

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

Finance Committee Meeting Minutes
August 19, 2014

A Finance Committee meeting was held on August 19, 2014. Mr. Cofsky called the meeting to order at 5:04 p.m. in the Board Room. Committee members present were Thomas F. Cofsky, Dr. Ralph H. Lee, and Jeff Weissglass. Also present were Dr. Steven T. Isoye, Superintendent; Tod Altenburg, Chief School Business Officer; Nathaniel L. Rouse, Principal; David Ruhland, Director of Human Resources; Dr. Gwen Walk-Qualls, Interim Director of Pupil Support Services; Sheila Hardin, Faculty Senate Executive Chair; and Gail Kalmerton, Executive Assistant/Clerk of the Board.

Visitors included Ms. Patchak-Layman and Dr. Gevinson (arrived at 5:58 p.m.); Philip Prale, Assistant Superintendent for Curriculum & Instruction; Robert Zummallen, Director of Buildings and Grounds; and Terry Dean of the *Wednesday Journal*.

Minutes

Dr. Lee moved to approve the open and closed Finance Committee minutes of May 13, June 17, June 19, and July 8, 2014; seconded by Mr. Weissglass. A voice vote resulted in motion carried.

Presentation of All-Ways Medical Transportation Contract

Unanimously the Finance Committee members recommended to move the Contract with All-Ways Medical Carriers, Inc. for transportation services to the Board of Education for approval at its regular August Board of Education meeting. The cost will be \$198 per day for four students or \$104,000. The term of the contract is August 14, 2014 through the final day of attendance of the 2014-15 school year.

Presentation of Special Education Systems Transportation Contract for Hillside Academy

Unanimously the Finance Committee members recommended to move the Contract with Special Education Systems Transportation Contract for Hillside Academy to the Board of Education for approval at its regular August Board of Education meeting. The cost of the contract is for \$43.63 per day or \$86,239.35. The term of the contract is for the 2014-15 school year.

Mr. Weissglass expressed concern about the rise of special education costs.

Presentation of Thrive Contract

Unanimously the Finance Committee members recommended to move the contract with Thrive for counseling services (1 substance Abuse Prevention Counselor and 4 Resource Managers) forward to the Board of Education for approval at its regular August Board of Education meeting. The contract reflects a 1.75% increase or \$331,821.21 for services for the 2014-15 school year. Last year 795 referrals occurred; 60 of those referrals were in response to crisis situations. Thrive presents in health and PE classes to build relationships with students. It was estimated that OPRFHS has contracted with Thrive since the late 1990's. While OPRFHS has been pleased with the relationship, a committee member asked if consideration should be given to seeking research about best practices, as determined by the management team. While Thrive staff in place has been consistent, discussions have occurred about having a lead counselor supervise Thrive staff in the building. Benchmark data has been developed.

Presentation of Beverage RFP

Unanimously the Finance Committee members recommended to move the contract with Coca Cola Refreshments for beverages to the Board of Education for approval at its regular August Board of Education

meeting. The value of the contract is \$144,962.50, which represents a 1.4% decrease for the 2014-15 school year. Parent groups wanting to sell their own products, do not have to obtain them from the school.

Presentation of Tentative Budget

Unanimously the Finance Committee members recommended to move the FY 2015 Tentative Budget forward to the Board of Education for approval at its regular August Board of Education meeting. Mr. Altenburg highlighted the changes made to the preliminary budget presented in June.

Revenues – Ed Fund

Remove National board Cert Grant	(\$2,957)
Grant Allocation Increase	<u>\$24,768</u>
Total Revenue Change	\$21,811

Expenditures – Ed Fund

Grant allocation increase	\$24,768
Special Education Audit	20,000
Student Discipline Retreat	1,000
Executive Functions – SPED	15,500
Radio antenna specs	1,000
Salient storage – additional storage of videos	30,000
A/V boxes for projectors	25,500
Auditorium sound specs (equipment that people bring in their pockets are upgraded and avoids interference from cellphones, etc. New equipment will diminish and other telecommunication.)	1,000
Woodshop Equipment	<u>20,000</u>
Net decrease in fund balance is	\$116,975

Expenditures – Transportation Fund

Marching Band Transportation	\$ 11,000
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Mr. Altenburg highlighted the following from his PowerPoint presentation which would be posted to the website:

- Total Revenues by Fund are \$61,720,354
- The FY 15 Tentative Budget versus the FY 14 Amended Budget is down 19.01% due to the reduction in the tax levy in December. Total spending is down 3.11%, as the debt certificates were paid in full last year and construction costs will be \$1.9 million lower. Excluding construction and finance, however, expenses are up by 7.65%.
- The Expenditures by Fund are \$77.4 million and broken down by Function. Spending is down 3.11%, as the debt certificates were paid in full last year. The Fund Balance will be decreased by \$15,716,954 and the estimated ending balance on June 30 will be \$111.3 million.
- The Sources of/(Uses of)
 - Transfer of \$5,348,430 from Operations & Maintenance Fund to Capital Projects Fund for Construction Projects
 - Transfer of \$2,529,105 from Working Cash Fund to Bond & Interest Fund to pay abatement of the B & I Levy for the 2013 tax year
- The timeline, noting that the Board of Education will be asked to approve the budget at the September 23 Board of Education meeting.
- More clarification was added to the Management Discussion regarding special education costs and the comparing of OPRFHS to the PMA model and in the aggregate model.

- The major reasons for the fund balance moving from \$127 million to \$110 million were lowering of the tax levy and the narrowing of the budget variances wherever possible.
- Relative to page 16 and a comparison of the tentative budget to the PMA, the fund balance is \$1 million higher than projected. However, the marginal deficit is greater. The District closed the gap by more than \$3 million in this period. Not included in the PMA model were: 1) an additional 3.5 FTE, in addition to the 6.8 FTE in the model, 2) higher Special Education tuition for off campus students, 3) new enrollment figures, and 4) Driver Ed simulators, etc. Discussion ensued about the feasibility of having all of the financial decisions done en masse. While one member was unsure how much the Board of Education could affect the timing as to when questions arise, the Board of Education was working at understanding the impact of decisions.

Mr. Weissglass noted that it was difficult to talk about a marginal deficit when there is increased FTE because of higher enrollment numbers. In determining what is and what is not included in the numbers, one must be cognizant of the fact that offsite tuition increased 44% over the last 3 years. If that pattern continues, it would put the whole budget at risk. While the District wants to take care of the students, and it is legally required to do so, this unfunded mandated dictates more discussion.

Note: TIF revenue was not included in the budget. Mr. Altenburg is meeting with the Village's Chief Financial Officer and the Township Treasurer as to why funds are lower than anticipated. It is the Village of Oak Park's decision whether to distribute the funds. If it does not, OPRFHS should not assume it will receive TIF funding. Mr. Weissglass did not want the budget to reflect receipt of a few million dollars, if that was not the case.

Presentation of the Resolution for Tentative Budget to be placed on Display

Unanimously the Finance Committee members recommended moving the Resolution to Place the Tentative Budget on Display forward for approval to the Board of Education at its Special Meeting on Tuesday, August 19, 2014.

Presentation of Treasurer's Report

Unanimously, the Finance Committee members recommended moving the Treasurer's Report forward to the Board of Education for approval at its regular August Board of Education meeting.

Presentation of Financial Scorecard

Unanimously, the Finance Committee members recommended moving the Financial Scorecard forward to the Board of Education at its regular August Board of Education meeting as an informational item. A first draft had been presented at the June 19, 2014 Finance Committee meeting and revisions were made as suggested. The name was changed from "Incremental Resources Scorecard" to "Financial Scorecard."

The first page summarizes the major decisions rendered related to resources. The additional pages/columns represent the backup support for the incremental resource requests. The Finance Committee's September 2 meeting agenda item is the discussion of Fund Balance/Marginal Deficit. Discussion of the timing of requests for incremental resources and through which committee the requests should be made may occur at that meeting.

Documentation of Amended Budget Process

The Finance Committee members recommended moving the documentation of the amended budget process forward to a future Finance Committee meeting for continued discussion. In Mr. Altenburg's Summary of Findings, he notes that the amended budget process usually begins in January or February. Division heads and administrators submit budget revisions to the Business Office throughout the year and those adjustments are input into Skyward. The division heads and administrators are allowed to amend their budget lines as long as there is a net zero effect in their overall budget. Budgets are not allowed to be amended across

funds. Salary and benefits budgets and revenue budgets are analyzed to see if amendments are necessary. This occurs concurrently with the changes received from other areas. All of these changes are then made to the budget and a “tentative” amended budget document is produced for Board of Education approval in March or April. This process is consistent with Board Policy 4:10, Fiscal and Business Management. A “tentative” amended budget is presented to the Finance Committee and the Board of Education in March or April. A notice is published in the local newspapers of the “tentative” amended budget’s availability along with the date and time in which a public hearing will be held. The “tentative” amended budget is placed on display in the Business Office for a minimum of 30 days for members of the public to review. As soon as possible after the 30-day requirement has been met, at the next regularly scheduled board meeting in April or May a public hearing is held and then the Board of Education votes on the amended budget for official adoption. The officially adopted amended budget is filed with the Regional Office of Education, the County Clerk of Cook County, and the Illinois State Board of Education. Information regarding the marginal deficit will be added. Mr. Cofsky noted that the District needs a process that addresses which variances cause a review of a specific line item, a cost percentage, etc. and substantive variance.

Discussion of Construction Supervisor Position

Unanimously the Finance Committee members recommended that a director of construction position be brought forward to the Board of Education for approval at its regular August Board of Education meeting.

In 2009, the District began a program of classroom and building renovations designed to improve the teaching and learning environments for students and staff. This process included basic components such as new ceilings, lights, HVAC, plumbing and electrical improvements as well as some larger structural undertakings. This long range plan, as development by the Director of Buildings and Grounds and approved by the Board of Education in May of 2008, was scheduled to continue until 2022.

Because of the complexity and cost of the projects, being in the area of \$6.2 million during peak construction cycles, it was determined that the District would be best served by employing a model of an architect teamed with a construction management firm to handle complete project oversight. For purposes of putting this arrangement into a context, the annual fees for these professional services were reflected in a spreadsheet included in the packet.

During the period from 2009 to 2015, the most costly and complex components of the long-range plan have been completed. As the scope of the work is scaled back in the final phase of the plan spanning 2016 thru 2022, the administration has calculated that due to the reduced size of the work being undertaken, the District would now be best served by shifting to employing a Construction Supervisor to work with the architects going forward, and moving away from the direct commitment to a construction management firm. This design of construction oversight would enable the District to continue with the remainder of the planned renovation program while benefiting from a cost savings. This shift would also align with the expiration of the current agreement with the Construction Management firm.

The spreadsheet demonstrated the estimated cost and resulting savings projected under the recommended format. Based on the current fees, OPRFHS pays for construction management services and considering the costs of the salaries and benefits of the Construction Supervisor position, the net cost savings to the school district is estimated at approximately \$1.2 million dollars over the six-year period of 2016 through 2022. The Construction Supervisor position would be a new position.

Given that the 2016 construction process begins in October of 2014 and in order to have the proposed operating structure in place, it will be necessary to have a Director of Construction in place by November 2014. This will allow new contracts to be developed for Legat Architects by November of 2014. The savings could be over \$1.2 million. The architect and engineering fees are separate from construction management. This has been discussed with the District’s attorney. The architect will assume

the duties of going out for bid and construction companies will do subcontracting. The District will not hold any contracts other than the ones for the architect and the engineers. Other schools using this model are Naperville, Oswego, and Niles. Using an owner's representative would more costly.

Because there is a decrease in the scope of future work, a full-time person will be able to manage it and also provide extra value during valley times. This person will report to the Chief School Business Official and have no supervisory or administrator responsibilities.

Adjournment

At 6:10 p.m., Mr. Weissglass moved to adjourn the Finance Committee; seconded by Dr. Lee. A voice vote resulted in all ayes. Motion carried.

Submitted by Gail Kalmerton
Clerk of the Board