

Rochester Board of Education Finance Committee

**January 11, 2005 at 5:30 p.m.
Agenda**

Present: Commissioners Evans, Garcia, Powell, Porter, Ms. Rohring, Jeremy Wildrick-Cole, Dr. Rivera, Mr. Marini, Ms. Tripi, Mr. Connors, Mr. Omiccioli, Dr. Cliby, and Marlo Johanson and Jim McGuinness of CELT Corporation.

Commissioner Powell called the meeting to order at 5:32 p.m.

Ms. Powell mentioned that she and Mr. Marini met last week and had asked him to work with the Superintendent to develop a mechanism to group the budget priorities in a logical fashion to reflect the Superintendent's thinking on what's most important and what has the most direct impact on education vs. not.

Mr. Marini agreed that it is important to group the priorities and although he was in Albany yesterday, he did speak with Kim Dyce to be sure that staff could bring it together in short order.

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. There being none, she asked for a motion to accept and recommend to the Board.

Motion by Commissioner Garcia, Seconded by Commissioner Powell seconded.
Adopted 2-0.

II. Receive and Review Resolutions for January Business Meeting

a. Service providers – telecommunications, etc.

Commissioner Powell invited Mr. Marini to speak to the resolutions under consideration.

Mr. Marini noted that Friday's packet included an update on e-rate. Given the timing, we were not able to present all the information on all the vendors we are selecting for certain categories. The RFPs were due Friday. The team worked over the weekend to put everything together. What you have in front of you now is a more detailed observation. The process evaluation summary is the same one that we have used in other selections. We feel good about the recommendations we've made. I do have people from CELT here, the vendor the Board approved last month to help us with this process. Dr. Cliby and Ed Omiccioli also worked on this process.

If you look at the brief, page 3 and 4 talk about the process and page 5 talks about the results. I want you to focus on page 6. The matrix gives a summary of the services that are now in play. Based on our poverty rate, and we have the highest rate in NYS and are about 9th or 10th in federal level, the e-rate will equate to approximately 87% or \$1.8M. The cost of goods to the school district is about \$250K per year.

We are asking you to recommend that we go with these providers. Paetec is our current telecom provider and the quote is lower than what we pay today.

Mr. Marini asked Jim McGuinness from CELT to explain the different proposals.

Mr. McGuinness said that the cost for long distance had dropped to \$.029 per minute and the cost for T1 lines dropped. The vendor met our pricing objectives.

Mr. Marini indicated that the RFP process encourages our current provider to be competitive because others are hungry for our business. In the case of telecommunications services, the District saves money and is able to provide continuity by keeping the same vendor. Paetec is also a local vendor.

Mr. McGuinness said there were two frustrating things in the process. We didn't get proposals for cabling work that we need at some facilities.

Commissioner Powell noted it is not in the budget table.

Mr. McGuinness stated that was correct. The District received three very good proposals for VoIP (voice over internet protocol) telephony. The proposals were all very different. However, they were received last Friday at 4:30 p.m. and even though Ed's people reviewed the proposals over the weekend, we are not ready to make a recommendation to the committee as our review raised more questions. Therefore, we are pushing that decision out until next month. The recommendation may be to migrate to a merged solution.

Mr. McGuinness noted that the final deadline for e-rate application is February 17. The District must have contracts in place with vendors from whom we procure services. We hope you will approve those contracts on January 20th so we can secure the money for your share 13% of whatever we spend and then file the 441 application after January 20th but before February 17th.

Mr. McGuinness directed the commissioners' attention to the first table on the top of the page noting it is for services the District already purchases. On the bottom of the page the information is for services the District does not procure yet. This District will qualify for 87% approval. The way the program is set up, the District will be billed the net amount by the vendor, only 13%, the vendor will bill the government the remaining 87%.

Mr. Marini interjected that staff will need Board approval for all the telecommunications services first before we put applications onto the network. The District does not have to layout any cash – we'll receive \$4M for \$628K in cash outlay. He noted that the contracts are contingent upon being approved for e-rate funding.

Commissioner Powell asked Mr. McGuinness to walk through the impact of timing without a vendor identified for VoIP.

Mr. McGuinness said he didn't know when the next Finance Committee meeting would be.

Commissioner Powell said it is on Feb. 8.

Mr. McGuinness said that the evaluators will complete their review and finalize the best choice and submit a resolution for Feb. 8 Finance meeting.

We will prepare a separate 441 application and input all the data so when the board meets on Feb. 17, we hope it will address this matter early, before 7 p.m., so we can get back on the Web and submit the application to meet the government's deadline.

Commissioner Powell asked if the District can submit the application without a signed contract from both parties.

Mr. McGuinness indicated that when the Board approves a resolution to negotiate with a vendor, that qualifies under the rules as a contract.

Commissioner Garcia asked if price-wise, whether all the vendors who responded to the RFPs came in at about the same price.

Mr. McGuinness stated that the responses were all equal or better for all proposals for VoIP. Most were better for WAN – we can get more bandwidth to elementary schools for less money than we are now paying. Local and LD – dialtone – will be less in the future.

We will also ask Paetec to amend our current contract through June 30 to meet prices offered for next five years. We believe the rates should be good as of February 18th.

Mr. Marini asked if the VoIP vendor quotes were competitive.

Mr. McGuinness said they were competitive both as compared to each other and to the industry.

Commissioner Garcia asked – even though we don't know which vendor is going to get the contract, I want to know where we stand price-wise.

Mr. McGuinness said we did get pricing, and we estimated what the District could do. It will not exceed \$1M gross, so the net cost will be \$250K. With VoIP, not everything in that proposal is eligible for erate, a different percentage applies. It will be roughly 75%. Phones are not eligible. We believe that you will not gross more than \$1M, but we haven't made a final determination yet.

Commissioner Porter indicated he wanted to discuss the timing issue. You said you are looking for the Board to vote on 2/17. When will you be ready?

Mr. McGuinness said the team will be ready within 2 weeks.

Mr. Marini asked Commissioner Porter whether he was considering convening the finance committee of as a committee of the whole.

Commissioner Porter asked if that would be helpful.

Mr. Marini and Mr. McGuinness both said it would be helpful.

Commissioner Porter expressed his concern that if the computer goes down or the server goes down, then we're dead if we leave it until Feb. 17.

Commissioner Powell suggested if President Porter were present at the next finance committee, the committee could have a board meeting immediately following the committee meeting.

Ms. Rohring noted it could be convened as a committee of the whole to vote on this specific resolution.

Mr. Marini inquired whether CELT and the team could be ready by Feb. 8.

Mr. McGuinness replied affirmatively.

Commissioner Powell pledged that the board will work out the technicalities so that this resolution could be approved on Feb. 8.

ACTION ITEM: Staff will circulate finalized evaluations on VoIP and recommendations with proposed resolutions prior to the Feb 8 meeting by distributing materials to the whole board, not just the finance committee on Friday, Feb. 4.

Mr. Marini expressed his appreciation to the commissioners for their willingness to consider these matters on Feb. 8.

Commissioner Powell indicated she had a parochial question. One of the things I hear from SOTA is they don't have enough incoming lines. Would that be addressed?

Mr. Omiccioli agreed that SOTA doesn't have enough lines, but this proposal will address that.

Mr. Marini reiterated the discussion. The purpose of e-rate is to provide the foundation for the District's technology needs. Foundation must occur first.

Commissioner Porter asked about the cabling issue – what is the plan?

Mr. McGuinness indicated that they will look into what the incumbent provider can do for the District. Team will also look at current State contracts to see what the District might procure from. Any contracts the State has already meet e-rate requirements.

Commissioner Porter mentioned the cable in the classroom program and wondered if it could help the District.

Mr. McGuinness said he didn't know.

Commissioner Porter questioned the type of cabling being used.

Mr. McGuinness said it would be better because it will meet facilities standards and state standards. A state contractor would say you can buy this many drops from a certain company for \$25k. We would dictate the route. The amount would be settled by Feb 17 and locations would be identified. We would renegotiate after Feb. 17 when we are allowed to cable similar to network CISCO gear, the price list and percentage off list price will change between proposal and actual time of purchase. There is flexibility as to how we inform them. NY State CISCO is 32% off list price. Our contract is 37.5% off MSRP at the time we put out purchase order.

Commissioner Powell asked for a motion to recommend adoption of the e-rate resolutions.

Motion by Commissioner Garcia, Seconded by Commissioner Evans. Adopted 3-0.

Commissioner Powell thanked Mr. McGuinness for his presentation. It was easy to understand.

Mr. Marini said this lays a good foundation. He thanked all the IT people for all their hard work to put this together.

b. Empower phase 2 for PeopleSoft implementation

Mr. Marini said the Empower Solutions firm will continue to help with PeopleSoft implementation. We first asked the Board for authority to negotiate with Empower in Feb. 2004 and the Board approved a contract with them in March 2004.

This past year, we did have to cut funds out of PS budget. The timeline has been stretched out. We have made the decision not to implement some modules outside of finance, but we have also made a decision for certain modules. We've had good success with the benefits administration package and implementation of the budget module. Departmental budgeting is the biggest component of this phase at this time.

Commissioner Powell referred to page 4, and questioned where we are going?

Mr. Marini said these were on timeline. And we are not recommending everything. It's a question of resources. There aren't enough consultants to do this. We would rather recommend what we can deliver.

Commissioner Powell noted we are committing to expend money from next year's budget.

Mr. Marini said we may have to stop some services – travel and expense, req to pay, if funds are reduced again in 2005-06 because we need to finish what we are doing now. We want to continue Projects/grants module because we are seeing value. You need to realize that with grants, even though grants represent only 20% of funding, it represents 80% of the work in the finance dept. The paperwork is incredible.

Commissioner Powell asked if there were any questions?

Commissioner Evans asked if this is a commitment and whether Empower would stop work if we did not get the necessary funding.

Mr. Marini said Empower is a K-12 integrator. They understand funding is an issue.

Mr. Marini presented an updated resolution from legal counsel. That resolution shows the history of what the Board approved last year and what we are asking for this year.

Motion to recommend this resolution to the Board for approval by Commissioner Garcia, Seconded by Commissioner Evans. Adopted 3-0.

c. Meek and Associates extension

Mr. Marini said Larry Meek has been helping him with technology. The immigration policy of the current Presidential administration has changed so that not as many H1B visas are being allowed. Mr. Meek has an existing contract.

Commissioner Powell said it was her understanding that the District had made a commitment to hire Mr. Meek.

Mr. Marini said Mr. Meek currently has a work visa but has not been able to obtain an H1B visa required for him to become an eligible employee of the District. We cannot hire him until that gets resolved.

Commissioner Powell said we had already made a permanent commitment. We are hiring him as consultant until Visa paperwork is resolved.

Motion to recommend this resolution to the Board for approval by Commissioner Garcia, Seconded by Commissioner Evans. Adopted 3-0.

III. Discussion on Budget Funding Priorities – finalize

Superintendent Rivera stepped up to discuss the budget priorities. He presented the committee with a one page document. On the original list, there were 20 items. Dr. Rivera looked at what was not mandated but what he considers are essential, core elements of our program.

He noted some may argue with the prioritization. Some may argue whether middle school and high school sports are essential to our program. He considers them so. He also listed Full-day Kindergarten, maintaining small classes, Arts/Music and Librarians as essential elements of the educational programs.

Dr. Rivera indicated the District must continue to make certain instructional supplies and textbooks are available in the classroom.

He also said it is important to review needed services whether direct or supportive. The 2004-05 budget did not include funds for summer school for grades 3-6 for those not meeting standards. The District felt the fallout from that decision; as well as the cut to the junior high summer school program. Some families in grade 8 could not move on to grade 9. That created problems across the city.

Title I. funding ELA, math and AIS specialists are the core team who support instructional programs and work with teachers. We have schools that are implementing good programs. America's Choice, we pay for ramp up and for a reader/writers workshop.

We might be smarter to get better pricing for programs. America's Choice has moved to become a for profit program. We are one of their largest clients, so we may be able to benefit from that position.

Guidance counselors – our student-counselor ratio is much higher than in the suburbs.

We've also made a commitment to increase the number of advocates for Hillside and student support center.

In the second tier, there are some major initiatives that are continuing that we should support.

On technology we are moving aggressively, and we will have a more specific presentation to you at a later date.

Choice – in about 15 minutes you will get a report that will identify certain implementation needs.

The Good news is that the next phase of secondary redesign will be supported by the \$5M from GATES foundation, but it won't cover capital improvements. Labs; expanding sports teams; newer textbooks. The costs on development side covered.

There are some customer service enhancements we'd like and some new initiatives. I have indicated desire for more reading specialists to work with children in grades 1-3.

The Comptroller's Audit, Facilities Advisory Board, the 10-year capital improvement plan will come in late spring/summer for board action next fall.

There are some alternative programs we'd like to implement.

In the fourth category, there is our diversity initiative, which may be dependent on getting revenue from state.

If you were to ask me what's critical, look in section 1. You as a board can prioritize.

Commissioner Garcia questioned what's going on with lack of Spanish textbooks.

Dr. Rivera said there is a textbook selection committee up and running. There are so many outdated textbooks for which there are no replacements; but we are trying to get replacements.

Dr. Rivera noted that the District has accelerated the adoption process. We have done a site-by-site assessment to get as many copies of used books as we can.

Mr. Silver explained that the copyright expired and we cannot get the same books without trying to replace the whole series.

Commissioner Garcia asked how lack of materials has affected instruction in the schools.

Mr. Silver said teachers have been making copies of materials to handout.

Commissioner Garcia said he cannot understand. He has been told they have no materials and are unable to duplicate in schools because they don't have enough time or enough paper.

ACTION ITEM: Dr. Rivera committed to go to teachers and deal with this matter on a class by class basis. He agreed to intervene and get it done.

Commissioner Evans said the list looks good. He remarked that suburban schools have sports and the City needs to as well. He also said he talked about library services when he ran for school board. He sees that as essential. He was glad to see the diversity issue on the list too.

Commissioner Garcia asked Dr. Rivera if he wanted the committee to adopt priorities for restoration.

Dr. Rivera said if the board concurs with his grouping it would give him a good sense of the Board's priorities and help as staff goes forward to develop next year's budget.

Commissioner Porter wanted to touch back on books. Why are the books not current ?

Dr. Rivera said that before he came on board, about 3 or 4 years ago, the District delayed the purchase of textbooks for Hispanic classes. And then we didn't have a director. We appointed one this past year. We began the process but we still have classes that don't have sufficient materials.

Commissioner Garcia said he was concerned that nothing happened until he brought it up. This teacher has been complaining. But nothing happened until I brought it up. We shouldn't stand for it.

Commissioner Porter asked if we are looking to get new books.

Dr. Rivera said Yes. We are in the process of getting them. We can't get the same books, but we will get what will meet teacher's needs. We will go to the teachers .

Commissioner Porter asked if we have tried to touch base with other Big 5 Districts to see if they have those books? To transfer those books here so we can get them into the classes here.

ACTION ITEM: David Silver will check into that possibility with the Big 5.

Commissioner Evans asked what were the estimated costs for priorities, especially new ones? Will they be attached?

Dr. Rivera indicated it will just be directions. But as we develop budget, there will be ranges we can outline in March.

Mr. Marini said the 10-year capital plan is the biggest piece. That will not impact the '05-'06 budget. Capital program will not impact until '06-'07.

Commissioner Powell thanked Dr. Rivera for grouping the 20 points.

Motion to support the priorities in the groups presented by Commissioner Garcia, Seconded by Commissioner Evans. Adopted 3-0.

IV. Next Meeting – February 8 2005 at 6:15 p.m.

Motion to adjourn by Commissioner Evans, Seconded by Commissioner Garcia. Adopted 3-0 at 6:27 p.m.