

Rochester Board of Education

Finance Committee Meeting

March 20, 2018

Attendance: Vice President Powell (Chair); Commissioner Elliott; Commissioner Sheppard; Commissioner Hallmark; Commissioner Lebron

District Staff: Superintendent, Barbara Deane-Williams; Deputy Superintendent; Lawrence Wright; Chief Financial Officer, Everton Sewell; East EPO Chief Financial Officer, Carleen Pearce (left at 8:15pm); Director of Procurement, Tim Schmandt; Chief of Accountability, Ray Giamartino; Chief of Operations, Michael Schmidt; Chief of Human Capital Initiatives, Harry Kennedy

Board Staff: Kallia Wade

Parent Representative: Giancarlo Giannini

Vice President Powell convened the meeting at 5:45PM, following the adjournment of a special meeting re Human Capital Initiative resolutions, and noting quorum.

I. 2018-19 Budget Update

The Finance Committee meeting was convened as a meeting of the Whole with a 2018-19 Budget Update presentation update from District Administration. Chief Financial Officer, Everton Sewell addressed the Committee and began leading members through the PowerPoint document presented. CFO Sewell noted that feedback was utilized from the March 8th Board Retreat day to inform the budget process and advised the District's budget directives. Importantly, CFO Sewell provided an update on the budget gap projection—he indicated that after the proposed adjustments, the preliminary 2018-19 budget gap projection of \$65M had now been reduced to approximately \$31M. Following this, CFO Sewell explained the budget process noting the assumptions re projected revenues (i.e. foundation aid- \$6M, School Health Service Aid- \$1.2 M, Community School Carry Over \$0.5M), as well as expenditures (Path forward set aside \$5M, \$1M contingency reduction, Substitute costs- \$3M, Benefit Cost alignment- \$2.3M, Bus Purchase Delay [1 yr.], FTE Reduction- \$2.1M).

CFO Sewell then fielded Commissioners' questions regarding the budget gap, noting that since the March 8th meeting there have been reductions and cuts and detailed analysis conducted responsible for the reduction of the gap.

Finally, CFO Sewell opened the table for the deputy superintendents and select chiefs to provide further detail on the specific department area budgets. CFO Sewell also indicated that Offices were charged with budget reductions and that the presentation would show the departmental cuts in tiers, notated by colors. Green represented cuts showing least impact, yellow for medium impact, and red for greatest impact.

Deputy Superintendent Lawrence Wright represented Teaching and Learning, on behalf of Deputy Superintendent Linus Guillory. He advised that the area's total operating budget was projected to be approx. \$41M, while the total reductions to be made was \$5M.

Chief Ray Giamartino represented the Office of Accountability, noting the divisions under the office. He indicated total projected reduction savings of \$29,600 in the green tier, \$76,000 in the yellow tier, and \$107,000 if made to make high impact cuts, for a total projected reduction savings of \$212,600.

Deputy Superintendent Lawrence Wright represented the Offices of Administration and Information Management and Technology (IM&T), and indicated total projected reduction savings of \$157,000 in the green tier, and \$87,000 in the yellow tier, for a total projected reduction savings of \$244,000 for the Administration Office. He moved on to indicate a total projected reduction savings of \$482,757 in the green tier, and \$342,784 in the yellow tier, for a total projected reduction savings of \$825,541 for IM&T. Commissioner Sheppard questioned the particular positions referenced in the cuts. Dep. Superintendent Wright noted that this information could not be shared because of concern for persons currently filling those roles. The information was suggested to be shared in executive session in more detail.

Dep. Superintendent Wright also shared the budgetary impact and needs of the Rochester Innovation Schools (RISE) and took the Committee through a Community Schools review. Commissioner Lebron indicated concern for a reduction in grant funding and questioned what the District could anticipate in terms of funds possibly going away.

Chief Michael Schmidt represented the Office of Operations (Transportation, Safety and Security, and Facilities). He showed a total reduction savings of \$307,237 in the green tier, and \$974,556 in the yellow tier for transportation budget. Within this tier, Commissioner Lebron raised safety concerns and did not agree re suggestion to eliminate yellow buses for 6th graders at Charlotte and the suggestion to utilize existing RTS. Commissioners also raised concerns regarding the suggestion to eliminate walker buses in the yellow tier, or the suggestions to eliminate after school transportation or eliminate walker buses in the red tier.

Chief Schmidt then moved on to addressing the Safety and Security budget. He proposed a tier 1 cost cutting of \$61,287, a tier 2 reduction of \$64, 134, and a tier 3 reduction of \$192,402. Commissioners noted the risks to safety with the removal of the guard posting on Hudson avenue (tier 1), road patrol officer (tier 2), and the removal of mobile team members (tier 3). Chief Schmidt noted that these are the risks the department would have to be willing to bear for the budgetary cuts requested.

Chief Schmidt then moved on to addressing the Facilities budget. He proposed a tier 1 cost cutting of \$542,750, a tier 2 reduction of \$1,018,750, and a tier 3 reduction of \$1,561,550. Commissioner Elliott posed questions regarding the cost for RGE bill. This will be followed up by Chief Schmidt.

Lastly, Chief Harry Kennedy represented the Office of Human Resources. He indicated total projected reduction savings of \$35,000 in the green tier, \$95,000 in the yellow tier, and \$95,000 if made to make high impact cuts, for a total projected reduction savings of \$225,000. He indicated that implementing tier 3, or red cuts would critically impact workload by showing

industry standard of 1HR staff: 100FTE. Currently the District has approx. 1HR staff: 334 FTE, but with the cuts would be 1HR: 366 FTE. This, he indicated, would cripple the department.

CFO Sewell then wrapped up the budget update presentation by noting next steps of reviewing the recommended reductions proposed by each team, adjusting the budget accordingly, wait for the Governors enacted budget, and finally the Budget presentation to the Board on March 27th.

The remainder of the discussion featured the fielding of Commissioners' questions and suggestions re the Budget.

Vice President Powell posed the questions "Realistically speaking, how much would red come back if grants are received mid-year?". The response provided indicated that the things indicated to be cut would not generally be eligible for grant funding—a projection of \$1-2M at most was given.

Commissioner Elliott noted that the Union contracts need to be revisited—District needs to have conversations with unions to ask for some assistance in helping to close the budget.

Commissioner Hallmark asked whether increasing grant writers to help obtain grants be a feasible solution. Response was provided noting the proficiency of current grant writers and that there is constant tracking of available and viable grants for the District. The reality of the situation is that many of the grants' terms are ending, resulting in almost \$20M in grant funding leaving the District.

Parent Representative G.C. noted the significant difference in benchmarks for increases to benefits at other companies versus the constant increase to District personnel benefits. The response provided indicated the conditions under current union contracts.

VP Powell questioned the impact of summer learning/extended school day impact on graduation and asked whether the data supported these efforts. Superintendent Deane-Williams responded with approval.

VP Powell also noted that in the past there have been questions re what would happen if the District were to eliminate the Young Mothers' program and the return on investment re its implementation based on the lack of attendance. Some consideration has been given to the combining of programs, but one cannot say programs are not beneficial to the students who have been taking advantage. As such the Young Women's program must be protected with a caveat on impact on attendance.

Commissioner Elliott indicted the need to continue providing extended day/ after school services to District students.

Commissioner Hallmark suggested taking a closer look at the IM&T budget. She indicated that given the toss-up between technologies versus other relevant services, she would support technology cuts. She asked that the Administration weight the costs for various services and offerings.

Commissioner Lebron supported Commissioner Hallmark's point but noted that her biggest cost is transportation. She advised that she does not support putting 6th graders on RTS or funneling students back through the transit center.

V.P Powell indicated that she did not understand the utility of the contingency line in the budget presentation—she noted some confusion regarding the tiers.

Commissioner Sheppard advised that she did not support school counselor cuts and she also indicated that she does not want cuts to arts/ sports programs (that do not have an academic impact)

Commissioners questioned RCSD's percentage in benefits relative to salaries and a discussion was held regarding a defined benefits plan versus a corporate benefits plan.

Commissioner Elliott questioned how many persons are in the retirement bracket, where the District is forced to pay benefits up until retirement. This question was fielded to Chief Kennedy, who would be providing a response with detailed numbers.

Parent Rep G.C. left before next section of the agenda.

II. Question/Answer Session with East EPO and review of the East EPO Financial Report

At 8:09PM East EPO Chief Financial Officer, Carleen Pearce, engaged the Committee in a question and answer discussion re East EPO updates. CFO Pearce referred to the East Financial Status Report and memo prepared for the committee and highlighted. CFO Pearce addressed the Committee, noting that the EPO is working on their 2018-19 Budget and are currently on a Budget freeze for the 2017-18 year. The EPO is also looking closely at the MOAs with the unions. She also indicated that the EPO was finally approved for the Community Schools Grant (CSG) and are now just waiting on the Persistently Struggling Schools Grant (PSSG). CFO Pearce shared the February Finance Report and accompanying memo to illustrate East's financial standing.

Motion by Vice President Powell to accept East EPO Financial Report. Seconded by Commissioners Hallmark, Sheppard, Elliott and Lebron. **Adopted 5-0.**

III. Question/Answer Session with District Administration:

CFO Sewell noted that the One House Bills have been submitted. He also indicated that he played a part in drafting a letter comparing the governors' budget and advocating for categorical asks. CFO Sewell also noted the Senate and Assembly asks.

IV. Review Minutes of the January 18, 2018 Finance Committee Meeting

Motion by Vice President Powell to approve and accept the Minutes of the January 18, 2018 Finance Committee Meeting. Seconded by Commissioners Hallmark, Sheppard, Elliott and Lebron. **Adopted 5-0.**

V. Review and Discuss 2017-18 Budget Amendments

A. BUDGET

- 1. Budget amendment– agreement to amend the General Fund Budget for 2017-18– Resolution No. 2017-18: 680**
- 2. Budget amendment– agreement to amend the Special Aid Grant Fund Budget for 2017-18– Resolution No. 2017-18: 681**
- 3. Budget amendment– agreement to amend the School Food Service Fund Budget for 2017-18– Resolution No. 2017-18: 682**
- 4. Budget amendment– agreement to amend the Budget total for 2017-18– Resolution No. 2017-18: 683**

CFO Sewell explained the need for budget amendments based on the changes (increases) to the special aid grant fund, thereby rolling up the general fund. He noted that the food service fund remained unchanged. VP Powell noted for the record that there would be a forthcoming discussion about the timing/ appropriateness of budget amendments. She indicated that these could be based on the calendar year, rather than need.

Motion by Vice President Powell to address and approve the Budget amendment Resolutions Nos. 2017-18: 680-683. Seconded by Board Commissioners Hallmark, Sheppard, Elliott and Lebron. **Adopted 5-0.**

VI. Review and Discuss District February 2018 Financial Report

CFO Sewell led the Committee through the District's financial statement by referring to the cover memo prepared by CFO Sewell. CFO Sewell explained the expenditures and noted that the increases were due to the receipt of funds. He indicated that excess funds in the Contingency fund would be put back into the Fund Balance.

Action Items:

Motion by Vice President Powell to approve and accept District's February 2018 Financial Report. Seconded by Commissioners Hallmark, Sheppard, Elliott and Lebron. **Adopted 5-0.**

VII. Review and Approve Proposed Resolutions for the March 22, 2018 Board Business Meeting

B. PROCUREMENT & SUPPLY

1. **Laux Sporting Goods, Inc.; Muddy Locker Sports; Riddell/All American; The New Premier Sports Center; V & V Vending Incorporated dba dba Valenti Sports; BSN Sports, Passon’s Sports & US Games; and Varsity Spirit Fashion & Supplies, Division of Varsity Brands Holding Co., Inc.– contract agreement for the purchase of athletic uniforms for secondary schools within the District – Resolution No. 2017-18: 684**
2. **Leslie’s Poolmart, Inc. dba Leslie’s Swimming Pool Supplies – contract agreement for purchase of swimming pool chemicals and supplies for secondary schools within the District – Resolution No. 2017-18: 685**
3. **E3 Diagnostics Incorporated, dba E3 Audiomedtrics (formerly known as Audiomedtrics Technology); Lightspeed Technologies, Inc.; Oaktree Products, Inc. (M/WBE-Woman Owned); Oticon, Inc.; Phonak LLC; and Troxell Communications, Inc.– contract extension for Audiology Supplies & Equipment to purchase FM receivers, transmitters, headsets, amplifying systems, belt clips, chargers and other equipment for hearing-impaired students with Audiomedtrics Technology – Resolution No. 2017-18: 686**
4. **Public School Districts, other BOCES organizations, and the Monroe 2-Orleans BOCES (the “BOCES”) – agreement to bid jointly for the purchase of Fresh Bread Supply (the “Commodities”) for a term of one year – Resolution No. 2017-18: 687**
5. **Public School Districts, other BOCES organizations, and the Monroe 2-Orleans BOCES (the “BOCES”) – agreement to bid jointly for the purchase of Fresh Produce Supply (the “Commodities”) for a term of one year – Resolution No. 2017-18: 688**
6. **Public School Districts, other BOCES organizations, and the Monroe 2-Orleans BOCES (the “BOCES”) – agreement to bid jointly for the purchase of Milk and Juice Supply (the “Commodities”) for a term of one year – Resolution No. 2017-18: 689**

Motion by Vice President Powell to address and approve the Procurement and Supply Resolutions Nos. 2017-18: 684-689 as a bundle. Seconded by Commissioners Hallmark, Sheppard, Elliott and Lebron. **Adopted 5-0.**

C. EDUCATIONAL FACILITIES

Chief of Operations Mike Schmidt explained the final payments and explained the change orders by providing the Committee with further information on equivalents.

Final Payments:

1. **Testa Construction, Inc.– final payment for general construction work in renovating Charlotte High School– Resolution No. 2017-18: 690**
2. **UDN, Inc. – final payment for general construction work in renovating School No. 42– Resolution No. 2017-18: 691**
3. **UDN, Inc.– final payment for general construction work in renovating School No. 46– Resolution No. 2017-18: 692**
4. **Hewitt-Young Electric, LLC– final payment for electrical work in renovating School No. 46– Resolution No. 2017-18: 693**

Motion by Vice President Powell to address and approve the Educational Facilities Final payments Resolutions Nos. 2017-18: 690-693. Seconded by Commissioners Hallmark, Sheppard, Elliott and Lebron. **Adopted 5-0.**

Contracts:

1. **UDN, Inc.;Crosby-Brownlie, Inc.; Nairy Mechanical LLC; Concord Electric Corp.; and Lozier Environmental Consulting, Inc. – contract agreement for general construction work, HVAC work, plumbing work, electrical work, and air/project monitoring work in renovating School No. 3/Adams Street Recreation Center – Resolution No. 2017-18: 694**
2. **Kuitems Construction, Inc.; Massa Construction, Inc.; and Concord Electric Corporation– contract agreement for general construction work, site work, and electrical work in renovating School No. 29– Resolution No. 2017-18: 695**
3. **Nairy Mechanical, LLC; Kyle R. Lawrence Electric, Inc.; and Testa Construction – contract agreement for general construction work, site work, and electrical work in renovating School No. 33– Resolution No. 2017-18: 696**
4. **Kuitems Construction, Inc.– contract agreement for general construction work in renovating School No. 41– Resolution No. 2017-18: 697**
5. **Spring Sheet Metal & Roofing, LLC; Lozier Environmental Consulting, Inc.; and Massa Construction, Inc.– contract agreement for general construction work, air/project monitoring work, and site work in renovating School No. 42– Resolution No. 2017-18: 698**
6. **Kuitems Construction, Inc., LLC; Lloyd Mechanical Co.; North Coast Electrical Solutions, LLC; and Lozier Environmental Consulting, Inc.– contract agreement for general construction work, HVAC work, electrical**

**work and air/project monitoring work in renovating School of the Arts–
Resolution No. 2017-18: 699**

- 7. Stantec Consulting Services, Inc.– contract amendment for general services for structural engineering, on an as needed basis, and consulting services in areas that include asbestos, lead, structural integrity, feasibility studies, new program and/or project initiatives and small capital improvement projects– Resolution No. 2017-18: 700**

Motion by Vice President Powell to address and approve the Educational Facilities Contracts Resolutions Nos. 2017-18: 694-700, Seconded by Commissioners Hallmark, Sheppard, Elliott and Lebron. **Adopted 5-0.**

Other:

- 1. Rochester Joint Schools Construction Board (RJSCB)– cooperative agreement for the development of an Athletic Complex at James Monroe High School – Resolution No. 2017-18: 701**

Motion by Vice President Powell to address and approve the Educational Facilities Other Resolution No. 2017-18: 701. Seconded by Commissioners Hallmark and Sheppard. **Adopted 3-0.**

D. OTHER

- 1. YMCA of Greater Rochester – agreement to provide use of the Main Street facility for extracurricular group physical activity for approximately thirty (3) students in the Big Picture Learning Program– Resolution No. 2017-18: 711**

Action: Commissioner Sheppard requested further information on the Big Picture Program

Motion by Vice President Powell to address and approve the Other Resolution No. 2017-18: 711. Seconded by Commissioners Hallmark, Sheppard, Elliott and Lebron. **Adopted 5-0.**

Next monthly Finance Committee Meeting: April 19, 2018. Meeting adjourned at approximately 9:50PM