

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

FINANCE COMMITTEE MEETING

Thursday, August 21, 2008

A Finance Committee meeting was held on Thursday, August 21, 2008. Chair John P. Rigas called the meeting to order at 7:36 a.m. in the Board Room. Committee members present were: Jacques A. Conway, Valerie J. Fisher, Dr. Ralph H. Lee (arrived at 7:45 a.m.), Sharon Patchak-Layman, and John P. Rigas. Also present were Dr. Attila J. Weninger, Superintendent; Jason Edgecombe, Assistant Superintendent for Human Resources; Cheryl L. Witham, Chief Financial Officer; Jack Lanenga, Assistant Superintendent for Operations; Nathaniel Rouse, Principal, and Gail Kalmerton, Executive Assistant/Clerk of the Board.

Visitors included Doug Wiley, Supervisor of Finance; Tim Keeley, Purchasing Coordinator; Gia Lenoir, Human Relations/Payroll Assistant; Earl Austria, Director of Technology, Robert Zummallen, Director of Buildings and Grounds; Gary Balling and Lesi Valentine of the Park District of Oak Park; Eric Penney, architect with Nagle Hartray Architects, member of the Bonestroo Team working on the Comprehensive Ridgeland Common Master Plan; and Terry Dean of the *Wednesday Journal*.

Acceptance of Finance Committee Minutes of June 17, 2008

The Finance Committee members accepted the June 17, 2008 Finance Committee Minutes, as presented.

Master Plan

Mr. Balling distributed an executive summary of the updated plans for the renovation of Ridgeland Commons, and recapped some of its highlights. He noted that all aspects of the Ridgeland Commons property had been considered, from restoring the existing structure to rebuilding it, using existing dollars and an expanded budget. There were three versions of the plan: 1) replacement, 2) enhancement, and 3) visionary, which incorporated the community's out-of-the box thinking. Things considered under the visionary plan included: stacking (a gymnasium over an ice area), underground parking, an indoor pool, etc. Because of finances, the visionary plan will not be considered and the expanded plan is now questionable.

At this point, the Park District is determining whether people will be involved financially in any plan. The passed 2005 referendum's purpose was to renew the parks and facilities, not the rebuilding of Ridgeland Commons. The Park District has \$10 million for a future capital improvement plan of Ridgeland Commons. In going forward, the Park District needs to balance its concerns and its revenue-generating capability (it is a revenue producing entity for the District). The Park District will continue talking with financial

institutions, the Oak Park Development Corporation, and financial consultants in the near future.

Factors that would affect the high school are 1) the parking structure (a key component of the plan as to how it can be utilized, e.g., adding another level, etc.); 2) the competitive pool, and 3) opportunities for a gymnasium. Turf fields would offer additional opportunities, as the Park District wants to expand its hockey services, also.

A question and answer session ensued:

Q: Why is an indoor pool not being considered?

A: The indoor pool has been deemed unaffordable by construction or management assessment.

Q: Why not make the ice rink and the pool 12-month assets?

A: An indoor pool can lose anywhere from \$50,000 to \$100,000 per year. It is more desirable to expand the indoor ice arena.

Q: Have discussions occurred with the River Forest Park District, because it does not have an indoor pool? Could they be considered residents for that use?

A: It is just too costly.

Q: In order to expand the time the pool could be used, was the installation of retractable roofs considered?

A: While that was not a discussion item, any time there is a mechanical part, there is additional maintenance.

Q: Is the Park District looking at Rheem Pool and Ridgeland Commons in tandem?

A: Yes, the Park District is deciding where it can get the most amount of use for the people.

Q: If the Park District just maintains Ridgeland Commons, will the pool remain where it is?

A: Yes. The Ridgeland Commons renovation will take about sixteen months.

Mr. Balling stated that the plan to have a larger green space by combining the Park District and high school's property would actually lessen opportunities. When doing the renovation on the west side of the building, other sites will have to be found for those sports.

Dr. Lee stated that he had been surprised by the public's list of wants, e.g., 1) the pool at various temperatures, 2) a dog park, and 3) no dog park, etc. He concluded Villagers want things that are best for everyone. He was the only one speaking, as a taxpayer, about the size of his tax bill. While no decisions had been reached at that time, it was clear that the audience favored the visionary plan. He was surprised that no one acknowledged how this would affect property tax bills. He felt the need to recruit people

with incomes higher than \$150,000 and that the Village should ask those with lesser incomes to leave. As a Board of Education member, he was concerned about the separate taxing bodies and the community deciding on a referendum as to what kind of balance it wants and can tolerate by vote. The Oak Park Council of Governments can speak about these different priorities, but the public has to do the calculation itself as to whether it can afford something. As a property taxpayer, he did not like to see his taxes increase any more than anyone else does. Dr. Lee clarified that his criticism was of the public and his intent was to give advice.

Miscellaneous

Dr. Lee referred to the calendar on the back of the Finance Committee agenda and suggested using this type of calendar in other situations, e.g., establishing District goals, etc. Dr. Weninger noted that he had asked each DLT member to produce that calendar for his/her individual areas.

Budget Format

Mr. Rigas told the Finance Committee members that a decision needed to be reached on the format of the budget, e.g., how much information do they want and how much time will it take the staff to fulfill those requests. He asked for their input.

Ms. Witham, having designed the District budget book consistent with the IASBO award-winning format, noted that some schools use this format as a strategic plan. In Minnesota, this type of document was used with the public and the media, as it answered many questions. The high school publishes this document on the website, and it can be periodically reviewed on-line, it also includes student achievement and test scores. If DLT were to use it as its annual report, there may be fewer questions from the community, as it would begin to trust the finances of the District, the Business Office, and bring a new level of respect to the high school. Her goal was to provide valuable information. She had thought it was worthwhile, but suggested that perhaps it was not the right information because of some of the Board of Education member's questions. The compilation of this document takes Ms. Witham weeks to do during the summer. Dr. Lee stated that he liked the format as is, even though he admitted to not reading every page. Mr. Rigas felt that even though the District high school good financial leadership; this document would not change anyone's mind. For him, this report was unnecessary, as he only reads the summary.

Dr. Lee believed OPRFHS has the reputation of having one of the most competent and capable financial management staff in the area of governmental agencies. He believed this type of report helped to preserve that reputation and it reminded people that the District does have an extraordinary financial management staff. Dr. Lee continued that when this information is not presented in a format similar to this, the public uses FOIAs to get the information. He felt it had long-range value and, to him, it was the most important tool for helping him to learn more about the District.

Ms. Fisher felt it was a valuable document. She concurred with Mr. Rigas as many people just wanted to know the bottom line, but she also concurred with Dr. Lee on the fact that for those who wanted a more in-depth look, this format is a very professional compilation of all of the information. She stated that the contrast between this and what the District had in the past is huge. She preferred seeing it continue in its present form.

Ms. Witham was concerned by Ms. Patchak-Layman's requests for more detail. Ms. Patchak-Layman explained that the Village of Oak Park gives more detail, e.g., categories, grants, funds, etc. All of the departments being part of this intrigued her. She acknowledged that this was the working document for the coming year. Programs are funded because they are included in the budget. To her, it was appealing to have a working plan for the District in the coming year. Having information regarding staffing, changes to programs, etc., and how they fit in with the District Goals was important to her. She agreed with Mr. Allen's desire to see the budgeting cycle start earlier. Ms. Witham added that there was a place in the budget for the goals to be inserted, but they had not been compiled as of this date. She responded that the information Ms. Patchak-Layman was requesting was included and that the format was more in-depth than the Village's budget. Mr. Rigas added that the Village prints out its budget from the computer system, showing every line item, which is the easy part; the hard part is the analysis.

Dr. Weninger saw the value of this document being:

- 1) It brings into one place all things;
- 2) Whether the public chooses to go through the budget, it is a transparent view of the District;
- 3) It is a historical record, so that if people wanted to look at specific items and track items from year to year they could do that. It is called a tentative budget but if it were to become a repository of an annual report for all areas of the District then other members of DLT and BLT would take ownership for those parts and Ms. Witham would not have to spend time on anything but the financial parts.
- 4) It provides a written explanation that the District could use.

Because the law requires to the budget to be posted on the website, Mr. Rigas suggested tracking hits on it.

Ms. Witham's mention of the fact that individual departments have used the budget or helped to write it intrigued Ms. Patchak-Layman. She also liked the idea of having an agenda on the District goals as things can be fed into it so there is transparency. Because nothing is static and this is an ever-changing world, the Board of Education needs enough knowledge and understanding of what feeds into the budget areas so that it can give further direction as to how the funds are spent. Dr. Lee asked Ms. Patchak-Layman if she supported this format. Her response was that she would add to it. Ms. Witham offered to include the goals, the School Improvement Plan, and tying in with that the Board of Education's participation and votes on particular items/proposals, etc. Some districts do

that and layout calendars so that the public knows how and when those decisions are made.

Tentative Budget

Ms. Witham provided the Finance Committee with a copy of the Tentative Budget. Discussion ensued. Because budgetary decisions are made before the goals were in place, Ms. Patchak-Layman felt the goal discussion should occur in January or February. The Board of Education could then give direction as to how 80 percent of the budget should be spent. At this point, however, outside of having a catastrophe, the budget moves along, the structure stays the same; the dollars varying only somewhat. Ms. Witham concurred as 80 percent of the budget is personnel.

Ms. Patchak-Layman, having looked through the detailed part of the budget, felt there were some areas in which the Board of Education could free up some dollars, e.g. field trips, the number of out-of-district athletic activities, i.e., bus transportation. While not large dollar amounts, they may add up to make a small difference. Ms. Witham clarified that Ms. Patchak-Layman was describing a change in programs, i.e., how the District views field trips as part of the curriculum. If the Board of Education wanted to pursue this, then different information should be brought to it so that it could make those decisions. How many sports, how many students, and whether that activity is valued, e.g., traveling to different meets, etc., would be a philosophical discussion.

Ms. Patchak-Layman noted that the SIP Grant included the African-American Outreach Coordinator and other staff. If the District feels this is an important position, then the Board of Education should find those dollars; the case made in the grant application was that this was important. Thus, the Board of Education needs to find \$350,000 for this program. She asked whether the District could postpone the acquisition of supplies (page 58).

Dr. Lee asked Ms. Patchak-Layman if she felt it was an appropriate role for the Board of Education to go through the budget to fund a function. Ms. Patchak-Layman responded that it was the staff's responsibility, because the staff has the intimate-detailed knowledge. If the staff were looking for direction, however, her priority system would be to delay the technology and to hire staff to work on reading and research, test analysis and assessment. Regarding the technology budget, Ms. Witham reported that last fiscal year budget was less because an order was received before the fiscal year began. As a result, it had to be expensed in the previous year. Thus, in that timeframe, she reduced that current year's technology budget to reflect that. That is why the budget looks as if it has increased, but it is really where it should have been originally. There had been a deferral of replacing infrastructure, routers and switches, etc.; as a result, there was instability in the building. The Technology Department must replace the infrastructure. Ms. Patchak-Layman continued to feel it could be delayed.

When Ms. Patchak-Layman reviewed the SIP Grant, she was taken by the statement, "...sustained, meaningful change for those students who would benefit from professional

development, instructional changes, and partnerships are not adequately implemented or coordinated.” She felt this was something the District should be working hard to be able to implement.” Ms. Patchak-Layman continued that if the grant were approved, the District could modify that part of the budget that pertained to the positions in the grant. She questioned items such as membership costs, legal costs, etc. that could be used to put into programming costs. Mr. Rigas was interested in reducing the District’s legal fees and hoped that people would stop suing the District. While the SIP Grant afforded the District an opportunity, Dr. Weninger stated that it was not the intention to find the money in the budget for these positions if the grant were not approved. The technology funds are needed to support the work of data assessment and student achievement in a real time way, as well as computers for students in ED classrooms and the creating of the reading lab. It is a matter of priorities; if the District does not get the grant, it will focus on other opportunities. Ms. Patchak-Layman disagreed and said that \$30,000 to \$50,000 could be set aside from Technology and directed to another purpose. She had observed that not everything budgeted was spent. Ms. Witham stated that if one spends less on computers and then uses those funds to pay salaries; those salaries would grow each year depending on CPI. This would affect the budget in the long term. The grant was not long term; it was a jumpstart activity to determine whether these positions will make a difference. Mr. Rigas added that the administration has said that this is a lower priority. The grant application was submitted for specified items; if the grant is not approved, some things will be funded and some things will not. Dr. Weninger stated that the grant was an opportunity to see the effectiveness of incorporating two reading coaches and one data coach. He did not know if this should be an ongoing cost nor was he willing to experiment with the budget.

Dr. Lee asked if Ms. Patchak-Layman was moving things having to do with reading and literature to a higher priority. Ms. Patchak-Layman felt they were high priorities. Dr. Lee felt that saying and adopting as a higher priority are two different things. He has been trying to move this to a higher priority and he has gone about it more slowly by asking for information as to the literacy skills of the students as a whole. He still does not have that information. Once that information is received, he will ask the question if more money in this area should be a higher priority. He has some of the same goals, but her approach is more difficult because it involves jumping into a specific year’s budget and tweaking it before delving into the school’s responsibility. Ms. Sharon Patchak-Layman reminded him that she was quoting from the grant where the staff has said these were important activities and she felt the money for it could be found in the budget. It is part of the School Improvement Plan and the District has a commitment to it. Grants help to crystallize one’s thinking.

No adjustments to the budget were made.

Resolution to Establish Tort Liability Fund and to Transfer Initial Fund Balance

It was the consensus of the Finance Committee members to recommend the approval of the Resolution to Establish Tort Liability Fund and to Transfer Initial Fund Balance at the regular Board of Education meeting on Thursday, August 28, 2008. The Board of

Education is required to pass a resolution to establish the new Tort Liability Fund as a separate Fund from the General Educational Fund and to approve the transfer of the fund balance to the new Tort Liability Fund. This resolution needs to be approved by the Board of Education before the fiscal year 2008-2009 budget is approved. The stated dollar amount of \$1,650,402 is the unaudited fund balance of the current Tort Fund and the resolution allows the administration to adjust the transfer, if necessary, after the fiscal 2008 audit is final.

Monthly Financial Reports and Treasurers' Report

Dr. Lee asked for an explanation as to the difference between the Treasurers' Report and the Monthly Financial Statements. Ms. Witham explained that the difference is that the monthly financial statements outline the revenue and expenditures as compared to the budget. The Treasurer's Report speaks to the cash, how much and where it is invested.

Dr. Lee reported that in the Treasurers' report from May 31, the cash balances for each fund are listed. The Education Fund's ending cash balance was \$51,713,000. The ending balance in the monthly financial statements was \$52,682,000. Ms. Witham explained that the fund balance and cash balance were not the same. The Fund balance includes inventory and excludes things such as liabilities. The difference between those two are caused by assets and liabilities, accounts receivable, inventory, insurance, etc.

Ms. Patchak-Layman asked if there were summer activity adult education. Ms. Witham responded that there was just Triton and it pays after the semester ends.

Kronos Timekeeping System

Ms. Witham reported that keeping track of time worked in many areas of the building is a large process. Thus, she explored the use of a time keeping system. While Skyward has a process for doing this, it is not good for the multiple kinds of tasks that people do for extra duty. The Kronos System is a national system with a large client base, including many schools and governmental units; it will also interface with Skyward. This is a program suitable for what the high school does and it has online, real time service. It tracks sick days, vacation, overtime, etc., all through the computers. Supervisors would only have to review information on line.

. Generally, Kronos predicts a 3 percent savings but Ms. Witham felt the District would recoup at least the cost of the software and installation. Ms. Witham reported that the District would define a grace period for people clocking in. Dr. Lee felt it would alleviate administrative time spent on this issue. He supported it and the grace period.

Ms. Witham continued that currently the school has a punch clock in the Food Service Department; personnel hand calculated the hours worked. Teachers and administrators would not clock in. Ms. Patchak-Layman felt a time clock would introduce a less professional atmosphere. Ms. Witham reported that the school must adhere to labor laws. OPRFHS pays employees a certain pay for normal hours worked and additional pay for

overtime. They have to be paid appropriately. The use of a time clock will make this process easier. Often times a B&G employee punches in and out for his/her regular job and then returns for sporting events in the evening; the District is obligated to pay overtime for that and it is difficult to track. It is the same for security personnel, clerical, etc., depending upon how many hours they work. Ms. Witham stated that it would take eighteen (18) months to implement because of the timing of the some of the contracts.

Ms. Patchak-Layman wondered if this was a discussion point in previous contracts negotiations of contract that were in effect. Ms. Witham responded, not in her tenure. The District will talk with the unions in the appropriate timeframe. Mr. Conway noted that there seems to be a large discrepancy between tracking sick time and overtime time and employees would accept this system.

Further discussion ensued regarding the savings. The representative from Kronos' stated that in a well-defined organization, the savings might be 1 percent or more. One university had a 10 percent savings. The State of Illinois has tracked all of its employees and the savings is 3 percent. Chicago Public Schools saved over \$1 million.

Ms. Patchak-Layman asked if the clocking mechanism had a negative impact on unions. She was informed that from the union perspective, it eliminates favoritism of employees; if someone is late, he/she is late. This system also tracks changes made to "time cards" and that audit reports can be run. It will also calculate a blended rate of regular pay and overtime pay. Kronos gives a school discount for the purchase of the product.

Ms. Patchak-Layman asked how this would interface with Human Resources from the payroll perspective. Ms. Witham acknowledged that it was a big component of Human Resources; a few departments were tracking their own vacation and sick time. In addition, a module will have to be purchased to interface with Skyward so that all of those employees will be able to see their times on their pay stubs.

It was the consensus of the majority of the Finance Committee members to recommend that the Board of Education approve the Kronos contract and purchase the Skyward module at its regular August Board of Education meeting.

Construction Update:

Mr. Lanenga reported the following:

- The Stadium turf had been installed in a timely manner. While the punch list indicated that there were some crooked lines, the company assured the high school that these will straighten out by themselves;
- The fence along the playing field has been completed;
- The building was power-washed;
- The stairs on Erie street were redone. The rough appearance is necessary as it helps to prevent people from slipping or falling;

- The roof above the boiler was redone;
- The alley between the Fieldhouse and the school building was redone;
- Additional keycard access to the building has been added;
- The renovation of the Daycare Center is progressing;
- A new exit as part of the fire protection program has been installed; and
- Clay traps have been added in the art rooms.

Mr. Lanenga presented slides to the Board of Education showing the significant dollars that had been saved due to its support of a variety of energy savings devices. Because OPRFHS buys its electricity from Vanguard Electric, it has saved 28 percent or \$445,000 over four years. The natural gas costs have been consistent except for the 2005-06 school year, even though prices have risen dramatically.

Typically, the high school uses 470,000 therms. In this calendar year, the usage was only 420,000. This is a huge contrast to the year where the District previously bought 900,000 therms and used all of them.

Adjournment

The Finance Committee meeting adjourned at 9:27 a.m.