2022 Downsized Capital Improvement Presentation
Referendum: November 8, 2022
Agenda

- Introductions
- Overview of Citizen Task Force process
- Summary of 2022 Downsized Capital Improvement Plan
  - Educational Benefit
  - Enrollment
  - Financial Analysis
- Tax impact and role of property tax reassessment
- Other considerations
- Upcoming Dates
Citizens Task Force

April 2021 to April 2022

- Representative Group of Winnetka Residents
- Provided anecdotal feedback from 2019 referendum effort
- Provided insight into what elements needed to be prioritized and what would not be supported by the community
- Analyzed public opinion research and other input gathered at community engagement sessions
- Developed final recommendations for the Superintendent
- Reviewed details of Downsized Capital Improvement Proposal
- Led by Paul Hanley, from Beyond Your Base, and Jim Hobart, from Public Opinion Strategies
Public Information Program

Information publicly shared with the community January - March 2022

✓ Presentations
✓ Website
✓ Letter/attachment
✓ Newsletter
✓ Screencast
✓ Mail Survey (Online Option)
✓ Hybrid Poll
✓ Other
Downsized Capital Improvement Plan:

$59.4 Million ask of the Community
Referendum Ballot Language

“Shall the Board of Education of Winnetka School District Number 36, Cook County, Illinois, alter, repair and equip all existing school buildings; construct Health/Life Safety Code improvements, secure entry vestibules and additional safety and accessibility improvements under the Americans with Disabilities Act; replace flooring, plumbing, HVAC and electrical systems; remove temporary trailers, renovate the multi-purpose room/cafeteria and library/resource center and build and equip a three-classroom and gymnasium addition at the Crow Island School Building; build and equip a multi-purpose room/cafeteria addition at the Hubbard Woods School Building; improve sites; and issue bonds of said School District to the amount of $59,400,000 for the purpose of paying the costs thereof?”
Why The District Needs This Referendum

★ Educational programming needs are significantly different than when the schools were first built
  ○ Safety threats and needs have evolved
  ○ 97% of Students remain at school for lunch, a significant increase from the past
  ○ A marked increase in individualized education plans and student needs for specialized support require specific learning environments to be appropriately equipped
  ○ Kinetic Wellness is a required class to be programmed for on a daily basis
  ○ The current building schedules are constrained by what can be offered given the limitations of space for both lunch and kinetic wellness
  ○ More than 10% of days are deemed “heat days” and the need for air quality control has never been higher
  ○ Lack of control for air temperature and humidity (thermal comfort) has a noticeable impact on a student’s ability to engage in learning as well as a teacher’s ability to perform at their best (Harvard)
  ○ Crow Island students continue to be taught in “temporary trailers” installed in 2016
  ○ Increased demand for before and after school care with more dual-working families

★ Schools are forced to make suboptimal programming choices driven by the building limitations
  ○ Extra human effort is required to ensure school safety and security
  ○ Lunch space is limited and students at Crow Island and Hubbard Woods eat lunch in a variety of atypical locations as a result (i.e. hallways, classrooms, floor, foyer)
  ○ In a number of schools, space limitations do not allow for cross-aged interactions at lunch
  ○ Student programming and scheduling is limited by gym and multipurpose space, often not allowing for the full KW curriculum to be safely delivered and common planning times for grade-level teachers and staff to coordinate instruction
  ○ On “heat days” student must be continually rotated through air conditioned areas of the school, disrupting learning
  ○ With the exception of Carleton Washburne, there is no building-wide central HVAC to control for air quality
The Referendum is *Not* Driven By Enrollment

- Enrollment has fluctuated over the last 70+ years and Winnetka has responded to meet the needs of the community
- The pandemic led to instability in the population; however, current trends point to modest growth
- Core driver of the referendum is safety, health and education
- Further redistricting is a massive undertaking and will not solve for the overall outlined needs

Referendum “ask” is centered on the priorities of safety, security and necessary facility improvements at all 5 Winnetka Public Schools
# 2019 Referendum vs. 2022 Proposal

<table>
<thead>
<tr>
<th></th>
<th>2019 Referendum</th>
<th>2022 Proposal</th>
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<tbody>
<tr>
<td>Size of Request</td>
<td>$90.6 Million</td>
<td>$59.4 Million</td>
</tr>
<tr>
<td>Est. Tax Impact for $1M Home</td>
<td>$1,352</td>
<td>~$929</td>
</tr>
<tr>
<td>Status of The Skokie School</td>
<td>Closed</td>
<td>To Stay Open</td>
</tr>
<tr>
<td>Major Renovations &amp; Additions to Carleton Washburne</td>
<td>$36 Million</td>
<td>$0</td>
</tr>
<tr>
<td>Outstanding Debt Tied to 2007 Referendum</td>
<td>Yes</td>
<td>No</td>
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## Other Funding Details

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<tr>
<td>3-Year Capital Improvement Plan (2020-2022)</td>
<td>$0 Million</td>
<td>$14.2 Million*</td>
</tr>
<tr>
<td>Allocation of Fund Balance</td>
<td>$10 Million</td>
<td>$9 Million*</td>
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*Funds contributed by the district in an effort to reduce the overall referendum request*
Projected Total Project Costs for all needed work = $82.6MM
Referendum Funds Plus District Contribution for all necessary projects

$59.4MM
Referendum Funds

$14.2MM
Previously Invested by the District

$9MM
Additional Proposed Investment from the District

$82.6MM Overall investment in our schools
Projected Total Project Costs $59.4MM+$14.2MM+$9MM = $82.6MM
Referendum Funds Plus District Contribution for all necessary projects

- **Health & Safety Improvement**
  - Secure Entry Vestibules at four schools
  - Security upgrades at all five schools
  - Health Life Safety updates at all five schools*
  - Accessibility updates at four schools
  - Heating, Cooling and air quality improvements at all five schools
  - $48.4MM (59%)

- **Critical Repairs**
  - Water piping and plumbing at all five schools*
  - Electrical upgrades and improvements at all five schools
  - Cosmetic resolutions due repairs and replacements
  - $17.4MM (21%)

- **Priority Additions & Renovations**
  - Cafeteria/Multipurpose room at Hubbard Woods
  - Renovation of existing Crow Island gym as Cafeteria/Multipurpose
  - Replacing classroom trailers with permanent space at Crow Island
  - Addition of gym to meet school needs and provide lunch space
  - $16.8MM (20%)

*Work partially completed via District Funds
For Whom and How the referendum will make an impact

Student & Staff Experience

Health & Safety Improvement
- Safe and Secure Places to learn and work
- Buildings that are accessible to all students and staff
- Heating, Cooling and air quality that makes for healthy and comfortable environments to learn and work

Teacher Recruitment

Critical Repairs
- Buildings that reflect a quality of facility that matches our quality of instruction
- Learning environments that afford a physical space with similar amenities to other districts within the township

Longevity of our Schools

Priority Additions & Renovations
- Learning and work spaces that will serve the community for years to come
- Shared community space that offers the opportunity for our students, families, staff and community to come together
- Permanent learning space that reflects a level of quality that we can be proud of

Student & Staff Experience

Health & Safety Improvement
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The district has and will cover up to ~$23MM in needs. The ask of the taxpayer has decreased 35% and addresses the needs of all five schools at a point when the district is in strong financial standing of being debt free and AAA rated.
PROPOSED IMPROVEMENTS
CROW ISLAND SCHOOL

✓ Add secure entry vestibule
✓ Address health/life safety upgrades
✓ Install new HVAC system to improve air quality, air flow and temperature control
✓ Upgrade classroom electrical
✓ Replace mobile classrooms with addition of three new classrooms
✓ Convert current gym to multipurpose room/cafeteria
✓ Update resource center/library
✓ Add 5,500 sq. ft. gym for Kinetic Wellness program and community use
✓ Update aging flooring, railings and hardware
✓ Address plumbing improvements
✓ Upgrade classroom electrical

Three New Classrooms to Replace Modulars
Add new classrooms to replace temporary modular classrooms.

Multipurpose Room/Cafeteria
Convert current gym to a multipurpose room and cafeteria to provide space to efficiently host lunch and address before- and after-school childcare.

New Gymnasium
Add new gym to serve the Kinetic Wellness needs of students and be available for community use.

Updated Resource Center/Library
Update the resource center/library to leverage instructional technology, promote collaboration and enhance experiential learning.
✓ Address health/life safety upgrades
✓ Install new HVAC system to improve air quality, air flow and temperature control
✓ Improve secure entry vestibule
✓ Address ADA code issues
✓ Upgrade classroom electrical
✓ Update aging flooring, railings and hardware
✓ Upgrade classroom electrical

Secure Entry Vestibule
A new secure entry vestibule would address best practices for safety and security, including access control.
PROPOSED IMPROVEMENTS
HUBBARD WOODS SCHOOL

- Add secure entry vestibule
- Address health/life safety upgrades
- Install new HVAC system to improve air quality, air flow and temperature control
- Replace electrical panels that have reached the end of their life
- Address ADA code issues
- Add multipurpose/cafeteria space
- Update aging flooring, railings and hardware
- Address plumbing improvements
- Upgrade classroom electrical

Secure Entry Vestibule
A new secure entry vestibule would address best practices for safety and security, including access control.

Multipurpose Room/Cafeteria
A new multipurpose room would provide space to efficiently host lunch and address before- and after-school childcare.
Add secure entry vestibule
Address health/life safety upgrades
Replace electrical generators
Address ADA code issues
Upgrade HVAC system to improve air quality, air flow and temperature control
Update aging flooring, railings and hardware
Address plumbing improvements
Upgrade classroom electrical
- Improve secure entry vestibule
- Address health/life safety upgrades
  Corrects code issues resulting from building deterioration, previous modifications and new code requirements
- Upgrade HVAC system to improve air quality, airflow and temperature control
  Increases air filtration to meet new COVID guidelines, reduces allergens, increases number of air-exchanges, improves comfort level and enhances energy efficiency
- Update PA system and alarms
  Improves both school security and fire safety with replacement of outdated public announcement system and fire alarms
- Replace obsolete electrical panels
  Allows for updated technology, improves energy efficiency and reduces operating costs
- Address ADA code issues
  Improves accessibility for students, staff and visitors
- Update aging flooring, railings and hardware
  Improves safety and creates more engaging learning environments
- Upgrade classroom electrical
Clarity on Property Tax Reassessment:

Q&A with Bob Lewis,
Senior Vice President, PMA Securities
Financial Advisory to the District

Q&A Video
Scenario 1: Tax Impact on $1 Million Home

<table>
<thead>
<tr>
<th>Proceeds</th>
<th>Amount</th>
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<tbody>
<tr>
<td>December 2022</td>
<td>$20,300,000</td>
</tr>
<tr>
<td>May 2023</td>
<td>$14,890,000</td>
</tr>
<tr>
<td>March 2024 Proceeds</td>
<td>$24,210,000</td>
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</tbody>
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| Total                            | $59,400,000 |

<table>
<thead>
<tr>
<th>Debt Service</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Estimated Total Debt Service (1)</td>
<td>$88,191,597</td>
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<tr>
<td>Average Annual Debt Service (1)</td>
<td>$4,199,600</td>
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<table>
<thead>
<tr>
<th>Tax Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated B&amp;I Tax Rate in LY2022</td>
<td>$0.297</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Estimated B&amp;I Tax Payment Impact</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>in LY2022 for $1,000,000 Homeowner</td>
<td>$929</td>
</tr>
</tbody>
</table>

(1) Rates based upon market conditions as of July 18, 2022 and recent bond sales which PMA believes to be accurate and reliable for 2022 and plus 0.50% for 2023 and 2024.
(2) Actual tax rates and payments may vary based on District-wide EAV growth, individual homeowner reassessment, State Law changes, property tax rate initiatives, Cook County equalization factor and other factors.
(3) Includes $10,000 homeowner exemption.

NOTE: Scenarios where a greater portion of the overall debt is issued in advance of the expenditures of the proceeds will likely result in higher fees earned by the investment manager of the debt proceeds.
Other Considerations

Winnetka Park District Partnership

Capital Planning Without Referendum Funds
Winnetka Park District Partnership - Land Conveyance

- Verbal agreement from Park District regarding land conveyance that would allow for space necessary to complete Crow Island gymnasium build
- Land conveyance would only happen with a successful referendum
- Land survey work began as a part of the Board approved Crow Island design work this summer
If the Referendum Does Not Pass

- Absence of referendum funds will require the district to engage other funds earmarked for education in order to address the critical needs
- $51.6MM in Health/Life Safety & critical needs must be addressed
  - 19 year plan prioritizing $4mm spending per year (inflation factored at 4%)
  - Plan would be achieved 16 years later than referendum work
- Educational programming at Hubbard Woods and Crow Island would be impacted and schedules further adjusted
- An incremental educational tax levy may be needed to fund school operations
- Non-building impacts:
  - Limit ability to make typical upgrades to technology and respond to evolving needs
  - Impact on teacher recruitment in coming years with scheduled retirements and continued facility needs
- A 3-5 Year Critical Capital Plan will be necessary based on the facility information gathered during referendum planning
  - This capital planning process would begin in November 2022, with Summer 2023 already addressed through the fall bid process
  - Funds would be distributed across all schools
Summary of Overall Referendum "Ask"

For more information visit - https://www.winnetka36.org/district/2022-downsized-capital-improvement-plan
Election Day

➔ Tuesday, November 8
➔ Required non-attendance day in the state of Illinois
Questions

⇒ Zoom: Submit Questions in the Chat
Thank you!
Appendix
Questions and Answers

- Impact of reassessment on the operating portion of the tax bill?
  - Through the functioning of the tax cap law, large changes in reassessment will cause the limiting property tax rate to decrease significantly so that the District can only increase the tax extension by the lesser of CPI or 5% (plus new property).
  - As a reminder, Illinois collects taxes in arrears which means that the fall 2022 tax bill will incorporate the 2021 CPI of 1.4%.
  - Since the District is primarily residential (~95%), a home with an average re-assessment will see its fall 2022 tax bill increase by about 1.4% for the District portion of the tax bill.
  - For example, the tax bill for a $1 million home could vary by about $70 for every 1% difference in its reassessment from the average.
Questions and Answers

- Impact of reassessment on the bond portion of the tax bill?
  
  - For a fixed bond levy, a larger reassessment rate will lower the bond tax rate such that the computation of the tax impact in terms of dollars will be about the same (i.e. currently approximately $929 for a $1 million home).
  
  - The bond portion of the tax bill for a $1 million home could vary by about $7 for every 1% difference in its reassessment from the average.
Questions and Answers

- How does the reassessment impact the finances of the District?
  - Since the District is subject to tax caps, the effect of reassessment on the District’s finances is nil since new property tax revenues are capped by the lessor of CPI or 5%, and the new property added to the tax rolls. The tax cap will lower the tax rate to offset the increase in property values.

- Will the reassessment impact the amount asked for in the referendum?
  - No. The amount requested in the referendum is determined by the estimated construction costs for the project and the taxpayer impact is determined by the amount needed for the project and interest rates when the bonds are sold.
## Scenario 1: Tax Impact on $10,000 Bill

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>Add'l Rate for Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cook County</td>
<td>$0.453</td>
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<tr>
<td>Cook County Forest Preserve</td>
<td>0.058</td>
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<tr>
<td>Consolidated Elections</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>New Trier Twp</td>
<td>0.053</td>
<td></td>
</tr>
<tr>
<td>Road and Bridge</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>General Assistance</td>
<td>0.008</td>
<td></td>
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<tr>
<td>Metropolitan Water Rec District</td>
<td>0.378</td>
<td></td>
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<tr>
<td>North Shore Mosquito Abatement</td>
<td>0.009</td>
<td></td>
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<tr>
<td>High School Dist 203</td>
<td>2.085</td>
<td></td>
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<tr>
<td>Community College Dist 535</td>
<td>0.227</td>
<td></td>
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<tr>
<td>Winnetka Park District</td>
<td>0.389</td>
<td></td>
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<tr>
<td>Village of Winnetka</td>
<td>1.025</td>
<td></td>
</tr>
<tr>
<td>Winnetka Public Library</td>
<td>0.223</td>
<td></td>
</tr>
<tr>
<td>The District</td>
<td>3.015</td>
<td>0.297</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$7,923</strong></td>
<td><strong>$8,220</strong></td>
</tr>
</tbody>
</table>

Calculation based on tax bills for levy year 2020 paid in 2021, the most recent information available, for a taxpayer living in the Village of Winnetka with a total tax rate of $7.923/$100 of EAV and the 2020 Cook County multiplier of 3.2234. The computation includes the $10,000 homeowner exemption (note certain taxpayers qualify for additional exemptions). The actual tax rates and payment may vary based on EAV growth relative to the District’s EAV growth, State Law changes, property tax rate initiatives (e.g., a new bond issue for one of the other overlapping governments) and other factors. Does not include additional taxes available for operating purposes to all applicable taxing bodies under the property tax extension limitation law which would approximate $140 for this example based on the applicable 1.4% CPI adjustment factor for levy year 2021 collected in 2022.

Source: Cook County Clerk

<table>
<thead>
<tr>
<th>Total 2020 Tax Bill</th>
<th>$10,000</th>
<th>$10,375</th>
<th><strong>$375</strong></th>
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</table>

Financial strategies for stronger communities.
If the Referendum Does Not Pass…

- Summer 2023’s expected work has been divided into a base bid (should a referendum not pass) and alternates (to be added should a referendum pass)
- A 3-5 Year Critical Capital Plan will be necessary based on the facility information gathered during referendum planning
  - This capital planning process would begin in November 2022, with Summer 2023 already addressed through the fall bid process
  - Funds would be distributed across all schools