

OAK PARK AND RIVER FOREST HIGH SCHOOL  
201 North Scoville Avenue  
Oak Park, IL 60302

**FINANCE COMMITTEE MEETING**

Thursday, August 19, 2010

A Finance Committee meeting was held on Thursday, August 19, 2010. Chair Allen called the meeting to order at 8:46 a.m. in the Board Room. Committee members present were John C. Allen, IV, Terry Finnegan, Dr. Ralph H. Lee, Amy McCormack, Dr. Dietra D. Millard, and Sharon Patchak-Layman. Also present were Steven T. Isoye, Superintendent; Nathaniel L. Rouse, Principal; Lauren M. Smith, Director of Human Resources; Cheryl L. Witham, Chief Financial Officer and Treasurer; and Gail Kalmerton, Executive Assistant/Clerk of the Board.

Visitors included James Paul Hunter, FSEC Chair; Doug Wiley, OPRFHS Supervisor of Finance; Tim Keeley, Purchasing Coordinator; Cindy Milojevic, Assistant Principal for Student Activities; Robert Zummallen, Director of Buildings and Grounds; LeeAnn Meyers-Smith, James Nagel, and Pat Cermak of Wight and Company; Terry Dean of the *Wednesday Journal* and Chuck Fieldman of the *Oak Leaves*.

**Approval of June 15, 2010 Finance Committee Minutes**

It was the consensus of the Finance Committee members to accept the minutes of the June 15, 2010 Finance Committee meeting, as presented.

**Construction Update**

Ms. Meyers-Smith presented the following construction highlights.

- \$7.1 million total construction accomplished over a 10.5 week summer construction period
- Overcame 2.5 week construction strike that impacted entire region
- Over 150 tradesmen worked extended shifts/weekends to deliver work on time
- The schedule was met without excessive use of District funds for overtime
- Anticipated returning \$200,000 to the District in unused contingency funds
- 34 classrooms will have air conditioning for the first time
- Over 40 educational/administrative spaces have new ceilings and energy efficient lighting

A list of what to expect the first day of school follows.

- All areas will be cleaned and cleared of construction
- 2 science labs 127/128 will be ready to go, special tile will be installed during the winter break and gas connections will not be completed until the second week of school
- Rooms 172/173 will be completed by September 9.
- Air conditioning and all new ventilation is installed
- Some classrooms will have pipe coverings, touch up paint may yet need to be done, but no safety issues exist

- Field House fan room was not fully complete
- Minor attic insulation and landscaping will come on line in a few weeks
- Pools will not be open the first day because Illinois Department of Public Health has not given a permit due to a surge in applications; it will probably be issued within a six to ten-week time period
- Because workers will continue to work after 3:30 p.m., safety barriers are in place, mainly in the area of science labs
- Cleaning is ongoing; professional cleaners will be hired to help the B&G crew.
- Ventilation systems came on line yesterday and parts of this building that have never been ventilated before will be ventilated to code, eliminating any air quality concerns.

Ms. Witham recognized the B&G staff for their outstanding work and dedication. She noted that teachers have been able to get into their rooms. Alternative pools are being explored for the swim team to use while the pools are closed. Mr. Allen testified that the State of Illinois was backed up in its work schedule due to a good portion of the staff being laid off and management has been furlough 24 days. Public health monitors have no staff and are leaving. Mr. Zummallen stated that Cook County will not issue a permit because the construction permit was not approved.

Mr. Zummallen stated that clocks in the Student Center are programmed electronically and all clocks will be synced to the Plastco Track system. In addition, when the period ends, the clock will count backwards, so that students will know how many minutes they have before the next period starts. With the installation of the new cameras, one hundred and six are operational; the goal is to purchase and install 200 cameras.

Mr. Isoye noted that the school is starting on time and everyone was being cooperative.

#### **TIF Indemnification Agreement**

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the Indemnification Agreement that states the Board of Education will agree to defend, indemnify and hold harmless the Board of Education's representative, Valerie J. Fisher, against any claim, loss or damage arising out of service on the TIF negotiating team at its Special Board Meeting on August 19, 2010.

#### **Flexible Spending Administration and Employee COBRA Insurance Plan Administration**

It was the consensus of the Finance Committee members to recommend to the Board of Education that it award the contracts as noted below at its regular August Board of Education meeting on the Consent Agenda.

Flexible Spending	Marshall & Ilsley Trust Company
COBRA Administration	The Nyhart Company

The reason for outsourcing this is due to HIPPA laws, health changes in the future, etc. Ms. Sebestyen had assumed these responsibilities for many years in addition to her other duties. Approximately 156 employees have Flex Spending accounts and 8 people are

using the Cobra option. The cost will not increase if more employees choose to have a flexible spending account.

### **Activity Stipends**

It was the consensus of the Finance Committee members to recommend that the Board of Education approve the Student Activity Stipends at its Special Board meeting on August 19, 2010, as presented.

Ms. Smith explained that when the activity stipends were submitted in May for approval, some of the information was incomplete. The activity stipend budget for 2010-11 was set at \$300,000. Because the paid position of Vocal Ensembles (\$10,000) was eliminated and Madrigals (\$2,900) was implemented and the division head assumed the other portion, there was a cost reduction of \$7,000. A review of the evaluation structure and the existing committee is being completed. She noted that this information was aligned with the budget and the clubs.

Discussion ensued about the process of starting a new club. Should a student or students have an interest in a new club, they should inform Ms. Milojevic who will assess the interest and state the process, which is intended to help students organize and plan.

### **FY 2011 Tentative Budget**

It was the consensus of the Finance Committee members to recommend that the Board of Education approve the Resolution Regarding the Tentative Budget for Fiscal Year 2010-2011 to be Placed on Display at its Special Board Meeting on August 19, 2010. The Finance Committee members reviewed a copy of the tentative budget for FY '11 prepared by Chief Financial Officer. A public hearing will be held on September 23, 2010, followed by a presentation to the Board of Education for approval.

Ms. Witham reviewed pertinent details of the budget, such as:

- A 6.32% decline in revenue due to the expiration of the ARRA funding, River Forest and Oak Park TIF distributions, and State of Illinois delays and reductions in funding of \$74 million to \$69 million;
- Residential Property Taxes support the school districts and are paid 2 times per year;
- Expenditures declined by 4.55%, due to less construction projects, ARRA, and cost containment measures taken and the decrease in debt service;
- OPRFHS received the Meritorious Budget Award from the ASBO International; and it was one of only six districts that receive this award in Illinois. OPRFHS also received ISBE's Certificate of Financial Recognition;
- OPRFHS experienced cost savings in the areas of:
  - Implementing a transition program to reduce the number of students off campus
  - Reduction in administrative budgets
  - Reduction of administrative staffing
  - Copier Leases
  - Health Care Benefits

- Renegotiation of the waste management agreement
- Refinance of debt at a lower interest rate
- 74% of the Budget is in the Education Fund (48% of which relate to general instruction and 11.4% related to Special Education; 10% in is in the Operations & Maintenance Fund;
- 2.1 FTE faculty were added due to the number of registrations;
- Student enrollment should remain relatively flat with a slight decline in future years;
- Salaries increased 1.86% in all areas;
- 83% of the Education Fund is for salary and benefits;
- More resources are being spent for instructional purposes;
- Employee benefits have decreased from \$6.2 million to \$5.6 million;
- The O&M Fund now has construction and utilities included in it;
- The transportation Fund has been volatile over the years because of the number of vehicles purchased and another one may need to be purchased next year;
- The District has had to dedicate more of its levy to the IMRF Fund as IMRF has to recover from its losses, although the percentage has been less than anticipated;
- The Finance Advisory Council will discuss the new capital projects fund; and
- Board Goals and other information may be included.

The Board of Education complimented Ms. Witham on this work. Mr. Hunter also thanked her and DLT to cut expenditures and reiterated the work being done in that area. While Dr. Lee had not seen this quality in any other organization's financial document, he was concerned about what seemed to be the built-in philosophy that there is an assumption that expenditures must increase at a rate significantly higher than the CPI and that the Board of Education has no control over the expenditures. He believed the Board of Education did have control and it had to make harder decisions.

### **5-Year Plan**

Ms. Witham presented the Finance Committee members with copies of the Five-Year Financial Projections which actually goes out to 2018 when the OP TIF will end and significant property will come back on the tax rolls. The projections contained the sections about background and overview, revenue, expenditures, and a discussion by fund, e.g., Education Fund, Operations and Maintenance Fund, Life Safety Fund, IMRF/Social Security Fund, Transportation Fund, Working Cash Fund, Tort Fund, Capital Projects Fund, etc. An Aggregate View-Projection Analysis, a compilation of all funds, was also included.

Again Ms. Witham pointed out the change in the state and federal projections. This model is for this moment and it assumes that programs or staffing levels will not change. The FAC will do analysis for the District to review.

Ms. Witham reported that CPI is a basket of goods on which homeowners will spend money. School districts purchase human resources (salary and benefits). While health benefits have been increasing significantly, OPRFHS has kept that percentage below 5% consistently. OPRFHS buys construction, textbooks and utilities.

This model assumes that staffing will decrease as student enrollment decreases. However, the current registration process will have to be changed to make this happen.

Ms. Witham announced that deficit spending has moved from the year 2014 to 2015. OPRFHS will need to go for a referendum in 2018 for the revenue to be received in 2020. Dr. Lee hoped to see the expected referendum moved from 2019 to 2022 or 2023.

Mr. Allen challenged the newspapers to write an in-depth column about the finances of the school, e.g. the work that Ms. Witham, the superintendents, and the Boards of Education have done and the choices they made. He invited the reporters to read these reports in depth and tell the public. The Board of Education is the stewards of the taxpayers and they should know how the money is spent. Ms. Patchak-Layman reminded all that it is the citizens of this community gave additional insurance because of the dollars that were collected with the phase-in, not the referendum. The community is ensuring and putting up for the students who enter 10 years from now. Dr. Lee suggested comparing the EAV of this community to others.

Ms. Patchak-Layman noted that because the FAC is an administrative committee, meeting notices were not posted or listed on the website for others to attend. She had, however attended two meetings and received the minutes of the meeting, which she found to be most helpful. She thought the entire Board of Education should have this information to refer to when reports come forward regarding programs, budgets and policies. It was noted that the FAC would be making an end-of-the-year report in September to the Finance Committee meeting. Mr. Finnegan saw the FAC as a brainstorming group and its recommendations may be preliminary. Mr. Isoye stated that the presentation in September will be an update and that this group is very clear and thoughtful as to the Board of Education's request to look at cost containment. He felt it was doing a good job of balancing all factions. Mr. Allen concurred noting that the information brought forward in September would also help the Board of Education to make good decisions about itself, the committee structure and the District.

### **Treasurer's Report**

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the July Treasurer's Report at its regular August Board of Education meeting, on the Consent Agenda.

### **School District Structure**

Ms. Patchak-Layman provided a memo describing a discussion in the community about school district structure. The question is, "Can providing a quality education be done as a single district in these communities." She felt a single district would be helpful with planning. She explained that the state allows public policy questions to be put on the agenda, i.e., building a new high school, annexing another part of the community, etc. It gives the community an opportunity to voice their interest. She continued that while none of the individual boards in these communities have talked about it, the State of Illinois is encouraging this conversation, as Illinois has 800 individual school districts, more than other states in the country. One of the requirements is to have a resolution

which can be gotten by collecting petitions or a governing body can pass a resolution to have this on the ballot. Ms. Patchak-Layman continued that she would have liked to have a question put on the November ballot but because of the timing of when approval had to take place, this is a mute point. The Board of Education would have had to have to approve a resolution by August 16, but she wanted to have a decision for the April election. Should the voters indicate that they would like to explore this option, the next steps would include:

Resolution  
Feasibility Study  
Input from Regional Office Education

Public Hearings  
State Board of Education Approval  
Approval by the Electoral

Dr. Millard noted the boards of education should have discussions about this and when she contacted District 90's Board president, she was told that they had just completed their strategic planning process which included 17 different community forums and meetings of the board and the word consolidation was never raised. She was willing to talk about it but she did not believe that it was a pressing issue for those in River Forest.

Dr. Lee felt a public conversation could be useful only if that conversation was informed with both facts and considered opinions. Without prior information, asking a voter what he/she felt was really asking how he/she feels." He believed there should be a prohibition on a body advocating a particular direction. Ms. Patchak-Layman responded that the elected body is not allowed to put forward an opinion on the referendum, only pro and con information; it is advisory only. Ms. Patchak-Layman, as a populist, noted that "feelings" pushed one to pursue things and asking how one felt about something was not troublesome. Other than a referendum, there was no other way to know the communities feelings or opinions on this and that the final document would not be based on feelings but on fact because of the process that is used. Dr. Lee stated that he mistrusted unbridled populist. Mr. Finnegan did not feel it was the Board of Education's responsibility to start this process; he felt it should come from the citizenry. Ms. McCormack was committed to working more closely with the feeder schools, not school consolidation.

It was the consensus of the Committee members that Dr. Millard would speak with the presidents of District 90 and 97 about having a discussion at a joint Board of Education meeting.

### **Adjournment**

The Finance Committee adjourned at 11:00 a.m.