

**Montgomery County Board of Education
Fiscal Management Committee Meeting**

March 18, 2013

A meeting of the Montgomery County Board of Education Fiscal Management Committee was held at the Carver Educational Services Center in room 120 on Monday, March 18, 2013. In attendance were:

Members: Mr. Philip Kauffman, Chair
 Mr. Christopher Barclay, Member
 Mr. Michael Durso, Member

Staff: Mr. Larry A. Bowers, Chief Operating Officer
 Mrs. Bei (Susan) Chen, Controller, Division of Controller
 Mrs. Susanne DeGraba, Chief Financial Officer
 Mr. Jonathan Gabel, Chief Investment Officer, Chief Financial Office
 Mr. Richard Johnstone, Director, Benefits Strategy and Vendor Relations
 Mr. Thomas P. Klausung, Director, Management, Budget, and Planning
 Ms. Kathleen Lazor, Director, Department of Materials Management
 Mr. Philip McGaughey, Director, Division of Procurement
 Mr. Roger Pisha, Supervisor, Internal Audit Unit
 Mr. James Song, Director, Department of Facilities Management
 Ms. Laura Steinberg, Staff Assistant, Board of Education

The meeting was called to order by Mr. Philip Kauffman, chair, at 1:00 p.m.

Approval of January 7, 2013 Meeting Minutes

The meeting minutes of January 7, 2013, were approved as submitted.

Procurement Manual Review

Consistent with new language in Policy DJA, *MCPS Procurement Practices and Bid Awards*, Montgomery County Public School (MCPS) staff reviewed with the Fiscal Management Committee the recently revised MCPS Procurement Manual. The procurement manual does not include the Division of Construction. Committee members asked for clarification on the role of program officers and vendors. MCPS staff explained that offices put together requirements to help procurement send out bids and assured committee members that there is a line between program officers and vendors and clear separation of duties between a program office and procurement office regarding any contract issues.

MCPS staff shared with the committee that the procurement manual is available to both staff and vendors and that the manual does not apply to the Department of Facilities Management, which

as a Capital Project follows COMAR qualification process and procedures that were adopted by the Board in 2006. Staff shared that this practice has worked well with getting projects done on time and under contract.

Committee members also asked staff about contract renewal processes, wanting clarification on contract extensions versus rebidding. Staff explained that the Department of Labor practices are used as a benchmark. If prices increase by more than 75 percent, the contract will be rebid. The user office is very involved in monitoring the cost of goods and if the market rate for goods is known, that helps decide whether to rebid or offer an extension. The committee asked that best practices for contract renewals be reviewed and be shared with committee members.

The chair expressed an interest in having the Procurement Manual, Financial Manual, and the COMAR procedures located in one place for reference.

Category 12 Annual Reporting

MCPS staff provided a draft April 1, 2013, letter to Council President Nancy Navarro regarding Category 12, Fixed Costs reporting. Of note is improved pension performance and progress toward meeting 80 percent funding level goal.

Investment Analyst Position

Due to increasing demands in overseeing the defined contribution plans and pension investments, MCPS staff proposed an Investment Analyst position be added to assist the Chief Investment Officer. The position would be funded through the investment plans. A position would help benefit employees dramatically informing employees to make better decisions.

Updates

Artificial Turf Fields

During budget discussions in December, Board members asked about plans for maintaining and/or replacing artificial turf fields. Staff shared that the \$1.1 million cost for an artificial turf field includes site preparation and material with a replacement cost based on a 10-year life cycle, estimated at \$450 thousand. Staff shared that they are monitoring advances in the use of different infill materials and that upcoming bids will reflect these advances. Staff also said they believe public/private partnerships can help address the issue of replacement costs.

Health Benefits

MCPS staff informed the committee that the issue of opposite sex domestic partner benefits will be discussed with MCPS employee partner organizations in the context of the legalization of same sex marriage in Maryland and benefits MCPS currently provides to same sex domestic partners.

OPEB Trust

MCPS staff shared that they are exploring options for how to manage the 42 million that remains in an OPEB trust from a number of years ago, now that the County has taken over OPEB obligations going forward.

School Financial Software Demonstration

MCPS staff demonstrated the school financial software that will be implemented in all schools by June. To date, 84 schools are live, 60 elementary schools will be implemented in April 2013, and the last 60 schools in May 2013. So far there has been positive feedback from schools.

The meeting adjourned at 3:00 p.m.