs we did last summer but won't make the final payments on until next summer.

Commissioner Garcia asked if there is a percent of every contract held back.

Mr. Keysa said there is 5% held back on every project. Nothing is fully paid for until it is completed. We always hold back 5% until the end.

Motion to recommend the CIP to the full Board made by Commissioner Garcia. Seconded by Commissioner Evans. Adopted 3-0.

Action Item:

- Circulate CIP to the full Board for review; forward questions/comments to Facilities Department by March 24, 2005.

Iia. Return to Fibertech Resolution Discussion

The committee then returned to the previous agenda item.

Ms. Cottrell said that the RFP speaks to E-Rate but doesn't have an E-Rate approval contingency.

Commissioner Porter requested a copy of the RFP.

Commissioner Garcia reiterated that when the Board voted on the Fibertech resolution, it was with an E-Rate contingency clause.

Mr. Marini said that was a mistake.

Commissioner Porter asked if it was a mistake 7 times or just once? What is the difference? Why doesn't this one have to have it?

Mr. Omiccioli explained that there are two types of E-Rate reimbursement. Category one covers connectivity. It is fully funded in schools with a poverty rate of 80% or higher. We have an 87-90% poverty rate. We didn't want to put a vendor at risk financially for installing infrastructure we need for July 1 turn on and not be reimbursed for those expenses.

Category 2 non-traditional technology. This is a lower reimbursement rate with less certainty. We didn't want to bind the District to certain technology and associated contracts without e-rate funding.

Commissioner Powell commented that the risk is not a real risk.

Mr. Omiccioli said that there has never been less than 100% funding for category one technology. We have every reason to expect that the money will come in.

Commissioner Porter asked if the money doesn't come, who will the Board hold accountable?

Mr. Marini accepted responsibility.

Commissioner Porter wanted to make that clear.

Motion to forward amended Fibertech resolution to the Board for consideration made by Commissioner Garcia. Seconded by Commissioner Evans. Adopted 3-0.

V. Budget process update

Mr. Connors joined the meeting in progress.

Commissioner Powell informed the committee that she and President Porter will meet with the Superintendent and Mr. Marini a week from today to discuss how we will unveil next year's budget.

Mr. Marini reported that staff had a second budget retreat last week and is meeting again this week. Hopefully, staff will be ready for the presentation on the 29th with significant detail. We are writing our budget to fulfill the new requirements agreed to by the Board of Education and City Council. We will deliver the new format. It's been tough because we are getting information from different sources. It is our goal to finalize the budget by the 29th.

Commissioner Evans asked if staff will use the governor's revenue number?

Mr. Marini confirmed that the budget will be based on the governor's revenue projections. He advised the committee that he will make one more trip to Albany on the 22nd to see where we are. He explained that the process has changed and that the big difference is that the Senate and Assembly may not change formulas. The legislature could restore line items. It will be difficult to make predictions. In talking with some of the staff people, it appears that some additional monies will go to education, but most of it will be for Medicaid.

Commissioner Evans asked when the budget is anticipated to pass?

Mr. Marini said it could either be April 1st or late in the summer. He reported that there is a lot of pressure for budget reform and that the legislature is feeling pressure to deliver by April 1.

Commissioner Powell expressed her desire to have a conversation with each of the committee members to gather their recommended strategy for unveiling the budget. She offered to advocate for their positions at next week's meeting.

Commissioner Evans remarked that he doesn't want to make it sound like a fire alarm, but he thinks it is important to paint a true picture of the reality of the situation.

Commissioner Powell replied that it is going to sound like a five alarm fire if we use the Governor's numbers.

ACTION ITEM: Commissioner Powell will call all committee members before the meeting with the Superintendent and Mr. Marini to ascertain each committee member's position on the strategy for presenting next year's budget to the public. She committed to calling everyone over the next week.

Commissioner Powell stated that March 29th is the date to propose the budget to the board. Ms. Rohring clarified that it is not a board meeting, but the Superintendent's meeting.

VI. Next Meeting – April 12, 2005 at 5:30 p.m.

Motion to adjourn the meeting by Commissioner Evans. Seconded by Commissioner Garcia. Adopted 3-0 at 7:26 p.m.