

# ***Spotlight on the Board***

## **Notes from the District 15 School Board Meetings**

### **June 24th, 2009**

This was a Committee of the Whole meeting. All Board members\* were present.

*\*Board member Tim Millar entered the meeting at approximately 8:25 p.m. just before the Action Items portion of the agenda.*

#### **TIF Update**

**Reid Ottesen, Palatine Village Manager** – Gave a short PowerPoint presentation that explained what a TIF (Tax Increment Financing) is, how the village has to use TIF funds, the benefits of a TIF and the four designated TIF areas presently in the Village of Palatine. They are: Dundee Road (created in 1995 through 2018), Rand/Dundee (1997 through 2020), Downtown Palatine (1999 through 2022) and the Rand Corridor (2003 through 2026).

#### **Ottesen** – Comments made regarding Slide – ***Dundee Road TIF Obligations***

This is the Walgreens and over to the Home Depot area. By the end of this year or early 2010, the Village of Palatine would have retired all of the outstanding debt (on this area). It will take care of all of the current financial obligations that we have up in that area. If we don't do anything else, the larger TIF district is expected to retire in 2018 and the smaller (Home Depot area) one in the year 2020.

**Ottesen** – What is next for me is to undertake a comprehensive review of all of the projects in this area and look at any future needs or foreclosures we may have. One of the concerns that comes up is the empty Linens 'N Things store. That is not good for anybody. Not good from a sales tax standpoint, not good property tax wise. One of the things that the TIF district can do is to allow the Village to move forward. For example, have discussions with Target and help them expand into the adjacent Linens 'N Things store with a SuperTarget. It is higher property taxes but we can offer a reduction in property taxes with more sales tax revenue generated (for the Village). It is things like that and other infrastructure needs we have in that area. That is his due diligence period over the next year so he can advise the Palatine Village Council. There may be something else out there that the Village should consider investing in before we make any final decisions as to the disposition of the TIF district.

#### Slide – ***Impacts of Retiring the TIF District***

- *Loss of Redevelopment Tool* – He cannot speak enough of how competitive it is to get the end-users to come in and without having a TIF district to provide an incentive, it puts Palatine at a huge competitive disadvantage. It is hard to keep the businesses we have with the Cook County Sales Tax.
- *Needed Infrastructure Upgrades* – The TIF district funds can help do that.
- *Incremental Growth in Property Tax Value is by the State from the tax base when they calculate the amount of aid awarded to the school district* – If there is a TIF district, they take all of the growth from the TIF district and exclude that to say how much money the school districts should get. If we retire the TIF district, you could be hit with a \$100M reassessed evaluation. The State looks at that and gives less money to the district. So that is one advantage from a school's standpoint, if the TIF was there and we could share in the revenues.
- *Tax Cap Limit – After First Year* - Once the TIF is retired, there is new money coming in and it will be fully subject to any tax cap limitations. Who knows how that will work if we start getting into the negative CPIs (Consumer Price Index).

**Ottesen** – If the Village declared a surplus – if we were not ready to retire the TIF because we don't know what the future holds – then the county turns around and writes a check to each taxing body based upon their percentage of the property tax bill. Using the 2007 bill, District 15 was roughly 34% of the property tax bill so D15 would have roughly a \$1.25M check back. It is not going to be restricted, it is considered surplus money for allocation.

These projections (shown on PowerPoint chart) are our best estimate. We are looking conservatively at what we think will happen with the assessed evaluation. We are trying not to be too aggressive with anything right now.

It is ultimately the Village's decision. They are under no obligation to retire the TIF districts early. From his own perspective as Village Manager, he thinks the community wins if there is a way to share in the surplus (rather than retire the TIF). The taxing bodies would be getting their fair share but it keeps the protection in place. If you have an economy like we have today and if there is something we can do as a community to entice business to stay or new business to come in, then everybody wins. He thinks Palatine has a good track record of how they reinvest the (TIF) money because we significantly increased the assessed evaluation. But at the end of the day, everyone will have a lot more money than if there weren't a TIF district.

**Board President Gerald Chapman** - Going back historically, wanted to compliment the Village because before the TIF districts were implemented, the Village invited representatives from all of the taxing bodies to provide input. It was a Village decision but he thought that was helpful. As a result of that, the taxing bodies did address the issue of the length of the TIF contract. The Village was concerned that while there may be immediacy to the improvements, he thinks the assessed value has gone dramatically higher than projections. The other thing is if we do not dissolve the TIF earlier, the Village still has the opportunity to use these funds for improvements. Basically you would control the funds.

**Ottesen** - It is important to point out that any bottom line dollar goes into a fund balance of the TIF account. It can only be used for the items he highlighted earlier (in his PowerPoint presentation - not available on the district's Web site). If the money isn't used and the TIF is eventually retired, the money goes back to all of the taxing bodies. It is not Village money; we can't use it for anything else. One way or another it all ends up back in the hands of the taxing bodies.

**Board member Sue Quinn** - Regarding Ottesen's graphs where he shows the rise in EAV, it stops at 2007. Asked if he had 2008 data which would be impacted by the recession?

**Ottesen** - They do not. They usually get the preliminary numbers from the County in late July/early August and they send it out to all of the taxing bodies. If there is anything out of line, they let the County know otherwise that is the basis for which they send out the property tax bills in the fall. Hopefully within the next two months, we will have that information.

**Quinn** - Asked if that information would change the last graph that he had projecting out the distribution? **Ottesen** - We used a zero percent increase (0%). If anything, I am ultraconservative with financing. We are using a 0% increase for 2010, and then a 1 ½% increase for 2011 which is a triennial reassessment year. Then the first time you see a 3% is in 2014. He is leaving it at 5 years to hopefully get the economy back to where you see 3%. **Quinn** - Asked if he thought there was a possibility of a drop? **Ottesen** - Yes, there is a possibility. It could drop especially for school districts which are subject to the tax cap.

**Quinn** - Regarding declaring a surplus vs. a retirement (of the TIF). Some Village Councils have chosen to do a surplus and worked out something with the taxing bodies where there was a minimum that they were planning to distribute early. Would there be anything like that? Is that something the Palatine Council is considering? Is it something the taxing bodies would be involved in?

**Ottesen** - He thinks it is definitely the Council should consider. At this point, they know we are trying to finish out our debt payment. He is going to do his due diligence to see what else might be out there and report back to them with the budget. He thinks the Council is very aware of what concerns the other taxing bodies. He thinks there are some distinct advantages to keeping the TIF in place. Thinks the taxing bodies do work well together and it makes sense that they would want to have some idea of what revenue to expect in order to make long range plans.

**Quinn** – Completely agrees with what he is saying. It sounds like the next six months a lot of stuff is going to come together. You will have the EAV, you will have done your due diligence and hopefully the taxing bodies can get together and have some dialogue at the administrative level to exchange information.

**Ottesen** – We would probably start usually in October with a “joint review board”. They are required to do that by law where all of the taxing bodies are invited to it. We go through project by project, every dollar he spent on the TIF district has to be accounted for to the taxing bodies. Last year, it was decided to go to the different taxing bodies and speak to their Boards so that they would understand the options. So that next year, some agreements could be put into place.

**Quinn** – She wants to applaud the Village Council. She knows that up until very recently, it was a foregone conclusion that they would retire the TIF but then the economy happened. Quinn thinks that it is very prudent to reconsider, as he is doing, the approach to not take out that cushion for our community as a whole.

**Ottesen** – Appreciates the comments. It is better to come here to talk about whether to retire the TIF early or not vs. him saying that he would like to extend the TIF district for another five or six years.

## **Potential Budget Modifications**

**Superintendent Daniel Lukich** – Rebecca Allard is not here tonight, she is taking her last few days in the district as vacation. Therefore, he will present a few things that Allard had prepared for the meeting. (*Documents posted; see link below and reiterated by Lukich to the BOE/audience*).

[www.ccsd15.net/AboutDistrict15/BoardOfEducation/AgendaAttachments/2008-09/2009-06-24\\_COWMtqAgendaAttachments.pdf](http://www.ccsd15.net/AboutDistrict15/BoardOfEducation/AgendaAttachments/2008-09/2009-06-24_COWMtqAgendaAttachments.pdf)

**Lukich** – (*additional comments*)

**Re: 2009-10 Tentative Budget Summary by Object Category – May 27<sup>th</sup>, 2009  
(Given as comparison to show projections before CTC contract ratification)**

[www.spotlightontheboard.org/spotlight\\_pdfs/May27COW\\_budget\\_page1.pdf](http://www.spotlightontheboard.org/spotlight_pdfs/May27COW_budget_page1.pdf)

The Educational Fund will go from a deficit projection prior to the agreement with the CTC to having a surplus of nearly \$1M in one year. More important in the Operating Funds – Fund Balance Summary (modified June 15, 2009), in the long term projection through 2014, it goes from a negative Education Fund balance of \$-3.5M (2014) to a positive fund balance of almost \$10.9M (in 2014).

And again, he wants to remind everyone that these are all projections.

## **5-Year Financial Plan**

**Lukich** – (*additional comments*)

**Re: Operating Funds – Fund Balance Summary (Modified May 27, 2009) - Comparison**

[www.spotlightontheboard.org/spotlight\\_pdfs/May27COW\\_budget\\_page23.pdf](http://www.spotlightontheboard.org/spotlight_pdfs/May27COW_budget_page23.pdf)

As a hypothetical, if the BOE wanted to maintain a 25% fund balance (reserves) what might have to be done? Allard had built in the (CTC) contract percentages and then extended it out (2 additional years) with the numbers that were initially used for base salary (2.13%). Then Allard added a second section for the BOE to get a better look (at the budget) if the base was 1.45% (which is the base for the 3<sup>rd</sup> year of the new CTC contract). He thinks that the good news there is that it extends the savings in the out years totaling nearly \$6.6M adding potentially to the fund balance (reserves). That would put a fund balance at the end of the five years at \$17M/\$18M as opposed to earlier projections (-\$9.4M).

There was some discussion that this action (CTC contract) might cause consideration of a referendum. He knows in terms of discussion in Cabinet, none of them see that in the near future; the near future being three years and beyond that, who knows? It is pretty hard to project beyond the three years. Lukich thinks this is a healthier picture than some of us anticipated.

**Chapman** – These numbers can be refined with our reassessed values that will be coming in early September and of course, the impact of our tax cap.

**Lukich** – He characterizes these numbers as “*good for yesterday, not sure today and doubts tomorrow*”.

### **Expenditure Reduction Discussion**

**Lukich** – This conversation will be picked up again in July with administration and into the fall. There is a budget modification timeline and Allard had wanted to make these suggestions to the BOE with maintaining that 25% fund balance. She left a worksheet (available online). Discussions will take place based on this worksheet and the impact of budget reductions in the education, transportation (and operations and maintenance) and what might need to be done; what levels they need to look at in terms of “expenditure reduction” to maintain that 25% fund balance which seems to be a target for the Board. (*Chart of \$ reductions per fund available online.*)

**Lukich** – It is suggested that there be a \$1.5M reduction in the education fund, combined with \$250K reductions in both the O&M and Transportation funds (each year for 4 years beginning 2010/11 through 2013/14). This would total \$2M per year in reductions for 4 years, totaling \$8M. Then that would keep us on course to that 25% fund balance. And no where in there do we talk about a referendum.

**Chapman** – But keep in mind that these kinds of issues will be significantly impacted if we are careful in terms of our spending and if we can get additional revenues. The good news is that for our next fiscal year (2009/10) we are far sounder than we had hoped to be with our initial planning. Each year we will have a better picture (of where we are).

### **Preliminary Student Achievement Results**

**Zarr** – To those that are new to the Board and who may not have been here last year on June 23<sup>rd</sup> when she gave her preliminary student achievement results to the Board then, she would like to give a recap from the summer of 2008. The district and 10 schools were included in the report on that date as not meeting AYP (Adequate Yearly Progress) in Reading but all of the schools in the district made AYP in Math. But upon the data correction window and the clean up process and all of the data processing that goes on, when the final report came out – 8 schools in the district did not make AYP last year.

As a leadership team, we shared with you our cycle of what we were working on for last summer. The building principals and leadership team used and analyzed all of the data. She cannot say enough about what our building principals did in conjunction with district office staff to move this district under the restraints that we had last year. Many of you will recall that late in the fall they pulled the IMAGE test and all of the kids took the ISAT test last year. So we went from 70% from the previous year of our LEP (limited English proficient) children meeting state standards to about 39% or 40% when they pulled that test from them. The principals along with administration spent an enormous amount of time last summer coming together as a group; not only developing an improvement plan but also putting together a PowerPoint of how we get the message we want to get across to our staff and community about not making AYP. That was the first time that we ever had that many schools not make AYP. They continue to put in the hours, the extended day center that were supported through the grants and all of the extra time our principals/asst. principals spent at school when the kids were there an extra 1 ½ hours a day during the week.

**Zarr** – Our 2009 preliminary results show that we have 17 schools that made AYP in both Reading and Math. And we are not done cleaning up (the data). The State has been great to work on this, when we called they put us right through. We are still cleaning up (the data) and we have two schools hanging out there. In a couple of their subgroups they are not making AYP so the district as a whole is not at this time. We are going to do our best; we are going to look everywhere to make sure our data is pure. Again, she cannot say enough about what this leadership team has done to move this forward.

Also attached to the memo given to the BOE, is the Illinois Single Accountability System so that they understand what the steps are should our remaining two schools not make AYP. They both would move to Early Warning Status Year One. She will keep Dr. Lukich apprised of what we will be doing if that happens.

**Board member Richard Bokor** - Wanted to compliment Zarr in what they had gone through. To have only two schools and a small subset (not making AYP) is a credit to the administration, the principals, assistant principals and all of the teachers and staff.

**Zarr** – She would also like to thank our parents because when we put together the PowerPoint last summer for each of the principals to convey the message through their PTAs about that, we got tremendous support for the parents and from the parents. The kids just really benefited.

**Lukich** – He would like to say, first as an observer starting last summer as a new superintendent and someone who has watched this during the year – give credit where credit is due. From the standpoint, that it does start with district leadership. But it really goes to principals and classroom teachers because those are the people who responded to what he would call a crisis in terms of this test (ISAT). Not that the test is a single measure of the district's success but if the news was to continue as the way it was last year, it would not be joyous this evening.

This is what he has observed starting last July, what this district did is what not many would have the capacity to do. We went back to some old, good habits – learned in the late 1990s and early 2000s. All about how to address this type of situation with quality practices and policies. Not many principals could do that because quite frankly not many districts learned it. It should all be associated with those that were here back then. He observed that the principals who were in place back then and still here now knew exactly what to do based on those old habits. Doesn't think many districts in the world could do that. He would be interested to see the state-wide data and how many districts achieved this kind of turnaround in one year.

**Zarr** – She also thinks two other things are really important to point out. Not only did we regain where we were because last year the bar was 62.5%. So to not only get to that but this year it went to 70%. The bar in Illinois continues to go up 7 ½% a year.

**Chapman** – That is an excellent point, we don't want to lose that. We are not just bringing kids up to last year's standards but this year's standards.

**Zarr** - This is a deep source of pride for the entire leadership team. Very often when schools have to go outside of the regular school hours to educate the children by either extending the school day or extending the school year, they very often need to staff that with non-district personnel. In all eleven school sites that offered extended day and in all of the sites running summer programs this year, it is completely staffed in-house by District 15 teachers. That level of commitment is something you just don't see every day.

**Quinn** - Wanted to comment that she is really impressed and you know the depth of the accomplishment. She remembers when they went on their tour last year and we just got off the heels of the bad news. There was a tremendous energy in the buildings and you could see it with each of the principals and teachers. They had ideas on what they would do, homework centers were already rolling. She remembers being very excited for them because they were excited to go solve these problems. And yet, really worried because the bar was moving and knew it would be difficult. To see this kind of result is fantastic. She would like to see the comparison across the state because she doubts there is another district in the state that did this (this) year. We should be proud of it and we need to close the loop. Go back and say all of those things we did, all of those great ideas we came up with – what worked? And make sure we incorporate them.

**Board member Peggy Babcock** – And she thinks it is a testament to when you empower staff from the top down, that the sky is the limit. She applauds her for that.

## **Action Items**

### **Personnel Report**

## **Roll Call**

**Babcock** AYE, **Bloom** AYE, **Bokor** AYE, **Chapman** AYE, **Ekeberg** AYE, **Millar** ABSTAIN, **Quinn** **YES**

Approved 6:0

## **SEIU Settlement Agreement Addendum**

**Chapman** – *As we discussed at our meeting, we will move forward with our "AYES" and "NAYS" at our Roll Calls.*

## **Roll Call**

**Bloom** AYE, **Bokor** AYE, **Chapman** AYE, **Ekeberg** AYE, **Millar** AYE

**Quinn** **YES** and *I didn't agree with that* (comment by Chapman, above). *If we need to have a Board discussion about that, I think we should.* **Chapman** – *And we will.* **Babcock** AYE

Approved 7:0

## **Contract – The Chicago Education Project**

### **Roll Call**

**Bokor** AYE, **Chapman** AYE, **Ekeberg** AYE, **Millar** AYE, **Quinn** **YES**, **Babcock** AYE, **Bloom** AYE

Approved 7:0

## **Ceres Lease Approval**

**Board member Tim Millar** – He would like to recommend that we go month-to-month. As he stated at the last meeting on this topic, we do not have a handle on the real costs in regards to electrical, etc. His estimates are that they would be two to 3 times what this lease is. He would rather be prudent on that for the taxpayers. **Chapman** – He agrees and thinks that the one year contract is to give ourselves the opportunity to have some consultant look at this and give us some advice. He can't imagine that a group would want to do this on a month-to-month basis. If we don't approve it tonight, then we aren't looking at this again until August. **Millar** – Understands, his concern is that we would be losing \$40K to \$50K. **Chapman** – Understands that but if that was going to be our direction, we should have told the administration that last time. The direction we gave them was to go ahead and do a contract on a one-year basis. He is not disagreeing, doesn't have the information to know that. **Millar** – He had hoped that the administration would have had the consultant information before this meeting. **Chapman** – He did not anticipate that.

**Quinn** – She can't imagine that they would move out if we put them on a month-to-month until we get more information. Thinks the district is really in the driver's seat with this situation.

## **Roll Call**

**Chapman** AYE, **Ekeberg** AYE, **Millar** NAY, **Quinn** **NO**, **Babcock** AYE, **Bloom** **NO**, **Bokor** AYE

Approved 4:3

## **Resolution – Appointment of Authorized Agent for IMRF**

### **Roll Call**

**Ekeberg** AYE, **Millar** AYE, **Quinn** **YES**, **Babcock** AYE, **Bloom** AYE, **Bokor** AYE, **Chapman** AYE

Approved 7:0

## **Network Consortium Letter of Understanding**

### **Roll Call**

**Millar** **YES**, **Quinn** **YES**, **Babcock** AYE, **Bloom** AYE, **Bokor** AYE, **Chapman** AYE, **Ekeberg** AYE

Approved 7:0

## **Asbestos Work at Plum Grove, Hunting Ridge and Lake Louise Schools**

### **Roll Call**

**Quinn** **YES**, **Babcock** AYE, **Bloom** AYE, **Bokor** AYE, **Chapman** AYE, **Ekeberg** AYE, **Millar** AYE

Approved 7:0

## **Adjournment**

The meeting adjourned at approximately 8:40 p.m. Since an Executive Session was held prior to this meeting at 6 p.m., the Board did not enter into another Executive Session.

## **CCSD15 Summary of Board Actions and Official Minutes**

A "Summary of Board Actions" will be posted on the District 15 Web site as quickly as possible after each **Regular** Board of Education meeting, usually within two days. Official minutes of Board of Education meetings cannot be posted until after they are approved by a vote of the board at the next regular monthly meeting. Board of Education meetings are open to the public, and all board actions, with the exception of closed sessions, are considered to be public records.

[www.ccsd15.net/AboutDistrict15/BoardOfEducation/HTML/BOEMeetingDates.html](http://www.ccsd15.net/AboutDistrict15/BoardOfEducation/HTML/BOEMeetingDates.html)

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