

EAST PROVIDENCE SCHOOL DEPARTMENT

School Committee and City Council Work Session

East Providence City Hall

145 Taunton Avenue

East Providence, Rhode Island 02914

Joint Meeting of the School Committee and City Council

March 21, 2011

School Committee Members Present: Luisa Abatecola, Stephen Furtado, Ryan Tellier, Chrissy Rossi, Charles Tsonos. Also present: Dr. Mario F. Cirillo, Jr., Superintendent of Schools. Mary King, Finance Director. City Council Members Present: Mayor Bruce Rogers, Thomas Rose, Jr., William Conley, Jr., Katie Kleyla, Michael DiGioia; Mr. Andreoni, City Manager. Meeting was called to Order at 6:00PM. Invocation and Salute to the Flag.

Mr. Tsonos thanked the City Council and School Committee, administrators, and staff for attending this important and necessary meeting; he appreciated the fact that all could get together; if we had taken 3-4% a year out of a \$70 Million budget, we would be looking at the end of our deficit, but because it was not done in the past, it is now our responsibility to meet the challenge head on since we are facing a deficit and need to take decisive action; we cannot let it go any further; although not new, we could potentially double it. At the

city level, finance has had its own issues; Director of Finance needs to get through all this; the department is suffering from lack of financial expertise up to now and needs to take corrective action; fewer teachers in schools; but looking at \$70 million; he is looking forward to finding places to save money while listening to the taxpayers.

Consolidation Options

Potential of One Location & Cross Training of Personnel

Reevaluation of the number of employees

Human Resources and Payroll - Mary Scanlon, Director of H/R for City: department overworked and understaffed; over 400 full time employees and seasonal; there were five full time employees; now there are three; reference has been made to Roger Williams study in 2008, now 15% reduction in staffing; four years later with less people; this should be a factor in decision making going forward. There are considerations on both sides plus a loss of institutional knowledge. City Manager asked about ideas for savings.

Dr. Cirillo advised that an analysis should be done; unions need a seat at the table regarding collective bargaining agreements; there are opportunities for savings there. Mr. Andreoni: health policy problems with contracts; a 15% increase @ \$375,000.

Ms. Scanlon – there are differences in qualifications; city is civil service; (postings, tests, etc.); the city has three people servicing 600 active and retired employees; schools have four people servicing 800 employees; they are all pushed to the max; there are contracts on

each side with a learning curve. Mr. Rogers mentioned the possibility of all working together in one building.

The Superintendent echoed those concerns; the manager/employee ratio is below industry standard; the School's H/R and Benefits has three secretaries; the personnel problems of each department are different and a level of expertise is needed. Elimination of the Chief Operating Officer has caused adjustments already. We would have to cross train; schools and RI Department of Education require a very intricate interview process.

Ms. Whalen, School H/R Manager, agreed with Ms. Scanlon; one big difference with schools is teacher certifications, finding substitutes for classrooms; filling positions to accommodate needs of students; there are four contracts which expire this year; 800 plus seasonal and substitute employees, retirees, and benefits.

The City Budget is \$350-\$375; vacation time total is eleven weeks with one person out at a time. School HR budget including supplies and Aesop (substitute system) is \$233,000. School Department vacation time is 12 weeks between four people.

In response to a question by Mayor Rogers about combining payroll services, School Finance Director, Mary King, did not think two people for 900 employees to be excessive nor does she believe the upgrade of the payroll system will be dramatic.

Dr. Cirillo referred to an analysis of the H/R Department; for the amount of hours needed and the tasks to be completed, the number of employees required was 5.3 and 5.8 in other years; this reinforces the work that is done and shows that the department is understaffed.

Mr. Andreoni – talked about moving fire department into city hall; he would look into some other school districts about what they have done.

Discussion of Differences in Qualifications & Certifications of Personnel -as far as teaching staff; RI Department of Education requirements must be followed; police and fire also have requirements; most School Department employees are salaried. Mayor Rogers asked for any ideas about places to cut and to be able to work together. City will look at benefits, unions; School Department has made changes to benefits program already; 20% co-share of benefits across the board. Ms. Rossi asked about consolidating these two departments under one roof and then reevaluating at the end of six months.

Ms. King said that part of the issue is that both departments are critically understaffed; cross training takes time; it would be difficult for the other departments in the school department to work with our H/R personnel if they are at city hall; she cautioned about doing this in terms of time; pulling just that group out would make it difficult for staff; no savings would be realized on heat, utilities, etc.

Dr Cirillo advised that the school's finance department is being analyzed now; facts and figures are being pulled together and the department is working toward restructuring the administration building staff; not necessarily reducing, but reconfiguring staff; this is a two-tier situation now and he thought it was not a good idea to bring two groups together who are already understaffed.

The City Manager thought putting two school districts together,

rather than two departments would save money. The Mayor agreed that we have to work harder for taxpayers; retirement package incentives are top heavy. Mr. Furtado asked about automating payroll for both the city and schools and would like the City Manager and Superintendent to have a conversation about it.

Mr. Conley was unconvinced; he expected to hear understaffed and overworked; part of consolidation is working smarter; these are unsupported generalizations; there is no information to analyze facts and figures; consolidation is painful and we have not done it because others have not done it; we need to take a position that consolidation is going to happen and receive information about how it will happen; there are non-union administrative positions; the unions were used as scapegoats with unilateral implementation and pay cuts which did not work; we are still in the same financial dilemma as before; we have refused to look at working smarter or administrative reviews and this can't go on; these two bodies should not shy away from this; going after unions cost hundreds of thousand dollars; we need to do a top to bottom review on both sides. Ms. Kleyla stated that North Providence is looking at consolidation, which also needs to be done here. Mr. Tsonos asked Mr. Conley if we need an outside entity as arbitrator or should the work be done in-house.

Mr. Conley felt there is a need for a culture change; leadership is willing to say we want to work together, work smarter and save money; he thinks we have skills and resources to provide the same financial information as a performance audit; we should send the message out all together and engage in discussions regarding top

positions, not just rank and file.

Mayor Rogers asked to set up a meeting with the City Manager and the School Department to brainstorm and complete a dissertation on consolidation and why it will or will not work. The City Manager said it would not be easy without a directive from City Council and School Committee; payroll being proposed, an antiquated accounting system; this can't be done piece meal; he will work to put this in place. The Mayor has heard that we expect more and that something must be done now; he asked for all information to be laid out to City Council and School Committee and to work with Mr. Andreoni.

Dr. Cirillo said this is not an easy task; it is a noble effort to go down this road; if he gets directives from School Committee, he will move forward. Mr. Andreoni: Mayor asked if anyone disagreed with charging the City Manager with this. Mr. Conley: there is consolidation and ways to work smarter; we need to find coordination and efficiency; overlap and save money that way; think about function and task and the product we deliver and what we have in common.

Health, Life & Dental Insurances

Ms. Scanlon: Have all three benefits; RI Interlocal; contract up for renewal in July; collaboration with other communities; health and dental has a 90 day notice; health based on claims experience. The Mayor asked if any alternatives; the City Manager asked to look at United.

Ms. Whalen - the School Department contract due in November;

school side with West bay Collaborative; 550 active and 250 retirees on the plan through 6/2012; rates up 7% last year. The Mayor asked if city and school looked at combining and to move forward yesterday.

Ms. Scanlon stated there are 29 different plans; in one plan, generally \$494/\$1200 family depending on negotiations of various unions. Mr. Conley asked if we do rate collaboration as a whole or does each get a different working rate; and what is the advantage of being in this particular collaborative; one of advantages of being in a collaborative is increased negotiations and an advantage on the working rate; the city pays the RI Interlocal (TPA) to negotiate for us. Discussion regarding how those negotiations work. Mr. Conley thinks we should challenge that approach; the TPA should be taking care of East Providence; consortiums address this in different ways; it does not seem we are getting the best leverage; they are dictating the working rate increase and we have no ability to negotiate it; is it a ten day notice; how does it work; are we out all together. Ms. Scanlon answered March 31st. Discussion: is the model not a benefit to us; discussion about fees paid to TPA and if there are other alternative collaboratives out there. Mr. Conley heard they are dictating to us; he would like to look at others municipal collaboratives; it does not seem like it optimally serves us; should be going after plan design. Ms. Scanlon –it is based on claims experience; could change emergency room co-pays; change plan design. The Mayor asked to explore with others; class action on behalf of cities and towns regarding jolt of increase in health insurance.

Mr. Furtado asked if it would be worthwhile to do an RFP regarding health insurance to find the best deal for the city, which does not affect our contracts; a ten day notice puts them on the hot seat and the onus on them to respond to the RFP. Ms. Rossi: combine all 2000 employees and go directly to Blue Cross for a price; plan costs are almost identical for single and family for the city and school department; make it a goal to consolidate this. Ms. Scanlon: they will look at last three years' claims demographics which will drive the rates.

Mr. Conley: we cannot do an analysis in ten days; he asked for an extension; he agreed with Mrs. Rossi to look at long term; look at other consortiums; reexamine; does this provide the same benefits and can we get a better deal elsewhere; consolidation without violating contract.

Discussion regarding combining life insurance policies; Mr. Conley: saved \$150,000 in another district; but had to put together a package. The Mayor asked to pursue this opportunity with city and schools.

Mr. Conley – suggested looking at an RFP for liability and public officials insurance when renewal periods come up; there is no distinction between School Department and the City (courts have ruled) all over the state; we insure and pay two district premiums; need to explore other opportunities for insurance.

Discussion about working together regarding property insurance; the City did an evaluation of buildings; Mr. Andreoni will have an evaluation of school buildings done also to make sure they are covered properly. Mayor asked why the School Department negotiates this insurance coverage if schools are city buildings. Ms. Kleyla would like a response to that question.

Dental Insurance– Ms. Whalen: schools just joined a collaborative on dental with savings this year when the renewal came up. Mayor asked for a combined number for all insurance. Schools: \$9.4 Million on health; \$768,000 dental; \$380,000 life. City: \$7.8 Million on health; \$217,000 dental; \$11,600 life; total is about \$8 Million dollars for the city. Mayor: Need to explore savings; work with unions and one another; investigate opportunities to request proposals (bids) to find one company for everyone.

Purchasing of Supplies and Servicing, Discussion of the Bidding Process, Create Master List of needs for the City - Paul Airozo, City Purchasing Agent discussed the bid process for the city; city purchases paper through state master price list agreement, which is a small part of the budget. City Manager asked if the City combines with School Department is there a chance to save money. The Mayor considers city and schools one entity using the same supplies and insists on ways to consolidate this process.

Ms. King: might be some areas where we may have some small savings; school purchases are different from the city and she was not

sure there would be a lot of overlap with the city, but could look at supplies such as paper towels, etc. Mayor gave an example of two heating systems; even paper should be looked at. Mr. Andreoni asked to look at savings when buying books. Mayor: city and schools should make note of this. Mr. Furtado asked about maintenance supplies, electrical, plumbing; does city have blanket process for these items; could they combine orders for paint. Mr. Airozo: no blanket bids; but can look at paint purchasing. Mr. Rose asked about salt purchases. Mr. Furtado asked if we should be analyzing the bus contract. Mr. Linneman, School Transportation Director, advised we are in a five year bus contract now, but could revisit. Mayor: directive to have a conversation on the bid process between the School Department and City Manager and to create a master purchasing plan for the upcoming year to save money; schools and city should also create a list of master needs.

Discussion of New/Co-Location of City and School Administration: City Manager thought it would be nice to have everyone in one place and to look for a municipal complex, but it is not practical in these economic times.

Mr. Fred Ripka, 9 Cousins Avenue, concerned about what he heard regarding not being able to meet the deadline of ten days on the medical package.

IT Consolidation and Efficiency – Use of Equipment & Personnel - Ms. Lori Fox, Information Technology Director for the City, explained her responsibilities on the city side; about five years ago 2/3 of her time was dedicated to the school department; had no staff to service

school buildings; model not structured appropriately; School Department has four staff members; city has two; schools and city have different purchasing needs and restrictions. Kelly Ahrens, Director of Technology for the School Department: 1300 computers and Smart Boards; schools have different technology and have changed considerably since 2009; working smarter; buying through grants; will come back to report on positions; can provide as many solutions as possible. Mr. Furtado: there are four School Department personnel for about 1300 computers; city has 200. Ms. Fox: all repairs and trouble-shooting done in-house for both city and schools. Mr. Tsonos asked if any computers in storage that we could share with the city. Ms. Fox and Ms. Ahrens will look at both departments. Mayor asked if any unused equipment which could be sold.

Mr. Tom Reilly, 3620 Pawtucket Avenue, asked if APC power units had been considered. City Manager noted that in this day and age, computers should not be shutting down; it is a matter of security and public safety involved. Ms. Fox: City budget \$437,140 (\$153,160 salaries). Ms. King: School budget \$600,000 (salaries \$247,000); includes two different lease purchase agreements in place; internet, Power Schools, Connect-Ed, attendance tracking, licensing, Smart Boards; very technologically-savvy school department; East Providence should be commended for that; spread over 13 schools, one administration building and Watters. City Manager asked about copy machine leases, terms and costs of upgrades. Ms. King: School Department just contracted supplies and services; we

redeploy machines. Question about city getting on School Department contract. Mr. Airozo: city uses Core and Ikon, both off master price list; city looking has some old machines and would like to replace seven machines to save money; also looking to go to multi-function machines to do away with desk-top printers which would save on ink cartridges. Dr. Cirillo: Ms. Fox was caught between the city demands on her time combined with the schools' abysmal equipment; in two years, we have come full circle; technology is focused on teaching and learning; this is an area of consideration. Mayor asked if we could consolidate any salaries. Mr. Tsonos asked for a report back in thirty days.

Transitional Consolidation Discussion

Janitorial Advantages and Disadvantages of Consolidation

Maintenance - One Department - One Facilities Mgr.

Mr. Ed Catelli, Superintendent of Public Buildings

Mr. Joe Tavares, Facilities Manager for Schools

Mr. Andreoni: Discussion about what can be consolidated between school workers and city workers; issue of air conditioning, electrical and plumbing staff, could save some money; city outsources this work now at about \$25,000; School Department can help the city here.

City Manager asked to see what he can negotiate and to share work with the city. Mr. Catelli, speaking about the city, said there is a lack of maintenance staff; contract out the work – 14 buildings. Joe Tavares provided an overview of schools: 14 buildings, one garage, 36 custodians, 8 maintenance, 4 personnel at the high school, one

mechanic (21 night and 15 day employees); no new vehicles for more than seven years; explained duties of grounds personnel; maintenance also paints, moves furniture, etc. Hard to combine grounds because they do other things; oversee performance bonds; over last couple years have done joint projects with the city such as the entrance to Silver Spring School; parking lot at Orlo, Waddington stairs; Martin Middle School turn-around, signs, snow removal and sanding. School Department recently put a plumber and electrician on staff but to add 12 city buildings would be a stretch. Mayor: work together with electrician, equipment, etc. to continue to move forward; get working together to help one another; go a step forward and use two grass cutters for the city. Mayor: merge these two departments; look at this immediately to save money. Collective bargaining issues will not be discussed at this time.

Discussion of Finance Department - Administration and Control – Mr. Andreoni reported that Mr. Gray and Ms. King will go through the applications for that position to try to get a Finance Director. Dealing with TANS and a plan to satisfy state auditors. Mr. Fitzgerald working on city finances; does not see feasibility of consolidating; Mr. McDonald coming back a couple of days per week and Mr. Gray is assisting. Ms. Scanlon is setting up a panel for Finance Director interviews in about six weeks. Discussion about duties of Treasurer, Assessor, Purchasing Department. Mr. Tsonos asked if any assistance could be provided by School Department. Ms. King explained that the staff is limited in number and experience;

controller responsible for Unified Chart of Accounts, grant funds and a great deal of tracking is required. Also June is the year end for the state, even though our year end is October 31st. She has limited staff and would not be able to help out.

Transportation – Mr. Linneman, Transportation Supervisor for the School Department explained that he is always trying to reduce costs in this department; recently renegotiated the bus contract saving about \$50,000 and looking for alternatives for next school year; schools run a three tiered system and are obligated to serve 64 schools in RI; 30 private, 12 in East Providence and 109 outside placements; he will continue to look for ways to reduce costs. Discussion about bid process and changing some of the laws through our legislators to save money.

Sale of School /City Buildings – Mr. Andreoni reported that the city is in the process of getting a signed sales agreement; his position is that funds from the sale of the building should go to the city. Dr. Cirillo advised that the prior School Committee and the City officials agreed that the \$450,000 from the sale of Grove would be put into school department revenues. The Mayor explained that the school deficit is the city's deficit and there is a need to make a firm decision; School Committee and City Council should make a recommendation on this; how it would help the city side deficit; School Committee would be involved with the Superintendent. Mr. Furtado asked if the City Council voted on allocating this money to the School Department

and if that carries any legal weight. Discussion took place regarding the fact that the School Department had already planned for the revenue in their budget. It was decided to place this item on the next City Council docket to decide what to do with the funds from the sale of Grove Avenue; the Superintendent will make a recommendation to the School Committee; Mayor to the City Council. Mayor needs to know the advantages of the city having a surplus vs. the school deficit getting bigger.

Mr. Conley explained that the deed is in the city's name; he asked for clarification that the \$450,000 was in the school budget as revenue based on an agreement between City Council and School Committee; it was reported to the Auditor General that the sale was part of deficit reduction plan. Discussion: Mary King explained that the money was in the FY2010 budget; however, the closing did not take place before the end of the fiscal year; grant money was allocated to fill in and funds would be reallocated to cover this deficit; they thought the sale would be completed before the fiscal year end. Mr. Conley found it difficult based on that information for the city to deny that revenue to the School Department; a promise was made, budgeted and voted on even the transaction was not consummated; he believes it would be hard not to use the funds to reduce the school deficit. Mary King explained that money is owed to vendors; this would be \$450,000 out of an already precarious budget. Dr. Cirillo reiterated that a vote had been taken to approve the sale. Mr. Andreoni will hold the funds in escrow, will meet with the Superintendent, research, and report back to the City Council. Place on the next meeting agenda.

Discussion about Watters School and if any benefit to selling the building. The Superintendent has had conversations about using Watters building for a Family Partnership; there is no formal agreement, it has been a work in progress for about a year. Dr. Cirillo explained that about \$57,000 (from facilities budget) in fire code violations had to be taken care of in order to obtain a CO; this will probably not take place until September; he is interested in moving ahead unless the School Committee and City Council decides otherwise. The Mayor asked if any other spaces are available for rental. Mrs. Rossi and Mr. Tellier had an opportunity to attend a meeting with the agencies involved who will be providing a lot of really good things to the community with no cost to us; she asked not to put this on the chopping block for the benefit of the city. In response to questions regarding 80 Burnside, the Superintendent explained that the building houses approximately 30 employees of the school department administration; the Superintendent would like to use the additional space at Martin Middle Space for expansion of the Bradley Program.

Jeanne Boyle, City Planner, spoke about some of the city buildings: Oddfellows, Weaver House and Union Primary and making them more marketable for possible sale.

TANS/Deficit Reduction – The City Manager had a meeting with the Superintendent and School Committee members regarding different alternatives to reducing the deficit and will have another meeting next week to come up with a revenue stream to support it; they will come up with a plan to present to the City Council. Dr. Cirillo related that

the deficit amount is \$6.2 million. The Mayor asked about advice from RI Department of Education about cuts in state aid which may not come in and what happens if this money is expected in the operating budget. Dr. Cirillo answered that if the funds are not received, it would add \$1.2 million to the deficit. Mr. Conley thought it to be a poor plan to count that money in the budget. Mrs. Rossi – put in the budget before the former Mayor cut \$1.2 off the school budget; this is another \$1.2 million hole in the school budget. Discussion about the city having a possible surplus.

Regarding tax anticipated notes (TANS), Mr. Andreoni said this was part of the deficit reduction meeting; no consensus. Dr. Cirillo felt that TANS is still a viable option and needs more research; he would like to continue that conversation. He explained that the Auditor General did not approve the deficit reduction plan because it was not front loaded; TANS would be one viable option; we have \$6.2 million in unpaid bills we need to get on top of. Mary King – because city has a surplus, probably cannot sell TANS. The City Manager said there could be a change in liabilities and the city may not have a surplus. The Mayor would like to meet again in about a month with positive constructive ways of consolidating with all the department heads and the Superintendent with votes on the docket to make honest, intelligent decisions to save the taxpayers' money. He asked that department heads be creative in how to cut and consolidate. Mr. Furtado asked about the meals tax to reduce the deficit and the yearly numbers. Mr. Conley expressed his concerns regarding TANS and compared it to using a credit card to pay off debt; adding debt to

debt; according to the charter, any surplus which is unspent becomes the beginning balance for the next year and could not be used for deficit reduction. Mrs. Rossi reviews the bills every two weeks; \$6 million is owed to the vendors; the burden is already there; what else can be done if we cannot borrow money through TANS. Mr. Conley is interested in looking at other means of amortizing debt and on what side of the budget; we may not end up with a high surplus; although he is not advocating borrowing money, it would be better than credit card debt. Discussion about a joint resolution to end the structural deficit and spending money we do not have; borrow to pay off debt with a commitment to the taxpayers; fantasy financing is putting money in the budget which we may not get.

Discussion: Tom Reilly spoke about a loan to pay the vendors. Mr. Conley said we have a moral obligation to liquidate as soon as possible. He does not see how taking on more interest payments would help the situation-pay down and stop spending.

Mary King – could not get financing to purchase kitchen equipment because of a bad pay record; some companies will not deal with us at all; had an alarm issue last week and they would not come out without being paid first; this issue needs to be addressed right away; pressure point where we will run out of cash; purchasing only bare essentials; vendors that we will not be able pay until November; deplorable way to deal with vendors and can't continue to operate this way; open to any ideas. Mr. Conley – waiting too long to decide how to address the deficit; vendors deserve to be paid and we need to do this yesterday and get EP out of deficit forever.

Mr. DiGioia felt this was a very important meeting and he applauded department heads for coming together for this vital meeting. He wanted to publicly express sympathy to an East Providence family whose son passed away this week.

Mayor Rogers asked that the next meeting be more productive with hard decisions. The meeting adjourned.

Respectfully submitted,

Patricia A. Iannelli, Administrative Assistant

Stephen Furtado, Clerk of the Committee