

# **Detroit Public Schools Community District**

*Discussion Document – Financial Review Commission Public Meeting*

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September 25, 2017

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**a. Community District's Monthly Report**

**b. DPS / DPSCD Interdistrict Transfer Activity**

**c. Contract Requests**

**d. Out-of-State Travel Requests**

## Financial Update – July 2017

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- DPSCD has prepared a monthly spread of the adopted budget, which will be used to measure performance going forward. This spread is in the process of being updated and finalized for budget amendment no. 1.
- DPSCD recorded a surplus of revenues over expenditures of \$9.1M in the month of July 2017, compared to a budget surplus of \$8.6M.
  - Relative to budget, revenues exceeded plan by \$2.6M, or an 8% increase, primarily due to higher than expected reimbursements in Title I funding for summer school programs
  - On the expenditure side, actuals exceeded budget by \$2.1M, or a 9% increase
    - Salaries and benefits includes certain stipends and separation payments that may be reclassified back to FY 2017, subject to auditor determination.
    - Utilities and purchased services includes topside accruals subject to further analysis of actual invoices.
  - The surplus is primarily due to lower expenditures, relative to the rest of the year, resulting from school being out of session during the summer.
- YTD net cash flow through July 2017 was \$19.5M, putting the ending cash balance at \$81.0M (\$129.5M including the internal service fund and fiduciary account)

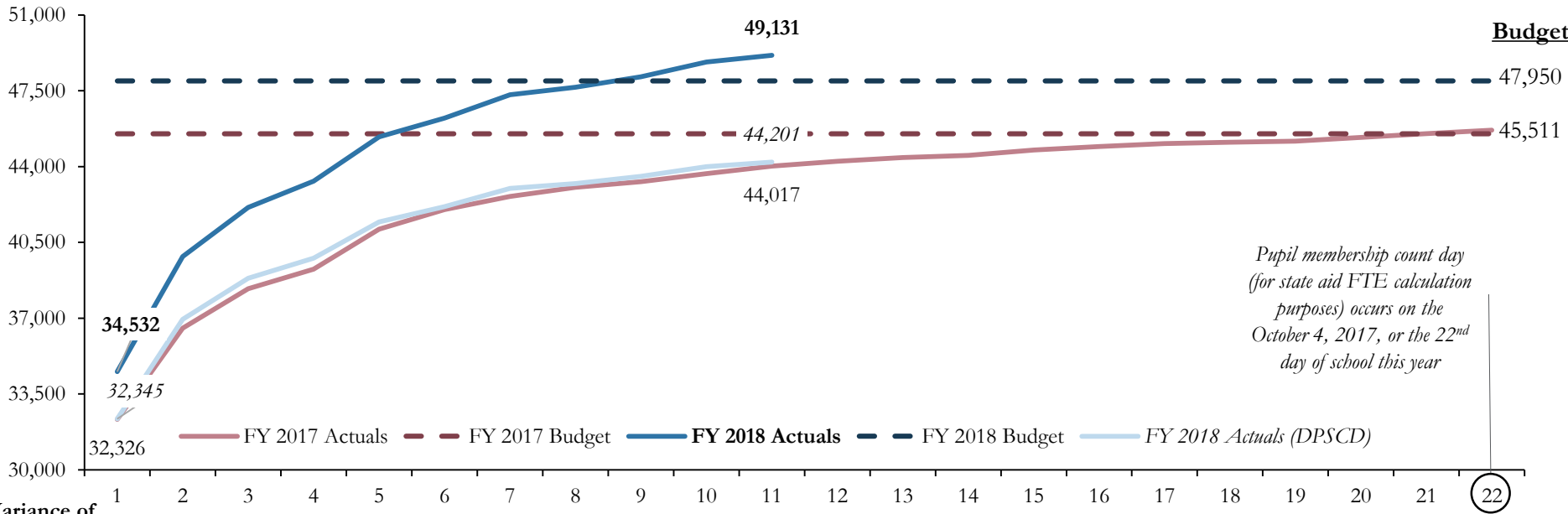
# Summary statement of revenues and expenditures – budget to actual comparison

	Budget	Actual	Variance	
	Month of	Month of	\$	%
	Jul-17	Jul-17		
<b>Revenues</b>				
Local sources	\$ -	\$ -	\$ -	-
State sources	29,192,345	29,252,515	60,170	0%
Federal sources	3,254,749	5,819,833	2,565,084	79%
Interdistrict sources	-	-	-	-
Other sources	-	-	-	-
<b>Total revenues</b>	<b>32,447,094</b>	<b>35,072,348</b>	<b>2,625,254</b>	<b>8%</b>
<b>Expenditures (Function)</b>				
Instruction	4,896,857	7,196,634	2,299,776	47%
Support services	18,977,283	18,753,527	(223,756)	(1%)
Community service	18,737	23,484	4,747	25%
Facilities acquisitions and improvement	-	-	-	-
Other uses	-	-	-	-
<b>Total expenditures</b>	<b>23,892,877</b>	<b>25,973,645</b>	<b>2,080,767</b>	<b>9%</b>
<b>Surplus (Deficit)</b>	<b>\$ 8,554,217</b>	<b>\$ 9,098,703</b>	<b>\$ 544,487</b>	<b>6%</b>
<b>Expenditures (Object)</b>				
Salaries	\$ 8,105,939	\$ 10,213,658	\$ 2,107,719	26%
Benefits	5,801,017	5,229,268	(571,749)	(10%)
Purchased Services	8,486,338	8,700,719	214,381	3%
Supplies & Textbooks	-	-	-	-
Equipment & Capital	-	-	-	-
Utilities	1,499,583	1,830,000	330,417	22%
<b>Total Expenditures</b>	<b>23,892,877</b>	<b>25,973,645</b>	<b>2,080,767</b>	<b>9%</b>
<b>Surplus (Deficit)</b>	<b>\$ 8,554,217</b>	<b>\$ 9,098,703</b>	<b>\$ 544,487</b>	<b>6%</b>

# FY 2018 Student Enrollment Update

- Between September 13th – 19th 49,131 students were counted present for at least 1 day. This number has increased by 14,599 since the first day of the school year
- State per pupil revenue is based on student FTE from Spring 2017 (10%) and Fall 2017 (90%). The district had a Spring 2017 student FTE count of 44,725. It must achieve a Fall student FTE count of 48,309 to meet budget
- When considering just DPSCD (excluding EAA schools), the current enrollment count is slightly ahead of FY17 actuals, which is positive given that enrollment has declined year-over-year since 2005

## Daily Student FTE Enrollment Trends: FY 2017 and FY 2018 Actuals to Budget



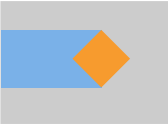
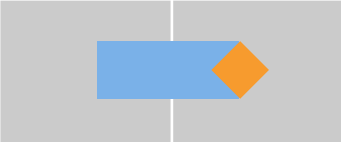





**Variance of Actuals to Budget:**

<b>FY 2017</b>	(13,185)	(8,976)	(7,152)	(6,250)	(4,401)	(3,500)	(2,885)	(2,467)	(2,215)	(1,834)	(1,494)	(1,269)	(1,094)	(997)	(742)	(589)	(448)	(392)	(341)	(163)	4	167
<b>FY 2018</b>	(13,418)	(8,104)	(5,840)	(4,628)	(2,577)	(1,714)	(637)	(293)	191	876	1,181	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

# FY 2018 Adopted Budget

- FY 18 adopted budget did not include \$12.5 million in required expenses
- Align the budget to central office reorganization
  - Shift of Instructional Specialists to schools
  - Addition/Exit of personnel
- Implement a zero based budget review of expenditures
  - Identify all anticipated central office expenditures for the FY 2018
  - Eliminate duplicative, discretionary or unnecessary expenses

## Budget Process

	July	August	September	October
<b>Introduce Zero-Based Budget Process:</b> Introduce zero-based budget development process to central office leadership.				
<b>Budget Development:</b> Department heads conduct line item review of central office budgets.				
<b>Budget Review Process:</b> Finance department & Superintendent conduct line item review of central office budgets.				
<b>School Allocation Review:</b> Review school based teacher allocations to ensure all staffing is accounted for in the budget.				
<b>Finalize Amendment Materials:</b> Finance department prepares budget presentation materials.				
<b>Budget Amendment Presentation:</b> Present budget amendment no. 1 to school board and FRC.				

# FY 2018 monthly cash flows – DPSCD

\$ in thousands

	2017						2018						FY 18 Total
	July Actuals	August Forecast	September Forecast	October Forecast	November Forecast	December Forecast	January Forecast	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast	
<b>Cash Receipts</b>													
State Aid	\$ 35,012	\$ 35,012	\$ -	\$ 37,478	\$ 37,478	\$ 37,478	\$ 37,478	\$ 37,478	\$ 37,478	\$ 37,478	\$ 37,478	\$ 37,478	\$ 407,328
MPSERS (State Funded)	3,182	3,182	-	-	6,813	3,406	3,406	3,406	3,406	3,406	3,406	3,406	37,021
Enhancement Millage	1,078	841	-	-	-	-	172	5,106	5,106	3,493	1,450	1,450	18,698
Grants	18,108	4,764	10,784	12,831	12,831	12,831	12,831	12,831	12,831	12,831	12,831	12,831	149,133
Transfer from DPS	92	-	19,779	-	-	-	-	-	-	-	-	13,100	32,971
WCRESA	-	-	4,045	4,045	4,045	4,045	4,045	4,045	4,045	4,045	4,045	4,045	40,452
Food Service Reimbursement	4,897	10,592	3,532	2,085	2,625	3,938	2,625	2,625	2,625	2,625	2,625	3,938	44,734
Capital Asset Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	2,501	598	432	2,432	540	432	2,432	540	432	2,432	540	432	13,745
<b>Total Cash Receipts</b>	<b>64,870</b>	<b>54,989</b>	<b>38,572</b>	<b>58,871</b>	<b>64,333</b>	<b>62,131</b>	<b>62,990</b>	<b>66,033</b>	<b>65,925</b>	<b>66,311</b>	<b>62,377</b>	<b>76,681</b>	<b>744,082</b>
<b>Cash Disbursements</b>													
MPSERS (Pass through)	\$ (3,182)	\$ (3,182)	\$ (3,182)	\$ -	\$ -	\$ (6,813)	\$ (3,406)	\$ (3,406)	\$ (3,406)	\$ (3,406)	\$ (3,406)	\$ (3,406)	\$ (36,797)
Payroll Direct Deposit	(14,688)	(17,078)	(18,207)	(14,457)	(14,457)	(14,457)	(14,891)	(22,337)	(14,891)	(14,891)	(14,891)	(14,891)	(190,139)
Taxes	(4,878)	(3,856)	(6,740)	(5,549)	(8,323)	(5,549)	(5,714)	(5,714)	(5,714)	(5,714)	(8,571)	(5,714)	(72,037)
FICA	(2,017)	(1,658)	(1,663)	(1,735)	(2,602)	(1,735)	(1,787)	(1,787)	(1,787)	(1,787)	(2,680)	(1,787)	(23,026)
Accounts Payable	(4,013)	(14,895)	(16,514)	(16,514)	(18,676)	(16,514)	(16,514)	(18,676)	(16,514)	(16,514)	(18,676)	(16,514)	(190,535)
Pension (employee portion)	(1,635)	(1,554)	(1,621)	(1,946)	(2,918)	(1,946)	(1,975)	(2,004)	(2,004)	(2,004)	(3,006)	(2,004)	(24,614)
Pension (employer portion)	(5,029)	(4,903)	(5,046)	(6,031)	(9,047)	(6,031)	(6,119)	(6,206)	(6,206)	(6,206)	(9,309)	(6,206)	(76,339)
Health	(1,218)	(6,719)	(4,645)	(4,645)	(4,645)	(4,645)	(4,645)	(4,645)	(4,645)	(4,645)	(4,645)	(4,645)	(54,386)
Fringe Benefits	(215)	(943)	(594)	(560)	(638)	(560)	(577)	(785)	(577)	(577)	(657)	(577)	(7,260)
Food Service	(8,474)	(2,825)	(1,668)	(2,100)	(3,150)	(2,100)	(2,100)	(2,100)	(2,100)	(2,100)	(3,150)	(2,100)	(33,970)
Transfer to DPS	-	(16,000)	-	-	-	-	-	-	-	-	-	-	(16,000)
Other	(23)	(685)	(1,370)	(1,370)	(1,712)	(1,370)	(1,370)	(1,712)	(1,370)	(1,370)	(1,712)	(1,370)	(15,434)
<b>Total Cash Disbursements</b>	<b>(45,374)</b>	<b>(74,298)</b>	<b>(61,250)</b>	<b>(54,907)</b>	<b>(66,170)</b>	<b>(61,719)</b>	<b>(59,098)</b>	<b>(69,374)</b>	<b>(59,215)</b>	<b>(59,215)</b>	<b>(70,705)</b>	<b>(59,215)</b>	<b>(740,538)</b>
Beginning Cash Balance	61,523	81,020	61,711	39,033	42,998	41,161	41,572	45,464	42,123	48,833	55,930	47,601	61,523
Net Cash Flow	19,496	(19,309)	(22,678)	3,965	(1,837)	411	3,892	(3,341)	6,710	7,096	(8,329)	17,467	3,544
<b>Ending Cash Balance</b>	<b>\$ 81,020</b>	<b>\$ 61,711</b>	<b>\$ 39,033</b>	<b>\$ 42,998</b>	<b>\$ 41,161</b>	<b>\$ 41,572</b>	<b>\$ 45,464</b>	<b>\$ 42,123</b>	<b>\$ 48,833</b>	<b>\$ 55,930</b>	<b>\$ 47,601</b>	<b>\$ 65,068</b>	<b>\$ 65,068</b>
<b>Memo:</b>													
<b>Internal Service Fund and Fiduciary Account</b>													
Beginning Balance	\$ 48,439	\$ 48,439	\$ 48,439	\$ 48,439	\$ 46,439	\$ 46,439	\$ 46,439	\$ 44,439	\$ 44,439	\$ 44,439	\$ 42,439	\$ 42,439	\$ 48,439
(+) Liability Balance Transfer from DPS	-	-	-	-	-	-	-	-	-	-	-	-	-
(-) TIP, Legal, And Workers' Compensation Claims	-	-	-	(2,000)	-	-	(2,000)	-	-	(2,000)	-	-	(6,000)
<b>Ending Balance</b>	<b>48,439</b>	<b>48,439</b>	<b>48,439</b>	<b>46,439</b>	<b>46,439</b>	<b>46,439</b>	<b>44,439</b>	<b>44,439</b>	<b>44,439</b>	<b>42,439</b>	<b>42,439</b>	<b>42,439</b>	<b>42,439</b>
<b>Grand Total</b>	<b>\$ 129,459</b>	<b>\$ 110,150</b>	<b>\$ 87,472</b>	<b>\$ 89,437</b>	<b>\$ 87,600</b>	<b>\$ 88,011</b>	<b>\$ 89,903</b>	<b>\$ 86,562</b>	<b>\$ 93,272</b>	<b>\$ 98,368</b>	<b>\$ 90,040</b>	<b>\$ 107,507</b>	<b>\$ 107,507</b>

Forecast includes actuals through August 18, 2017.

The July 31, 2017 bank reconciliation was completed in August 2017 and DPSCD is currently working on the August 31, 2017 bank reconciliation.

# FY 2018 monthly cash flows – DPS

	July	August	September	October	November	December	January	February	March	April	May	June	FY 18 Total
	Actuals	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
<b>Cash Receipts</b>													
Property Tax (13 Mills)	-	4,135	19,824	4,047	1,735	1,129	2,450	4,335	17,430	822	2,227	16,865	75,000
Transfer from DPSCD	-	16,000	-	-	-	-	-	-	-	-	-	-	16,000
Draw from BONY	-	16,740	-	-	-	-	-	-	9,573	173	417	2,598	29,501
Miscellaneous	415	90	-	-	-	-	-	-	-	-	-	-	505
<b>Total Cash Receipts</b>	<b>415</b>	<b>36,966</b>	<b>19,824</b>	<b>4,047</b>	<b>1,735</b>	<b>1,129</b>	<b>2,450</b>	<b>4,335</b>	<b>27,002</b>	<b>995</b>	<b>2,644</b>	<b>19,464</b>	<b>121,006</b>
<b>Cash Disbursements</b>													
Payroll Direct Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
FICA	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable <sup>(1)</sup>	-	(16,129)	-	-	-	(400)	-	(2,000)	-	(2,000)	-	-	(20,529)
Pension (employee portion)	-	-	-	-	-	-	-	-	-	-	-	-	-
Pension (employer portion)	(4)	-	-	-	-	-	-	-	-	-	-	-	(4)
Health	-	-	-	-	-	-	-	-	-	-	-	-	-
Fringe Benefits	-	(0)	-	-	-	-	-	-	-	-	-	-	(0)
Property Tax Transfer	-	(5,915)	(19,824)	(4,047)	(1,735)	(1,129)	(2,450)	(4,335)	(17,430)	(822)	(2,227)	(16,865)	(76,780)
Transfer to DPSCD	-	-	(19,779)	-	-	-	-	-	-	-	-	(13,100)	(32,879)
Other	(24)	(1)	-	-	-	-	-	-	-	-	-	(2,700)	(2,726)
<b>Total Cash Disbursements</b>	<b>(28)</b>	<b>(23,519)</b>	<b>(39,603)</b>	<b>(4,047)</b>	<b>(1,735)</b>	<b>(1,529)</b>	<b>(2,450)</b>	<b>(6,335)</b>	<b>(17,430)</b>	<b>(2,822)</b>	<b>(2,227)</b>	<b>(32,665)</b>	<b>(134,391)</b>
Beginning Cash Balance	13,838	14,225	27,672	7,893	7,893	7,893	7,493	7,493	5,493	15,065	13,239	13,655	13,838
Net Cash Flow	386	13,447	(19,779)	-	-	(400)	-	(2,000)	9,573	(1,827)	417	(13,202)	(13,385)
<b>Ending Cash Balance</b>	<b>\$ 14,225</b>	<b>\$ 27,672</b>	<b>\$ 7,893</b>	<b>\$ 7,893</b>	<b>\$ 7,893</b>	<b>\$ 7,493</b>	<b>\$ 7,493</b>	<b>\$ 5,493</b>	<b>\$ 15,065</b>	<b>\$ 13,239</b>	<b>\$ 13,655</b>	<b>\$ 454</b>	<b>\$ 454</b>

Forecast includes actuals through August 18, 2017.

(1) Includes \$20M in settlement payments to Sodexo (the remaining \$8M will be paid in FY 2019) and \$400K in legal and audit fees, which are included in the Adopted FY 2018 Budget.



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**a. Community District's Monthly Report**

**b. DPS / DPSCD Interdistrict Transfer Activity**

**c. Contract Requests**

**d. Out-of-State Travel Requests**

# DPS / DPSCD Interdistrict Transfer Activity

<i>\$ in thousands</i>	Actual	Forecast	Forecast	Total	Comment
	FY2017	FY2018	FY2019		
<b>Receipts</b>					
Transition funds	\$ 150,000	\$ -	\$ -	\$ 150,000	
State Aid (Jul/Aug)	65,661	-	-	65,661	
Grants & WCRESA	82,694	-	-	82,694	
Other operating receipts	8,103	527	-	8,630	
18 mills receipts (AP reimbursement)	10,333	21,401	12,265	44,000	
18 mills receipts (pension reimbursement)	-	8,100	6,900	15,000	Transfer of pension reimbursement (\$15M) - see below
Transfers from DPSCD:					
Borrowings from DPSCD	3,779	16,000	-	19,779	Temp loan to fund legacy reserve (FY 17) and Sodexo (FY 18)
DPSCD repayment of loans taken	32,739	-	-	32,739	Temp loan fully repaid (see below)
Erroneous transfer correction	5,374	-	-	5,374	Wrong amount transferred; reversed (see above)
DPSCD reimbursements for items paid by DPS	5,625	-	-	5,625	Reimbursement for legacy costs paid by DPS on behalf of DPSCD
<b>Total Receipts</b>	<b>364,308</b>	<b>46,028</b>	<b>19,165</b>	<b>429,501</b>	
<b>Disbursements</b>					
<b>Transition fund uses:</b>					
Salaries & benefits	(60,274)	-	-	(60,274)	
MPERS settlement	(37,714)	-	-	(37,714)	
Accounts payable & other	(27,012)	-	-	(27,012)	
Transfer to DPSCD	(25,000)	-	-	(25,000)	Transfer of EL proceeds per legislation
<b>Subtotal transition fund uses:</b>	<b>(150,000)</b>	<b>-</b>	<b>-</b>	<b>(150,000)</b>	
<b>Transition costs (additional):</b>					
Salaries & benefits	(679)	-	-	(679)	
Accounts payable & other	(47,383)	(709)	-	(48,092)	
Vendor litigation	-	(20,000)	(8,000)	(28,000)	
Transfer to bond redemption, net (13 mills)	(18,482)	(1,780)	-	(20,262)	
Debt service (SAN)	(52,264)	-	-	(52,264)	
MPERS (Pass Through)	(9,201)	-	-	(9,201)	
WRESA repayment	(2,100)	(2,700)	(2,459)	(7,259)	
<b>Subtotal transition costs (additional):</b>	<b>(130,110)</b>	<b>(25,188)</b>	<b>(10,459)</b>	<b>(165,758)</b>	
<b>Transfers to DPSCD:</b>					
DPS Gen Fun ending cash (6/30/16)	(15,696)	-	-	(15,696)	Ending GF cash transfer per legislation
DPS Food Service ending cash (6/30/16)	(4,458)	-	-	(4,458)	Ending FS cash transfer per legislation
Outstanding DPS obligations (TIP/WC/Legal)	(48,439)	-	-	(48,439)	Funding for TIP, work comp, and legal claims
DPSCD repayment of temp loans	(32,739)	-	-	(32,739)	Temp loan fully repaid (see above)
Erroneous transfer correction	(5,374)	-	-	(5,374)	Wrong amount transferred; reversed (see below)
DPSCD receipts collected at DPS (i.e. Grants, EAA)	(8,315)	-	-	(8,315)	Collected by DPS but belonging to DPSCD
DPS repayment of borrowings from DPSCD	-	(19,779)	-	(19,779)	Fully repaid in September 2017 (see "Borrowings from DPSCD")
Reimbursement for Pension (18 mills)	-	(8,100)	(6,900)	(15,000)	Transfer of pension reimbursement (\$15M) - see above
Additional transfers	-	(5,000)	(3,604)	(8,604)	
<b>Subtotal transfers to DPSCD:</b>	<b>(115,022)</b>	<b>(32,879)</b>	<b>(10,504)</b>	<b>(158,405)</b>	
<b>Total Disbursements</b>	<b>(395,132)</b>	<b>(58,067)</b>	<b>(20,963)</b>	<b>(474,163)</b>	
<b>Net Cash Flow</b>	<b>(30,824)</b>	<b>(12,040)</b>	<b>(1,798)</b>	<b>(44,661)</b>	
Beginning Cash Balance	44,661	13,838	1,798	44,661	
Net Cash Flow	(30,824)	(12,040)	(1,798)	(44,661)	
<b>Ending Cash Balance</b>	<b>\$ 13,838</b>	<b>\$ 1,798</b>	<b>\$ -</b>	<b>\$ -</b>	

# Requests for consideration and approval

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STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**SCHOOL DISTRICT RESOLUTION 2017-20**

**APPROVING THE COMMUNITY DISTRICT'S SEPTEMBER 2017-  
CONTRACT REQUESTS**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the Detroit Public Schools Community District (the "Community District") beginning on June 2016; and

WHEREAS, Section 6(6) of the Act provides that during the period of oversight, the Commission review and approve the Community District's applicable contracts, as defined by Section 3(a) of the Act, and that an applicable contract does not take effect unless approved by the Commission; and

WHEREAS, at the Commission meeting on September 25, 2017, the Community District presented applicable contracts, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's September 2017 contract requests, attached as **Exhibit A** to this Resolution but excluding any contracts a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

# Contract Requests

The following contracts are being provided to the Board of Education for review and approval. Contracts over \$750,000 or a two (2) year period must also be provided to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act. Please review the individual Action Items provided for more detailed information.

Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a new contract, was the original contract competitively bid?	Lowest Bid? If not a New Contract, was the original contract the lowest bid?	DPSCD Approval Date	Comments
1 OPERATIONS	13-0422-2	Previous Contract Amount: \$10,100,000.00 NTE Contract Amount: 4,477,775.00 NTE Total Contract Amount: \$14,577,775.00 NTE Contract Period: October 1, 2017 through September 30, 2018 Source: General Funding Purpose: To Provide natural gas supply and delivery Contractor: Constellation New Energy-Gas Div., LLC Location: 9960 Corp Campus Dr., Stu 2000, Louisville	Final Renewal	Yes	Yes	Anticipated Approval  Board 9/12/17  FRC 9/25/17	
2 Operations	17-0032	Previous Contract Amount: \$1,639,130.00 NTE Contract Amendment: 1,861,974.00 NTE Total Contract Amount: \$3,501,104.00 NTE Contract Period: November 1, 2017 through October 31, 2018 with one (1) one year renewal option remaining Source: Grant Purpose: Fresh fruit and vegetable program Contractor: LoPiccolo Brothers Produce, Inc. Location: 3110 Rivard, Detroit, MI 48207	Renewal	Yes	Yes	Anticipated Approval  Board 9/12/17  FRC 9/25/17	Federal Government will determine allocation for FY 18, the third renewal total is not included.  One response who is the current vendor.
3 OPERATIONS	15-0023-C2	Previous Contract Amount: \$625,000 NTE Contract Amendment Amount: 165,600 NTE Total Contract Amount: \$790,600 NTE Contract Period: November 1, 2016 through October 31, 2017 Source: General Funding Purpose: To Provide athletic field maintenance service Contractor: Premier Group Associates, LLC Location: 535 Griswold, Suite 1420, Detroit, MI 48226	Final Renewal/ Increase the contract amount	Yes	Yes	Anticipated Approval  Board 9/12/17  FRC 9/25/17	Services will be provided to the retuning five (5) high schools

# Contract Requests

The following contracts are being provided to the Board of Education for review and approval. Contracts over \$750,000 or a two (2) year period must also be provided to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act. Please review the individual Action Items provided for more detailed information.

Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a new contract, was the original contract competitively bid?	Lowest Bid? If not a New Contract, was the original contract the lowest bid?	DPSCD Approval Date	Comments
4	Academics	14-0072-C	<p>Previous Contract Amt.: \$953,012.30 NTE            Contract Amendment Amt.: <u>205,398.00</u> NTE            Revised Contract Amt.: \$1,158,410.30 NTE            Contract Period: Through August 31, 2018 with no renewal options remaining            Source: Grant            Purpose: To provide professional management &amp; administration to manage community based organizations who provide after school activities for District schools.            Contractor: The Children’s Center            Location: 79 West Alexandrine, Detroit, MI 48201</p>	Renewal	No	N/A	<p>Anticipated Approval            Board 9/12/17            FRC 9/25/17</p> <p>No purchase orders for the 2017-18 fiscal year have been issued on this contract.            The Children’s Center is a co-applicant for the 21<sup>st</sup> Century Community Learning Centers (CCLC) grant. Multi-year contracts were established with co-applicants based on guidance from the Michigan Department of Education (MDE) that competitive bidding requirements were waived due to the nature of the grant partnership. In 2015-16 the bid waiver was approved by the State Treasury.</p>
5	Academics	14-0071-C	<p>Previous Contract Amt.: \$852,555.00 NTE            Contract Amendment Amt.: <u>205,070.00</u> NTE            Revised Contract Amt.: \$1,057,625.00 NTE            Contract Period: Through August 31, 2018 with no renewal options remaining.            Source: Grant            Purpose: To provide professional management &amp; administration to manage community based organizations who provide after school activities for District schools.            Contractor: Youth Development            Location: 30 East Canfield Street, Detroit, MI 48201</p>	Renewal	No	N/A	<p>Anticipated Approval            Board 9/12/17            FRC 9/25/17</p> <p>No purchase orders for the 2017-18 fiscal year have been issued on this contract.            Youth Development Commission is a co-applicant for the 21<sup>st</sup> Century Community Learning Centers (CCLC) grant. Multi-year contracts were established with co-applicants based on guidance from the Michigan Department of Education (MDE) that competitive bidding requirements were waived due to the nature of the grant partnership. In 2015-16 the bid waiver was approved by the State Treasury.</p>

# Contract Requests

The following contracts are being provided to the Board of Education for review and approval. Contracts over \$750,000 or a two (2) year period must also be provided to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act. Please review the individual Action Items provided for more detailed information.

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a new contract, was the original contract competitively bid?	Lowest Bid? If not a New Contract, was the original contract the lowest bid?	DPSCD Approval Date	Comments
6	Academics	15-0022-C	<p>Previous Contract Amt.: \$670,224.83 NTE            Contract Amendment Amt.: <u>212,750.00</u> NTE            Revised Contract Amt.: \$882,974.83 NTE            Contract Period: : Through August 31, 2018 with no renewal options remaining            Source: Grant            Purpose: To provide professional management &amp; administration to manage community based organizations who provide after school activities for District schools.            Contractor: YMCA            Location: 1401 Broadway, Suite 2G, Detroit, MI 48226</p>	Renewal	No	N/A	<p>Anticipated Approval            Board 9/12/17            FRC 9/25/17</p>	<p>No purchase orders for the 2017-18 fiscal year have been issued on this contract.            The YMCA is a co-applicant for the 21<sup>st</sup> Century Community Learning Centers (CCLC) grant. Multi-year contracts were established with co-applicants based on guidance from the Michigan Department of Education (MDE) that competitive bidding requirements were waived due to the nature of the grant partnership. In 2015-16 the bid waiver was approved by the State Treasury.</p>
7	Finance	16-0247-S	<p>Previous Contract Amt.: \$726,760.13 NTE            Contact Amendment Amt.: <u>\$192,000.00</u> NTE            Revised Contract Amt.: \$918,760.13 NTE            Contract Period: October 1, 2017 through September 30, 2018 with no renewal options remaining            Source: General Fund            Purpose: To provide accounting and bookkeeping services            Contractor: Haynes, Maufus &amp; Davis, PLLC            Location: 24100 Southfield Rd, Southfield, MI 48075</p>	Renewal	Yes	Yes	<p>Anticipated Approval            Board 9/12/17            FRC 9/25/17</p>	



# DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

## Regular Board Meeting Constellation New Energy- Gas Division, LLC September 12, 2017

### **Recommendation:**

That the School Board approve the renewal option of the contract with Constellation New Energy - Gas Division, LLC (“Constellation”) to provide natural gas supply and delivery to district schools from October 1, 2017 through September 30, 2018 in an amount Not-To-Exceed (NTE) \$4,477,775.

### **Description and Background:**

The district buys natural gas from Constellation. Constellation sells these services at a discounted rate through a federally mandated easement agreement allowing it to use the DTE Energy natural gas distribution system. The district’s pricing with Constellation is based on the published variable rate index. By renewing the agreement, the district locks in the published rates available at the time of signing. The district is then billed based on a monthly budgeted amount for predictability. In the spring, the district and Constellation reconcile any over or underpayments for the fiscal year.

### **Gap Analysis:**

Locking the price of natural gas will provide predictability to the district’s budget. Notably, if the market rate decreases after locking in unit pricing, the school district will be obligated to pay the rate that is locked in. Historically, the savings and predictability associated with rate locking has overcome any losses the district has experienced. In the event the district does not approve the extension of the contract, thereby locking the purchasing price of natural gas, the district will purchase its required gas at the price prevailing when the order for natural gas is placed; prices will be subject to fluctuation. Without the extension, the district will have its natural gas delivered to the schools and its other sites by DTE Energy without the accompanying savings provided by the Constellation easement agreement.

Constellation is the only natural gas provider with a distribution contract with DTE Energy that affords its customers substantial savings. If the district leaves Constellation, the district would see an approximate \$600,000 annual cost increase.

### **Previous Outcomes:**

During FY16-17, the district’s monthly budgeted bill for natural gas was \$200,677.54 per month

**Constellation New Energy – Gas Division, LLC**

**Date: August 25, 2017**

and an annual spend of \$1,748,820.28; the annual reconciliation amount was \$171,609.17.

**Expected Outcomes:**

If the school district decides to lock in rates, it can expect to pay approximately \$352,582 per month in budgeted billing or approximately \$4,230,984. This amount is subject to change until rates are locked. The additional amounts sought will serve as hedge for any usage overages that require additional payments during reconciliation.

**Financial Impact:**

*Fund Source:* Restricted General Funds

*Bid Process:* The district issued a Request for Proposal (RFP) in 2013-2014 school year for natural gas service. Of proposal responses, the contract was awarded to Constellation New Energy- Gas Division, LLC for three years (October 1, 2013 through September 30, 2016) with the option for two additional one-year renewals.

**Contact for Item:**

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Email: [felicia.venable@detroitk12.org](mailto:felicia.venable@detroitk12.org)

**Supporting Documents/Attachments:**

Draft of Extension and Original Contract

# DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

## **Regular Board Meeting LoPiccolo Brothers Produce Contract September 12, 2017**

### **Recommendation:**

That the School Board approve the first contract renewal option for LoPiccolo Brothers Produce to process and deliver fresh produce to 78 district schools for the 2017-2018 school year as part of the Fresh Fruit and Vegetable Program (“Produce Program”) in an amount Not-to-Exceed (NTE) \$1,861,974 paid from the total grant amount awarded to the district by the Michigan Department of Education (MDE).

### **Description and Background:**

LoPiccolo is a Detroit Based company located in the Eastern Market and has been operating for over 50 years. A family owned business that hires employees from Detroit and purchases fresh produce from vendors in the state of Michigan.

In October 2016, LoPiccolo Brothers Produce began to deliver fresh produce to 76 schools, twice a week. A monthly menu is developed by the Office of School Nutrition that is sent to LoPiccolo Brothers Produce to obtain quotes for processing of the whole fresh fruit and vegetable items into packaged 2 oz. portions and individually wrapped according to specification and the guidelines of the program. The packaged menu item is then delivered to the schools by LoPiccolo Brothers Produce.

### **Gap Analysis:**

The Office of School Nutrition requires fresh fruits and vegetables for optimal service. The Produce Program is an important initiative to combat childhood obesity and has been successful in introducing district students to a variety of produce that they otherwise might not have the opportunity to sample.

In order to comply with federally mandated nutrition and food service guidelines, vendors are required to process and package 2 oz. servings for students. The district does not have the resources to coordinate this procurement and packaging process through multiple vendors. Accordingly, the district sought a local vendor to provide the coordination and delivery of these services.

**LoPiccolo Brothers Produce Contract****Date: August 25, 2017****Previous Outcomes:**

LoPiccolo Brothers Produce delivered fresh fruits and vegetables to 76 schools once per day, Monday through Thursday in 2 oz. packaged portion, 80-150 serving cases. The produce served included mangoes, tangerines, celery, zucchini and blueberries.

**Expected Outcomes:**

To utilize the Produce Program grant funds to service students at 78 schools fresh fruit and vegetable snacks during the school day at no charge twice a week.

**Financial Impact:**

The Office of school Nutrition expects to exhaust the full grant amount of approximately \$1,861,974 for fresh fruits and vegetables at 78 schools.

*Fund Source:* Michigan Department of Education (MDE) Grant Funds

*Bid Process:* The district issued a Request for Proposal in 2016-17 school year for processing and distribution of fresh produce to schools and awarded the Fresh Fruits and Vegetables Processing Grant. Of proposal responses, the contract was awarded to LoPiccolo Brothers for one year (October 2016 - October 31, 2017) not to exceed \$1,639,130.00 with the option for two additional one-year renewals.

**Contact for Item:**

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**Supporting Documents/Attachments**

Existing Contract and Draft Renewal

# DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

## **Regular Board Meeting Premier Group Associates, LLC September 12, 2017**

### **Recommendation:**

That the School Board approve the increase dollar value of the contract with Premier Group Associates, LLC (PGA) to provide athletic field maintenance services due to the five (5) returning high schools to the district November 1, 2016 to October 31, 2017, in an amount Not to Exceed (NTE) \$165,600 for a total contract value of \$790,600.

### **Description and Background:**

Maintaining athletic fields is crucial to the performance of the field. PGA provides yearly general athletic turf maintenance inclusive of all labor, materials, supplies and travel at eight (8) district athletic complexes, eight (8) non- district athletic fields that are used by district students, and two (2) artificial turf fields.

### **Gap Analysis:**

The district requires field maintenance service during fall sports which includes (i) field preparation, (ii) marking of fields between games, and (iii) post-season grounds clean-up and fertilization in preparation for spring 2018 athletic activities. Prior to the 2011, district employees performed this function. Staff was reduced and this service was outsourced in 2011. The district is analyzing whether cost-saving and/or greater efficiency and quality can be realized by providing this service with internal employees.

### **Previous Outcomes:**

In the past, PGA has maintained the athletic fields for football and baseball season including striping, mowing and enzyme treatment throughout the school district and has winterized its field houses and irrigation systems to prevent freeze-ups during the cold winter months.

### **Expected Outcomes:**

Although this contract does not expire until October 31, 2017, the cost of services for fall 2017 are expected to exceed the contract's total due to the addition of five high schools as of July 1, 2017. If approved, PGA will be allowed to complete the services listed above at all district high schools.

**Premier Group Associates, LLC**

**Date: August 25, 2017**

**Financial Impact:**

The school district can expect to be billed the NTE amount of \$165,600 for maintenance of the athletic fields at select schools.

*Fund Source:* General Fund

*Bid Process:* DPSCD issued a Request for Proposal in 2014-2015 school year for athletic field maintenance. Of proposal responses, the contract was awarded to Premier Group Associates, LLC with two additional one-year renewal options. There was only one bid response. This is the final renewal option.

**Contact for Item:**

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Phone: (313) 218-2876

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**Supporting Documents/Attachments:**

Draft Renewal and Existing Contract

# DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

## Regular Board Meeting 21<sup>st</sup> Century Community Learning Centers September 12, 2017

### Recommendation:

That the School Board approve the renewal of contracts with The Children's Center, YMCA and the Youth Development Commission to offer Science, Technology, Engineering and Mathematics (STEM), enrichment and family services through the 21<sup>st</sup> Century Community Learning Centers grant for students at 15 schools for the period from July 1, 2017 to June 30, 2018 in the amount not to exceed The Children's Center in the amount of \$205,398.00, The YMCA in the amount of \$212,750.00 and The Youth Development Commission in the amount of \$205,070.00

### Description and Background:

The 21<sup>st</sup> Century Community Learning Centers (CCLC) grant is an annual federally funded item in year five of a five year award. The CCLC program's focus is to provide expanded academic enrichment opportunities for children attending low-performing schools as well as provide youth development activities, drug and violence prevention programs, technology education, art, music, recreation, and character education. The program also offers family services such as family literacy, financial literacy, resume writing, computer skills, community resources, homework assistance, and others according to parent surveys.

During the grant application period, priority points were given to Local Education Agencies partnering with community or faith based organizations. In order to present the strongest application possible, the district applied for the grant utilizing co-applicants. Co-applicants were vetted through external stakeholder engagement. The Children's Center (TCC), the YMCA, and the Youth Development Commission (YDC) were selected to be Lead Partner Agencies due to strong community involvement, a history of youth, community and family support, and having a track record of providing successful support and oversight for out-of-school time programming.

The lead agencies support the following schools:

YMCA	The Children's Center	Youth Development Commission
Greenfield Union	Ronald Brown	Thirkell
Mason	Carleton	Schultz
Thurgood Marshall	Fisher Upper	Burton International
Duke Ellington	John R. King	Priest
A.L. Holmes	Cook	Mann

**CCLC**  
**August 25, 2017**

**Gap Analysis:**

In an effort to improve student achievement, CCLC's focuses on reducing chronic absenteeism, improving socio-emotional skills, promoting STEM education, increasing interest in STEM related careers, and promoting parental and community engagement/involvement. Partnering with TCC, YMCA, and YDC exposes students to STEM education while affording families additional wrap around services.

Though the current grant is set to sunset the district will analyze data on attendance, academic performance and discipline to determine if a notable difference existed between students who participate in the CCLC's versus students in the same and similar schools who did not participate in the activities.

**Previous Outcomes:**

Data were compiled for 98 students in grades four through eight who self-reported grades that improved, stayed the same, or declined over three data collection periods for math. The greatest improvement was identified in the fourth through fifth grades (38%) and the least improvement for those in seventh through eighth grades (31%). In reading, the greatest improvement was in fourth through fifth grades and the least improvement was in sixth-eighth grades. Overall, 36% of students improved and 92% improved or remained stable.

**Expected Outcomes:**

Program outcomes for the 2017-2018 school year are guided by the federal CCLC program guidelines. As a grant requirement the local CCLC is responsible for measurement of outcome variables as well as coordinating with the Michigan State University evaluation team who is contracted by the Michigan Department of Education. Program outcomes specifically target student performance which include improvement in reading, language arts, math, homework completion, class participation and behavior.

**Financial Impact:**

There is no financial impact to the district as this is a 100% grant funded item. All contracts were developed through Procurement and Logistics and Legal Counsel for the district. There was no bidding process as all Lead Partner Agencies were co-applicants on the grant.

**Contact for Item:**

Iranetta Wright  
Deputy Superintendent of Schools  
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(313) 843-4241



**CCLC**  
**August 25, 2017**

**Supporting Documents/Attachments:**

Attached are previous contract cover pages and signatures (section A) along with Section B – Schedule for this year and excerpt from the Final Report displaying student and parent perception data.

# DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

## **Regular Board Meeting Haynes, Maufus & Davis, PLLC Contract September 12], 2017**

### **Recommendation:**

That the School Board approve the second contract renewal option for monthly bank reconciliations for the district-wide schools and departments by Haynes, Maufus & Davis, PLLC (HMD) for the 2017-2018 school year in an amount Not-To-Exceed (NTE) \$192,000.

### **Description and Background:**

The district is required to prepare monthly bank reconciliations in accordance with the School Financial Procedures Manual. Prior to Fiscal Year (FY) 2016, district staff, school bookkeepers, and accountants were responsible for preparing the monthly bank reconciliations. Due to a reduction in finance staff and current vacancies due to retirement, the district did not have the personnel to complete the monthly bank reconciliations at the schools.

DPS awarded a contract to Haynes, Maufus & Davis (HMD) in October 2015 to prepare the monthly bank reconciliations for all schools and six (6) district departments. In FY 2017, the district expanded HMD's scope of services to include preparing monthly bank reconciliations for its central bank accounts (DPS and DPSCD accounts). Moving forward, the district is analyzing whether cost-saving and/or greater efficiency and quality can be realized by providing this service with internal employees.

### **Gap Analysis:**

Preparing monthly bank reconciliations is a required internal control for detecting accounting and banking errors and for identifying fraudulent transactions. Monthly bank reconciliations for all the district's bank accounts are required to complete regular monthly financial reporting and the annual external financial audit. Failure to complete the audit on time, will result in the Michigan Department of Education (MDE) withholding 100% of the district's annual state aid per section 18(10) of the State School Aid Act.

### **Previous Outcomes:**

During FY 2017, HMD completed 1,236 monthly bank reconciliations (103 school and district bank accounts) at a total cost of \$168,175. The district receives monthly reports from HMD to identify any areas of concern which need to be addressed.

**HMD PLLC**

**Date: August 18, 2017**

Prior to engaging with HMD, the district was subject to audit findings for failing to timely complete bank reconciliations. Employment of HMD eliminated these findings in the FY 2016 audit. The FY 2017 audit is expected to be completed in November 2017 and no findings in this area are expected.

**Expected Outcomes:**

HMD will continue to provide monthly bank reconciliations for all school bank accounts (including the additional 11 returned DPS buildings) and provide training to new staff members. This work will allow the district to continue to maintain appropriate internal financial controls and complete annual audits.

**Financial Impact:**

The cost of services has decreased each year:

<b>Services</b>	<b>FY 16 Rates</b>	<b>FY 17 Rates</b>	<b>FY 18 Rates</b>
Bookkeepers	\$ 36.00 / Hour	\$ 33.48 / Hour	\$ 31.14/ Hour
Senior Accountant	\$ 46.00 / Hour	\$ 42.78 / Hour	\$ 39.79 / Hour
Project Manager	\$ 50.75 / Hour	\$ 47.20 / Hour	\$ 43.89 / Hour

The projected hours of service are listed below:

<b>Services</b>	<b>FY 18 Rates</b>	<b>Anticipated Hours</b>	<b>Anticipated Cost</b>
Bookkeepers	\$ 31.14/ Hour	460 hours	\$15,420
Senior Accountant	\$ 39.79 / Hour	56 hours	\$36,527
Project Manager	\$ 43.89 / Hour	3,254 hours	\$139,228
<b>Total</b>			<b>\$191,175</b>

The district anticipates billing of approximately \$191,175. The increase in cost is primarily due to the additional schools that will be served in FY 18.

*Fund Source:* General Fund.

*Bid Process:* The District issued Request for Proposal 16-0247-S to obtain suppliers to provide School based accounting/bookkeeping services to district-wide school locations in accordance with Federal, State, local laws, statutes and ordinances and industry standards. Three proposals were received; Accutrak Services, Global Consulting, and Haynes, Maufus and Davis.

The evaluation committee reviewed three (3) supplier proposals based upon criteria which encompassed supplier background, experience, capability, and cost. The team selected one supplier, Haynes, Maufus and Davis who, based their proposal strongly fit the needs of the District.

**HMD PLLC**

**Date: August 18, 2017**

**Contact for Item:**

Tony Saunders, Acting Chief Financial Officer

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Email: tony@voltestrategy.com

Michael Bridges, Deputy Finance Director

Phone: (313) 873-3481

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**Supporting Documents/Attachments:**

Draft Contract Renewal and Existing Contract

# Requests for consideration and approval

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- a. Community District's Monthly Report**
- b. DPS / DPSCD Interdistrict Transfer Activity**
- c. Contract Requests**
- d. Out-of-State Travel Requests**

## **Out-of-State Travel Reimbursement Requests**

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The District does not have any outstanding out-of-state travel reimbursements that need to be provided to the Board of Education or FRC for review and approval.