



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2019-22

**APPROVING THE COMMUNITY DISTRICT'S SEPTEMBER 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 September 30, 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 September 30, 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	Operations	19-0237-C	<p>Contract Amount: \$2,600,000 Contract Period: September 1, 2019 – August 31, 2020 Source: General Fund Purpose: Security service at schools Contractor: Securitas Location: 6000 Feldwood Rd. College Park, GA 30349</p>	Renewal	Yes	No	<p>Board 07.16.2019</p> <p>Anticipated Approval FRC 09.30.2019</p>	<p>Securitas has provided security services to the District since 2015 and will provide security services to 69 schools for the 2019-2020 school year.</p> <p>This is a contract renewal with Securitas in an amount not to exceed \$2,600,000 for the term September 1, 2019 – August 31, 2020.</p> <p>The District is currently insourcing security services and has completed the insourcing effort for all its High School campuses. The remaining school campuses are scheduled to be insured by FY2021.</p> <p>In April 2018, the District issued Request for Proposal #19-0012, to obtain proposals to provide security services and six proposals were received. While not the lowest bidder, the Evaluation Committee concluded that Securitas should continue to provide security services to the District. The decision was based on their ability to service a school district the size of DPSCD as well as their experience with the District’s diverse student population.</p>
2	Operations	19-0081-C	<p>Contract Amount: \$9,623,478 Contract Period: December 1, 2019 – June 30, 2022 Source: General Fund Purpose: Natural Gas supply and delivery Contractor: Constellation New Energy – Gas Division, LLC Locations: 9960 Corporate Campus Drive, Suite 2000 Louisville, KY 40223</p>	Renewal	Yes	Yes	<p>Board 09.17.2019</p> <p>Anticipated Approval FRC 09.30.2019</p>	<p>This is a contract renewal with Constellation in an amount not to exceed \$9,623,478 for the term December 1, 2019 – June 30, 2022.</p> <p>The District issued a Request for Proposal (RFP) 19-0081 on August 30, 2018 for natural gas service. There was one respondent – Constellation. Lack of additional responders is due to Constellation’s easement to deliver gas services to DPSCD facilities via DTE pipelines. The RFP closed on September 13, 2018.</p>

Contract Requests

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3	Curriculum and Instruction	Multiple	<p>Contract Amount: \$1,400,000 Contract Period: September 15, 2019 – June 30, 2020 Source: General and Grant Funds Purpose: Dual Enrollment College & University Partners Contractors: University of Detroit – Mercy, Wayne State University, Lawrence Technological University, Wayne County Community College District Locations: Detroit, Southfield, Wayne County, MI</p>	New	No	N/A	<p>Board 09.17.2019</p> <p>Anticipated Approval FRC 09.30.2019</p>	<p>This funding provides access to Dual Enrollment courses to District students in partnership with Wayne County Community College (WCCC), Lawrence Technological University (LTU), University of Detroit Mercy (Detroit Mercy), and Wayne State University (WSU) for the 2019/2020 school year in an amount not to exceed \$1,400,000.</p> <p>The Postsecondary Enrollment Options Act (PA 160 or 1996) states that districts and public school academies shall use funds allocated under the State School Aid Act to support eligible pupils in their pursuit of enrollment opportunities in postsecondary institutions.</p> <table border="1"> <thead> <tr> <th><u>Institution</u></th> <th><u>Cost/Credit Hour</u></th> <th><u>Course Fees (Books)</u></th> </tr> </thead> <tbody> <tr> <td>WSU</td> <td>\$116.10</td> <td>Varies</td> </tr> <tr> <td>WCCCD</td> <td>\$113.10</td> <td>Varies</td> </tr> <tr> <td>UD-Mercy</td> <td>\$300.00</td> <td>~\$600 / student</td> </tr> <tr> <td>LTU</td> <td>\$100.00/class</td> <td>~\$1,200 / semester</td> </tr> </tbody> </table>	<u>Institution</u>	<u>Cost/Credit Hour</u>	<u>Course Fees (Books)</u>	WSU	\$116.10	Varies	WCCCD	\$113.10	Varies	UD-Mercy	\$300.00	~\$600 / student	LTU	\$100.00/class	~\$1,200 / semester
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Agenda Item Details

Meeting	Jul 16, 2019 - Regular Board Meeting
Category	13. Administrative Action Items
Subject	13.01 Renewal of Securitas Contract
Access	Public
Type	Action
Recommended Action	Motion to approve contract renewal with Securitas, Inc. to provide security personnel to schools for the period of September 1, 2019 to August 31, 2020 in an amount Not-To-Exceed \$2,600,000.

Public Content

Recommendation:

That the School Board approve the contract with Securitas, Inc. ("Securitas") to provide security personnel to schools for the period of September 1, 2019 to August 31, 2020 in an amount Not-To-Exceed ("NTE") \$2,600,000.

Description and Background:

This item was reviewed at the Academic and Finance Sub-Committees.

July 2018, the Board approved continuation of the contract with Securitas as the District’s sole provider of security services. Securitas was contracted to provide 166 security officers servicing all District schools. In August 2018, the District initiated a Security Pilot Program in 12 District schools with 20 District hired officers, thus reducing Securitas’ number of needed officers to 146.

Gap Analysis:

The District entered into an agreement with Securitas based on their ability to recruit and retain staff, a reduction of cost and need for operational oversight/management. After moving to a Districtwide model, there has been some difficulty in stabilizing staff where 64% (94) of the contracted officers have started and/or exited the position since August 2018. Through an analysis of the security pilot, the District has the ability to hire more staff, while slightly reducing the cost for the same numbers of officers. The pilot program in comparison to the security provider has shown turnover of less than 10%. This provides staff consistency for the reinforcement of protocols and disciplinary procedures. Additionally, costs analysis for the proposed full-time employment (FTE) schools based on 19-20 costs demonstrate a cost reduction. If the District continued the use of 20 District security officers and 71 Securitas officers at the selected schools total cost is projected to be \$3,453,110. Using 91 FTE officers at the selected schools total cost is projected to be \$3,377,700. This reduction in cost of \$75,410 will be used to supplement the added cost for the provision of Securitas officers at the four new schools, Barton, Edmondson, Marygrove and Hamilton.

Feedback from security pilot principals and high school principals, indicate a greater satisfaction with the security pilot program. The proposed expansion of FTE security officers will be concentrated in high schools where there is often the most frequent interaction between students and officers and the benefits of direct District ownership and management of the security process may improve the quality and outcomes of these interactions.

Survey Questions	Pilot Schools	High Schools (Securitas)
I am satisfied with the security pilot program	90%	75%
I am satisfied with my security officer	94%	80%
I would like to remain/become a part of the security pilot program and hire my own officer	100%	85%
I would like to keep my current security officer	89%	75%*

*Due to the significant number of schools satisfied with their Securitas officers, current officers who are viewed favorably will be maintained through Securitas or offered the opportunity to convert to full-time employment with the District.

Previous Outcomes:

Securitas has provided security services to the District since 2015. In July 2018, the contract was approved for \$5,100,000 and Securitas serviced 95 schools.

For the first full fiscal year of Securitas services during the Board's tenure (2017-2018), total cost was \$5,641,964 (Prudential was still providing security to the former EAA schools, thus total cost of security was \$6,123,215.)

Expenditures for Securitas when blended with the pilot program are tracking similarly for the 2018-2019 school year.

Expected Outcomes:

Securitas will provide security services to 69 schools for the 2019-2020 school year, with 82 officers.

The District's FTE program will provide security services to 39 schools 2019-2020 school year with 91 officers. As experienced through staff retention in the 2018-2019 school year, hiring full-time employees provides the opportunity for the District and the building Principal managing the security guard to take greater ownership in the security and safety process for the schools. This leads to greater opportunities for training and more direct accountability.

Alignment to Strategic Plan:

Transformative Culture

Financial Impact:

\$2,600,000 from General Funds.

Bid Process: The District issued Request for Proposal 19-0012 to obtain suppliers to provide security services. Six proposals were received; Advance Security, Contemporary Services Corporation, D.M. Barr Security Services, LGC, Prudential Security, Securitas. The evaluation committee reviewed six supplier proposals based upon criteria which encompassed supplier background, experience, capability, and cost. The team selected Securitas who, based on their proposal.

Contact for Item:

Name: Iranetta Wright
Phone: 313-873-6893
Email: iranetta.wright@detroitk12.org

Supporting Documents/Attachments:[19-0012-Securitas holiday amendment.pdf \(314 KB\)](#)[19-0012-C_SECURITAS.pdf \(3,250 KB\)](#)**Administrative Content****Executive Content**



Agenda Item Details

Meeting	Sep 17, 2019 - Regular Board Meeting
Category	15. Consent Agenda (Administrative Items)
Subject	15.01 Recommendation to Approve the Contract Renewal with Constellation New Energy - Gas Division, LLC
Access	Public
Type	Action
Recommended Action	Motion to approve the contract renewal with Constellation New Energy – Gas Division, LLC (“Constellation”) for the period of December 1, 2019 through June 30, 2022 with a contract value not-to-Exceed (NTE) \$9,623,477.88.

Public Content

Recommendation:

That the School Board approve a multi-year contract renewal with Constellation New Energy – Gas Division, LLC to provide natural gas supply and delivery to District buildings for the period of December 1, 2019 through June 30, 2022 with a contract value NTE \$9,623,477.88.

Description and Background:

This item was recommended for approval by the Finance Committee on August 23, 2019.

Constellation provides gas distribution services at a fixed rate per gas unit that is discounted through a federally mandated easement agreement allowing them to use the DTE Energy natural gas distribution system. The District’s gas commodity pricing with Constellation is based on the published variable rate index which resets in April of each year. By entering into this multi-year agreement, the District locks in the published rates available at the time of signing for the agreed upon terms as outlined in the contract. In addition, the District is afforded the opportunity to estimate its annual usage based on the fixed rate. The District is then billed based on the monthly budgeted amount for predictability. In the spring, the District and Constellation reconcile any over or underpayments based on the projected usage for the fiscal year. A credit is issued to the District for overpayments and/or the District is responsible to pay the overtures beyond the estimated budget.

Gap Analysis:

Locking the price of natural gas will provide predictability in the District’s budget. Notably, if the market rate decreases after locking in unit pricing, the school District will be obligated to pay the rate that is locked in. Historically, the savings and predictability associated with rate locking has overcome any losses the District has experienced. In the event the District does not approve the renewal of the contract, thereby locking the purchasing price of natural gas, the District will purchase its required gas at the price prevailing when the order for natural gas is placed and prices will be subject to fluctuation. Without the renewal, the District will have its natural gas delivered to the schools and its other sites by DTE Energy without the accompanying savings provided by the Constellation easement agreement. Finally, locking in the rate for multiple years (two or more) increases the likelihood that the District will receive a lower than market rate.

Previous Outcomes:

For the period November 1, 2018 - March 31, 2019, the District was billed based on a fixed rate of \$3.09 per natural gas unit. The fiscal year 2019 winter was historically harsh and produced frigid temperatures that significantly increased the gas consumption across the District, and in turn increased the distribution costs of the commodity. Beginning April 1, the District’s rate lock expired and the District paid the prevailing market rate, which averaged \$3.715 per natural gas unit.

Constellation Rate Cycle (April 1-March 30)	Total Annual Cost
2017-18	3,032,427.29
2018-19	3,634,961.90

Expected Outcomes:

The current indicative gas rate projected for October 1 through June 30, 2022 is \$2.93 per natural gas unit, subject to confirmation and execution of the contract. This contract renewal will complete two (2) objectives:

1. Lock the Natural Gas rate to ensure that the District will have a more controlled cost for this commodity.
2. The terms of the contract will no longer end November 30th and will be placed on a contract cycle ending on June 30th following the traditional fiscal year. The new contract will exist from December 1, 2019 through June 30, 2022; however, the new rate lock will take effect beginning October 1, 2019.

Alignment to Strategic Plan:

Responsible Stewardship

Financial Impact:

Contract Renewal Period: December 1, 2019 through June 30, 2022
 Estimated Budgeted Value (Conservative): \$9,322,744.20 (12/1/19 – 06/30/22)
 Estimated Contingency Cost for Extreme Weather: \$300,733.68 (Equivalent to one (1) budgeted month expense)
 Total Contract Value NTE: \$9,623,477.88

Bid Process: The District issued a Request for Proposal (RFP) 19-0081 on August 30, 2018 for natural gas service. There was one respondent – Constellation. The RFP closed on September 13, 2018. The contract will run from December 1, 2018 – November 30, 2019 with three (3) one-year renewals.

Contact for Item:

Name: Machion Jackson, Assistant Superintendent of Operations
Phone: (313) 682-7067
Email: Machion.Jackson@Detroitk12.org

Estimated Budget Bills fixed vs. variable market 8-7-19.xlsx (21 KB)

Administrative Content

Executive Content



Agenda Item Details

Meeting	Sep 17, 2019 - Regular Board Meeting
Category	15. Consent Agenda (Administrative Items)
Subject	15.03 Recommendation to Approve the Costs for Dual Enrollment Courses
Access	Public
Type	Action
Recommended Action	Motion to approve funding to provide access to Dual Enrollment courses to District students in partnership with Wayne County Community College (WCCC), Lawrence Technological University, University of Detroit Mercy, and Wayne State University for the 2019/2020 school year in an amount not to exceed \$1,400,000.

Public Content

Recommendation:

That the School Board approve funding to provide access to Dual Enrollment courses to District students in partnership with Wayne County Community College (WCCC), Lawrence Technological University (LTU), University of Detroit Mercy (Detroit Mercy), and Wayne State University (WSU) for the 2019/2020 school year in an amount not to exceed \$1,400,000.

Description and Background:

This item was recommended for approval by the Academic Committee on August 22, 2019 and the Finance Committee on August 23, 2019.

The approval of this item will provide access for District High School students to take Dual Enrollment courses in partnership with local colleges and universities including: WCCC, LTU, Detroit Mercy, and WSU. The Postsecondary Enrollment Options Act (PA 160 or 1996) states that districts and public school academies shall use funds allocated under the State School Aid Act to support eligible pupils in their pursuit of enrollment opportunities in postsecondary institutions. These expenditures will allow students to access more than 120 college level courses at 15 High Schools district-wide. To support this, the District has developed Memorandums of Understanding with partners. Most dual enrollment courses will take place on our campuses, however there are instances where students travel to local campuses. Associates Degree options are available from Wayne County Community College and as part of the Early Middle College agreement with Lawrence Technological University. Beyond degree options, some series of courses lead to industry certifications.

Of the 120 courses offered across institutions, 27 of those, offered by WCCC are industry-aligned dual enrollment courses. The 27 courses will be offered in seven industry areas:

- business and entrepreneurship
- health care
- technology, media and arts
- law, education, and public safety
- engineering, manufacturing, and transportation
- construction
- service industry

Fourteen of the 22 high schools are designated as career academies. The High Schools who will offer Dual Enrollment include:

- Academy of Americas
- Ben Carson
- Cass Tech
- Cody High School
- Communications and Media Arts
- DCP Northwestern
- Denby
- Detroit School of the Arts
- East English Village
- Henry Ford
- Martin Luther King
- Marygrove
- Mumford
- Osborn
- Renaissance
- Southeastern
- Western International

Prior to enrollment District students meet with their counselor and/or principal to discuss eligibility and other aspects of the Postsecondary Enrollment Options Act. Students then receive approval of the principal indicating eligibility to dual enroll. The District then enrolls the students in eligible course(s) with postsecondary institution and ensure that the student schedule and transcript reflect the course. District students will enroll in both the first and second semesters of the 2019/2020 SY.

The District plans to support approximately 2,182 students at an average cost for courses and fees at \$641.64 each. Costs per institutions vary.

Institution	Cost per Credit Hour	Course Fees (Books)
Wayne State University	\$116.10	Varies
Wayne County Community College (WCCCD)	\$116.10	Varies
University of Detroit Mercy	\$300.00	~\$600 per student

Lawrence Technological University	\$100.00 per class	\$1200 per semester
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Gap Analysis:

The District is committed to expanding students' access to college and career readiness courses. In service of this, the District's strategic plan includes annual improvement goals to increase the percent of students enrolled (+12%) and successful completion (>95%) of college and career readiness (CCR) coursework, including Dual Enrollment and industry certification exams. In the Fall of 2018, only 9 high schools offered Dual Enrollment, this initiative expands to 15 and the District plans to expand to additional high schools in future academic years including expansion of additional partners (ex: Henry Ford College). Currently, 30.7% of District high school students participate in Advanced Placement, IB, Dual Enrollment, JROTC, and courses that lead to industry certifications. The District aspires to increase this by 12% in the coming year.

Previous Outcomes:

In previous years, Dual Enrollment was managed for and budgeted by schools. This resulted in reduced access to courses as well as fewer students participating in the program. On average the District has spent approximately \$270,000 on Dual Enrollment with three primary partners: Wayne County Community College, Lawrence Tech, University of Detroit - Mercy.

FY 19 Expenditures

Wayne County Community College: \$242,927

Lawrence Tech: \$7,800

University of Detroit - Mercy: \$22,441

Expected Outcomes:

Students in District High Schools will complete college level courses in partnership with Dual Enrollment college and university partners with a goal of increasing the number of Dual Enrollment courses available and the number of participating students Districtwide.

Financial Impact:

\$1,400,000 in general and grant funds

Administrative Content

Executive Content