

LNSU/LN MUUSD Finance/Bond/Budget Committee Review

October 15, 2018

Committee Members in Attendance: Mark Nielsen, Angela Lamell, Laura Miller, Sue Prescott, Lisa Barry

Others Present: Deb Clark, Dylan Laflam, Melinda Mascolino

Minute Taker: Sue Trainor

Call to Order, Approval of Agenda and Public Comment: Nielsen called the meeting to order at 6:00 p.m. Prescott made a motion, seconded by Barry, to approve the agenda. The motion passed unanimously. There were no public comments.

Routine Business: Consent Agenda Items

Minutes of September 17, 2018: Miller made a motion, seconded by Lamell, to approve the minutes. The motion passed unanimously.

Update on Open Bonds: Clark reported that financially there were no significant changes. Laflam reported that the Johnson HVAC project had been completed and the walkthrough for a sign-off on the project would take place on Thursday. The only project left on that bond was paving the walkways and Laflam stated there wasn't much money left of the bond to spend. The Eden parking lot had been completed and all other items on the bond list had been closed out except for insulation. Laflam was trying to determine why that item was on the list because they currently exceeded energy code. After the second storage shed was placed on the property, there was approximately \$60,000 remaining in that bond. The Hyde Park bond still had money remaining as they were withholding final payment from the contractor pending a walkthrough.

Update on Gymnasium/Auditorium/Cafeteria Project: Laflam informed the Committee that he had reviewed the costs of the potential bond items. He noted that the gym roof had almost no insulation and was past its useful lifespan. Overhauling the floors, bleachers, replacing the roof and adding insulation, HVAC, lighting, replacing all the doors because they weren't ADA compliant, fixing storage issues, adding new score boards, divider curtains, backboards, and painting would cost approximately \$1,024,650. Work on the stage would cost approximately \$49,000. The lighting and the ceiling in the kitchen needed to be worked on and that would cost approximately \$163,000. Parking lot improvements consisting of a shim coat and topcoat would cost \$575,000. Those four items, including contingencies, would total approximately \$1,811,650. Some of the estimates could be reduced. For example, Danaher would be at the school next week to cut a hole in the stage floor. The \$49,000 estimate included new framing infrastructure and that may not have to be done depending on Danaher's review.

Laflam then outlined the proposed bond schedule if the work were to begin in June 2019. The schedule was very tight and he reminded the Committee that the project could be postponed until 2020. October to November 16th would be the preliminary design and engineer estimates. On November 19th the Finance Committee would be able to review that information. The full Board would review and possibly approve the proposed bond and then schedule a bond vote at the November 26th meeting. The bond vote would then need to take place in January. Following the required waiting period, a bid could go out in early March. Laflam noted he would prefer going to bid in late February. Construction could then begin on June 1st and run through October 31, 2019.

Clark reported they would miss the winter loan pool from the bond bank. She noted that at today's rate the scheduled payment for a \$1 million 30-year loan would be \$51,020, with \$21,000 of that being principal. Because the loan money would come from the summer loan pool, the first payment would be in FY2020. The last Lamoille bond payment would take place in December 2019 and the first gym

bond payment would occur in January of 2020. Barry asked whether they had a better chance of getting the bond passed if it was voted on alongside the budget or as a separate bond vote. Nielsen stated four years ago the cost to improve the gym was \$600,000. In four years that number had almost doubled. The Board could continue to put the work off and let things fall apart, however, costs would continue to rise. The work needed to be done. Lamell noted if the bond vote took place in March the work would have to wait until summer of 2020.

Prescott asked if some of the smaller projects could be done before 2020 if the bond vote passed. Laflam stated some items could be done. However, larger contractors preferred to manage the entire project. If necessary, the cafeteria and auditorium work could be managed by Laflam. Clark was unclear if they could borrow funds in July and wait until the following June to spend the money. She would follow up with M. Frederick. Miller asked about the paving, as she thought this would be a capital project. The estimated cost was for a shim coat and topcoat. That cost would double if the district had to do a complete removal of the pavement.

In response to a question from Miller about other projects, Laflam stated he would be coming to the Committee about a capital reserve expenditure for HVAC at the high school. He estimated that could cost approximately \$40,000 to \$50,000. He noted they would not be adding air conditioning at the high school.

Prescott discussed the benefits of having a bond vote in January when basketball and holiday events were taking place at the gym. Barry thought January was too soon for a vote. Information wouldn't be available for voters to review until the first part of December. In reviewing whether a March vote could take place, Laflam noted they would have to wait to do anything 30 days following a vote and then another 30 days for bid documents to be prepared and 30 days for contractors to review the bids. This timing would be difficult for the general contractors.

Laflam reported the design engineering costs for the bond work hadn't been budgeted for. Estimates for that work was \$30,000. Laflam asked the Committee to support the use of capital reserve funds for the design engineering to get the gym project to bond. Prescott asked if the funds would come from the LNSU capital reserve. Clark stated the funds would come from 058B, the union school. Miller asked why some of the bond items weren't coming out of available capital funds. Laflam explained that some projects could be paid for, but there was a five-year plan already in place for these funds. Clark informed the Committee that the high school had \$261,000 in capital reserve without any surplus being rolled into it. Nielsen recommended spending \$30,000 of the capital reserve on design engineering work.

The Committee then discussed when to have the bond vote. Lamell stated she believed construction would have to wait until next year. Laflam stated a decision should be made in the next month as to when work could be done. He suggested requesting all the documents and estimates from the architect and engineers by December 19th. The bond vote could be in March, with bids submitted in November and construction the following summer. The Committee agreed with the bond vote taking place in March.

Laflam stated he would continue to review the costs of the projects for potential decreases. Committee members stated they would prefer a \$1.5 million bond. Miller was concerned about the paving costs, considering it was half the cost of the gymnasium rehabilitation. Nielsen stated he would provide an update at the next Board meeting.

Update on Space Use Analysis: Laflam stated there had not been an official district-wide space use analysis done. He noted that it was clear that Eden was busting at the seams. An architect could be

hired to perform an analysis if the Committee wanted that done. Eden currently had no music or art classrooms. Mascolino stated that the gym was occupied on Tuesdays and Thursdays by music, PT, a salad bar, and reading activities. The PT worked either in the foyer or in the gym. The art teacher had issues with storage space for the art supplies. Mascolino reported the student body was up this year, with 22 students in several classrooms. Students who were removed from the classroom for extra instruction were receiving instruction in the hallway.

Mascolino asked if the district-wide review would look at the idea of moving students to another school. She noted Hyde Park was only ten minutes away and it made sense for some students or an entire classroom to go there. Laflam noted that Eden had \$150,000 in capital reserve. They had discussed adding a small addition to the building but determined they didn't have enough funds for that. Laflam said the idea of mobile classrooms had been discussed but he didn't particularly like that idea. Miller suggested music and art classes could take place in a mobile classroom. In response to a question, Laflam stated the mobile classroom would cost between \$50,000 and \$100,000 with some infrastructure work required. Nielsen and Miller noted that the population of Eden was currently increasing but could decrease in five years.

Laflam stated he could get an estimate for a firm to perform a district-wide space analysis. Clark stated that firm could also review future population projections. Clark would contact M. Frederick for ideas on firms that could perform this work. Laflam thought the analysis would take three months.

Review Finance Reports: Clark reported that the budgets were flush but it was very early in the year.

Review Preliminary FY2020 Budget Figures: Clark discussed the LNSU assessment expenditures. The assessment expenditures were proposed to increase 3.37%, which were all salaries, wages and benefits. While negotiations were still taking place, an estimated increase in salaries and wages had been applied. VEHI was requesting an 11.9% increase in health care premiums, but Clark was hoping it would be reduced to 10%. Debt service and special education costs were not included in the preliminary budget yet.

Following questions, Clark stated she would follow up on figures reported in Hyde Park's health line item, as well as the significant decreases in non-personnel costs. It was noted that maintenance costs were included in the non-personnel line item. However, costs associated with maintenance personnel would be increasing in FY20, as Laflam was adding back overtime costs for Saturday and Sunday that had been cut from this year's budget. People in the community had been upset that staff was not available to assist with shoveling and salting at events on the weekend. The community also hadn't realized this would be the case for all of the district schools. In response to a question from Prescott, Laflam stated there was one more year of by-laws before fee schedules can be suggested. The Committee discussed the pros and cons of charging for events.

Clark reported there was a tentative date for the first budget presentation to the Board on November 26th. The next scheduled Committee meeting was November 12th. The last possible date for the MUUSD to adopt the budget was January 14th. The Committee decided to meet again on November 5th to review the proposed budget.

Laflam stated he would be updating the budgeted numbers for capital projects before the next Committee meeting. IT had been working with all the administrators and the numbers were in line with the five-year plan. Laflam stated that new security cameras had been removed from the bond, as the desire for 100% coverage in all common and outdoor spaces could not be accommodated. Clark stated there would have to be a structured plan over the next few years to replace the cameras.

Other Business: Prescott made a motion, seconded by Miller, to enter into Executive Session to discuss transportation. The motion passed unanimously and the Committee entered into Executive Session at 7:33 p.m. The Committee came out of Executive Session at 7:43 p.m.

Adjourn: Prescott made a motion, seconded by Miller to adjourn the meeting at 7:43 p.m. The motion passed unanimously.