

DPS Update – February 2019

Overall Summary – DPS

- **Revenues and Expenditures**

- February tax receipts totaled ~\$18.2M for 13 Mills and ~\$17.3M for 18 Mills bringing total 13 Mills receipts to \$63.9M and 18 Mill receipts to \$53.2M

- **Cash Flow**

- The ending general fund cash balance for February was \$6.1M. The projected ending balance on June 30, 2019 is \$5.0M.

DPS Cash Forecast to Actuals Variance – February 2019

<i>\$ in thousands</i>	February Forecast	February Actuals	February Variance	Comment
Cash Receipts				
State Aid		\$ -	\$ -	
Property Tax (13 Mills)	17,796	18,200	404	
Transfer from DPSCD	-	-	-	
Draw from BONY	-	-	-	
Miscellaneous	2	372	370	Grant for DPSCD inadvertently paid to DPS - transfer to DPSCD is scheduled for March
Total Cash Receipts	17,798	18,572	774	
Cash Disbursements				
Payroll Direct Deposit	-	-	-	
FICA	-	-	-	
Accounts Payable	-	-	-	
Pension (employer portion)	-	-	-	
Fringe Benefits	-	-	-	
Property Tax Transfer (1)	(19,079)	(19,996)	(917)	Transfer adjusted to match receipts from February and January
Transfer to DPSCD	-	-	-	
Other	(100)	(11)	89	Forecast assumed payments for Annual Audit fees which will be paid by May
Total Cash Disbursements	(19,179)	(20,007)	(828)	
Net Cash Flow	(1,381)	(1,435)	(54)	
Beginning Cash Balance	7,528	7,528	-	
Net Cash Flow	(1,381)	(1,435)	(54)	
Ending Cash Balance	\$ 6,147	\$ 6,093	\$ (54)	

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

DPS FY 2019 Monthly Cash Flows

\$ in thousands

	2018						2019						FY 19 Total
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Forecast*	April Forecast	May Forecast	June Forecast	
DPS General Fund (13 Mills)													
Beginning Cash Balance	\$ 7,929	5,922	10,119	10,102	5,581	6,183	5,946	7,528	6,093	5,731	5,731	11,841	7,929
Receipts													
Property Tax Receipts	-	5,484	26,368	2,889	8,334	583	2,059	18,200	586	828	2,243	16,985	84,557
Transfers from BONY	\$ -	\$ 25,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,110	\$ -	31,912
Other Cash Receipts	465	62	30	4	192	11	33	372	0	-	-	-	1,169
Disbursements													
Property Tax Transfers	(2,369)	(5,484)	(26,387)	(2,869)	(7,878)	(823)	(488)	(19,996)	(586)	(828)	(2,243)	(16,985)	(86,935)
Reimbursement to DPSCD	-	(13,134)	-	-	-	-	-	-	(355)	-	-	(6,900)	(20,389)
Other Cash Disbursements ¹	(103)	(8,534)	(27)	(4,544)	(46)	(8)	(22)	(11)	(6)	-	-	-	(13,302)
Net Cash Flow	(2,008)	4,197	(17)	(4,521)	602	(237)	1,582	(1,435)	(362)	(0)	6,110	(6,900)	(2,989)
Ending Cash Balance	5,922	10,119	10,102	5,581	6,183	5,946	7,528	6,093	5,731	5,731	11,841	4,941	4,941
DPS Scheduled Bond Repayments (13 Mills)													
Beginning Property Tax Balance	22,577	24,946	30,430	56,817	16,672	24,550	25,373	25,861	45,857	46,442	142,270	3,399	22,577
Property Tax Transfers	2,369	5,484	26,387	2,869	7,878	823	488	19,996	586	828	2,243	16,985	86,935
Draw from SLRF to meet Obligations	-	-	-	-	-	-	-	-	-	95,000	-	-	95,000
Scheduled Bond Debt Payments	-	-	-	(43,014)	-	-	-	-	-	-	(141,114)	-	(184,128)
Ending Property Tax Balance	24,946	30,430	56,817	16,672	24,550	25,373	25,861	45,857	46,442	142,270	3,399	20,384	20,384
DPS Debt Fund (18 Mills - BONY)													
Beginning Cash Balance	\$ 28,775	28,799	8,618	31,113	19,445	20,176	20,923	22,946	38,257	37,541	15,630	17,033	28,775
Receipts													
Cash Receipts	24	5,622	23,477	3,335	731	747	2,024	17,311	266	469	7,513	15,903	77,422
Disbursements													
Transfers to DPS General Fund ²	-	(25,803)	-	-	-	-	-	-	-	-	(6,110)	-	(31,913)
Scheduled EL/Bond Payments	-	-	(983)	(15,003)	-	-	-	(2,000)	(983)	(22,380)	-	-	(41,348)
Net Cash Flow	24	(20,181)	22,495	(11,668)	731	747	2,024	15,311	(717)	(21,911)	1,403	15,903	4,161
Ending Cash Balance	28,799	8,618	31,113	19,445	20,176	20,923	22,946	38,257	37,541	15,630	17,033	32,936	32,936
DPS Summary Cash Position													
General Fund (13 Mills)	5,922	10,119	10,102	5,581	6,183	5,946	7,528	6,093	5,731	5,731	11,841	4,941	4,941
DPS Debt Fund (18 Mills)	28,799	8,618	31,113	19,445	20,176	20,923	22,946	38,257	37,541	15,630	17,033	32,936	32,936
Ending Cash Position	\$ 34,721	\$ 18,737	\$ 41,214	\$ 25,026	\$ 26,359	\$ 26,869	\$ 30,474	\$ 44,350	\$ 43,272	\$ 21,360	\$ 28,873	\$ 37,876	\$ 37,876

*Forecast includes actuals through March 8, 2019

(1) The \$8M payment in August was the last settlement payment to Sodexo; The \$4.5M payment in October is a reimbursement to Wayne County for 2014/2015 overpayment of Act 18 Funds

(2) Represents the scheduled reimbursement, as agreed by the Department of Treasury, for transition costs related to establishing the new District

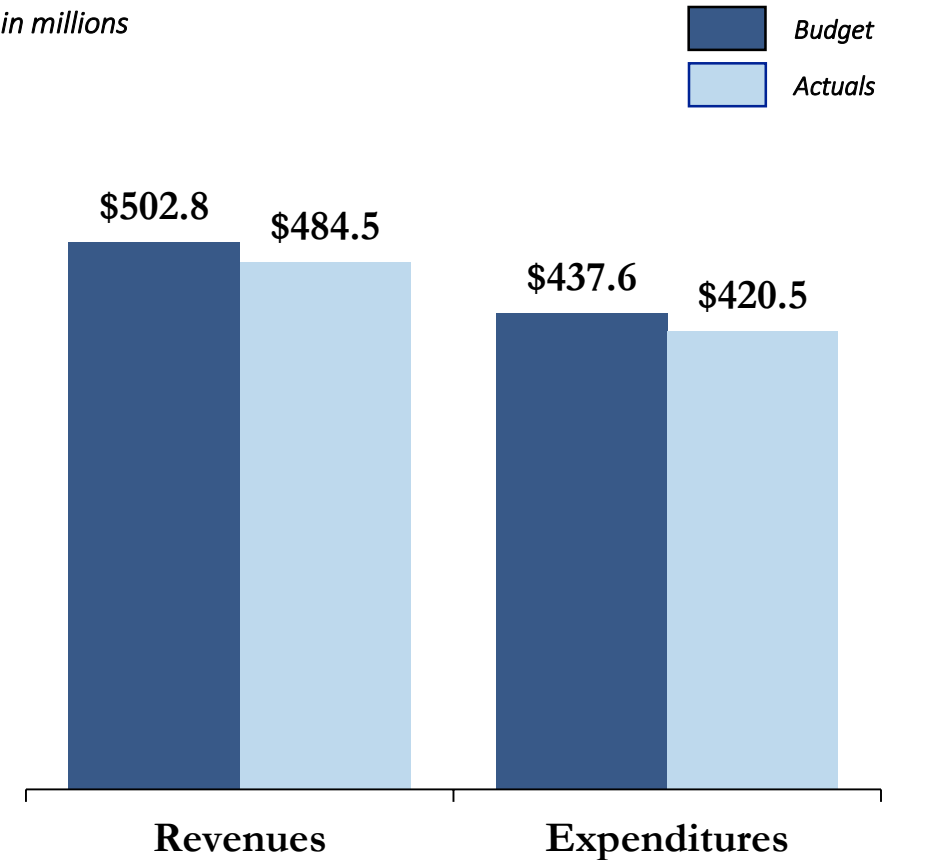
DPSCD Update – February 2019

Overall Summary – DPSCD Revenues and Expenditures

- Budget numbers reflect projections from Budget Amendment No. 1
- Year-to-Date revenues through January were ~3.6% below budget (\$18.3M)
 - Wayne County Enhancement Millage continues to trail expectations due to delays at the County.
 - Federal and State reimbursement revenue was below budget based on lower than expected costs for purchased services and salaries
- Year-to-Date expenses were 3.9% lower than budgeted
 - Primary driver was lower purchased services and employment related costs
- Overall, YTD surplus slightly trails projections due to the delay in Enhancement Millage revenue

Budget vs. Actuals – Through February 2019

\$ in millions

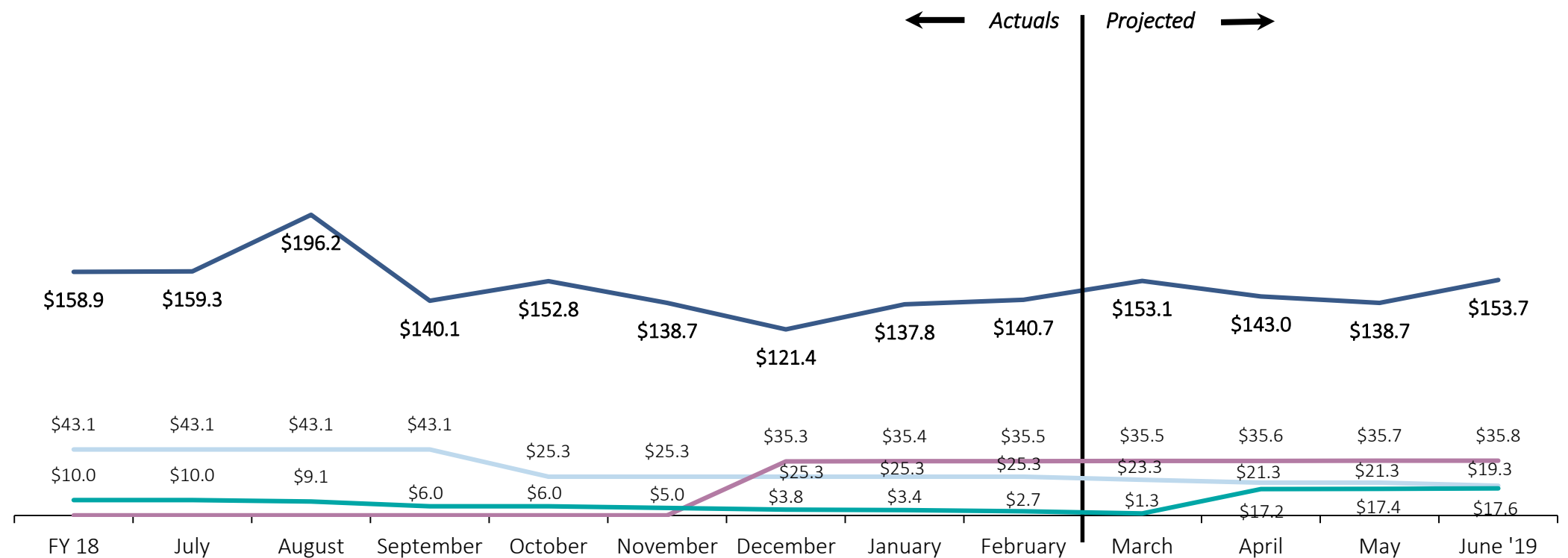


DPSCD February 2019 Cash Flow Analysis

- DPSCD's General Fund ending balance was \$140.7M, the ISF ending balance was \$25.3M, the Capital Projects Fund ending balance was \$2.7M and the Rainy Day Fund was \$35.5M
 - Grants income was lower than forecast, however the receipts are expected to be made up over the next two months
 - Food Service income was lower than forecast, however the draws have been processed - the receipts are expected in March and April
- The current General Fund balance is estimated to be equivalent to 10.7 weeks of average expenditures¹.

Actual & Projected Ending Cash Balance

\$ in millions



¹ Calculated by taking the General Fund balance as of February 28, 2019 and dividing it by the rolling average actual YTD expenditures per week (excludes the ISF and Capital Projects Fund balances as well as any extraordinary, one-time items)

DPSCD Cash Forecast to Actuals – February 2019

<i>\$ in thousands</i>	February Forecast	February Actuals	February Variance	Comment
Cash Receipts				
State Aid	\$ 41,148	\$ 39,472	\$ (1,676)	
MPSERS (State Funded)	3,361	3,361	(0)	
Enhancement Millage	2,229	3,979	1,750	Timing - receipts include payments expected in January
Grants	15,200	7,546	(7,654)	Actual lower than expected; receipts expected in March and April
Transfer from DPS	-	-	-	
WCRESA	2,971	2,971	(0)	
Food Service Reimbursement	2,435	23	(2,412)	Food Service draws were processed at the end of February, receipts are expected in March and April
Miscellaneous	2,837	930	(1,907)	Forecasted transfer from ISF for TIP reimbursement was rescheduled to March
Total Cash Receipts	70,181	58,281	(11,900)	
Cash Disbursements				
MPSERS (Pass through)	\$ (3,361)	\$ (3,361)	\$ 0	
Payroll Direct Deposit	(16,811)	(16,466)	345	
Taxes	(5,571)	(5,899)	(328)	
FICA	(1,772)	(1,900)	(128)	
Accounts Payable	(10,640)	(11,432)	(792)	
Pension (employee portion)	(2,034)	(2,149)	(115)	
Pension (employer portion)	(6,528)	(6,680)	(152)	
Health	(10,231)	(4,076)	6,155	Timing - forecast assumed two payments (catch up from January). Additional health payment is forecast in March
Fringe Benefits	(528)	(187)	341	
Food Service	(2,681)	(2,643)	38	
Transfer to DPS	-	-	-	
Other	(1,235)	(526)	709	Forecast assumed contingency
Total Cash Disbursements	(61,392)	(55,318)	6,074	
Net Cash Flow	8,789	2,963	(5,826)	
Beginning Cash Balance	137,776	137,776	-	
Net Cash Flow	8,789	2,963	(5,826)	
Ending Cash Balance	\$ 146,565	\$ 140,739	\$ (5,826)	

Summary of Revenues and Expenditures

Budget to Actual Comparison Current Month

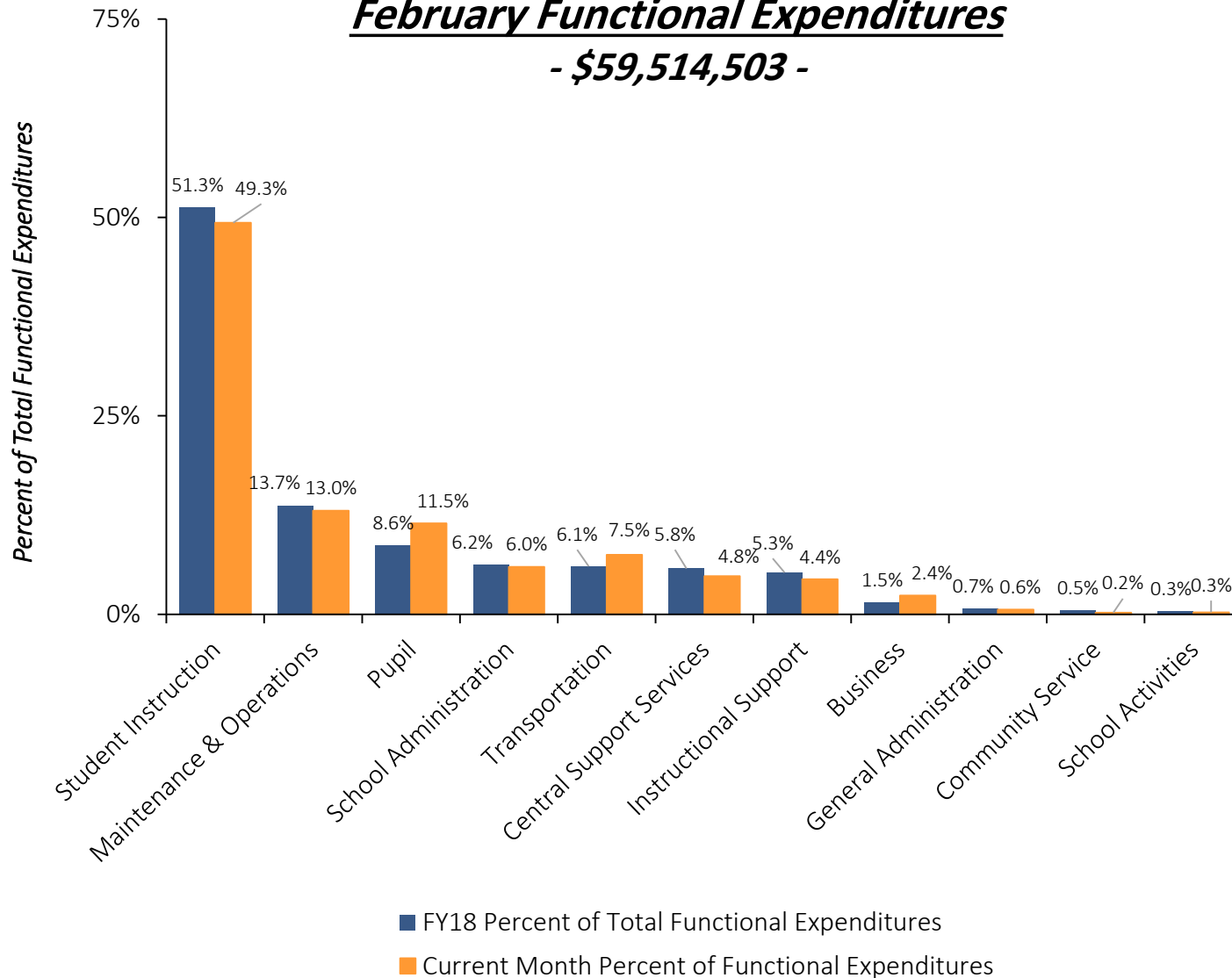
Budget to Actual Comparison YTD

SUMMARY

	Budget to Actual Comparison Current Month				Budget to Actual Comparison YTD			
	Budget Month of Feb-FY19	Actual Month of Feb-FY19	Variance		Budget YTD Feb-FY19	Actual YTD Feb-FY19	Variance	
			\$	%			\$	%
Revenues								
Local sources	\$ 7,995,568	\$ 7,236,042	\$ (759,526)	(9%)	\$ 45,372,380	\$ 43,087,299	\$ (2,285,080)	(5%)
State sources	42,396,605	41,150,618	(1,245,988)	(3%)	335,110,794	332,402,791	(2,708,003)	(1%)
Federal sources	14,189,405	10,095,549	(4,093,856)	(29%)	122,307,740	109,000,251	(13,307,489)	(11%)
Total revenues	64,581,578	58,482,209	(6,099,370)	(9%)	502,790,913	484,490,341	(18,300,572)	(4%)
Expenditures								
Salaries	28,677,787	27,279,599	(1,398,188)	(5%)	204,623,647	199,356,991	(5,266,656)	(3%)
Benefits	17,772,550	15,274,590	(2,497,960)	(14%)	114,780,110	108,268,110	(6,512,000)	(6%)
Purchased Services	13,529,325	13,804,076	274,752	2%	84,100,470	78,281,532	(5,818,938)	(7%)
Supplies & Textbooks	1,153,517	1,609,087	455,570	39%	21,258,804	22,214,035	955,231	4%
Equipment & Capital	249,811	68,048	(181,763)	(73%)	1,910,169	1,579,049	(331,120)	(17%)
Utilities	1,570,146	1,479,103	(91,043)	(6%)	10,954,132	10,795,857	(158,275)	(1%)
Total expenditures	62,953,135	59,514,503	(3,438,631)	(5%)	437,627,332	420,495,573	(17,131,758)	(4%)
Surplus (Deficit)	\$ 1,628,444	\$ (1,032,295)	\$ (2,660,738)	(4%)	\$ 65,163,583	\$ 63,994,768	\$ (1,168,814)	0%

Expenditures by Function – February 2019

February Functional Expenditures - \$59,514,503 -



Notes:

- Overall, functional expenses closely tracked to expected levels.
 - Student instruction was slightly lower due to the Mid-Winter Break
 - Transportation expenditures were higher due to timing of Cultural Passport activities and fieldtrips.
- Pupil expenses remain slightly higher due to increases in positions over FY 18.

DPSCD FY 20 Proposed Budget – General Fund

FY 20 Proposed Budget Summary

The FY 20 proposed budget is based on a strategic but conservative revenue and expense framework:

- ✓ Balanced budget based on conservative implementation of Governor's proposed budget.
- ✓ Budget includes a projected \$10M contingency, maintains 10% reserve (Rainy Day Fund), and a projected \$80-90M fund balance for potential one-time investments
- ✓ ~\$25M one-time costs through reoccurring revenue (salary bonuses, new schools, new curriculum, professional development)
- ✓ Assumes a one percent (500 students) increase in Fall 2019 enrollment
- ✓ Includes limited but strategic reoccurring salary increases and larger one-time bonus salary increases
- ✓ All district and school level positions fully funded
- ✓ Maintains and increases investments at school level through – School Staffing Model (deans for small Partnership schools, more PE/art/music teachers for large K-8s, level set for small school allocations, \$10M in add on school level positions for class size, programs, and school improvement), continues investment in grade level curriculum (science and social studies), and expansion of professional development
- ✓ Expansion of academic intervention through professional development and expansion of Academic Interventionists to second grade
- ✓ Completes the conversion to full time employment in IT

FY 20 School Staff Allocations

Position	Allocation
Assistant Principal*	Minimum of 1 per school
Dean of Culture	<ul style="list-style-type: none"> All Partnership schools: 1 Schools with enrollment >350: 1
Master Teacher	<ul style="list-style-type: none"> Elementary or Middle Schools <350 students: 1 K8s <350 students: 2 Elementary or Middle Schools >350 students: 2 K8s >350 students: 4 High Schools: 2
Teachers	K-3: 1 per 25 students 4-5: 1 per 30 students 6-12: 1 per 35 students
Guidance Counselor	K8s: 1 per 500 students HS: 1 per 400 students
College Transition Advisors	HS: 1 per school
Attendance Agent & School Culture Facilitator	1 per school
Academic Interventionist	Grades 2 – 8: 1 per 150 students Grades 9-12: 1 per 400 students
ParaEducators	Grades K-1: 1 per 2 teachers
Clerical*	Minimum of 2 per school

Staff Model Changes

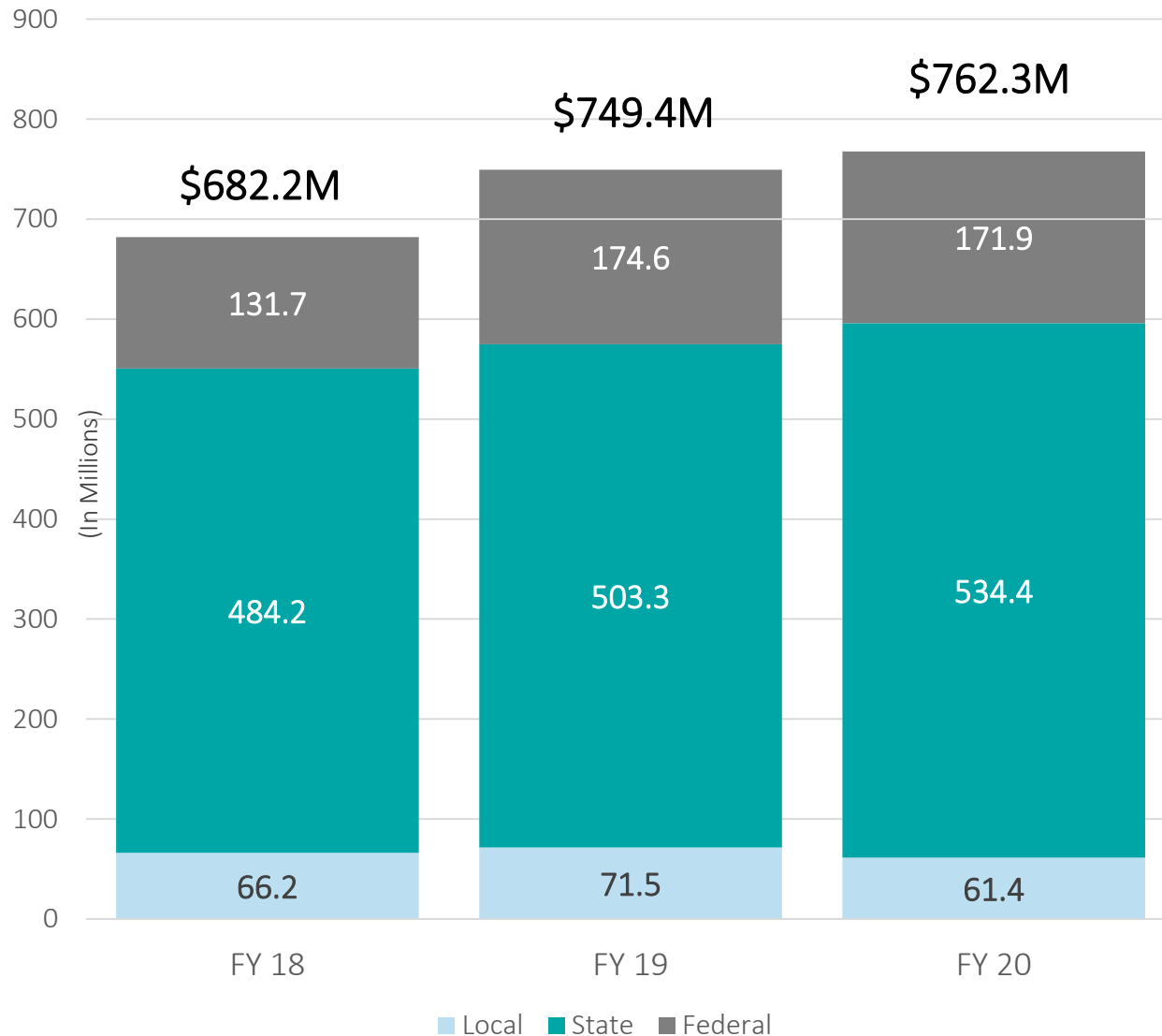
- ✓ Adjusted allocation of Master Teacher for school size
- ✓ Increased Dean of Culture allocation for small Partnership Schools
- ✓ Increased allocation of Academic Interventionists for K8s and to serve grade 2
- ✓ ParaEducators shifted to serve PK-1

Teacher Allocation

- ✓ Additional allocations for preparation periods, Exceptional Student Education, Pre-Kindergarten, and English Language Learners
- ✓ Minimum of Art or Music and Gym Teacher for all schools, schools 700+ receive all 3

*Increased allocations by school size and type

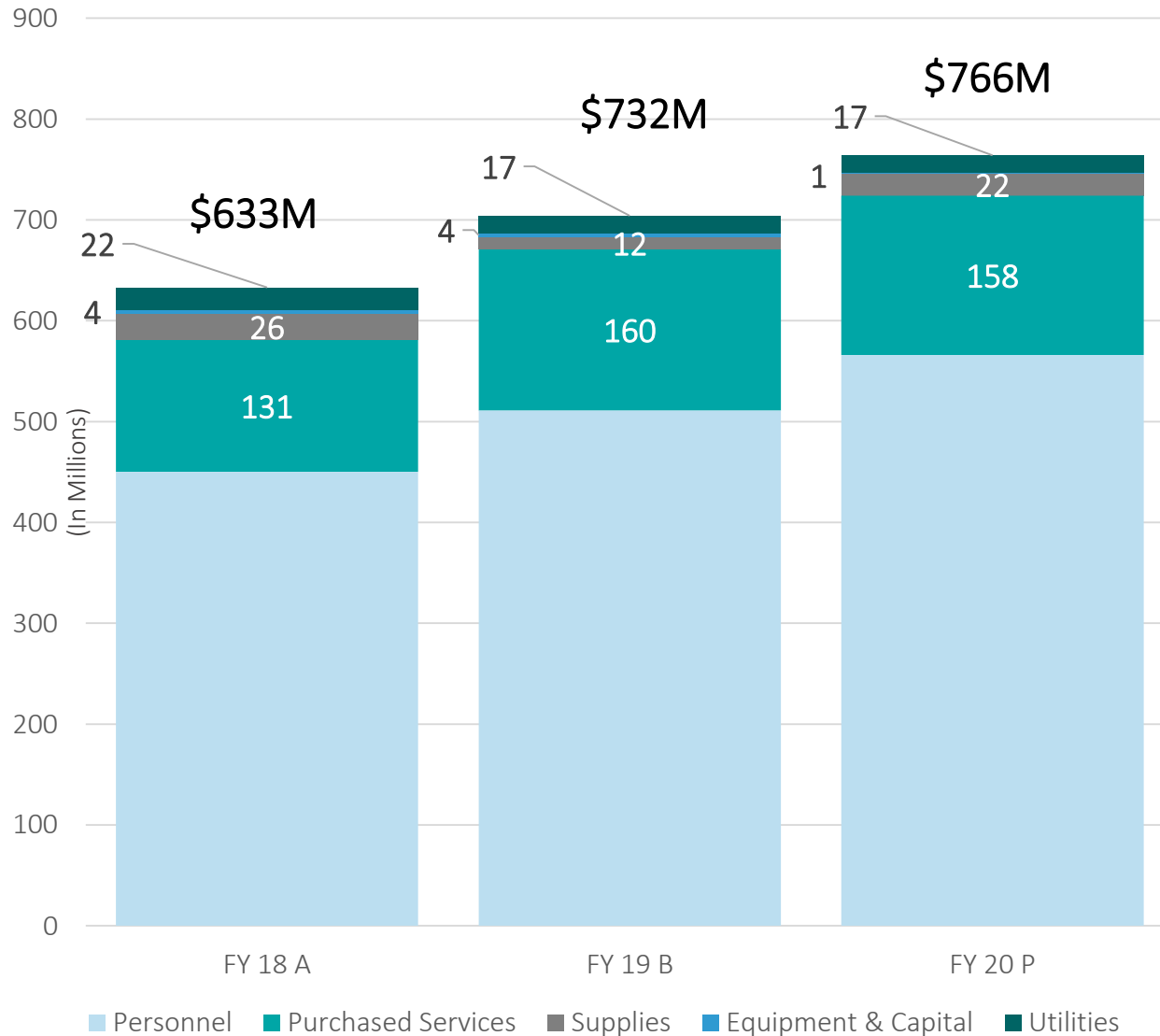
FY 20 Revenue



The District is projecting a 1.7% increase in funding in FY 20. Increased funding is based on:

- \$100 per student increase in the Foundation Allowance - \$5M; *Governor's proposal would provide an additional \$2M in revenue*
- \$600 per student increase in "At Risk" funding - \$6M
- 4% increase in Exceptional Student Education reimbursements from the state - \$4.3M
- 1% increase in student enrollment (500 students)
- Local Sources: Act 18 Revenue was reduced by \$10M to be in line with projected expenditures

FY 20 Expenses



Personnel: The increase (\$55M) is related to

- Projected salary increases
- Additional Professional Development stipends
- Conversion of IT staff to FTE

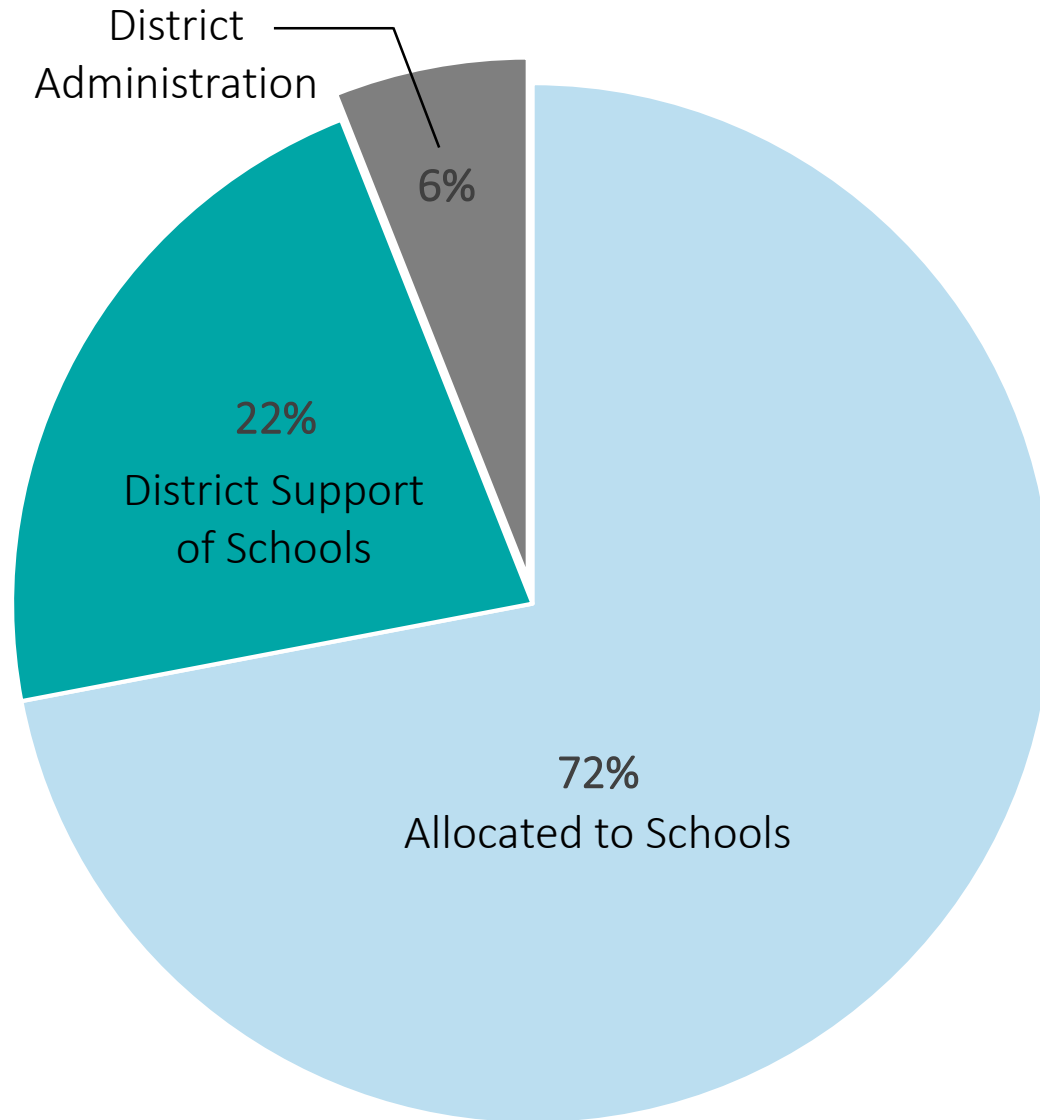
Purchased Services: Expenses are projected to remain constant, decrease in IT purchased services is offset by one-time purchases for PD, curriculum, and technology

Supplies: The increase (\$9M) is related to additional professional development and curriculum purchases

Equipment & Capital: The decrease (\$3M) is related to Capital projects are included in Capital Projects budget

Utilities: Expenses are projected to remain constant

District Budget Overview



The District allocates 94% of its resources to schools or for District departments which support school functions. District supports include

- Curriculum & Instruction
- Custodial, Maintenance and Utilities
- Security
- Transportation

Administrative costs represent approximately ~6% of the total budget

FY 2019 Revenues and Expenditures Comparison

**DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT
GENERAL FUND
FY 2020 DRAFT BUDGET YEAR Ending JUNE 30, 2020**

	<u>FY 2018 Actuals</u>	<u>FY 2019 Adopted</u>	<u>FY 2019 BA # 1</u>	<u>FY 2020 Draft Budget</u>	<u>FY 2020 - Increase (Decrease) Over FY 2019 BA # 1</u>
Revenue:					
Local sources	66,222,793	71,531,138	66,455,987	61,438,220	(5,017,767)
State sources	484,209,873	503,289,568	512,763,670	534,394,178	21,630,508
Federal sources	131,731,039	174,565,369	183,058,492	171,902,060	(11,156,432)
Total Revenue	682,163,705	749,386,075	762,278,149	767,734,458	5,456,309
Expenditures:					
Instruction	324,511,382	390,136,373	378,051,491	373,572,765	(4,478,726)
Support services					
Pupil services	52,567,856	78,354,488	91,306,167	81,055,677	(10,250,490)
Instructional staff support	31,296,933	32,899,337	45,723,042	51,888,343	6,165,301
General administration	4,549,474	6,078,685	5,688,261	6,169,694	481,433
School administration	39,221,706	52,476,876	48,188,781	49,331,306	1,142,525
Business office	10,206,870	11,073,394	10,218,789	11,557,020	1,338,231
Operations & maintenance	93,223,006	81,961,782	92,615,755	93,592,373	976,618
Transportation	34,896,150	36,749,795	36,975,486	41,721,229	4,745,743
Central support service	34,934,693	38,949,349	41,881,594	48,719,542	6,837,948
Other support service	3,660,090	2,413,014	2,729,881	1,630,804	(1,099,077)
Total support services	304,556,778	340,956,720	375,327,756	385,665,988	10,338,232
Community service	4,047,594	1,271,230	5,463,516	7,428,069	1,964,553
Facilities acquisitions and improvement	-	-	28,171	-	(28,171)
Total Expenditures	633,115,754	732,364,323	758,870,934	766,666,822	7,795,888



FY 2019 Revenues and Expenditures Comparison

**DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT
GENERAL FUND
FY 2020 DRAFT BUDGET YEAR Ending JUNE 30, 2020**

Other Financial Sources (Uses)

Sources					
Proceeds from sale of capital assets	-	-	368,575	-	(368,575)
Payments From Detroit Public Schools	-	6,900,000	6,900,000	6,900,000	-
Transfer from Food Service Fund	1,779,586	2,000,000	2,000,000	2,000,000	-
Total Sources	1,779,586	8,900,000	9,268,575	8,900,000	(368,575)
Uses					
Contingency	-	(17,831,299)	-	-	-
Total Uses	-	(17,831,299)	-	-	-
Total Other Financial Sources (Uses)	1,779,586	(8,931,299)	9,268,575	8,900,000	(368,575)
Special Item	11,244,572	-	-	-	-
Excess (deficiency) of Revenue and Other Sources Over (Under) Expenditures and Other Uses	62,072,109	8,090,453	12,675,790	9,967,636	(2,708,154)
Excess (deficiency) of Revenue and Other Sources Over (Under) Expenditures and Other Uses	62,072,109	8,090,453	12,675,790	9,967,636	(2,708,154)
Fund Balance - Beginning	78,963,120	141,035,229	141,035,229	153,711,019	
Fund Balance - Ending	\$ 141,035,229	\$ 149,125,682	\$ 153,711,019	\$ 163,678,655	

DPSCD FY 20 Proposed Budget – School Nutrition Fund

FY 20 Food Service Budget Revenues and Expenditures Comparison

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT
FOOD SERVICE FUND
FY 2020 DRAFT BUDGET YEAR ENDING JUNE 30, 2020

	FY 2018 - Actuals	FY 2019 - Adopted	FY 2020 - Draft Budget	FY 2020 - Increase (Decrease) Over FY 2019
Revenue:				
Local Sources				
Other	\$ 519,392	\$ 629,972	\$ 636,272	\$ 6,300
Total local sources	519,392	629,972	636,272	6,300
State Sources	1,198,692	1,844,667	1,863,114	18,447
Federal Sources	40,630,342	47,031,438	47,501,752	470,314
Total Revenue	42,348,426	49,506,077	50,001,138	495,061
Expenditures:				
Support Services				
Personnel	13,337,787	19,103,195	19,644,227	541,032
Purchased Services	479,786	1,060,633	1,071,239	10,606
Supplies	20,640,613	26,857,627	27,126,203	268,576
Equipment & Capital	511,735	146,054	12,147,515	12,001,461
Utilities	250,000	338,568	341,954	3,386
Total support services	35,219,921	47,506,077	60,331,138	12,825,061
Total Expenditures	35,219,921	47,506,077	60,331,138	12,825,061
Other Financial Sources (Uses)				
Uses				
Transfers In	1,855,428	-	-	-
Transfers Out	(1,779,586)	(2,000,000)	(2,000,000)	-
Total Uses	75,842	(2,000,000)	(2,000,000)	-
Total Other Financial Sources (Uses)	75,842	(2,000,000)	(2,000,000)	-
Excess (deficiency) of Revenue Over (Under)				
Expenditures	7,204,347	4,000,000	(8,330,000)	(12,330,000)
Beginning Fund Balance	14,916,288	22,120,635	26,120,635	4,000,000
Ending Fund Balance	\$ 22,120,635	\$ 26,120,635	\$ 17,790,635	\$ (8,330,000)

FY 20 Budget Takeaways

Revenue

- ✓ Revenue increase is based on a projected 1% increase in student enrollment.

Expenses

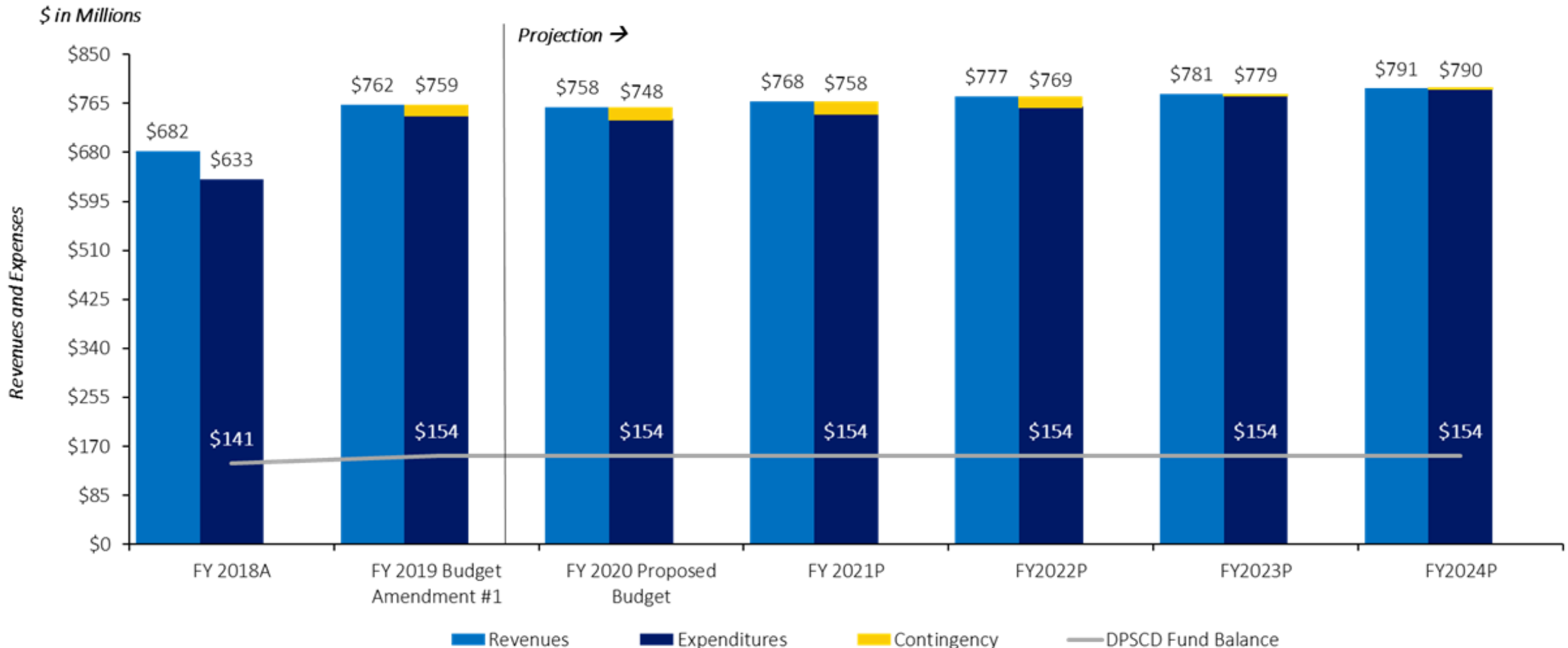
- ✓ Personnel expenses are increased to match projected salary increases.
- ✓ Expenditures were increased to accommodate the projected increase in student enrollment.
- ✓ One-time expenditures for purchase and installation of Equipment & Capital are included, and approved by MDE as part of the District's plan to spend the fund balance.



DPSCD 5 Year Budget Projection

DPSCD Preliminary 5 Year Projected Budget

Based on Preliminary assumptions, DPSCD is projecting a balanced budget through FY2024. The District is projecting an annual \$7-8M contingency through 2022. Enhancement millage revenue is forecast at a reduced rate starting in 2023 which nearly eliminates contingency funds. If the millage is not renewed in 2022, revenues will be reduced by \$13M requiring expenses reductions to maintain a balanced budget.



DPS FY 20 Proposed Budget

Detroit Public Schools' Restructuring

- Effective July 1, 2016, the Michigan Legislature approved a set of bills to restructure Detroit Public Schools (DPS). The bills effectively split DPS into two entities, Detroit Public Schools and Detroit Public Schools Community District (DPSCD).
- DPS has two types of debt, capital bonds which are being repaid by the 13 mills levy and operating debt which is being repaid by the 18 Mills levy.
 - As of June 30, 2019, there was \$1.46 billion in debt associated with the capital bonds which the current debt schedules forecast being repaid by 2049 and \$285.8 million in operating debt which is scheduled to be repaid by 2027.
 - Repayment of the operating debt (18 mills) is contingent on the renewal of the 18 mills levy, which is set to expire in 2022.
- The debt repayment schedules are updated annually based on the projected tax collections. The tax collections are based on property value and collection rates. The City underwent a thorough reassessment of taxable values and collection practices resulting in declining revenues despite consistent collection rates. Beginning in 2018, taxable values and collection rates have been increasing reversing a five year trend of declining receipts.
- The City is projecting a 1% increase in taxable value for FY 20.

DPS Summary of Revenues & Expenditures

- DPS' 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 - \$64.5m
 - (ii) State Sources – Property tax abatements (Renaissance Zone) reimbursed by the State - \$4.3m
- DPS' 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
- The 13 mills revenue is not reflected in the DPS financials, as that revenue is solely dedicated to the repayment of the long term capital bonds. 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.

DPS FY 20 Proposed Budget

	FY 2019 Adopted Budget	FY 2020 Proposed Budget	FY 2020 Increase/(Decrease) from FY 2019
Revenue:			
Local Sources ¹	\$ 58,893,000	\$ 65,145,930	\$ 6,252,930
State Sources	\$ 4,330,730	\$ 4,330,730	\$ -
Total Revenue	\$ 63,223,730	\$ 69,476,660	\$ 6,252,930
Expenditures:			
Support Services			
Instruction			
Support Services			
General Administration	\$ 30,000	\$ 30,000	\$ -
Business Office	\$ 70,000	\$ 70,000	\$ -
Total Support Services	\$ 100,000	\$ 100,000	\$ -
Debt Service			
Stabilization Bonds	\$ 37,383,076	\$ 37,303,182	\$ (79,894)
MPSERS Interest	\$ 9,624,000	\$ 8,648,000	\$ (976,000)
Emergency Loan Debt Service	\$ 1,965,000	\$ 1,965,000	\$ -
Debt Issuance Costs	\$ -	\$ -	\$ -
Total Debt Service	\$ 48,972,076	\$ 47,916,182	\$ (1,055,894)
Total Expenditures	\$ 49,072,076	\$ 48,016,182	\$ (1,055,894)
Other Financial Sources/(Uses)			
Other Financing Sources	\$ -	\$ -	\$ -
Transfer to DPSCD General Fund ²	\$ (6,900,000)	\$ (6,900,000)	\$ -
Total Other Financial Sources/(Uses)	\$ (6,900,000)	\$ (6,900,000)	\$ -
Total Expenditures and Other Sources/(Uses)	\$ 55,972,076	\$ 54,916,182	\$ (1,055,894)
Excess (deficiency) of Revenue Over/ (Under) Expenditures and Other Uses	\$ 7,251,654	\$ 14,560,478	\$ 7,308,824
Beginning Fund Balance	\$ (9,746,487)	\$ (2,494,833)	
Ending Fund Balance	\$ (2,494,833)	\$ 12,065,645	

DPS FY 20 General Fund Budget through the year ending June 30, 2020.

- ✓ Revenue is based on a conservative property tax value increase of approximately 1% of current FY19 collections which will be updated in a future budget amendment.
- ✓ Support Services include expenses for audit and staff expenses associated with administration of DPS.
- ✓ Debt service expense includes both interest and principal for the Stabilization Bonds and is based on debt schedules.
- ✓ As part of the restructuring, it was assumed that a portion of the 18 mill property tax collection would ultimately be transferred to DPSCD for legacy obligations. For FY 20, DPS anticipates transferring \$6.9 million in remaining cash to DPSCD.

1) FY20 Local revenue projection is based on FY19 actual revenue as of March 31, 2019

2) The District is proposing to reschedule the transfer to DPSCD from FY19 to FY20

Contract Requests



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2019-9

**APPROVING THE COMMUNITY DISTRICT'S APRIL 2019 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 April 29, 2019, 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 April 2019 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	Human Resources	19-0202-C	<p>Contract Amount: \$1,809,340.00 Contract Period: July 1, 2019 – June 30, 2022 Source: General Funds Purpose: Provide third party benefits administration services Contractor: Kapnick Insurance Group Location: 769 Chicago Road, 3rd Floor, Troy, MI 48083</p>	New	Yes	Yes	<p>School Board 04.16.2019</p> <p>Anticipated Approval</p> <p>FRC 04.29.2019</p>	<p>RFP 19-0202 was issued in February 2019 to solicit Third Party Administration (TPA) services to process employee health benefit claims and perform other employee benefits related administrative services, such as handling call center queries and supporting the enrollment period. Kapnick Insurance Group was the only vendor to submit a response.</p> <p>The District would like to award Kapnick a three-year contract with two one-year renewal options effective July 1, 2019, in an amount not to exceed \$1,809,340 over three years.</p>
2	Curriculum and Instruction	18-0048-C	<p>Contract Amount: \$4,600,000.00 Contract Period: April 29, 2019 – June 30, 2020 Source: General Funds Purpose: To purchase and replenish ELA materials districtwide for grades K-8 Contractor: Open Up Resources Location: 1600 El Camino Real, Ste 155, Menlo Park, CA 94025</p>	Renewal	Yes	No	<p>School Board 04.16.2019</p> <p>Anticipated Approval</p> <p>FRC 04.29.2019</p>	<p>An RFP was issued in March of 2018 to solicit instructional materials for K-8 ELA. Though Open Up was not the lowest-cost source, their proposal was the most comprehensive and included foundational skills consumables as well as trade books.</p> <p>The proposed purchase will cover the replacement of consumable student materials, replenishment of lost/damaged textbooks for students/teachers, and will provide professional development resources for teachers.</p>

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
3	Curriculum and Instruction	18-0049-C	<p>Contract Amount: \$1,880,000.00 Contract Period: April 29, 2019 – June 30, 2020 Source: General & Grant Funds Purpose: To purchase and replenish materials districtwide for grades K-8 mathematics Contractor: Great Minds, LLC Location: 55 M S/E, Suite 340, Washington, D.C., 20003</p>	Renewal	Yes	No	<p>Anticipated Approval</p> <p>School Board 04.16.2019</p> <p>FRC 04.29.2019</p>	<p>An RFP was conducted in March of 2018 to solicit instructional materials for K-8 Math. Though Great Minds, LLC was not the lowest-cost source, their math curriculum is the most widely used in the United States, according to a study released by the RAND Corporation. It is also one of only two curriculums found by EdReports.org to align fully with the CCSS for all grades, K–8.</p> <p>The proposed purchase will cover the replacement of consumable student workbooks, replenishment of lost/damaged teacher materials, and will provide professional development resources for teachers.</p>

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
4	Operations	19-0055-C	<p>Contract Amount: \$78,782,848.00 Contract Period: July 11, 2018 – June 30, 2020 Source: General Funds & Capital Project Funds Purpose: Facilities Management Contractor: GDI Services, Inc. Location: 24300 Southfield Rd., Ste. 220, Southfield, MI 48075</p>	Increase	Yes	No	<p>Anticipated Approval</p> <p>School Board 04.16.2019</p> <p>FRC 04.29.2019</p>	<p>RFP 18-0077 was issued on DemandStar and received six (6) responses. In July 2018, the School Board and the FRC approved a contract with GDI based on overall evaluation scores, financial stability, and management experience. In October of 2018, GDI’s contract was amended to include costs associated with the installation of Water Hydration Stations in District schools.</p> <p>This request is to increase the current contract from \$73,671,804 to \$78,782,848, an increase of \$5,111,044. In the fall of 2019 the District will be reactivating four schools (Barton, Logan, Hamilton and Edmonson) and this increase will provide non-construction maintenance and renovation services as well as facilities management to the reactivated schools.</p> <p>Additionally, the increase covers custodial services for five schools removed from the District Pilot Program, substitute staffing for five schools remaining in the District Pilot Program, and covers an increase to the budget for repairs and parts maintenance costs attributed to the aforementioned additional schools serviced by GDI.</p>



Agenda Item Details

Meeting	Apr 16, 2019 - Regular Board Meeting
Category	14. Consent Agenda (Administrative Items)
Subject	14.02 Approval of Additional Contract with Kapnick Insurance Group Third-party Benefit Administrator
Access	Public
Type	Action
Recommended Action	That the School Board approve renewal of the contract with Kapnick Insurance Group (Kapnick), a third-party benefit administrator, for the period July 1, 2019 through June 30, 2022, at an estimated annual cost of \$603,111 for a total cost of \$1,809,330.

Public Content

Recommendation:

That the School Board approve renewal of the contract with Kapnick Insurance Group (Kapnick), a third-party benefit administrator, for the period July 1, 2019 through June 30, 2022, at an estimated annual cost of \$603,111 for a total cost of \$1,809,330.

Description and Background:

This item was recommended for approval to the Board of Education by the Finance Committee on March 22, 2019.

The District has historically secured the services of a licensed third-party administrator (TPA) to process employee health benefit claims and perform other employee benefits related administrative services. The TPA is neither the insurer, insured, or the plan sponsor.

In calendar year 2019, the District opened a Request for Proposals (RFP) for a licensed TPA to administer the District's Flexible Spending Accounts (FSA) both medical and dependent care, dependent audits, processing of COBRA notices and payments, a call center to address employee benefit questions/concerns, as well as advocacy on behalf of the District and all of its employees for the 2019 through 2022 fiscal years.

Kapnick was awarded a three-year contract with two one-year renewal options effective July 1, 2019 in an amount not to exceed \$1,809,340 over three years. In addition to the services noted above, Kapnick also facilitates annual benefit enrollment campaigns. On site enrollment assistance is provided during open enrollment to assist employees who have questions or are not comfortable with computer-based benefit election submittals. Kapnick manages the District's electronic benefit elections for all employee health, dental and vision plans and provides the interface to transmit all enrollments and enrollment changes to the benefit carriers. In addition, Kapnick provides weekly reporting updates regarding new hires and separations from the District to either activate or terminate coverage, as well as biweekly updates to the Office of Payroll to update employee deductions.

Gap Analysis:

The continuance of TPA services are needed for employees to maintain their FSA elections, ensure timely processing of benefit elections (new hire, life event and open enrollment) and transmission to carriers as the District does not currently have systems in place to support this regular activity nor the required weekly carrier updates.

Previous Outcomes:

In calendar year 2018-2019, TPA costs were \$549,530. There was no increase in cost since inception in calendar year 2015-16.

Expected Outcomes:

In calendar year 2019-20, TPA costs will be approximately \$603,111. There is no increase in Per Eligible Employee Per Month cost (\$8.66) since inception in calendar year 2015-16.

Alignment to Strategic Plan:

Exceptional Talent

Financial Impact:

\$1,809,330, General Funds

RFP 19-0202 was issued on DemandStar and shared with 290 suppliers in 2019 and received one response. Based on evaluation of the proposal and quality of work previously provided, Kapnick was selected as the TPA. Kapnick has the capability, experience, and competitive pricing to provide the services requested.

Contact for Item:

Name: Luis B. Solano, Chief Operating Officer
Phone: (313) 873-8518
Email: luis.solano@detroitk12.org

Supporting Documents/Attachments:

DPSCD Consolidated Proposal

DPSCD Consolidated Proposal 2.27.19.pdf (2,733 KB)

Administrative Content

Executive Content



Agenda Item Details

Meeting	Apr 16, 2019 - Regular Board Meeting
Category	14. Consent Agenda (Administrative Items)
Subject	14.10 Purchase of District-Wide K-8 ELA/Literacy Instructional Materials
Access	Public
Type	Action
Recommended Action	Motion to approve purchase of consumable and replenishment materials district-wide for grades K-8 Open Up Resources (EL Education) English Language Arts in an amount not-to-exceed \$4,600,000.

Public Content

Recommendation:

That the School Board approve the purchase of the recommended replenishment instructional materials district-wide for grades K-8 from Open Up Resources (EL Education) English Language Arts in an amount not-to-exceed \$4,600,000.

Description and Background:

This item was recommended for approval to the Board of Education by the Finance Committee on March 22, 2019 and by the Academic Committee on March 25, 2019.

Last year, the District adopted and implemented OpenUp Resources (EL Education). The proposed purchase will cover the replacement of consumable student workbooks and decodable texts, replacement costs for lost and damaged student trade-books and teacher guides and ensures the district is prepared with the materials needed to manage any increase in enrollment. This cost also includes teacher access to professional development resources for all participating faculty, which will include differentiated pathways for teachers new to the district and those looking to deepen their knowledge after having used the materials for a year. The district will ensure that materials are delivered to schools on time or contract consequences will be applied.

Gap Analysis:

Each year, the District is required to replace consumable student workbooks and decodable texts, replacement costs for lost and damaged student trade-books and teacher guides and ensures the district is prepared with the materials needed to manage any increase in enrollment.

Previous Outcomes:

This year, the District paid \$5,457,892.

Expected Outcomes:

Sufficient materials will be available to staff and students.

Alignment to Strategic Plan:

Outstanding Achievement

Financial Impact:

General Fund: \$4,570,000 for materials

General Fund: \$30,000 for contingency

Bid Process: RFP 18-0048-R was issued on DemandStar and received 12 response(s). Based on evaluation of the proposal, Open Up Resources was selected as the supplier providing core instructional materials for K-8 ELA/Literacy. They have the capability, experience, and competitive pricing to provide the services requested. Though Open Up was not the low-cost source, their response was the most comprehensive and complete. The other respondents, despite having a good program, did not submit costs for foundational skills or trade books, which can increase costs by millions of dollars.

Contact for Item:

Name: Beth Gonzalez
 Phone: 313-873-3485
 Email: beth.gonzalez@detroitk12.org

Supporting Documents/Attachments:

Administrative Content

- EL Education - Proposal.pdf (58,750 KB)
- EL Education - Cost Proposal.pdf (110 KB)
- Open Up Resources - Cost Proposal.pdf (102 KB)
- Open Up Resources - Proposal.pdf (7,778 KB)
- Amplify - CKLA - Cost Proposal.pdf (172 KB)
- Amplify - CKLA - Proposal.pdf (6,349 KB)
- Amplify - ELA - Cost Proposal.pdf (176 KB)
- Amplify - ELA - Proposal.pdf (26,597 KB)
- ARC - Cost Proposal.xlsx (61 KB)
- ARC - Proposal.pdf (18,247 KB)
- HMH - Proposal & Cost.pdf (8,173 KB)
- Cengage - Cost Proposal.pdf (32 KB)
- Cengage - Proposal.pdf (3,908 KB)
- Pearson - Cost Proposal.pdf (425 KB)
- Pearson - Proposal.pdf (4,371 KB)
- Great Minds - Proposal & Cost.pdf (3,871 KB)
- Reeword Books - Proposal & Cost.pdf (14,438 KB)
- McGraw Hill (Wonders) - Cost Proposal.pdf (3,642 KB)
- McGraw Hill (Wonders) - Proposal.pdf (40,113 KB)
- McGraw Hill (Study Sync) - Cost Proposal.pdf (3,422 KB)
- McGraw Hill (Study Sync) - Proposal.pdf (38,013 KB)
- Open Up Resources - Base Contract.pdf (5,089 KB)
- Open Up Resources - Contract Amendment.pdf (71 KB)

Executive Content



Agenda Item Details

Meeting	Apr 16, 2019 - Regular Board Meeting
Category	14. Consent Agenda (Administrative Items)
Subject	14.11 Purchase of District-Wide K-8 Mathematics Instructional Materials & Professional Development
Access	Public
Type	Action
Recommended Action	Motion to approve the purchase of the recommended replenishment instructional materials and related professional development district-wide for grades K-8 Eureka Math instructional materials in an amount not-to-exceed \$1,880,000.

Public Content

Recommendation:

That the School Board approve the purchase of the recommended replenishment instructional materials and related professional development district-wide for grades K-8 Eureka Math instructional materials in an amount not-to-exceed \$1,880,000.

Description and Background:

This item was recommended for approval to the Board of Education by the Finance Committee on March 22, 2019 and by the Academic Committee on March 25, 2019.

Last year, the District adopted and implemented Eureka Math as its core curriculum for 2018. The proposed purchase will cover access to digital resources and instructional materials, replacement of student print resources, replacement of lost and/or damaged teacher print resources to support curriculum implementation, and teacher access to professional development resources for all participating instructional and administrative faculty which will begin during summer 2019 and continue through the 2019-20 school year. Purchases will be based on the number of students and teachers at each school site and will include an overage allocation for each school and the District. The District will ensure that materials are delivered to schools on time or contract consequences will be applied.

Gap Analysis:

Each year, the District is required to replace consumable student manuals, lost and/or damaged teacher manuals and to account for any increases to the District's enrollment for the upcoming school year.

Previous Outcomes:

This year, the District paid \$1,402,147 for consumables.

Expected Outcomes:

Sufficient materials will be available to staff and students.

Alignment to Strategic Plan:

Outstanding Achievement

Financial Impact:

\$1,880,000, General Funds, Title II (Grant Funds)

Professional Learning cost: \$300,000

Instructional Material cost: \$1,580,000

Note: The increase in cost is due to increased professional learning opportunities for staff. Staff will be offered 100 days instead of 66 days.

Bid Process: RFP 18-0049-R was issued on DemandStar and received 16 response(s). Based on evaluation of the proposal, Great Minds, LLC was selected as the supplier providing core instructional materials for K-8 Mathematics. They have the capability, experience, and competitive pricing to provide the services requested. The low-cost vendor only provided the District with a 6-8 submission, but the District was seeking K-8 Curriculum. Though Great Minds, LLC was not the low-cost source, their curriculum is the most widely used math curriculum in the United States, according to a study released by the RAND Corporation. It is also 1 of only 2 curriculums found by EdReports.org to align fully with the CCSS for all grades, K-8.

Contact for Item:

Name: Beth Gonzalez
 Phone: 313-873-3485
 Email: beth.gonzalez@detroitk12.org

Supporting Documents/Attachments:

Administrative Content

- Pearson - Proposal.pdf (5,648 KB)
- Pearson - Pricing.pdf (387 KB)
- Open Up Resources - Pricing.pdf (71 KB)
- Open Up Resources - Proposal.pdf (46,897 KB)
- McGraw Hill - My Math - Pricing.pdf (4,516 KB)
- McGraw Hill - My Math - Proposal.pdf (39,483 KB)
- McGraw Hill - Everyday Math - Pricing.pdf (3,613 KB)
- McGraw Hill - Everyday Math - Proposal.pdf (41,492 KB)
- Houghton Mifflin Harcourt - Proposal & Pricing.pdf (7,953 KB)
- Great Minds - Proposal & Pricing.pdf (5,472 KB)
- Discovery Education - Pricing.pdf (30 KB)
- Discovery Education - Proposal.pdf (8,800 KB)
- Curriculum Associates - Proposal.pdf (51,723 KB)
- Curriculum Associates - Pricing.pdf (1,127 KB)
- Cengage - Pricing.pdf (116 KB)
- Cengage - Proposal.pdf (5,913 KB)
- Carnegie Learning- Proposal.pdf (22,421 KB)
- Carnegie Learning - Pricing.pdf (1,749 KB)
- 18-0049 - Great Minds - Amendment.pdf (68 KB)
- 18-0049 - Great Minds - Base Contract.pdf (3,023 KB)

Executive Content



Agenda Item Details

Meeting	Apr 16, 2019 - Regular Board Meeting
Category	14. Consent Agenda (Administrative Items)
Subject	14.08 Approval of Amendment to GDI Contract
Access	Public
Type	Action
Recommended Action	Motion to approve an amendment to the contract with GDI Integrated Facilities Management for custodial, maintenance, and engineering services in an additional amount of \$5,111,044 for the period of January 1, 2019 through June 30, 2020 for a total amount not-to-exceed \$78,782,848.

Public Content

Recommendation:

That the school board approve an amendment to the contract with GDI Integrated Facilities Management for custodial, maintenance, and engineering services in an additional amount of \$5,111,044 for the period of January 1, 2019 through June 30, 2020 for a total amount not-to-exceed \$78,782,848.

Description and Background:

This item was recommended for approval to the Board of Education by the Finance Committee on March 22, 2019.

GDI currently provides facilities management to 91 of the District's buildings through a contract awarded July 11, 2018 for two years. The increased contract will allow for the following additional services:

- restorative maintenance of Barton Elementary, Logan, Hamilton and Edmonson, cost \$1,766,120;
- custodial, maintenance and engineering services for the four (4) reactivated schools, cost \$802,167.84;
- custodial services for the five (5) schools not included in the custodial pilot, cost \$1,095,197;
- substitute custodial staffing for the five (5) schools included in the custodial pilot, cost \$197,559; and
- an increase in parts expenditures for the schools currently managed by GDI and for the four (4) reactivated schools, cost \$1,250,000.

Restorative maintenance of Barton Elementary, Logan, Hamilton and Edmonson

Without full-time maintenance employees and the need to address multiple layers of restoration projects, the district cannot rely on multiple vendors to upgrade the schools by the beginning of the year. To streamline the multiple layers of work that is required to ensure the school buildings are ready and hold one firm accountable, the district will rely on one of its current maintenance providers. Detroit's projected \$5.1 billion dollar construction boom includes continuous projects over the next year. Many of the projects have secured committed vendors and labor, which could delay the immediate hire of contractors to perform the work needed for the reactivated schools. GDI currently employees trades people who can immediately work on District projects thereby preventing a delay of school opening. The ~\$9.7M in maintenance projects across the district will be bid for competition.

This work will not include capital construction which will be contemporaneously bid through a formal RFP.

Complete Facility Management Services for the Four Reopened Buildings

Four District buildings (Hamilton, Edmonson, Logan, and Barton) will reopen as District schools in the Fall of 2019. GDI will assume facility management of these buildings.

Custodial Services for Schools Removed from the District Pilot Program

Ten schools were originally slated for full time district employment through the district's Custodial Pilot; however, the pilot began with only five schools due to low applicant numbers. This initiative began January 1, 2019. The five schools not included in the pilot include: A.L. Holmes, Brewer Elementary/Middle, Charles H. Wright, Mumford, and Breithaupt Vocational. This request covers the custodial services to be maintained by GDI from the dates of January 1, 2019 through June 30, 2020.

Substitute Staffing for the Five Schools in the District Pilot Program

Due to the low applicant pool and understaffing, the five schools involved in the Custodial Pilot require the services of four GDI custodians. Custodial Pilot schools requiring substitute services include: Thurgood Marshall, Henry Ford, Bow Elementary, Keidan Center, and Bethune Elem/Middle.

Increased Repairs and Parts Maintenance Costs

The current GDI contract permits \$2,000,000 in parts each year. As the 2018 Facilities Assessment indicates, the age of District facilities necessitates more frequent and more extensive maintenance. Protocols have also been implemented to ensure improved functionality of mechanical systems. These procedures will result in earlier detection and repair of problems before they escalate.

Gap Analysis:

GDI was contracted to provide facility management services to the District. As a selected vendor, the company provides a host of facilities and contracting services that will support the restoration of Barton, Logan, Edmonson and Hamilton. GDI will perform “non-construction” maintenance repairs to prepare the schools for a Fall 2019 opening. As the four previously leased schools are reinstated as functioning District schools there is the need for facilities services to ensure that the buildings are properly maintained daily.

In addition, due to the lack of a hiring pool for custodial and trades candidates to support the amount of work needed within the District, GDI will support District schools in the areas of engineering, maintenance, and custodial services. GDI currently has the capacity to provide staff for these services continuously to support the needs of the District. If not approved, Thurgood Marshall, Henry Ford, Bow Elementary, Keidan Center, and Bethune Elementary/Middle School will have insufficient custodial staffing.

Finally, given the age and poor maintenance of District buildings, the current allowance for replacement parts is insufficient. Additional funding is warranted for the proper maintenance of currently operating schools as well as the four slated to open in the Fall of 2019. If not approved, the schools in need of repairs may face school day closure.

Previous Outcomes:

Under its existing contract, GDI continues to service the majority of the schools and auxiliary facilities in the District. The company’s familiarity with these facilities, the building staff and students, and their experience with District protocols allow for a smoother transition for continued custodial services, management of the four schools opening in the Fall of 2019.

Expected Outcomes:

GDI will:

- provide the maintenance and renovation services for Barton Elementary school, beginning April 22, 2019. Logan, Hamilton and Edmonson will also be renovated beginning July 1, 2019. The maintenance work will encompass those items that are considered “non-construction”;
- provide custodial, maintenance, and engineering services to the four reactivated schools;
- continue to provide the custodial services for A.L. Holmes, Brewer Elementary/Middle, Charles H. Wright, Mumford, and Breithaupt Vocational;
- provide substitute supporting services of qualified custodial staffing to the five District custodial pilot schools from January 1, 2019 until June 30, 2020; and
- continue to repair maintenance issues within the schools they service by purchasing parts in the amount of from April 22, 2019 until June 30, 2019.

Financial Impact

Amendment Total	Total Contract
\$5,111,044	\$78,782,848

Alignment to Strategic Plan:

Responsible Stewardship

Financial Impact:

Bid Process: RFP 18-0077 was issued on DemandStar and received six 6 responses. Based on evaluation of the proposal, GDI was selected as the supplier providing facility management services based on finance stability, facility management experience and competency in performing the services.

\$3,344,924, General Funds
\$1,766,120, Capital Funds

Contact for Item:

Name: Machion Jackson, Assistant Superintendent of Operations
Phone: (313) 873-6532
Email: Machion.Jackson@detroitk12.org

Administrative Content

- Burr Group.pdf (12,787 KB)
- Burr Group - Pricing.pdf (220 KB)
- Diversified.pdf (22,833 KB)
- Diversified - Pricing.pdf (75 KB)
- GDI.pdf (1,871 KB)
- GDI - Pricing.pdf (71 KB)
- LGC.pdf (18,898 KB)
- LGC - Pricing.pdf (74 KB)
- RNA.pdf (1,830 KB)
- RNA - Pricing.pdf (77 KB)
- US Metro.pdf (2,945 KB)
- US Metro - Pricing.pdf (71 KB)
- GDI - Base Contract.pdf (1,399 KB)
- GDI - Contract Increase.pdf (67 KB)
- GDI - Section B Amendment.pdf (318 KB)

Executive Content

Out-of-State Travel Requests



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRECHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2019-10

**APPROVING THE COMMUNITY DISTRICT'S APRIL 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 April 29, 2019, 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 April 29, 2019 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 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	Student	Faculty	Participants	Funding Source	Total Est. Cost	Approved by:	Notes
1	Health Occupations Students of America National Conference (HOSA)	Orlando, FL	June 19 to 23, 2019	Career & Technical Education	0	1	1	2	Grant	\$3,181.00	Anticipated Approval Finance Committee 04.26.2018 Academic Committee 04.26.2018 FRC 04.29.2018 Board 05.14.2018	



**Office of College & Career Readiness
Career & Technical Education/Adult Ed**

To: Financial Review Committee
From: Brenda Belcher, Executive Director
cc: Alycia Meriweather, Deputy Superintendent
Date: April 25, 2019
Re: Out-of-State Travel for Benjamin Carson CTC

PURPOSE OF THE TRIP:

The overall purpose is to allow the student who won at the State Regional competition, to compete at the Health Occupations Students of America National Conference (HOSA). Students will join their peers from across the country to compete at the national level and showcase their skills. Additionally, students will network, participate in workshops and engage in leadership development activities. This is an investment toward the Strategic Priority of Outstanding Achievement and will result in “dramatically improving the overall academic experience of all students to ensure that they are college and career ready”.

LOCATION OF TRIP: Orlando, Florida

NUMBER OF PARTICIPANTS:

- One (1) staff: Prentice Walker
- One (1) Student: Jamal Thomas

COST OF TRIP:

Health Occupations Students of America (HOSA)	Registration	\$180.00
	Transportation	\$1225.20
	Lodging & Food	\$1478.56
	Per Diem	<u>\$297.00</u>
Total:		\$3,180.76

FUNDING: This will be funded by Added Cost for CTE

DATES: June 19, 2019 – June 23, 2019

Supplemental Reports

DPSCD FY 2019 Monthly Cash Flows

\$ in thousands

	2018						2019						FY 19 Total
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Forecast*	April Forecast	May Forecast	June Forecast	
Cash Receipts													
State Aid	\$ 39,713	\$ 39,854	\$ -	\$ 39,999	\$ 41,533	\$ 41,148	\$ 39,417	\$ 39,472	\$ 41,148	\$ 41,148	\$ 41,148	\$ 41,148	\$ 445,732
MPSERS (State Funded)	2,983	2,986	-	-	6,721	3,361	3,361	3,361	3,361	3,361	3,361	3,361	36,214
Enhancement Millage	-	-	-	2,986	5,572	762	-	3,979	2,831	979	1,136	-	18,245
Grants	5,380	29,612	4,226	5,585	8,587	40,493	21,505	7,546	16,804	11,185	12,673	13,185	176,782
Transfer from DPS	-	13,134	-	7	0	0	0	-	355	-	-	6,900	20,396
WCRESA	-	486	2,055	3,540	3,097	3,097	2,971	2,971	2,971	2,971	2,971	2,971	30,100
Food Service Reimbursement	-	1	30	47	3,981	5,202	52	23	3,241	3,241	4,051	3,241	23,110
Miscellaneous	1,200	1,381	1,200	17,679	1,261	1,236	479	930	2,941	941	1,092	2,941	33,280
Total Cash Receipts	49,276	87,453	7,512	69,843	70,753	95,298	67,786	58,281	73,653	63,825	66,433	73,747	783,859
Cash Disbursements													
MPSERS (Pass through)	\$ (2,983)	\$ (2,983)	\$ (2,986)	\$ -	\$ -	\$ (6,721)	\$ (3,361)	\$ (3,361)	\$ (3,361)	\$ (3,361)	\$ (3,361)	\$ (3,361)	\$ (35,836)
Payroll Direct Deposit	(14,239)	(16,180)	(30,834)	(17,583)	(18,077)	(20,545)	(23,996)	(16,466)	(16,757)	(16,757)	(16,757)	(16,757)	(224,950)
Taxes	(4,860)	(4,345)	(7,714)	(6,431)	(9,001)	(8,054)	(5,116)	(5,899)	(5,678)	(5,678)	(8,517)	(5,678)	(76,974)
FICA	(1,457)	(1,657)	(4,662)	(1,948)	(2,829)	(2,192)	(1,763)	(1,900)	(1,660)	(1,660)	(2,490)	(1,660)	(25,877)
Accounts Payable ¹	(10,430)	(14,104)	(11,522)	(15,876)	(28,584)	(21,511)	(7,658)	(11,432)	(10,667)	(12,417)	(16,322)	(13,253)	(173,774)
Pension (employee portion)	(1,836)	(1,382)	(1,331)	(1,923)	(3,196)	(2,100)	(2,111)	(2,149)	(1,976)	(1,976)	(2,963)	(1,976)	(24,921)
Pension (employer portion)	(5,927)	(4,475)	(4,145)	(6,354)	(10,537)	(6,696)	(6,701)	(6,680)	(6,573)	(6,573)	(9,860)	(6,573)	(81,094)
Health	(2,403)	(5,138)	(40)	(5,659)	(8,726)	(4,324)	(217)	(4,076)	(10,228)	(5,100)	(5,100)	(5,100)	(56,109)
Fringe Benefits	(322)	(208)	(172)	(236)	(228)	(332)	(183)	(187)	(471)	(471)	(471)	(471)	(3,753)
Food Service	(4,435)	(115)	(172)	(1,063)	(3,480)	(4,842)	(260)	(2,643)	(2,339)	(2,339)	(2,923)	(2,339)	(26,950)
Transfer to DPS	-	-	-	-	(172)	-	-	-	-	-	-	-	(172)
Other ²	-	-	(36)	(22)	(17)	(35,314)	(49)	(526)	(1,570)	(17,611)	(1,962)	(1,570)	(58,676)
Total Cash Disbursements	(48,892)	(50,588)	(63,615)	(57,096)	(84,848)	(112,632)	(51,414)	(55,318)	(61,279)	(73,942)	(70,726)	(58,737)	(789,086)
Net Cash Flow	384	36,865	(56,103)	12,747	(14,095)	(17,333)	16,372	2,963	12,373	(10,117)	(4,293)	15,010	(5,227)
Beginning Cash Balance	158,940	159,324	196,189	140,086	152,833	138,738	121,405	137,776	140,739	153,112	142,996	138,702	158,940
Net Cash Flow	384	36,865	(56,103)	12,747	(14,095)	(17,333)	16,372	2,963	12,373	(10,117)	(4,293)	15,010	(5,227)
Ending Cash Balance	\$ 159,324	\$ 196,189	\$ 140,086	\$ 152,833	\$ 138,738	\$ 121,405	\$ 137,776	\$ 140,739	\$ 153,112	\$ 142,996	\$ 138,702	\$ 153,713	\$ 153,713

*Forecast includes actuals through March 8, 2019

1) October Accounts Payables includes an adjustment reconciling for previous Capital Projects payments that are now reported in the Capital Projects schedule

2) Includes a transfer to establish the Rainy Day Fund (\$35.3M) in December, transfers to the Capital Projects Fund for the Water Hydration Station project (~\$3.0M) and the FY 20 planned capital Projects (~\$17.6M)

DPSCD Internal Service, Capital Projects and Rainy Day Funds

	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Forecast*	April Forecast	May Forecast	June Forecast	FY 19 Total
General Fund Cash Balance	\$ 159,324	\$ 196,189	\$ 140,086	\$ 152,833	\$ 138,738	\$ 121,405	\$ 137,776	\$ 140,739	\$ 153,112	\$ 142,996	\$ 138,702	\$ 153,713	\$ 153,713
Internal Service Fund and Fiduciary Account													
Beginning Balance	\$ 43,108	\$ 43,108	\$ 43,108	\$ 43,108	\$ 25,342	\$ 25,342	\$ 25,342	\$ 25,342	\$ 25,342	\$ 23,342	\$ 21,342	\$ 21,342	\$ 43,108
(+) Liability Balance Transfer from DPS	-	-	-	-	-	-	-	-	-	-	-	-	-
(-) TIP, Legal, And Workers' Compensation Claims	-	-	-	(17,766)	-	-	-	-	(2,000)	(2,000)	-	(2,000)	(23,766)
Ending Internal Service Fund Balance	43,108	43,108	43,108	25,342	25,342	25,342	25,342	25,342	23,342	21,342	21,342	19,342	19,342
Total General Fund and ISF Balance	\$ 202,432	\$ 239,297	\$ 183,194	\$ 178,174	\$ 164,080	\$ 146,746	\$ 163,118	\$ 166,080	\$ 176,454	\$ 164,337	\$ 160,044	\$ 173,054	\$ 173,054
Capital Projects Fund													
Beginning Balance	\$ 10,025	\$ 10,025	\$ 9,139	\$ 6,049	\$ 5,983	\$ 4,983	\$ 3,767	\$ 3,424	\$ 2,744	\$ 1,294	\$ 17,155	\$ 17,412	\$ 10,025
(+) Transfers in ¹	-	-	-	-	-	-	-	-	300	17,611	1,644	1,113	20,668
(-) Payments for completed projects	-	(886)	(3,090)	(66)	(1,000)	(1,215)	(344)	(680)	(1,750)	(1,750)	(1,387)	(914)	(13,082)
Ending Balance	10,025	9,139	6,049	5,983	4,983	3,767	3,424	2,744	1,294	17,155	17,412	17,611	17,611
Rainy Day Fund													
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,321	\$ 35,395	\$ 35,470	\$ 35,544	\$ 35,620	\$ 35,697	\$ -
(+) Transfers in	-	-	-	-	-	35,321	75	75	75	76	76	76	35,773
(-) Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	35,321	35,395	35,470	35,544	35,620	35,697	35,773	35,773
Total General Fund, ISF, Capital Projects and Rainy Day Fund Balance	\$ 212,457	\$ 248,435	\$ 189,242	\$ 184,157	\$ 169,062	\$ 185,834	\$ 201,937	\$ 204,294	\$ 213,292	\$ 217,113	\$ 213,153	\$ 226,438	\$ 226,438

*Forecast includes actuals through March 8, 2019

1) Includes transfers in for the Water Hydration Station project (~\$3.0M) and the planned FY20 capital projects (~\$17.6M)

Expenditures by Function – February 2019

	Budget to Actual Comparison Current Month				Budget to Actual Comparison YTD				
	Budget Month of Feb-FY19	Actual Month of Feb-FY19	Variance		Budget YTD Feb-FY19	Actual YTD Feb-FY19	Variance		
			\$	%			\$	%	
FUNCTION LEVEL EXPENDITURES									
INSTRUCTION									
Elementary Programs	\$ 13,905,652	\$ 13,121,182	\$ (784,470)	(6%)	88,631,377	\$ 85,726,003	\$ (2,905,374)	(3%)	
Middle School Programs	1,102,630	1,191,689	89,059	8%	7,766,499	7,917,103	150,604	2%	
High School & Summer Programs	5,122,005	5,044,926	(77,079)	(2%)	35,738,822	35,151,792	(587,030)	(2%)	
Special Education	6,461,578	6,338,593	(122,985)	(2%)	44,768,964	44,257,886	(511,078)	(1%)	
Compensatory Education	6,448,822	3,306,979	(3,141,843)	(49%)	53,274,111	48,929,474	(4,344,637)	(8%)	
Career and Technical Education	275,644	244,348	(31,296)	(11%)	1,653,962	1,591,270	(62,692)	(4%)	
Adult/Continuing Education	108,435	115,260	6,825	6%	787,255	818,632	31,377	4%	
Total Instruction	33,424,766	29,362,977	(4,061,789)	(12%)	232,620,990	224,392,160	(8,228,830)	(4%)	
SUPPORTING SERVICES									
Pupil	7,006,864	6,828,953	(177,911)	(3%)	40,578,360	39,337,480	(1,240,880)	(3%)	
Instructional Support	3,420,346	2,626,651	(793,695)	(23%)	25,563,744	24,012,094	(1,551,650)	(6%)	
General Administration	433,836	354,681	(79,155)	(18%)	3,381,854	3,304,661	(77,193)	(2%)	
School Administration	3,662,704	3,558,763	(103,941)	(3%)	30,089,678	30,044,414	(45,264)	(0%)	
Business	794,505	1,417,438	622,933	78%	6,608,841	7,430,454	821,613	12%	
Maintenance & Operations	8,292,803	7,763,817	(528,986)	(6%)	53,879,753	49,910,870	(3,968,883)	(7%)	
Transportation	2,955,873	4,462,880	1,507,007	51%	20,219,689	20,386,163	166,474	1%	
Central Support Services	2,410,750	2,851,449	440,699	18%	18,958,995	19,014,571	55,576	0%	
School Activities	215,994	153,527	(62,467)	(29%)	3,650,570	1,041,544	(2,609,026)	(71%)	
Total Supporting Services	29,193,675	30,018,159	824,484	3%	202,931,484	194,482,251	(8,449,233)	(4%)	
Community Service	334,695	133,367	(201,328)	(60%)	2,074,858	1,621,161	(453,697)	(22%)	
TOTAL EXPENDITURES	\$ 62,953,136	\$ 59,514,503	(3,438,633)	(5%)	\$ 437,627,332	\$ 420,495,573	\$ (17,131,760)	(4%)	