

A young boy with short dark hair is smiling broadly, looking slightly off-camera. He is wearing a dark blue polo shirt. In the background, other students are visible, some sitting at desks with white Apple laptops. The setting appears to be a classroom or computer lab.

Financial Review Commission Public Meeting

March 26, 2018

Agenda

DPS and DPSCD Financial Update

DPSCD FY 2018 Bud Amend No. 2

FY 2019 Budget & 5 Year Projection

Supplemental Reports

Contracts

Out-of-State Travel

DPS Summary

- **Revenues and Expenditures**

- Revenues through January were above budget, with \$2.9M in tax collections above anticipated collections.
- Expenditures for the audit and legal expense through January were below budget.
- The next bond payments are scheduled for March and April, 2018.

- **Cash Flow**

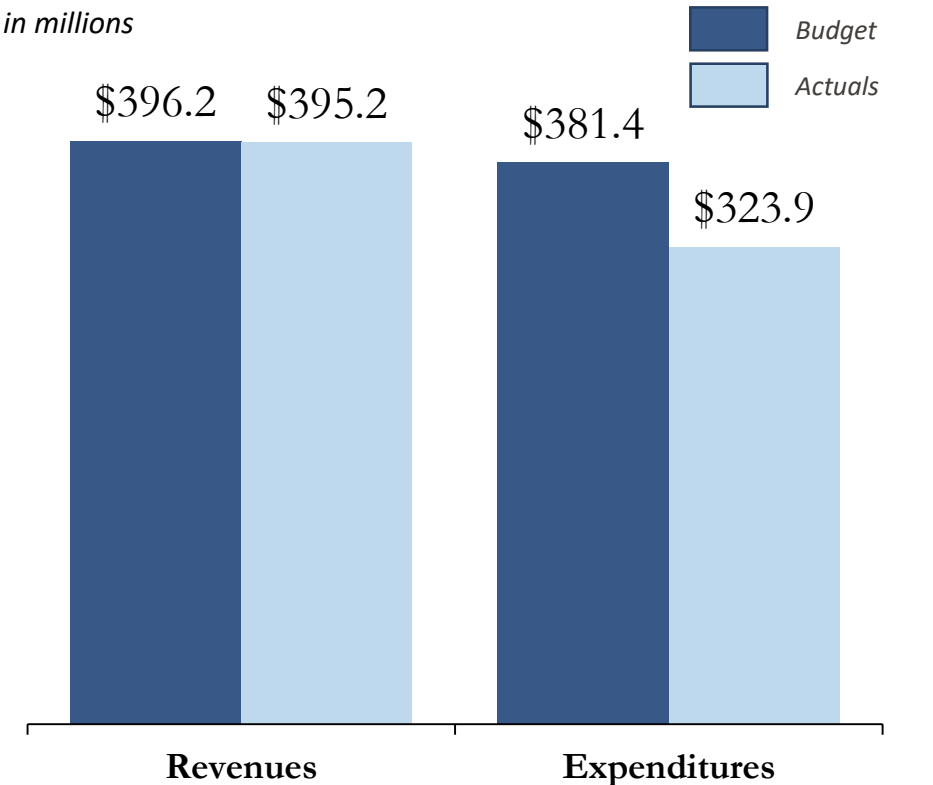
- DPS received \$28.9M from Michigan Office of Retirement Services as part of the 3% Healthcare Refund. This refund will be paid in March, 2018.
- The ending cash balance for January is \$53.8M, with a projected FY 2018 ending cash balance of \$1.8M.

DPSCD Revenues and Expenditures Through January 2018

- Revenues through January were slightly below budget (\$1.0M).
 - Federal sources were below budget by \$13.2M, primarily due to lower than expected grant reimbursements from unfilled vacancies.
 - State sources were above budget by \$13.9M due to higher enrollment.
- Expenditures through January were below budget (\$57.4M).
 - Salaries and Benefits were below budget by \$24.7M, primarily due to unfilled vacancies.
 - Purchased Services were below budget by \$17.1M, primarily due to a reduction in contract services and timing of Accounts Payable.

Budget vs. Actuals

\$ in millions

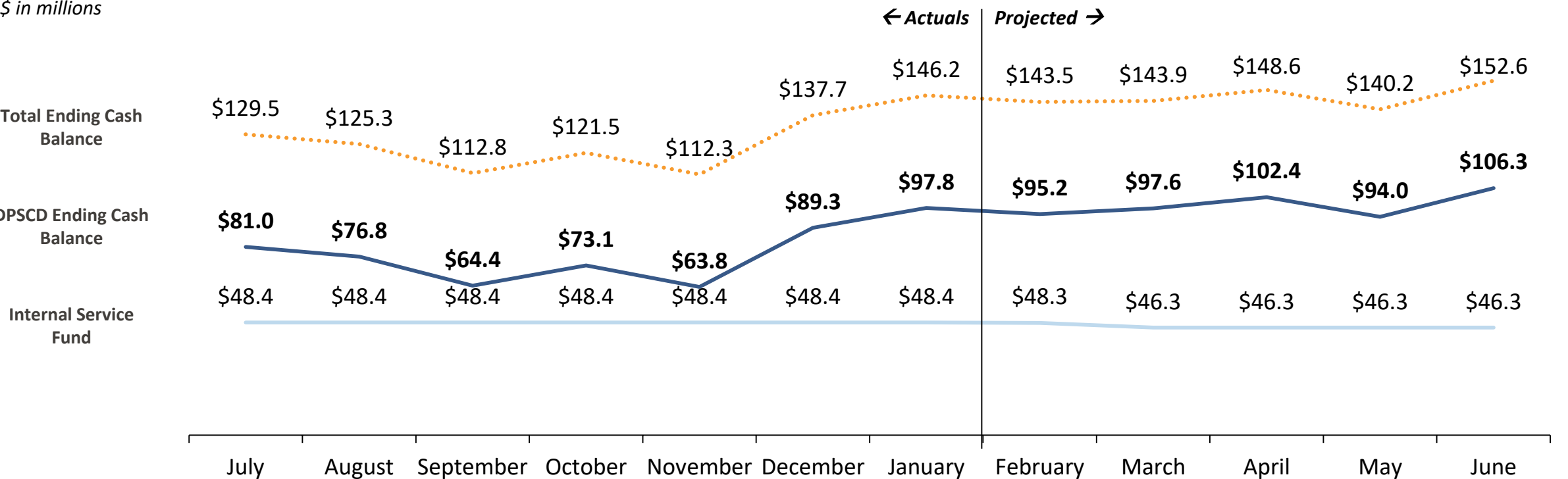


DPSCD January 2018 Cash Flow Analysis

- DPSCD’s ending cash balance for January was \$97.8M and the Internal Service Fund ending balance was \$48.4M, for a total ending balance of \$146.2M.
- The projected FY 2018 ending cash balance for DPSCD is \$106.3M.
- The current cash balance is estimated to be equivalent to 8.2 weeks of average expenditures¹.
- Accounts Payable has trended lower relative to the initial cash flow forecast in the first seven months. The forecast (Feb.-Jul.) has been lowered to be more in-line with the rate of spending for AP expenditures through January.

Actual & Projected Ending Cash Balance

\$ in millions



(1) Calculated by taking current cash balance as of January 26, 2018 and dividing it by the average actual YTD expenditures per week, excluding any one-time items such as the \$16M loan to DPS to fund a SODEXO payment.

DPS Monthly Report



High level assumptions underlying DPS (Old Co.)

- DPS (Old Co.) is primarily a wind-down entity whose purpose is the satisfaction of legacy debt obligations
- DPS's General Fund receives revenue from two main sources:
 - (i) Local Sources – Property Taxes (18 non-homestead mills) collected and remitted by the City and County
 - (ii) State Sources – Property tax abatements (Renaissance Zone) reimbursed by the State
- DPS's General Fund is budgeted to have the following categories of expenditures:
 - (i) Operating expenditures – Primarily related to legal and audit fees
 - (ii) Debt Service – Payments related to operating bonds, emergency loan, and pension obligations
 - (iii) Transfers out – Reimbursements to DPSCD in connection with legislation
- In addition, DPS collects property taxes related to the 13 mills, which are dedicated to service legacy capital debt. Any shortfall in these collections is backstopped by additional borrowings from the State of Michigan School Loan Revolving Fund (SLRF). Therefore, any activity related to the capital debt does not impact the General Fund, and is reported separately.

Summary statement of revenues and expenditures – budget to actual comparison

- Based on actual results through January 2018, DPS recorded a surplus of revenues over expenditures of \$18.8M.
- For the month of January, DPS received \$7.0M in local property tax revenue, which is dedicated to legacy debt service.
- Operating expenditures includes \$36K of legal and audit fees. Budget assumed higher fees.

	Budget Month of Jan-17	Actual Month of Jan-17	Variance		Budget YTD Jan-17	Actual YTD Jan-17	Variance	
			\$	%			\$	%
Revenues								
Local sources	6,484,921	7,028,443	543,522	8%	35,226,327	38,178,756	2,952,430	8%
State sources	361,657	360,894	(763)	(0%)	2,531,597	2,526,259	(5,338)	0%
Federal sources	-	-	-	-	-	-	-	-
Interdistrict sources	-	-	-	-	-	-	-	-
Other sources	-	-	-	-	-	-	-	-
Total revenue	6,846,578	7,389,337	542,759	8%	37,757,923	40,705,015	2,947,092	8%
Expenditures								
Operating expenditures	400,000	36,000	(364,000)	(91%)	400,000	36,000	(364,000)	(91%)
Debt Service	875,178	875,178	-	-	21,891,279	21,891,279	-	-
Transfers out	-	-	-	-	-	-	-	-
Total expenditures	1,275,178	911,178	(364,000)	(29%)	22,291,279	21,927,279	(364,000)	(2%)
Surplus (Deficit)	5,571,400	6,478,159	906,759	16%	15,466,645	18,777,737	3,311,092	21%

DPS Cash Forecast to Actuals Variance – Jan. 2017

<i>\$ in thousands</i>	January Forecast	January Actuals	January Variance	Comment
Cash Receipts				
State Aid	\$ 25,000	\$ 28,876	\$ 3,876	Includes a \$28.9M reimbursement of salaries to District employees, that were previously withheld by the State. The amount withheld plus applicable employer related taxes will pass through to the payroll and FICA lines in a future period
Property Tax (13 Mills)	2,081	7,855	5,774	Timing - forecast assumed lower amount
Transfer from DPSCD	3,463	-	(3,463)	Forecast assumed \$3.4M transfer to DPS, which will occur in a future period
Draw from BONY	-	-	-	
Miscellaneous	4	36	32	Miscellaneous revenue primarily due to food services
Total Cash Receipts	30,549	36,767	6,218	
Cash Disbursements				
Accounts Payable	(72)	(72)	0	
Fringe Benefits	-	-	-	
Property Tax Transfer (1)	(12,382)	-	12,382	Property tax transfer timing coincides with the payment of 13 mil debt service
Transfer to DPSCD	-	-	-	
Other	(1,086)	(1,161)	(75)	Includes \$1.1M in property tax abatements (Ren. Zone), which should have been sent to the BONY account
Total Cash Disbursements	(13,541)	(1,233)	12,308	
Net Cash Flow	17,008	35,534	18,526	
Beginning Cash Balance	18,301	18,301	-	
Net Cash Flow	17,008	35,534	18,526	
Ending Cash Balance	\$ 35,309	\$ 53,835	\$ 18,526	

(1) Property tax transfer relates to 13 Mills property tax receipts collected to cover capital debt service.

DPS FY 2018 monthly cash flows

\$ in thousands

	2017						2018						FY 18 Total
	July	August	September	October	November	December	January	February	March	April	May	June	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	
Cash Receipts													
State Aid (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,876	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,876
Property Tax (13 Mills)	290	2,427	27,530	4,209	1,704	1,363	7,855	3,081	12,388	584	1,583	11,986	75,000
Transfer from DPSCD (2)	-	16,000	-	-	-	-	-	178	2,100	-	-	488	18,766
Draw from BONY	-	16,740	-	-	-	-	-	-	7,984	231	556	3,468	28,980
Miscellaneous (3)	124	112	1,014	137	102	1,137	36	31	-	-	-	-	2,694
Total Cash Receipts	415	35,280	28,543	4,347	1,806	2,500	36,767	3,290	22,471	815	2,139	15,943	154,315
Cash Disbursements													
Payroll Direct Deposit (1)	-	-	-	-	-	-	-	-	(28,876)	-	-	-	(28,876)
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
FICA (1)	-	-	-	-	-	-	-	-	(2,100)	-	-	-	(2,100)
Accounts Payable (4)	-	(16,209)	(304)	(58)	(49)	(58)	(72)	(4,050)	(50)	(50)	(50)	(50)	(21,001)
Pension (employee portion)	-	-	-	-	-	-	-	-	-	-	-	-	-
Pension (employer portion)	(4)	-	-	-	-	-	-	-	-	-	-	-	(4)
Health	-	-	-	-	-	-	-	-	-	-	-	-	-
Fringe Benefits	-	(0)	-	-	-	-	-	-	-	-	-	-	(0)
Property Tax Transfer	-	(1,472)	(27,530)	-	-	-	-	(21,237)	(12,388)	(584)	(1,583)	(11,986)	(76,780)
Food Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to DPSCD	-	-	(19,779)	-	-	-	-	-	-	-	-	(13,100)	(32,879)
Other (5)	(24)	(72)	-	(7)	(504)	(2,357)	(1,161)	(100)	(100)	(100)	(100)	(100)	(4,624)
Total Cash Disbursements	(28)	(17,754)	(47,612)	(65)	(553)	(2,415)	(1,233)	(25,387)	(43,513)	(734)	(1,733)	(25,236)	(166,264)
Net Cash Flow	386	17,526	(19,069)	4,281	1,253	85	35,534	(22,097)	(21,042)	81	406	(9,294)	(11,949)
Beginning Cash Balance	13,838	14,225	31,750	12,681	16,963	18,215	18,301	53,835	31,738	10,696	10,777	11,183	13,838
Net Cash Flow	386	17,526	(19,069)	4,281	1,253	85	35,534	(22,097)	(21,042)	81	406	(9,294)	(11,949)
Ending Cash Balance	\$ 14,225	\$ 31,750	\$ 12,681	\$ 16,963	\$ 18,215	\$ 18,301	\$ 53,835	\$ 31,738	\$ 10,696	\$ 10,777	\$ 11,183	\$ 1,890	\$ 1,890

Forecast includes actuals through February 02, 2018.

(1) Includes a \$28.9M reimbursement of salaries to District employees, that were previously withheld by the State. The amount withheld plus applicable employer related taxes is to be passed through to the payroll line and FICA line.

(2) The draw-down from DPSCD in February is related to the reimbursement of Legal, Worker's Comp, and TIP payments made by DPS on behalf of DPSCD. March includes funding for the applicable employer related taxes, which will be paid by DPSCD. June includes a reimbursement for P-card payments made by DPS on behalf of DPSCD.

(3) Miscellaneous receipts includes a \$1.1M in property tax abatements (Ren. Zone), which should have been sent to the BONY account. Monies were transferred to BONY in January.

(4) Includes \$20M in settlement payments to Sodexo (the remaining \$8M will be paid in FY 2019). January includes \$36K in audit fees and \$36K in P-cards.

(5) December activity includes a reimbursement to Wayne County for 2014/2015 overpayment of Act 18 Funds. January activity includes the pass-through to the BONY account mentioned in footnote 3. The forecast for Feb – June includes the savings from the budgeted legal and audit fees, which are being spread here as contingency.

DPSCD Monthly Report



Financial Update – January 2018

- DPSCD recorded a surplus of revenues over expenditures of \$5.4M in the month of January 2018, compared to a budget deficit of \$9.1M, a \$14.6M variance (see p. 13).
 - Relative to budget, revenues were ahead by \$5.9M for the month of January, or a 10% increase (see p. 13).
 - Local Sources – Local enhancement millage was ahead of budget, leading to the \$1.9M increase over budget for local sources (see p. 13).
 - State Sources – Budgeted state sources were behind actuals by \$3.2M (see p. 13).
 - On the expenditure side, actuals were below budget by \$8.6M for the month of January, or a 13% decrease (see p. 13).
 - Salaries and benefits (object level) – The variance between actuals and budget for salaries and benefits is largely due to budgeted unfilled vacancies. The District will address this with FY 2018 Budget Amendment no. 2 by moving unspent funds to contingency.
 - Contingency (object level) – Additionally, the District has \$15.5M in budgeted contingency, of which \$1.6M was budgeted in January (see p. 13); the remaining amount will be used for unplanned future expenditures from previous year.
 - Instruction (function level) – In the month of January, instructional spend trailed budget by \$6.0M, or 16%, mainly due to unfilled vacancies that are mentioned in salaries and benefits (see p. 14).
 - Support Services (function level) – Support services for the month of January was \$28.3M, or 8%, below budget (see p. 14).
- The net cash flow for January 2018 was \$8.5M, putting the ending cash balance at \$97.8M (\$146.2M including the internal service fund and fiduciary account – see p. 16).

Summary statement of revenues and expenditures (object) – budget to actual comparison

- Based on actual results through January 2018, DPSCD is \$71.3M ahead of budget. However at this point, DPSCD believes much of this favorable variance is due to timing and will reverse before the end of the fiscal year.

	Budget Month of Jan-18	Actual Month of Jan-18	Variance		Budget YTD Jan-18	Actual YTD Jan-18	Variance	
			\$	%			\$	%
Revenues								
Local sources	\$ 7,022,046	\$ 8,891,184	\$ 1,869,138	27%	\$ 38,294,896	\$ 36,500,952	\$ (1,793,944)	(5%)
State sources	37,801,089	41,029,945	3,228,855	9%	275,576,194	289,538,202	13,962,008	5%
Federal sources	13,427,427	14,264,401	836,974	6%	82,323,624	69,140,015	(13,183,609)	(16%)
Total revenues	58,250,563	64,185,530	5,934,967	10%	396,194,714	395,179,169	(1,015,545)	(0%)
Expenditures								
Salaries	30,067,857	25,738,070	(4,329,787)	(14%)	167,471,750	151,239,975	(16,231,775)	(10%)
Benefits	17,099,939	14,494,672	(2,605,267)	(15%)	94,811,436	86,393,298	(8,418,138)	(9%)
Purchased Services	14,115,951	14,876,319	760,367	5%	85,827,048	68,651,408	(17,175,639)	(20%)
Supplies & Textbooks	2,125,746	1,765,692	(360,054)	(17%)	10,379,753	6,193,929	(4,185,823)	(40%)
Equipment & Capital	1,005,910	306,636	(699,273)	(70%)	5,017,234	967,233	(4,050,001)	(81%)
Utilities	1,313,900	1,236,782	(77,118)	(6%)	10,149,500	10,016,078	(133,422)	(1%)
Contingency	1,637,698	317,600	(1,320,098)	(81%)	7,713,872	461,556	(7,252,316)	(94%)
Total expenditures	67,367,001	58,735,772	(8,631,230)	(13%)	381,370,593	323,923,478	(57,447,115)	(15%)
Surplus (Deficit)	\$ (9,116,439)	\$ 5,449,758	\$ 14,566,197	N/A	\$ 14,824,122	\$ 71,255,691	\$ 56,431,568	381%

Summary statement of expenditures (function) – budget to actual comparison

	Budget Month of Jan-18	Actual Month of Jan-18	Variance		Budget YTD Jan-18	Actual YTD Jan-18	Variance	
			\$	%			\$	%
INSTRUCTION								
Elementary Programs	\$ 14,160,385	\$ 12,413,335	\$ (1,747,050)	(12%)	\$ 71,339,606	\$ 64,797,883	\$ (6,541,723)	(9%)
Middle School Programs	1,375,279	1,415,724	40,445	3%	7,011,142	6,668,042	(343,100)	(5%)
High School & Summer Programs	6,112,162	5,491,547	(620,615)	(10%)	34,032,938	30,718,761	(3,314,177)	(10%)
Special Education	7,930,337	6,524,276	(1,406,061)	(18%)	41,531,623	35,561,928	(5,969,696)	(14%)
Compensatory Education	6,230,618	4,104,229	(2,126,389)	(34%)	33,251,102	21,782,199	(11,468,903)	(34%)
Career and Technical Education	317,816	215,255	(102,561)	(32%)	1,637,969	1,153,293	(484,676)	(30%)
Adult/Continuing Education - Basic	93,928	105,757	11,828	13%	770,825	575,582	(195,244)	(25%)
Total Instruction	36,220,526	30,270,123	(5,950,403)	(16%)	189,575,206	161,257,687	(28,317,519)	(15%)
SUPPORTING SERVICES								
Pupil	6,328,552	4,921,500	(1,407,053)	(22%)	33,022,447	24,598,073	(8,424,374)	(26%)
Instructional Support	4,843,584	2,374,603	(2,468,981)	(51%)	29,012,420	16,957,051	(12,055,369)	(42%)
General Administration	423,856	357,684	(66,173)	(16%)	3,284,195	2,605,760	(678,435)	(21%)
School Administration	3,575,658	3,337,261	(238,398)	(7%)	22,628,734	20,781,907	(1,846,827)	(8%)
Business	839,257	949,893	110,636	13%	5,109,948	4,807,296	(302,652)	(6%)
Maintenance & Operations	8,439,548	9,816,482	1,376,934	16%	54,847,562	47,529,800	(7,317,762)	(13%)
Transportation	3,264,325	3,130,299	(134,026)	(4%)	21,315,823	18,993,341	(2,322,482)	(11%)
Central Support Services (1)	2,791,890	3,176,146	384,256	14%	19,326,316	23,957,793	4,631,477	24%
School Activities	158,683	240,131	81,448	51%	793,416	787,868	(5,548)	(1%)
Total Supporting Services	30,665,353	28,303,998	(2,361,355)	(8%)	189,340,860	161,018,889	(28,321,972)	(15%)
COMMUNITY SERVICES	481,122	161,651	(319,471)	(66%)	2,454,526	1,646,903	(807,623)	(33%)
TOTAL EXPENDITURES	\$ 67,367,001	\$ 58,735,772	(8,631,230)	(13%)	\$ 381,370,592	\$ 323,923,478	\$ (57,447,114)	(15%)

(1) Central Support Services actuals for the month of October includes a one time MPSERS pass-through to the retirement system, which was funded by State Aid.

DPSCD Cash Forecast to Actuals Variance – Jan. 2018

\$ in thousands

Cash Receipts

	January Forecast	January Actuals	January Variance	Comment
State Aid	\$ 39,491	\$ 39,920	\$ 429	
MPSERS (State Funded)	2,983	2,983	(0)	
Enhancement Millage	935	310	(625)	Timing - forecast assumed higher amount
Grants	10,529	7,349	(3,180)	Timing - forecast assumed higher amount
Transfer from DPS	-	-	-	
WCRESA	4,052	4,052	(0)	
Food Service Reimbursement	1,188	109	(1,079)	Timing of grant reimbursements; catch up expected in future periods
Capital Asset Sales	-	-	-	
Miscellaneous	4,773	1,057	(3,716)	Forecast assumed \$3.4M transfer in from ISF, related to TIP, Legal, and WC claims. This amount will be drawn from ISF and transferred to DPS in a future period. Actuals include Outreach Medicaid, grant timing, and JROTC
Total Cash Receipts	63,952	55,780	(8,172)	

Cash Disbursements

MPSERS (Pass through)	\$ (2,983)	\$ (2,985)	\$ (2)	
Payroll Direct Deposit	(14,082)	(13,230)	852	
Taxes	(5,476)	(5,204)	272	
FICA	(1,787)	(1,509)	278	
Accounts Payable	(21,737)	(13,066)	8,671	Timing - disbursements expected in future periods
Pension (employee portion)	(1,928)	(966)	962	Timing - additional pension payment to be made in a future period
Pension (employer portion)	(5,977)	(2,931)	3,046	Timing - additional pension payment to be made in a future period
Health	(8,786)	(4,639)	4,147	Timing - forecast assumed two health payments
Fringe Benefits	(685)	(449)	235	
Food Service	(3,401)	(2,311)	1,091	Timing - forecast assumed higher amount
Transfer to DPS	(3,463)	-	3,463	Forecast assumed \$3.4M transfer to DPS, which will occur in a future period
Other	(1,539)	-	1,539	Forecast assumed contingency
Total Cash Disbursements	(71,844)	(47,291)	24,554	

Net Cash Flow

Beginning Cash Balance	89,301	89,301	-
Net Cash Flow	(7,893)	8,489	16,382
Ending Cash Balance	\$ 81,408	\$ 97,790	\$ 16,382

DPSCD FY 2018 monthly cash flows

\$ in thousands

	2017						2018						FY 18 Total
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast	
Cash Receipts													
State Aid	\$ 35,012	\$ 35,071	\$ -	\$ 39,508	\$ 40,457	\$ 39,236	\$ 39,920	\$ 39,920	\$ 39,920	\$ 39,920	\$ 39,920	\$ 39,920	\$ 428,802
MPERS (State Funded)	3,182	3,186	-	6,634	5,966	2,983	2,983	2,983	2,983	2,983	2,983	2,983	39,850
Enhancement Millage	1,078	1,017	2,128	3,342	3,037	1,631	310	2,791	1,158	634	232	641	18,000
Grants (1)	18,108	12,295	11,226	229	5,854	13,756	7,349	17,594	10,226	10,226	10,226	10,226	127,315
Transfer from DPS	-	-	19,779	-	-	-	-	-	-	-	-	13,100	32,879
WCRESA	-	-	3,848	4,052	6,613	4,052	4,052	4,052	4,052	4,052	4,052	4,052	42,878
Food Service Reimbursement	4,897	2,828	-	2,295	4,260	9,000	109	2,428	2,318	5,054	5,054	5,054	43,297
Capital Asset Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous (2)	2,593	578	588	602	2,985	1,232	1,057	1,656	3,125	1,125	1,406	1,125	18,071
Total Cash Receipts	64,870	54,974	37,569	56,662	69,172	71,890	55,780	71,424	63,782	63,994	63,873	77,101	751,092
Cash Disbursements													
MPERS (Pass through)	\$ (3,182)	\$ (3,182)	\$ (3,186)	\$ -	\$ (12,600)	\$ -	\$ (2,985)	\$ (2,983)	\$ (2,983)	\$ (2,983)	\$ (2,983)	\$ (2,983)	\$ (40,051)
Payroll Direct Deposit	(14,688)	(15,085)	(16,264)	(14,168)	(14,479)	(15,232)	(13,230)	(21,979)	(14,891)	(14,891)	(14,891)	(14,891)	(184,689)
Taxes	(4,878)	(4,182)	(4,368)	(5,119)	(8,795)	(5,233)	(5,204)	(5,578)	(5,714)	(5,714)	(8,572)	(5,714)	(69,073)
FICA	(2,017)	(1,752)	(1,261)	(1,554)	(1,802)	(1,635)	(1,509)	(1,787)	(1,787)	(1,787)	(2,680)	(1,787)	(21,358)
Accounts Payable	(11,803)	(8,513)	(15,531)	(11,884)	(17,819)	(14,121)	(13,066)	(17,977)	(13,185)	(13,185)	(16,481)	(18,185)	(171,750)
Pension (employee portion)	(1,635)	(1,454)	(1,140)	(1,751)	(2,773)	(1,875)	(966)	(1,895)	(2,004)	(2,004)	(3,006)	(2,004)	(22,506)
Pension (employer portion)	(5,029)	(4,622)	(3,459)	(5,504)	(8,660)	(5,819)	(2,931)	(5,879)	(6,206)	(6,206)	(9,308)	(6,206)	(69,829)
Health	(1,218)	(3,042)	(3,920)	(5,639)	(6,740)	(66)	(4,639)	(7,862)	(4,645)	(4,645)	(4,645)	(4,645)	(51,705)
Fringe Benefits	(215)	(937)	(592)	(795)	(177)	(214)	(449)	(636)	(577)	(577)	(657)	(577)	(6,404)
Food Service	(684)	(379)	(338)	(1,533)	(2,229)	(2,209)	(2,311)	(4,814)	(4,814)	(4,814)	(6,017)	(4,814)	(34,954)
Transfer to DPS (3)	-	(16,000)	-	-	-	-	-	(178)	(2,100)	-	-	(488)	(18,766)
Other	(23)	-	-	-	(2,356)	-	-	(2,443)	(2,443)	(2,443)	(3,054)	(2,443)	(15,207)
Total Cash Disbursements	(45,374)	(59,148)	(50,059)	(47,948)	(78,429)	(46,403)	(47,291)	(74,010)	(61,349)	(59,249)	(72,295)	(64,737)	(706,291)
Net Cash Flow	19,496	(4,174)	(12,489)	8,714	(9,257)	25,487	8,489	(2,586)	2,433	4,745	(8,422)	12,364	44,801
Beginning Cash Balance	61,523	81,020	76,846	64,357	73,071	63,814	89,301	97,790	95,204	97,637	102,382	93,960	61,523
Net Cash Flow	19,496	(4,174)	(12,489)	8,714	(9,257)	25,487	8,489	(2,586)	2,433	4,745	(8,422)	12,364	44,801
Ending Cash Balance	\$ 81,020	\$ 76,846	\$ 64,357	\$ 73,071	\$ 63,814	\$ 89,301	\$ 97,790	\$ 95,204	\$ 97,637	\$ 102,382	\$ 93,960	\$ 106,324	\$ 106,324
Memo:													
Internal Service Fund and Fiduciary Account													
Beginning Balance	\$ 48,439	\$ 48,439	\$ 48,439	\$ 48,439	\$ 48,439	\$ 48,439	\$ 48,439	\$ 48,439	\$ 48,261	\$ 46,261	\$ 46,261	\$ 46,261	\$ 48,439
(+) Liability Balance Transfer from DPS	-	-	-	-	-	-	-	-	-	-	-	-	-
(-) TIP, Legal, And Workers' Compensation Claims	-	-	-	-	-	-	-	(178)	(2,000)	-	-	-	(2,178)
Ending Balance	48,439	48,439	48,439	48,439	48,439	48,439	48,439	48,261	46,261	46,261	46,261	46,261	46,261
Grand Total	\$ 129,459	\$ 125,285	\$ 112,795	\$ 121,510	\$ 112,253	\$ 137,740	\$ 146,229	\$ 143,465	\$ 143,898	\$ 148,643	\$ 140,221	\$ 152,586	\$ 152,586

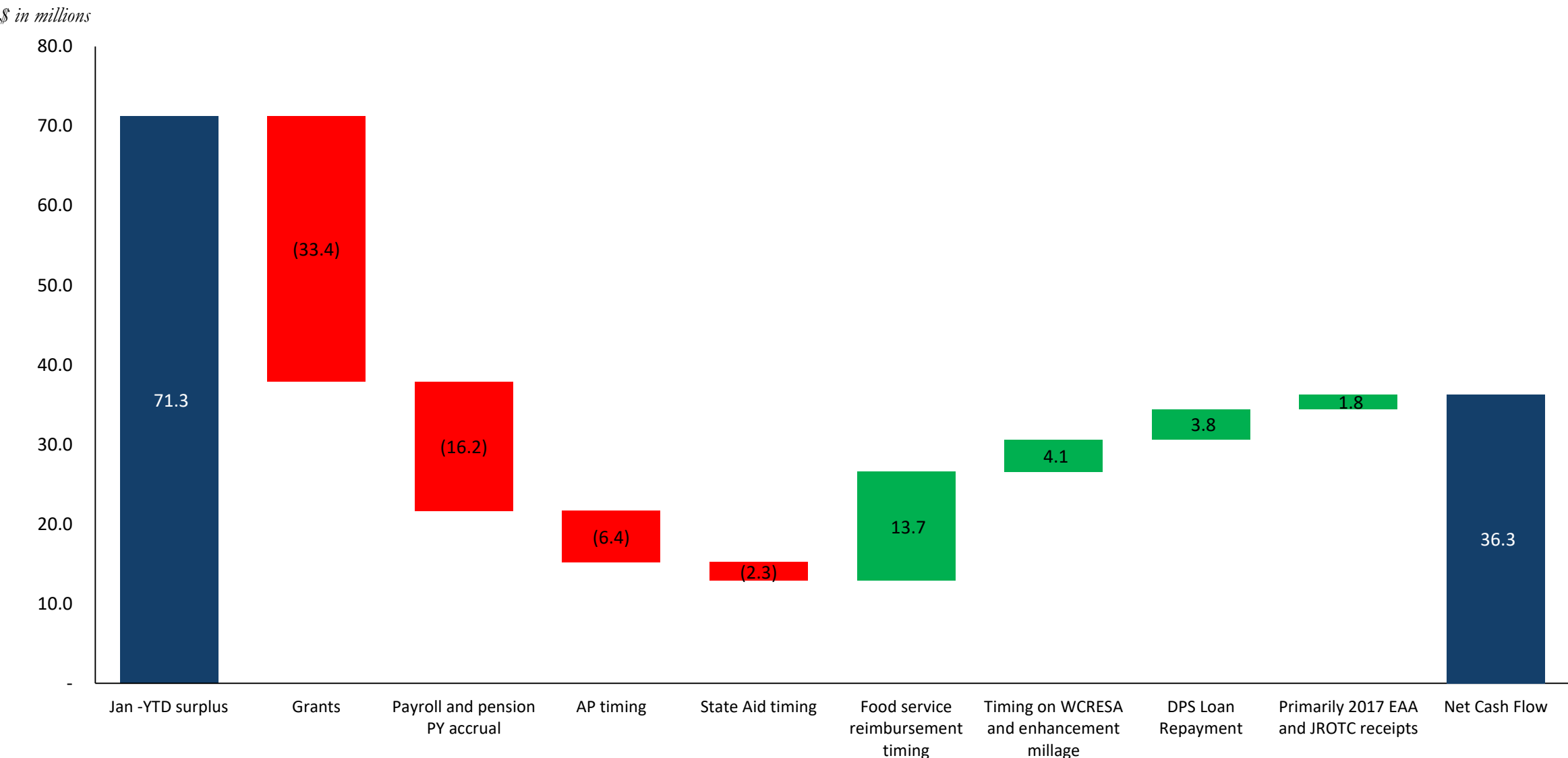
Forecast includes actuals through February 02, 2018.

(1) January includes a \$3.4M annual special education grant.

(2) Miscellaneous receipts in January consist primarily of \$559K of Outreach Medicaid, \$257K due to grant timing, and \$86K due to JROTC.

(3) Transfers to DPS includes a \$178K and a \$2.1M transfer to DPS in February and March, respectively. The \$178K transfer in February relates to the reimbursement of Legal, Worker's Comp, and TIP payments made by DPS on behalf of DPSCD. The \$2.1M transfer in March is to cover the employer related taxes associated with \$28.9M in salaries for District employees previously withheld by the State.

Reconciliation of FY 2018 January YTD general ledger surplus to actual net cash flow



DPSCD FY 18 Budget Amendment No. 2



FY 2018 Revenues and Expenditures Comparison

**DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT
GENERAL FUND
BUDGET AMENDMENT # 2
YEAR ENDING JUNE 30, 2018**

	FY 2017 - Actual	FY 2018 - Budget Amendment # 1	FY 2018 - Budget Amendment # 2	FY 2018 - Budget Amendment # 2 Increase (Decrease) Over FY 2018 - Budget Amendment # 1
Revenue and Sources:				
Local sources	62,528,317	75,395,542	78,229,265	2,833,723
State sources	441,911,193	475,699,609	495,159,759	19,460,150
Federal sources	116,292,314	153,410,004	172,805,905	19,395,901
Proceeds from sale of capital assets	9,453,274	-	-	-
Payments from Other School Districts	34,104,890	13,100,000	13,100,000	-
Transfers In	2,571,460	2,000,000	2,000,000	-
Total Revenue and Sources	666,861,448	719,605,155	761,294,929	41,689,774
Expenditures and Uses:				
Personnel	417,935,642	495,341,999	485,132,037	(10,209,962)
Purchased Services	136,262,660	156,936,612	165,657,016	8,720,404
Supplies	15,739,061	20,780,977	36,839,686	16,058,709
Equipment & Capital	4,179,007	10,035,479	10,180,463	144,984
Utilities	13,781,958	16,719,000	16,719,800	800
Title I Restricted	-	6,118,839	4,728,506	(1,390,333)
Total Expenditures	587,898,328	705,932,906	719,257,508	13,324,602
Contingency				
Sources				
General Purpose Fund	-	8,900,000	17,995,338	9,095,338
State Transition Fund	-	485,000	522,567	37,567
Special Education Fund	-	-	3,265,036	3,265,036
ACT18	-	-	2,794,748	2,794,748
Total Sources (Uses)	-	9,385,000	24,577,689	15,192,689
Beginning Fund Balance	-	78,963,120	78,963,120	
Ending Fund Balance	\$ 78,963,120	\$ 83,250,369	\$ 96,422,852	

Budget Amendment No. 2 Takeaways

- ✓ Balanced budget which increases end of the year fund balance from \$4.3M to \$17.6M
- ✓ Increases the general fund contingency from \$8.9M to ~\$18M

Revenue

- ✓ Overall increase in revenue of ~\$41M
- ✓ \$19M increase from 2,127 student increase in Fall Count Day
- ✓ \$18.5M increase in Title IA and Title IIA, and an additional \$2M in Special Education reimbursement.

Expenses

- ✓ Reduced allocated expenditures by eliminating unaligned district positions and unspent funding to vacancies to Contingency and fund balance
- ✓ Increased available funds for school level technology investments from carryover Title IA
- ✓ Increased Title IIA personnel costs for professional stipends for teachers

DPSCD FY 19 Proposed Budget



FY 19 Proposed Budget Summary

The budget is strategic but based on conservative revenue and expense framework:

- ✓ Enrollment remains constant at Fall 2018 levels and projected foundation allowance is at the low-end of the state proposals - \$120 (~\$6M) per student and the increase is budgeted in the general fund contingency.
- ✓ All positions are fully funded and teacher vacancies are budgeted at Step 8 (\$52,800).
- ✓ Includes a \$17.8M reoccurring general fund contingency and an additional projected reoccurring \$8M surplus.
- ✓ Establishes a \$42M set aside reserve or 10% of the budget.

The FY 19 proposed budget builds on the zero-based budgeting process by eliminating costs not aligned to the strategic plan and funding key initiatives aligned with the plan.

- ✓ Establishes and fully funds a standard school staffing model, which will increase school personnel to support instruction, climate and culture.
- ✓ Funds K-5 Cultural Passport, expansion of K-8 athletics through, additional art and music equipment, and chess programs.
- ✓ Establishes one-time funding for school level programmatic build out, including accelerated programs, performing arts, and STEM.
- ✓ Lays foundation to upgrade technology districtwide at the school level (laptops, interactive TV monitors) with consistent online learning programming (supplement, not core).
- ✓ Upgrades principal and teacher professional development.

School Staffing Model

The school staffing model creates equity in services and personnel among schools with a dedication to the Strategic Plan.

- ✓ All schools should have a basic set of services and support, which are increased or decreased based on the school's enrollment.
- ✓ The district is committed to fully staffing our schools and is working with the DFT to recognize ALL certified teaching experience for current employees and new hires.
- ✓ Staff allocation will be based on Winter Count student enrollment. Enrollment will be monitored over the summer and the start of the school year to adjust allocations. This creates stabilization with staffing and incentive to retain and recruit students at school level.

The School Staffing Model is funded by:

- ✓ Shifting from contracted school services (student behavior, PD, coaching) to full time employment at schools. (Dean of Culture, Master Teacher, School Culture Facilitator)
- ✓ Shifting central office positions to school based positions. (Attendance Agents)
- ✓ Standardizing curriculum, supports and resources at the Central Office level and eliminating one-off contracts at the school level.

Comparison to FY 2018 – Proposed School Staffing Model

	Funding	FY19 FTE	FY19 Cost (\$ M)
<u>School Leadership</u>			
Principals– Shift to 12 months	GF	96	\$16.4
Assistant Principals– Shift to at least 1 AP at each school	GF	105	12.3
Deans of Culture– 1 per school to lead the climate and culture services in the building	Title	83	8.2
<u>Instructional Staff</u>			
Master Teachers– 2 per grade band (K-5, 6-8, 9-12) to support, coach teachers in ELA and Math	Title	146	13.5
Core Teachers– Teacher allocation based on actual Winter Count data	GF Title	1,961	181.3
Art or Music and Gym Teachers– At least 1 Art or Music and 1 Gym per school	Title	204	18.9
Education Technicians– Allocated by enrollment to support reading and math intervention	Title	195	10.5
School Service Assistants– Assigned to increase support to PreK - 2	Title	269	7.1
<u>Other Positions</u>			
Guidance Counselor– Allocated based on enrollment to support social and emotional growth	GF Title	213	18.5
Graduation Coach– 1 per high school to support graduation, college and career transitions	Title	22	1.9
School Culture Facilitator– 1/school to facilitate in school suspension, support climate & culture	Title	97	2.9
Attendance Agents– 1 per school to work on student attendance and barriers to attendance	Title	97	7.9
Clericals– At least 2 per school, allocation and role based on enrollment	GF	204	11.0
	Total	3,692	\$310.4

K-8 Illustrative Example

- The chart shows an illustrative example for a K-8 school based on the proposed school staffing model.
- This excludes Special Education and Food Service positions.

	Funding	Current	Proposed	Variance
Enrollment		400	400	0
Principal	GF	1.0	1.0	0.0
Assistant Principal	GF	0.0	1.0	1.0
Dean of Culture	Title	0.0	1.0	1.0
Culture Facilitator	Title	0.0	1.0	1.0
Core Teacher	GF Title	14.5	16.0	1.5
Master Teacher	Title	0.0	4.0	4.0
Art, Music, Gym Teacher	Title	0.0	2.0	2.0
Kindergarten Title IA (0.5 FTE)	Title	0.0	1.0	1.0
Guidance Counselor	GF Title	1.0	2.0	1.0
Attendance Agent	Title	0.0	1.0	1.0
School Social Worker	Title	0.0	0.0	0.0
Educational Technician	Title	0.0	2.0	2.0
School Service Assistant	Title	4.0	4.0	0.0
Clerical	GF	2.0	2.0	0.0
Instructional Specialists & AEA	Title	3.0	0.0	-3.0
Total		25.5	38.0	12.5

High School Illustrative Example

- The chart shows an illustrative example for a high school based on the proposed school staffing model.
- This excludes Special Education and Food Service positions.

	Funding	Current	Proposed	Variance
Enrollment		2,000	2,000	0
Principal	GF	1.0	1.0	0.0
Assistant Principal	GF	3.0	5.0	2.0
Dean of Culture	Title	0.0	1.0	1.0
Culture Facilitator	Title	0.0	1.0	1.0
Core Teacher	GF Title	65.0	65.0	0.0
Master Teacher	Title	0.0	2.0	2.0
Art, Music, Gym Teacher	Title	0.0	2.0	2.0
Guidance Counselor	GF Title	5.0	6.0	1.0
Attendance Agent	Title	2.0	1.0	-1.0
School Social Worker	Title	0.5	0.0	-0.5
Educational Technician	Title	6.0	5.0	-1.0
Clerical	Title	5.0	5.0	0.0
Instructional Specialists	GF	3.0	0.0	-3.0
Other Staff (Grant Funded)	Title	2.0	2.0	0.0
Total		92.5	96.0	3.5

FY 2019 Revenues and Expenditures Comparison

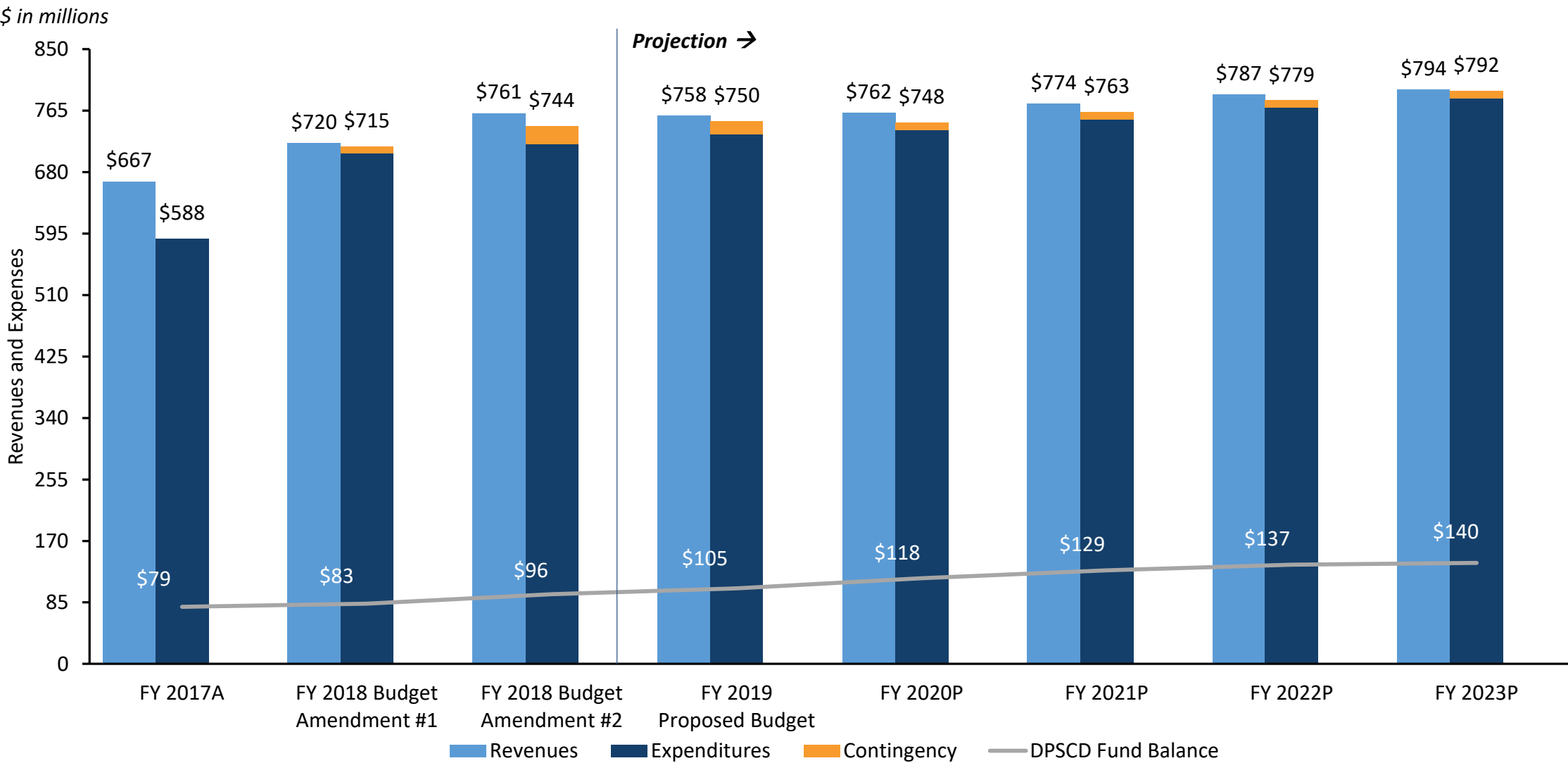
	FY 2017 - Actual	FY 2018 - Budget Amendment # 1	FY 2018 - Budget Amendment # 2	FY 2019 - Draft Budget	FY 2019 - Draft Budget Increase (Decrease) Over FY 2018 - BA # 2
Revenue and Sources:					
Local sources	62,528,317	75,395,542	78,229,265	71,531,139	(6,698,126)
State sources	441,911,193	475,699,609	495,159,759	503,289,568	8,129,809
Federal sources	116,292,314	153,410,004	172,805,905	174,565,368	1,759,463
Proceeds from sale of capital assets	9,453,274	-	-	-	-
Payments from Other School Districts	34,104,890	13,100,000	13,100,000	6,900,000	(6,200,000)
Transfers In	2,571,460	2,000,000	2,000,000	2,000,000	-
Total Revenue and Sources	666,861,448	719,605,155	761,294,929	758,286,075	(3,008,854)
Expenditures and Uses:					
Personnel	417,935,642	495,341,999	485,132,037	510,989,267	25,857,230
Purchased Services	136,259,892	157,180,612	165,901,816	159,008,594	(6,893,222)
Supplies	15,739,061	20,780,977	36,839,686	12,442,615	(24,397,071)
Equipment & Capital	4,179,007	10,035,479	10,180,463	3,944,754	(6,235,709)
Utilities	13,784,726	16,475,000	16,475,000	16,649,432	174,432
Title I/Grants Restricted	-	6,118,839	4,728,506	28,961,790	24,233,284
Total Expenditures	587,898,328	705,932,906	719,257,508	731,996,452	12,738,944
Contingency					
Sources					
General Purpose Fund	-	8,900,000	17,995,338	17,831,299	(164,039)
State Transition Fund	-	485,000	522,567	-	(522,567)
Special Education Fund	-	-	3,265,036	367,871	(2,897,165)
ACT18	-	-	2,794,748	-	(2,794,748)
Total Sources (Uses)	-	9,385,000	24,577,689	18,199,170	(6,378,519)
Beginning Fund Balance	-	78,963,120	78,963,120	96,422,852	
Ending Fund Balance	\$ 78,963,120	\$ 83,250,369	\$ 96,422,852	\$ 104,513,305	

DPSCD 5 Year Budget



DPSCD preliminary 5 Year projection summary

Based on preliminary assumptions, DPSCD is projecting a balanced budget through FY 2023 with a modest surplus in the early years.



Key projection assumptions

Assumption	Projection methodology
Revenues:	
Enrollment (FTE)	<ul style="list-style-type: none"> Proposed FY 2019 budget assumes current enrollment (49,839 student FTEs). Projected enrollment (FY 2020 - FY 2023) grows at 1% per year (~500 students / year).
Foundation allowance (State Aid)	<ul style="list-style-type: none"> Foundation allowance grows at a rate of \$120 / pupil in FY 2019 (1.6%) and \$75 / pupil (1.0%), in each year, thereafter.
Enhancement millage	<ul style="list-style-type: none"> Enhancement millage (\$365 / pupil) is assumed to grow 1% annually through FY 2022 (last year authorized). Enhancement millage is reduced by \$90 / pupil in FY 2023 to account for revenue shared with Charter Schools.
All other revenue	<ul style="list-style-type: none"> Act 18 revenue is reduced in FY 2019 by ~\$3M from FY 2018B #2, and then grown at the rate of enrollment (~1% / year). Federal and all other revenue sources are anticipated to grow at the rate of enrollment (~1% / year).
Expenditures:	
Personnel (FTE)	<ul style="list-style-type: none"> Projection assumes all vacancies are funded, and certain contracted positions are insourced over the next 5 years.
Wages	<ul style="list-style-type: none"> Projection assumes CBA wage increases, credit of teaching experience, normal step movements, and retirements. Contingency is included in the projections to account for CBA wage reopeners (FY 2020 – FY 2023).
Benefits	<ul style="list-style-type: none"> HDLV benefits are projected to increase ~5.6% per year consistent with estimated industry growth expectations. All other benefits (pension, payroll taxes and workers comp.) are maintained at current levels, as a percentage of payroll.
Non-personnel costs	<ul style="list-style-type: none"> Non-personnel costs include Facilities, IT, Supplies and Services, and other discretionary expenditures Costs are assumed to grow at the rate of enrollment, plus an inflation factor (1 - 2% / year). Contingency of ~\$10M / year included.

Risks / Opportunities

Externalities

- Changes in enrollment
- Changes in legislation and impact of priority school status
- Changes in available Charter school options

Revenue

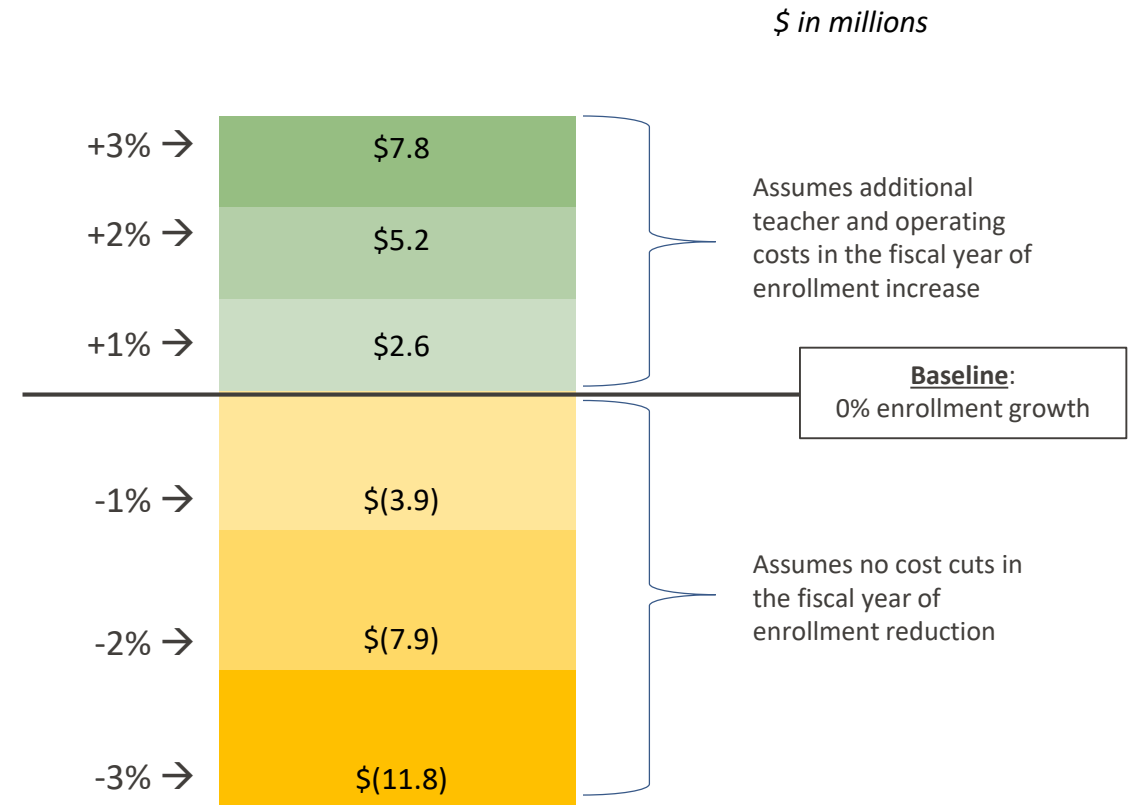
- Foundation allowance growth/reduction
- Change in availability of Federal and State grants

Expenditures

- Collective Bargaining Agreements (FY 2020 opener)
- Shift away from contracted services
- Strategic investment in capital building improvements
- One time expenditures for strategic District initiatives can be funded with the available fund balance
- \$10M in contingencies per year (FY 20 – 23)

FY 2019 Enrollment sensitivity

The District has a \$17M contingency, in FY 2019. Even in a worst case 3% enrollment reduction scenario (as illustrated below), the District would still have a balanced budget



Supplemental Reports



Compliance Reporting – Completed Submissions

Organization	Category	Report/Task	Entity	Submission Date
DPS	Debt	Quarterly Debt Certification - DPS Emergency Loan Report	State of Michigan	26-Feb
DPSCD	Risk Management	Silicosis, Dust Disease And Logging Ind Comp Fund Assessment - Report	State of Michigan	28-Feb
DPSCD	Risk Management	Second Injury Fund - Report	State of Michigan	28-Feb
DPSCD	Risk Management	Safety Education And Training Levy - Report	State of Michigan	28-Feb
DPSCD	Risk Management	Annual Medical Payment Report (WC-406)	State of Michigan	28-Feb
DPSCD	Grants	Section 31a Student Report	MSDS	28-Feb
DPSCD	Medicaid	Medicaid Annual Expense Report (MAER Report)	State of Michigan	28-Feb
DPSCD	Tax	Submit payroll State, Federal Tax Payment and Retirement withholdings	Reporting Entity	Bi-weekly
DPS/DPSCD	Reporting	Monthly financial results vs monthly budget and PY	School Board/FRC	Monthly
DPS/DPSCD	Reporting	FTE actuals vs budget and PY	School Board/FRC	Monthly
DPS/DPSCD	Reporting	Bridge cash to budget and actual financial results	School Board/FRC	Monthly
DPS/DPSCD	Reporting	Cash forecast including actuals	School Board/FRC	Monthly
DPSCD	Procurement	FRC Out of State Travel	School Board/FRC	Monthly
DPS/DPSCD	Procurement	Contract approval (>\$750k OR term>2 years)	School Board/FRC	Monthly
DPS/DPSCD	Procurement	Collective bargaining agreements	School Board/FRC	Monthly
DPSCD	Grants	Personnel activity report for split funded staff	Internal Tracking	Monthly

Compliance Reporting – Upcoming Submissions

Organization	Category	Report/Task	Entity	Submission Date
DPSCD	Tax	Submit electronic forms W-2 (employer copy)	Social Security Administration	31-Mar
DPS	Debt	Payment on 18 Mills debt	BONY	31 - Mar
DPS	Debt	School Loan Revolving Fund Draw Request	State of Michigan	1-Apr
DPS	Debt	Payment on 13 Mills debt	Creditors	24-Apr
DPSCD	Tax	Submit payroll State, Federal Tax Payment and Retirement withholdings	Reporting Entity	Bi-weekly
DPS/DPSCD	Reporting	Monthly financial results vs monthly budget and PY	School Board/FRC	Monthly
DPS/DPSCD	Reporting	FTE actuals vs budget and PY	School Board/FRC	Monthly
DPS/DPSCD	Reporting	Bridge cash to budget and actual financial results	School Board/FRC	Monthly
DPS/DPSCD	Reporting	Cash forecast including actuals	School Board/FRC	Monthly
DPSCD	Procurement	FRC Out of State Travel	School Board/FRC	Monthly
DPS/DPSCD	Procurement	Contract approval (>\$750k OR term>2 years)	School Board/FRC	Monthly
DPS/DPSCD	Procurement	Collective bargaining agreements	School Board/FRC	Monthly
DPSCD	Grants	Personnel activity report for split funded staff	Internal Tracking	Monthly

Contracts





STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2018-5

**APPROVING THE COMMUNITY DISTRICT'S MARCH 2018
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 March 26, 2018, 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 March 2018 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 Financial Review Commission (“FRC”) 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	Finance	N/A	Requisition Amount: \$750,000 Requisition Period: April 1, 2018 – June 30, 2018 Source: General Funds Purpose: To provide office supplies District employees utilizing a streamlined purchasing method Contractor: Staples Location: 14520 Avion Pkwy #310, Chantilly, VA	N/A	N/A	N/A	Anticipated Approval Board 03.13.2018 FRC 03.26.2018	The District is seeking to add Staples to its “direct connect” purchasing tool utilizing the NPP cooperative initiated by the League of Oregon Cities. RFP 525 was competitively bid and awarded to Staples for a term of June 1, 2012 – May 31, 2019 for office supplies. A list of 200-300 small ticket office supplies will be available to customers for immediate purchase.
2	Multiple	16-0432-1	Contract Amount: \$1,916,083 NTE Contract Period: July 1, 2017 – June 30, 2018 Source: General Funds/Grant Funds Purpose: To provide support to the District across various functions Contractor: Wayne RESA Location: 33500 Van Born Rd, Wayne, MI 48184	Renewal	N/A	N/A	Anticipated Approval Board 03.13.2018 FRC 03.26.2018	Wayne RESA provides numerous services to the district including: the student information system, contractual staffing for pupil population management, IEP compliance, administration of grants for private institutions, professional development, AT&T consortium services, and Act 18 administration. An MSA will be signed with Wayne RESA, along with separate scopes for the services provided.

Contract Requests (Continued)

The following contracts are being provided to the Financial Review Commission (“FRC”) 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						
3	Facilities	18-004-C	Contract Amount: \$2,610,900 Contract Period: March 26, 2018 – December 30, 2018 Source: General Funds Purpose: To provide vacant property securing solutions Contractor: GTJ Consulting, LLC Location: 22955 Industrial Dr. W, St. Clair Shores, MI 48080	New	Yes	No	Anticipated Approval Board 03.05.2018 FRC 03.26.2018	RFP 18-0004 was published for on Demandstar on October 18, 2017. The District received two responses. Based on the recommendation of the Evaluation Committee, GTJ was awarded the business, despite the higher cost. The material they use, a polycarbonate, is of much higher quality than plywood and difficult to compromise. The material is more secure and visually more appealing. <table><tr><td><u>Respondent</u></td><td><u>Ann. Cost</u></td></tr><tr><td>GTJ</td><td>\$2,873,580</td></tr><tr><td>PGA</td><td>\$1,439,585</td></tr></table>	<u>Respondent</u>	<u>Ann. Cost</u>	GTJ	\$2,873,580	PGA	\$1,439,585
<u>Respondent</u>	<u>Ann. Cost</u>													
GTJ	\$2,873,580													
PGA	\$1,439,585													

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Finance Sub-Committee Meeting Staples Business Advantage February 16, 2018

Recommendation:

That the School Board approve the use of the League of Oregon Cities Cooperative Purchasing Agreement for the Staples Business Advantage program for district wide purchase of office products. In an amount not-to-exceed \$750,000 through June 30, 2018.

Description and Background:

The district currently uses an online purchasing system with Office Depot known as "Direct Connect" to streamline the purchase of a limited number of approved office products. Use of this system allows for faster, more efficient purchasing than the traditional procurement system. Although Office Depot offers a host of other products, the District strives to limit the types of items purchased through Direct Connect and instead requires District departments to employ the traditional procurement process which provides for more controls. The current provider has not been able to adequately and continually limit the available products sold through the Direct Connect system creating challenges in accounting and system management for the District.

The proposed Staples Business Advantage contract offers an online purchasing system, which allows district purchasers to order directly from Staples from within the district's procurement system. Staples Business Advantage will customize the online purchasing system to allow users to select from a pre-approved list of approximately 200 - 300 items that are part of a cooperative purchasing agreement. This will allow the district to ensure only allowable products are purchased through the online system, while still streamlining the process for basic office products.

Gap Analysis:

The district is committed to an efficient procurement process which ensures oversight and accountability with ease of use. The District has found the the current provider is not effectively limiting products purchased, thereby making it difficult for the Disrict to reach its goal of systemic accountability. By customizing the purchasing system to allow for the end users to purchase only predetermined, select items at competitively bid prices, the purchase of numerous costly items will be eliminated.

Staples Cooperative Purchasing Agreement

Date: February 16, 2018

Previous Outcomes:

The district's present purchasing system has over 8,000 items available resulting in \$4.4 million cost for fiscal year 2017. The system in place also allows for the purchase of items that should go through the normal procurement process, and not the online purchasing system. Moving to Staples and utilizing their customized online purchasing system will result in better cost control and reduce the risk of purchasing items that should go through the normal procurement process.

Expected Outcomes:

Moving to the Staples Business Advantage program will provide flexibility to the District's schools and departments, while maintaining price control and enhanced cost containment. The reduction in items available on the online purchasing system will make it easier for the Procurement Department to maintain and refine the list of approved products. Notably, this does not mean that the non-listed products can no longer be purchased; instead, those products can be procured through traditional methods.

Alignment to Strategic Plan:

Responsible Stewardship

Financial Impact:

The district can expect to see a decrease in the amount spent on office supplies via the online purchasing system due to a controlled list of items available to employees. Further, Staples has a lower price for the top 200 items presently procured through the incumbent supplier, with the exception of toner. The District will not exceed \$750,000.00 for the remainder of the fiscal year. Should the District require clearance to spend additional funds, the District will seek approval from the School Board.

Fund Source: General & Grant Funds

Bid Process: The district will utilize the Cooperative Purchasing Agreement competitively bid by the lead agency, the League of Oregon Cities.

Contact for Item:

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Staples Cooperative Purchasing Agreement

Date: February 16, 2018

Supporting Documents/Attachments:

Contract

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Regular Board Meeting

March 13, 2018¹

Wayne Regional Educational Service Agency (Wayne RESA)

Recommendation:

That the School Board approve negotiation of entry into a (i) Master Services Agreement and (ii) Letter of Agreement with Wayne Regional Educational Service Agencies (Wayne RESA), in an amount not to exceed \$1,916,083 for the period July 1, 2017 through June 30, 2018.

Description and Background:

Wayne RESA (i) provides the MISTAR student information system; (ii) provides contractual staff to support MISTAR and the use of additional MISTAR functionalities through the Office of Specialized Student Services (OSSS); (iii) administers payment of federal grant funds to private/non-public schools as required by applicable law; (iv) provides professional development on a wide-range of topics; and (v) provide other services and offerings as available and deemed necessary by the District from time-to-time. In addition, through the Wayne RESA Consortium for the procurement of telecommunications, it provides certain internet services using the E-Rate program.

Student Information System

MISTAR is an online database managed by Wayne RESA that hosts data on student daily performance, attendance, grades, master schedules, special education documentation and behavior management. MISTAR also provides student reporting options for school, district and state reporting, including reporting necessary to determine per pupil funding.

Contractual Staffing

Wayne RESA provides staffing services to the District's Pupil Population Management team to support training on use of the MISTAR system, to manage the collection of and data management filing for students and state reporting from that system, and to provide MISTAR system support and reporting upgrades and modifications for the District.

In addition, Wayne RESA provides four full-time and one part-time professional to work with the Office of Specialized Student Services (OSSS) Individualized Education Plan (IEP) Compliance Specialists and Special Education Placement team to ensure staff can successfully utilize MISTAR to track compliance and complete Special Education placements. The specialists also provide project support to the Wayne RESA

¹ Approved by the Finance Sub-Committee on February 23, 2018 and the Academic Sub-Committee on February 26.

WRESA

Date: March 13, 2018

MISTAR Special Education Team as they complete various responsibilities for the OSSS. Finally, the specialists ensures the Special Education components of the MISTAR system are successfully implemented.

Administration of Grant Funds for Private/Non-Public Institutions

The district is required by federal statute to set aside a portion of Federal Title I and Title II funds to support eligible private/non-public school students. Private/non-public schools submit their eligible expenses to Wayne RESA, who reviews the expenses and process payments to these institutions. Wayne RESA then submits the invoices to the district for reimbursement, including an administration fee. In the current fiscal year, there are 2,448 eligible students in private/non- public schools who the District is required to pay a reimbursement for at a rate of \$136.90/student, for a total of \$335,137.00.

Professional Development

Wayne RESA conducts extensive professional development programs for newly hired, novice and experienced classroom teachers. Hundreds of professional development sessions are offered throughout the year utilizing best practices in the major content areas and in instruction. The District allows select professionals to attend these sessions to increase skill levels and share what they have learned with their colleagues.

AT&T Consortium Services

Wayne RESA serves as the agent for a consortium of local school districts who use services provided by consortium contracts between AT&T and Wayne RESA to provide copper-based voice services such as POTS (which provides secure lines for District phones, fire alarms, and secured doors). Wayne RESA is authorized to administer the District's E-Rate funding for provision of these network services.

Other Services

Finally, from time to time Wayne RESA has in the past, and may continue to offer other services of interest to the district. For example, through Wayne RESA, the District previously participated in the Tri-County Alliance for Public Education. To allow for participation in such programs, the District seeks a 5% contingency in addition to the known cost of services.

Gap Analysis:

Currently the District either has insufficient internal staff (for example, in the case of MISTAR support or the administration of grant funds for private/non-public school programs) or has limited need for the service provided (for example, in the case of various Professional Development seminars) by Wayne RESA. The existing contract for the Wayne RESA staffing solution was selected to support department or individual's ability to perform critical functions around student performance and student information management in alignment with state reporting and funding requirements.

Previous Outcomes:

Wayne RESA serves as a trusted, publicly accountable partner in the delivery of its services. In previous years, the district was at risk for losing federal funds by not processing eligible funds to private/non-public schools. This past year, Wayne RESA processed all eligible payments to private/non-public schools in a

WRESA**Date: March 13, 2018**

timely and compliant fashion. In addition, Wayne RESA has delivered professional development across multiple areas of expertise from Special Education and Section 504 Program planning, to specialized trainings in specific curriculum areas.

Expected Outcomes:

Although the district is in the process of a district wide reorganization that will likely result in a reduction of staffing services currently provided by Wayne RESA, in the interim, Wayne RESA will provide needed staff and administrative assistance. In addition, the District will closely monitor attendance at Wayne RESA sponsored professional development to ensure that information is timely shared with other internal staff to ensure a return on the investment in the training.

Alignment to Strategic Plan:

Responsible Stewardship

Financial Impact:

System	Cost	Funding Source
MiStar SIS (Student information System)	\$453,100	General Funds
Wayne RESA IT Staffing	\$550,646	General Funds
MISTAR Special Education System Functional Implementation	\$325,000	IDEA (Grant)
MISTAR Special Education Lead Project Support Specialist	\$75,000	State Special Education Funding ²
AT&T Consortium Services	\$25,200	80% E-Rate (Grant) 20% General Fund
Professional Development	\$75,000	General Funds
Administration of Federal Grants	\$335,137	Title Funds
Contingency (5%)	\$77,000	General Funds
Total	\$1,916,083	

As noted above, in addition to the administrative fee for Federal Grants, Wayne RESA will act as a pass-through entity for the District with respect to \$3,351,373 in Title I, Title II and Title IV dollars which will be received by the district and paid to Wayne RESA to cover the costs of eligible private/non-public schools.

Contact for Item:

Christine Burkette, Senior Executive Director Information Technology, Assessment & Accountability

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Name: Iranetta Wright, Deputy Superintendent

² These funds are used for various programs until exhaustion, any remaining amounts must be covered by General Funds.

WRESA

Date: March 13, 2018

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Name: Jeremy Vidito

Phone: 313-873-6194

Email: jeremy.vidito@detroitk12.org

Supporting Documents/Attachments:

1. Draft Master Services Agreement³
 - a. Scope of Services No. 1 - Student Information System and Contracted Staffing Services
 - i. Exhibit A
 - ii. Exhibit B
 - b. Scope of Services No. 2 - Special Education Student Information System Support and Contracted Staffing Services
 - i. Exhibit A
 - c. Scope of Services No. 3 – Professional Development
 - d. Scope of Services No. 4 – Administration of Grant Funds for Private/Non-Public Institutions
2. Letter of Agreement

³ The District is in continued negotiations with Wayne RESA regarding the terms of the Master Services Agreement. This draft is subject to further review and revision by all parties.

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Special Board Meeting GTJ Consulting, LLC and Board-Up of Vacant Buildings March 5, 2018

Recommendation:

That the School Board approve a contract with GTJ Consulting LLC for the strategic board-up of vacant school buildings in the Not-to-Exceed amount of \$2,610,900 that are under consideration for demolition, reuse and/or sale.

Description and Background:

Founded in 1983, GTJ Consulting LLC is a property management company and a local distributor and installer of Secureview, an emerging "clear boarding" material like the material used in aircraft windows. In comparison to plywood alone, boarding done with Secureview on ground floors and plywood on upper, less accessible floors leaves properties with a more appealing outer appearance and offers increased security because of the strength of the materials and the ability to see inside the structure.

On January 22, 2018, this action item was recommended by the Finance Sub-Committee for approval. On February 13, 2018 at the Regular Board Meeting, the item was sent returned to administrative staff to be supplemented with additional information. Since that time, the District conducted initial cost analysis (i) to determine if certain buildings might be candidates for demolition and (ii) to compare the cost of using of plywood on all floors for buildings identified as candidates for demolition with the Secureview/plywood mix on all other buildings to the cost of using the Secureview/plywood mix on all buildings. Upon completion of that analysis, the District continues to support its recommendation to move forward with a Secureview/plywood mix on all buildings listed in Attachment A.

In addition, the District added several properties to the initial listing of properties to be secured: (i) the former Yost Elementary School located at 16161 Winston Avenue, in which the tenant was evicted via court order due to no-payment and lack of investment in the property; (ii) the former Phoenix Academy located at 7735 Lane Further, after Southwest Counseling Solutions abruptly ended its lease of classroom space; (iii) Old Marion Law located at 19490 Carrie; (iv) Foch Elementary School located at 2962 Fairview; and (iv) the former McNair Middle School located at 4810 Marlborough.

GTJ Consulting LLC and Board-Up of Vacant Buildings

Date: March 5, 2018

Gap Analysis:

In the last decade, closed District buildings were secured either using metal panels produced by a company no longer in business, plywood, or left without any security on the windows and doors. Many of these buildings have been compromised and have become an eyesore to neighborhoods and are vulnerable to criminal activity. Further, unmonitored entry leads to damage to the structure and may render a building unusable. By using GTJ Consulting, LLC to secure these properties with the Secureview material on the first floor and plywood material on all upper floors, the District will demonstrate to neighboring communities its commitment to responsible ownership and accountability and provide greater security for its assets prior to use or sale.

As previously stated, the District conducted additional cost and building condition analysis to determine the appropriate recommended action. Several buildings were identified as candidates for demolition; however, due to citations by the city of Detroit for blight and safety concerns all buildings must be boarded in some manner pending demolition. As demonstrated in Attachment A below, the cost of using plywood on all floors of buildings identified as candidates for demolition with the Secureview/plywood mix on all other buildings is \$2,481,800. After updating the list of buildings for boarding, the selected vendor quoted the cost of using the Secureview/plywood mix on all floors at \$2,610,900. Thus, use of plywood on all floors only provides a potential boarding cost saving of \$129,100 while also creating greater risk for liability due to the decreased security of the boarding material and its susceptibility to criminal activity.

Further, this assumes subsequent demolition of certain buildings. Total demolition cost for the buildings which the District identified as candidates for demolition is approximately \$4.46 million. In total, the cost of plywood boarding plus demolition, equals \$6.94 million, about \$4.3 million more than the cost of a Secureview/plywood mix for all buildings.

Previous Outcomes:

Previously the District incurred the cost of re-securing properties that had become compromised by vandals. In other instances, properties have not been secured and the District has received property maintenance fines from the City of Detroit for blight or what it has deemed to be condemned properties.

Expected Outcomes:

The District will secure these properties to eliminate dangerous and blighted conditions in neighborhoods. The goal is not only to preserve an asset until a decision can be made on its value and possible repurpose within the District, but to maximize the most value for the property if the decision is to sell. As demonstrated above, the Secureview boarding is also the most cost-efficient method of maintaining properties that may be intended for demolition or sale.

GTJ Consulting LLC and Board-Up of Vacant Buildings

Date: March 5, 2018

Alignment to Strategic Plan:

Responsible Stewardship

Financial Impact:

\$2,610,900 (General Fund)

RFP 18-0004 for Property Maintenance & Preservation Professionals for vacant property securing solutions and services for vacant buildings owned by the District was published on *DemandStar* on October 18, 2017. The District received two (2) bid response; GTJ Consulting LLC and Premier Group Associates, Inc.

Contact for Item:

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Supporting Documents/Attachments:

Attachment A

Contract

GTJ Consulting LLC and Board-Up of Vacant Buildings**Date: March 5, 2018****ATTACHMENT A**

No.	Name of School	Status	Address	SF	Secureview / Plywood Mix	Secureview / Plywood Mix; Plywood Only for Buildings Subject to Demolition	Demolish Yes/No	Est. Demolition +Abatement Costs @ \$10.50	Municipal Blight Violation Fees
1	Beard Early Childhood Center	Vacant	840 Waterman	37,060	\$196,000	\$169,000	Yes	\$389,130	\$305
2	Biddle Primary	Vacant	4601 Seebaldt St	29,314	\$42,000	\$42,000	No	N/A	N/A
3	Brady Elementary	Vacant	2920 Joy Road	56,720	\$120,000	\$99,000	Yes	\$595,560	\$4,995
4	Cody 9 / Ruddiman	Vacant	7350 Southfield	84,763	\$3,000	\$3,000	No	N/A	\$1,355
5	Cooley High School	Vacant	15055 Hubbell	321,024	\$237,500	\$237,500	No	N/A	Dangerous Building Notice
6	Courtis	Vacant	8100 W. Davison	63,456	\$110,200	\$110,200	No	N/A	\$720
7	Duke Ellington or Former Rosa Parks	Vacant	8030 E. Outer Dr	82,954	\$105,000	\$85,000	Yes	\$871,017	Dangerous Building Notice
8	Foch	Vacant	2962 Fairview	125,500	\$ 213,900	\$ 213,900	No	N/A	N/A
9	Henderson Lower	Vacant	9600 Mettetal / 9505 St Marys	28,047	\$2,000	\$2,000	No	N/A	N/A
10	Kettering	Vacant	6101 Van Dyke	249,863	\$185,000	\$185,000	No	N/A	N/A
11	Lawton Building	Vacant	9345 Lawton Street	31,922	\$89,000	\$77,900	Yes	\$934,500	N/A
12	Lodge Elementary	Vacant	17450 Lenore	21,636	\$3,000	\$3,000	No	N/A	\$2,875
13	McColl Elementary	Vacant	20550 Cathedral Street	33,652	\$ 132,050	\$ 132,050	No	N/A	N/A

Out-of-State Travel





STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2018-6

**APPROVING THE COMMUNITY DISTRICT'S MARCH OUT-OF-STATE
TRAVEL REIMBURSEMENT 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 21, 2016; and

WHEREAS, Section 7(q) of the Act provides that during the period of oversight, the Commission approve all Community District reimbursements to school board members, officials, and employees for travel outside the state; and

WHEREAS, at the Commission meeting on March 26, 2018, the Community District presented out-of-state travel reimbursement requests, 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 March 2018 out-of-state travel reimbursement requests, attached as **Exhibit A** to this Resolution but excluding any reimbursements 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.

Out-of-State Travel Reimbursement Requests

The following reimbursements (estimated cost) are being provided to the Board of Education for review and approval. These must also be provided to the FRC for review and approval pursuant to section 7(q) of the Michigan Financial Review Commission Act.

#	Conference Name	Location of Trip	Dates of Conference	School / Department	Central Office	Students	Faculty	Participants	Funding Source	Total Est. Cost	Approved by:
1	2018 Race, Equity, and Leadership in Schools Institute	Boston, MA	4/23/18 – 04/26/18	Deputy of Schools	0	0	4	4	General Fund	\$13,875.00	Anticipated approval by DPSCD Board of Education on April 10, 2018.



Agenda Item Details

Meeting	Mar 26, 2018 - CURRICULUM/ACADEMICS SUB-COMMITTEE MEETING
Category	4. Action Items
Subject	4.01 Out-of-State Travel Request – Leadership Institute
Access	Public
Type	Action
Recommended Action	Motion to approve request for out of state travel for the Harvard Graduate School of Education Race, Equity and Leadership in Schools Institute.

Public Content

Recommendation:

That the School Board approve the request for out of state travel for the Harvard Graduate School of Education Race, Equity and Leadership in Schools Institute as described below in the total amount of \$13, 875.

Description and Background:

The following represents the travel request for approval. Participants will use their personal funds for travel and lodging. The District will solely pay conference registration fees:

Trip Details	Estimated Cost	
Event: 2018 Race, Equity, and Leadership in Schools Institute	Registration:	\$2775.00/per participant
Location: Boston, MA		
Dates: 4/23/18 – 04/26/18		
Department: Deputy of Schools	Total:	\$13, 875.00
Participants: 4 Principals; 1 Director		
Funding Source: General		

Gap Analysis:

The Harvard Graduate School of Education is widely recognized for their commitment to quality professional learning opportunities for urban school leaders. This institute experience will allow participants to attend sessions with other professionals to discuss Race, Equity and Leadership in Schools and develop concrete strategies to make schools more inclusive. Leaders have not had similar opportunities in recent years to connect and problem-solve with their peers on a national level.

Previous Outcomes:

This would be a new opportunity for district leaders.

Expected Outcomes:

This professional development will allow school leaders to conduct courageous conversations around race, equity and access with the overall school community. Attending leaders will be asked to present at a district-wide principals' meeting upon their return to share strategies for conducting such conversations. This will allow these strategies to be duplicated across the District.

Alignment to Strategic Plan:

Exceptional Talent

Financial Impact:

\$13,875.00 funded through General funds. As noted above, District leaders would pay for their own travel and lodging costs in order to facilitate attendance.

Contact for Item:

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Administrative Content

Executive Content