

Life Safety Bonds – As a result of last summer’s 10-Year Health/Life Safety Survey we are obligated to correct the violations identified in all of the District’s buildings. The Board of Education approved the L/S survey in November of 2015 and the Illinois State Board of Education approved those submissions in February of 2016. Since a final decision has not been reached on the future of the current Dixon High School building we have worked with the Regional Office of Education and will be afforded more time before having to act on violations at that building.

Since the violations in the other buildings, **Reagan, Madison, Jefferson and Washington**, will need to be corrected we have begun the planning process. There were three levels identified:

A = Identified as “Urgent” violations that need to be completed within 12 months (ISBE has a narrow focus on these)

B = Identified violations that need to be completed within 5 Years (Most items fall in this category)

C = Identified violations that are recommended (May want to have on your radar going forward and site work (must have all other items corrected and then requires a special public hearing to use LS Funds)

The estimates to bring those four buildings into compliance is \$2,268,234 and since we only had \$246,523 available in the Life Safety Fund at the end of February we need to sell bonds to fund the identified projects. We have been working the District’s financial advisor, Speer Financial, and bond counsel, Chapman and Cutler, and have begun that process. We are looking at the sale of \$2.3 M of Life Safety Bonds (the amount needed plus the cost of issuance) and published a Bond Issue Notification Act Notice on April 1, 2016. We are now obligated to hold a BINA Hearing which will take place at 6:30 PM, April 20, 2016 at the regular Board of Education Meeting. The Bond Sale will take place in May with a closing around the first of June. This timetable allows us to proceed with “A” projects and meet our requirements in timely fashion.

This current bond issuance will take care of the A & B violations at Reagan/Madison, Washington and Jefferson. It will total \$2,300,000 and be wrapped around the current debt where there are no interest or principal payments until 2021 so it looks like it will not have any impact on property taxes for a few years. The more expensive projects for this summer are: roof work at Jefferson (the roofs being replaced are 1996 & 1999) and Madison (the roofs being replaced are 1985 & 1995), electrical work at Jefferson, masonry/tuck pointing at Jefferson and Washington and concrete work at the exits at Washington. There was simply no way to do the Life Safety work identified in the time required without this bond issuance. Depending on what happens going forward we may have to do this process again down the road for Dixon High School to correct the DHS violations if we are remaining in the current building.

State of Illinois- School Funding – There has been some K-12 education related news originating in Springfield since the last business report, but none of it appears as if it is good news nor good news for Dixon Unit School District #170.

Governor Bruce Rauner released numbers on April 12, 2016 showing how individual school districts would do under his Education Funding Plan as he continues to push lawmakers to approve it despite the ongoing state budget battle. He called for adding \$55 million to the state's General State Aid payments, eliminating a series of cuts from previous years known as proration and proposed \$75 million more that would be spent for Early Childhood programs.

Among the biggest winners in his general state aid numbers were \$5.9 million more for Carpentersville based CUD 300, about \$3.6 million more for Elgin Dist. 46 and \$2.2 million more for Aurora East Dist. 131 for FY 17. There were other districts which would see more than a million dollars increases, including districts in Antioch, Grayslake, Huntley, Wauconda and Waukegan. Local winners were Sterling Unit 5 gaining \$396,350, Oregon Dist. 220 receives \$224,156 more, Rock Falls HS Dist. 301 got \$113,975 additionally, Rock Falls Elem. Dist. 13 up \$59,189 and even Byron Dist. 226 gets a bump of \$17,861.

Dixon USD #170 would lose (\$100,899) along with Rochelle Elem. down (\$179,855), Amboy Dist. 272 gets (\$14,254) less and Rochelle HS Dist. 212 loses (\$3,964). The biggest loser, however, was Chicago Public Schools which would lose over (\$74M). That alone would be a substantial mountain to scale in passing this proposal due to the sheer number of legislators which represent the state's largest city, let alone the fact that Speaker Madigan controls what moves on in the House and Senate President John Cullerton presides over the other body.

Later that day the Governor and the four legislative leaders, Senate President Cullerton (D – 6, Chicago), Senate Minority Leader Christine Radogno (R – 41, Lemont), House Speaker Madigan (D – 22, Chicago) and House Minority Leader Jim Durkin (R – 82, Western Springs), met for the first time this year in an attempt to resolve the state's budget impasse that is in its 10th month, but no one spoke publicly at the conclusion of the meeting which only lasted a little over an hour. The governor's office said later he had no comment about what transpired. Comments were made elsewhere later that day at other events by Governor and Speaker Madigan and there was little reason to think the impasse is any closer to ending.

In a speech earlier that day to business leaders gathered for Illinois Employer Action Day in Springfield, the Governor reiterated that his "Turnaround Agenda" must be part of any budget solution. "I can never and will never support a tax hike without significant reforms," the Governor said. "I won't do it. Period. End of story." His agenda has called for term limits, purchasing reform, controls on lawsuits, workers' compensation reform and curtailing collective bargaining. The Democrats have continually criticized the Governor's proposals anti-union, bad for the working middle class and contend that they aren't budget related. Following this saga reminds me a lot of the 1993 Bill Murray/Andie MacDowell movie, "Groundhog Day," but without the Sonny and Cher "I Got You Babe" song playing every morning!

Food Service Renewal FY 17 - Last year the District went out for bids for a provider for the food service operation for the 2015/2016 school year and Arbor Management was our only bidder even

though a number of vendors possessed the bid specifications. The Illinois State Board of Education allows up to four renewals before the District is obligated to re-bid its food service contract. Since the District has had a long relationship with Arbor and since they have done an admirable job this past year I recommend following the ISBE renewal guidelines and extending the contract with Arbor for the 2016/2017 school year.

As had been discussed the last few years, the District is in need of increasing its lunch prices over time or risk having to cover the difference with revenues other than the Federal funds being provided. Although we increased the lunch prices \$0.10 last year (to \$2.50 elementary/\$2.55 middle and high school) the target we previously needed was \$2.70. In essence, without striving to reach the required price of \$2.70, which has continued to increase over time and will now be \$2.78, we may be required to divert other local funds currently used for instruction toward the food service operation per the above mentioned legislation. It is suggested, based on the Equity in School Pricing guidelines, that we increase lunch pricing by \$0.10/student lunch (\$2.60 elementary/\$2.65 middle/high school) and \$0.10/adult meal (\$3.05). We have been informed that we will be experiencing an ISBE Food Service Audit as part of their current five year cycle early next month and meal rates as they apply to the Equity in School Pricing will be part of that process.

Renewal information will be included in the Board materials for the food service renewal for FY 17 with Arbor Management, Inc. at the April 20, 2016 Board meeting.