

OAK PARK AND RIVER FOREST HIGH SCHOOL
201 N. Scoville
Oak Park, IL 60302

Finance Committee Meeting Minutes
June 16, 2015

A Finance Committee meeting was held on June 16, 2015. Chair Cofsky called the meeting to order at 8:53 p.m. in the Board Room. Committee members present were Thomas F. Cofsky, Fred Arkin, and Sara Dixon Spivy. Also present were Dr. Steven T. Isoye, Superintendent; Tod Altenburg, Chief School Business Officer; David Ruhland, Director of Human Resources; Patrick Pearson, Faculty Senate Executive Committee

Visitors: John Stelzer, OPRFHS Athletic Director, and Kevin Peppard, Community Member

Public Comments

Kevin Peppard reminded the Committee that the Board of Education needs to understand the attrition factor. Not everyone retires after 34 years of employment, as many leave before that time. The state's statistics show that OPRFHS has one of the lowest turnover rates at 93.5% as opposed to Proviso at 75%. He suggested that the Board of Education look at the National Center for Education Statistics and the slippage factor, which has been 2% per year above CPI. The slippage cycle and other factors will determine what the high end of the fund balance should be. He noted that he would supply additional information to them separately.

Minutes

Mr. Cofsky moved to approve the Minutes of May 18, 2015; seconded by Ms. Spivy. A voice vote resulted in motion carried.

Contracts/Renewals

Dugouts/Football Bleacher 2016 Construction Project

The Finance Committee voted 2 to 1 to recommend the approval of the dugouts/football bleacher 2016 construction project to the Board of Education at its regular June Board of Education meeting under the action section of the agenda. The proposal involved redeveloping the safety fencing for the baseball and softball fields and increasing the seating capacity in the bleachers on the visitor's side of the stadium at a cost of \$2971,168 more than the Board of Education approved for construction projects in May. The safety concerns were listed as being:

- Foul balls from baseball practices/games going onto the stadium field during soccer and Lacrosse practices/games and/or hitting cars and houses along Linden Avenue.
- Four balls from softball practices/games going onto the tennis courts during practices and matches.

- Allowing for additional seating in the visitors' bleachers during football games which will eliminate over-crowding on the visitors' side and having to turn opponent's fans away or have them sit on the home side during football games.

Note: the contingency should be \$2,476, rather than \$24,760.

One committee member expressed concern about a number of issues in need of addressing, i.e., old sprinkler heads, broken posts, inadequate seating for visitors, etc. Subsequently, another member asked how all of the concerns should be prioritized. The administration noted that B&G has done a great job of repairing things on an ongoing basis and while the other things could be addressed in the long-term, this project could be accomplished next summer.

Note the Long-term Facility Plan Committee will officially start in the fall when the stakeholders return, but a plan not be forthcoming for a year.

Preliminary Budget

Mr. Altenburg shared a PowerPoint presentation on the preliminary budget for the 2015-16 school year, noting that the state does not require a preliminary budget.

The FY16 Preliminary Budget includes total revenues of \$67.0 million and total expenditures of \$79.8 million. Revenues are \$5.0 million or 8.5% more than the FY15 Amended Budget. Expenditures are \$690,974 or 0.87% more than the FY15 Amended Budget. In FY16, the District anticipates \$4.9 million in additional property taxes, and thus the total change increase is \$5 million or 8% over the amended budget. Mr. Altenburg reviewed the expenditures in the Education Fund as presented in the packet. In summary, the fund balance will decrease \$12,000 from last year balance.

Following the recommendations of the Finance Advisory Committee, last year the Board of Education reduced the 2013 Tax Levy by \$10 million and abated the 2013 Bond and Interest Levy for debt service in the amount of \$2.5 million. The Board of Education also approved the 2014 Tax levy which was \$10,250,000 less than the 2012 Levy. The Board also resolved to abate the 2014 Bond and Interest Levy for debt service in the amount of \$2,565,785.

The difference between the PMA projections and the budget is the percentage of insurance. The FAC acknowledged that OPRFHS's trend was less than the 10% projected and thus lessened it to 7%. After further analysis, the District lessened the trend to 5%. PMA needs guidance in the areas of salaries, benefits, CPI, EAV, etc., in order to update its model, which will allow the District to know if it is staying on budget. The modeling may be challenged as operations change, i.e., replacing contractual personnel with FTE. However, purchased services were being offset by these types of moves.

CLIC

The Finance Committee unanimously recommended that the renewals of property, casualty, liability and Workers' Compensation Insurance be moved to the full Board of Education for approval at its regular June meeting. The total insurance package will decrease by \$40,470 or 6.31% over last year. Gallagher did Workers' compensation training for Food Service, Buildings and Grounds, and Safety & Security employees and that was thought to be the reason for a 6.26% decrease in those areas alone.

Questions did arise as to whether other proposals had been received. Also, what is the coverage on foreign liability, i.e., workers' comp, law enforcement, etc.? Are there employees who carry weapons? Is \$1 million for cleaning up pollution enough to defend the high school? Is asbestos included or not included? Are there were any underground tanks? What is the cost to increase cyber liability? The experience modification went down, but increased the debt by 15%? Is that a discretionary debt or a quantitative table that determines debts at certain loss levels? With regard to loss leaders, the sheet as of 12/31/15 included only half of this year and the actuals incurred losses that were bundled with the reserves. What are the reserves over time? How do they develop? Do specific departments have problems? One member wanted an experience modification worksheet based on expected losses versus actual losses with a leveling factor.

Addendum #2 to Space Sharing Agreement with River Forest Community Center

The Finance Committee unanimously recommended that Addendum #2 of the Space Sharing Agreement with River Forest Community Center be moved forward to the Board of Education for approval at the June 25, 2015 meeting. The addendum was developed for the space sharing agreement currently in place with RFCC to accommodate CITE II for the summer school program. In consideration of the additional space and increased usage time, the School District agrees to transfer ownership of two multi-function school activity buses. The buses are fully depreciated and no longer on the financial statements. This action will save the District \$46,000 over the remaining term of the contract and the RFCC will save between \$27,000 and \$55,000 for either a used or new bus, respectively.

The enrollment in the CITE II program is expanding and the District is obligated to educate these students until their 22nd birthday. The consistency of having the CITE I Program and the CITE II Program in the same location is very important to these students as it supports their social/emotional needs. Questions: Why this program's enrollment was increasing? What were the instructional needs relative to the CITE II program?

Securatex

The Finance Committee unanimously recommended that the Securatex contract for building security services forward to the Board of Education for approval at its regular June Board of Education meeting. The terms of the contract is July 1, 2015 through June 30, 2016 at \$14.52 per hour or an annual expenditure of \$43,560.

Prevailing Wage

The Finance Committee recommended that the Prevailing Wage Resolution be moved forward to the Board of Education for approval at its regular June Board of Education meeting. While this is a mandatory requirement of the Illinois Department of Labor that local governmental bodies adopt a resolution for prevailing wage, one committee member asked for legal as to the ramifications of not approving this resolution. The District will contact its attorney.

Monthly Financials

The Finance Committee unanimously recommended moving forward the Monthly Financials to the Board of Education for approval at its regular June meeting.

Treasurer's Report

The Finance Committee unanimously recommended moving forward the Treasurer's Report to the Board of Education for approval at its regular June meeting.

Additional Finance Matters

Compensation Philosophy

Before a larger discussion on the compensation philosophy, Dr. Isoye will seek legal counsel regarding collective bargaining agreements versus comparables. The Committee will schedule a separate Finance Meeting for this discussion.

Marginal Deficit Fund Balance Policy

Mr. Altenburg reported that he hoped to bring a draft of marginal deficit fund balance policy to the committee next month. This draft policy had originally been brought forward at the October 2014 Finance Committee meeting and Mr. Weissglass and he did some follow-up work on it since that time. the FAC and taking many of the recommendations and thoughts and putting them into proper policy based on some of the key conclusions, bindings, etc.

Goals

Discussion ensued about what the committee wanted to accomplish. Items suggested were:

- 1) Compensation based on where that falls out.
- 2) What financial metrics will the Board of Education use?
- 3) Long-Term Facilities Plan

Items for possible discussion at a Special Board meeting focusing on Finance will include:

- 1) FAC model
- 2) Overall basics, etc., understanding month financials and treasurer's report
- 3) PMA financial plan and items relative to projection model.
- 5) Understanding the CBAs and the parameters
- 6) Retirement System, i.e., faculty pay, benefits, retirements.
- 7) Legislative issues

Adjournment

At 10:26 p.m., Mr. Cofsky moved to adjourn; seconded by Mr. Arkin. A voice vote resulted in motion carried.

Submitted by
Gail Kalmerton