

DMPS Citizens Budget Advisory Committee
January 17, 2013 6:30-8:40 pm
DMPS Administration Building
901 Walnut, Des Moines, Iowa

1. There were 17 participants in this evening's meeting:

Tom Arnhart, DMPS Superintendent
Joyce Bruce
Mark Cooper
Bill Good, DMPS Operations Officer
Rose Green
Thomas Harper
Joe Henry
Bill Howard, DMPS Board
Joe Jongewaard, DMPS Board
Nick Lenhardt, DMPS Comptroller
Todd Jacobus
Ed Linebach, President
Jay Radcliffe
Shane Schulte
Michelle Smith
Gretchen Tegler
Marc Wallace

Not Present
Skeet Wootten, Art

2. Bill Good, Operations Officer, started the meeting by providing an update on optimizing resources.

3. Reduced 90 servers in the last two years, saving \$5,000 per server, as well as a lot of time spent working on them by staff.

A. Moved email to the cloud, which has saved \$30,000 per year. Also, have reduced number of printers, and replaced them with multi-functional printers, which has had cost savings. Purchased "PaperCut Software". This tracks the total number of copies by school. Even breaks it down into the number of trees consumed by month.

B. Analyzed best cost for a principal to print things - DMPS vs AEA, and found in lots of cases DMPS is cheaper.

4. Transitioned from custodians to local vendors three years ago for mowing services, and saved \$1.6M in terms of payroll, benefits, etc. Also, have purchased more efficient custodial equipment.

5. Reduced trash bill through recycling efforts. (\$1,000 per month)

6. Polished Concrete -Maintenance cost is 75% less.

7. Paperless free and reduced applications.

8. Transportation - Paperless field trip applications. GPS on school buses, increasing efficiencies. Using DART to avoid millions of dollars in capital equipment expenses. Cost per Pupil Transported is much less than average like-school district.

9. Purchasing / Central Stores. Using online auction (Purple Wave) service to increase return on equipment and reduce personnel costs.

A. 28E Agreement with City for collaborative fuel purchase.

B. Optimize use of purchasing agreements and collaborate contracts. Saves lots of time in contracting.

C. Identified top 100 items our schools need, and bid on those instead of separate purchases.

10. Facilities.

A. New vented roofing system which will reduce replacement costs. No need to remove whet insulation; vented.

B. Consolidation of services to Operations Center.

C. Internal construction management savings of \$600,000 per year.

D. Selling excess land to reduce operational costs. Sold old Wallace Elementary School, which was vacant for 7 years.

E. Reducing costs by using district owned facilities in lieu of leasing.

11. Energy Savings.

A. Electric motor replacement - 3 year ROI

B. Reducing electrical demand costs. Working to shed electricity to keep demand as low as possible.

C. LED site lighting at Roosevelt, Garton, Willard, Wright, and soon to be other locations to optimize lighting.

D. Retro-Commissioning. Analyzing operations, increase efficiencies.

12. DMPS was an EPA National Energy Star Award Recipient. Among National leaders.

13. Only 8 modular units being used in the District.

14. Used less energy while increasing the number of square footage that is air conditioned through smart strategies and conservation. 95% of our classrooms are now air conditioned.

15. Overall, energy costs have been decreasing between 2007 (\$6,000,000) to 2012 (\$3,500,000).

16. There are 5,000 employees in the DMPS; approx 700 fall within the Operations area, including food service, custodians, transportation.

17. Every year, DMPS spends \$1,000,000 on masonry repair, and another \$1,000,000 on roofing repairs.

18. Question relative to the amount of savings that could be realized through change in public sector staffing model. Are there opportunities that we are still considering in this area? Some districts have out-sourced bussing, Ames out-sourced food service. Bill Good stated that the DMPS is not considering staffing model changes at this time. He also said that they have reduced staffing levels, which means savings to be realized are less. DMPS also measures square footage maintained by custodians.

19. Question on bench marking and best practices. Thomas Harper said that DMPS is part of the Council of Great City Schools has embarked on massive bench marking project with the largest 68 districts in the Nation. We are always measuring ourselves against the CGCS. Bill Good said that our operations are much better in almost every category of operations. None of this is done to bring money back to the Operations Department. The efforts are all oriented towards getting the savings into education - into the classroom. Bill emphasized that while we are doing very well, DMPS will get even better - another \$500,000 savings perhaps.

20. Discussion on out-sourcing. When the CBAC was looking for \$6,000,000 in savings requirements in order to get a balanced budget, outsourcing HAD to be a discussion. The committee did not want to pursue out-sourcing, as the quality of the work will diminish as well. Bill Good discussed quality in terms of grounds maintenance; we had problems with quality before we outsourced, and we have problems now.

21. Geothermal. Uses Earth's natural temperature to heat or cool water. We have 33 schools running on geothermal. McComb's modeled out at 45% utility savings. Great savings opportunity with this system. Not every school can be adapted with geothermal. We look for strategies that make sense and have payback.

22. Thomas Harper said that we have 7 accountants, 4 clerks, Nick, and Thomas. That is the Business Department.

23. Decision to table Agenda item II (Internal Staffing - how schools are staffed)

24. Nick Lenhardt provided an overview of current key initiatives of business & finance.

A. Purchase Card Program. DMPS gets a rebate on purchases. We found that we were getting a fraction (6%) of what WDM was getting; we were grossly underutilizing the program. We are now using it with much greater frequency.

B. Time and Attendance. Paper system requires many people to touch a piece of paper. DMPS may be transitioning to an automated system (Novatime), and will be making that recommendation to the Board next week. Chronos is good system, but more expensive. Novatime is easy to learn, scalable, and many districts using the system. Streamlines the process. Theoretically instead of spending four days working manual system, the pay system will be loaded electronically. It will be transparent, but more accurate.

C. E-Commerce Solution. Movement towards eliminating cash exchange, provide more flexibility to parents, and provide more centralized controls. This will increase flexibility for parents, have more efficiency, provide an e-bay like program where we can pay for multiple items at once. Any time that there are problems with cash, there is a great deal of time in investigation. E-solutions will increase controls.

D. Business Process Reviews. Have had an evaluation done, and are working to implement recommendations.

E. Internal and External Reporting. Meet with Principals and Dept Directors. Hears that many leaders don't understand what financial report is telling them. Intended to make interpretation of reports quicker and more efficient.

F. Centralized Budgeting. Working towards a more centralized system, and eliminating billing between departments, which is inefficient. Definitely has an automation component.

G. Evaluation of Potential for Duplicative Programs / Projects. Looking for what we have avoided and saved by implementing programs. For example, mowing contract, drivers education. Are we doing business the right way to provide our students what they need.

H. Cost vs Benefit Analysis.

I. Des Moines Teacher's Retirement Plan. This started in 1950, and has around 442 members. It is a defined contribution plan. This is a cash purchase plan, and investments are in fixed income. It is a solid financial plan. IPERS was strongly invested in equities. This is very similar to a 401K. The default plan is IPERS, so an employee must elect to participate in DMTR.

J. Revise way we do business to enable employees to focus on Mission centric tasks.

K. Follow recommendations of the prior year budget process recommended by the Employee Wellness Committee.

- (1) Utilize Technology
- (2) Reduce absenteeism
- (3) Encourage / Grow business partnerships
- (4) Utilize volunteers
- (5) Eliminate ineffective programs.

25. Decision to table the issue of item IV (Education) on the agenda.

24. Thomas Harper provided a handout on the number of Open Enrollment IN and Open Enrollment OUT between 2002-2013, including the amount of money LOST to DMPS. We have 697 students open enroll OUT, 86 students open enroll IN, with a net loss of 784, equating to loss of \$4,748,863.

YR | OUT | IN | NET LOSS | NET COST

- A. 2002-03, 747, 648. 99, \$447,590
- B. 2003-04, 826, 600, 225, \$1,056,159
- C. 2004-05, 779, 657, 122, \$579.579

- D. 2005-06, 892, 662, 230, \$1,114,720
- E. 2006-07, 1,013, 687, 326, \$1,607,506
- F. 2007-08, 1,053, 634, 418, \$2,148,119
- G. 2008-09, 1,016, 606, 500, \$2,667,033
- H. 2009-10, 1,123, 597, 526, \$2,918,859
- I. 2010-11, 1,241, 587, 654, \$3,773,425
- J. 2011-12, 1,400, 573, 826, \$4,864,064
- K. 2012-13, 1,445, 561, 883, \$5,196,453

25. All of the numbers listed above reflect RAW DATA. Lots of discussions in terms of the "why" so many students open enroll OUT of the DMPS. Why are students leaving DMPS for other districts? General discussion ended up with these reasons:

- A. Perception of better schools in suburbs
- B. White Flight
- C. Participate in more competitive athletics

26. Taxes are more expensive in the suburbs. However, families who have the option to do so are moving to the suburbs because there is a perception that there are better opportunities in those districts.

27. DMPS has more Merit Scholars and AP Scholars in comparison to all other Districts in our area, per capita. DMPS also has more English Language Learners than Ames School District has total students.

28. Thomas Harper showed the Committee two documents. The "Proposed Budget 2012-13" Document is published every April, and is a policy guide, and is written at a very high level, is written for accountants, and meets the requirement. The new document that Thomas is developing provides a better picture, and is a work in process. This is will improve perception, as it will EXPLAIN what the accounting report says. Someone mentioned that Johnston School District has the best product out there. West Des Moines has a very good package, too.

29. Discussion of meeting times. General consensus is that we meet for longer periods of time. General consensus is that we start our meetings at 6:30 pm. We need to have a presentation done by 14 Feb 2013, which leaves us three Thursdays to complete. Plan on meeting 6:30-9:00 pm each of the next three Thursdays.

30. Thomas Harper will put the schedule on the

31. Thomas Ahart will be at a meeting of the Council of Great City Schools next week

32. Next meeting agenda will include:

- A. Review the 138 page document on the budget.
- B. Internal Staffing (how schools are staffed)
- C. Education Presentation

33. Governor provided his State of the State, which included no allowable growth. It appears that the DMPS Board will need to adopt a budget with a lot of unknowns.

34. Nick Lenhard recommended reading page 72 of the Comprehensive Annual Financial Report (CAFR).

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Contact Info for Committee Members

Joyce Bruce, savannabr@aol.com

Melissa Cano Zelaya, canozelaya@msn.com

Mark Cooper, mark@scifl.org

Rose Green, rosecgreen@yahoo.com

Joe Henry, josephghenry@aol.com

Todd Jacobus, todd.jacobus@gmail.com

Ed Linebach, linebach@mchsi.com

Jay Radcliffe, jayradcliffe8@msn.com

Shane Schulte, shanepschulte@gmail.com

Michelle Smith, msmith@bankers-ins.com

Gretchen Tegeler, gtegeler@taxpayerassociationofcentraliowa.org

Marc Wallace, marcrwallace@msn.com

Skeet Wootten, robert.wootten@wellsfargoadvisors.com