



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.

# 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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**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.

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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.

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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.

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**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:**

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**Supporting Documents/Attachments:**

Draft Contract Renewal and Existing Contract