

**LNSU/LNMUUSD Finance and Capital Committee
Minutes of Meeting
November 22, 2021**

Committee Members Present: Mark Stebbins, Lisa Barry, Laura Miller, Patty Hayford, Angela Lamell, Sue Prescott, Mark Nielsen

Others Present: David Whitcomb, Deb Clark, Dylan Laflam, Brian Pena

Minute Taker: Sue Trainor

Call to Order, Approval of Agenda and Public Comment: Stebbins called the meeting to order at 7:01 p.m. Miller made a motion, seconded by Lamell, to approve the agenda. The motion passed unanimously. There was no public in attendance.

Consent Agenda Items - Minutes of the October 18, 2021 Finance and Capital Committee Meeting: These minutes were already approved at the School Board meeting.

Update on Air Quality Issues at Belvidere Central School: Laflam reported that the estimate to clean and restore the Belvidere Central School building was \$52,340. The dumpster fee was estimated to be \$2,500. The estimate to rebuild all ceilings and soft structures was \$10,000. The total cost to bring Belvidere Central School back online from the mold issue was \$64,840. Because the mold was not a result of a leak and was more a result of being unoccupied, there was no precedent for an insurance claim.

Laflam stated they had a 10,000 square foot building, which if it had been used this year would have seen three pre-school students using it. Other than that it was unoccupied. One option for the building was to close the building, set the heat to 50 degrees and check the building once a month. Before doing that, Laflam would need to check with the Red Cross, because it was a certified Red Cross shelter. Another option was to bring the building back online and determine a good way to use the building. The third option would be to give the building back to the town or sell it. This would remove the building from the District's list of assets and liability. It would take ten to twelve weeks to remediate the building.

Hayford asked if they would need to continue to plow the area. Laflam stated they would plow an access road to the generator but they wouldn't plow all the parking lots, which they do now. This would cut the plowing contract from \$9,000 to \$3,500. Miller asked if the Hardwick program could be moved to Belvidere. Laflam stated the LNMUUSD owned the buildings that the Forestry Program used. It was possible but it would require a fair amount of update. Miller was concerned about giving the building back to the town and then finding out later that the District could use the building for something else. Further, she suggested putting out feelers to other organizations to see if they could use the building. Miller stated the building needed to be fixed so that it was usable for whoever ended up with the building.

Clark agreed it needed to be fixed. Currently there was \$43,000 in facilities funds. The question for Clark was whether the building would continue to be used. Keeping it going directly impacted the elementary school cost per student threshold and it would be great if more students used the building. Laflam stated that Waterville did not have the space to sustain a preschool program. That was part of the reason that Belvidere was opened. Miller suggested there might be a private preschool that would be interested in using the building. Laflam said the building was far enough away from all the District services that it became cost prohibitive.

Laflam stated if the Board were to approve the remediation it would be February or March before the building could be occupied. He noted that the Belvidere public library was also housed in the building and he would need to get approval from the town to remove the library materials. Miller then asked if

COVID funds could be used. Clark replied that the building had been closed prior to COVID and the small number of students would make it difficult. She could check with the state. Laflam then reminded the Committee that \$60,000 had been spent on the heating system this summer.

Stebbins suggested that getting approval to remediate the building was the first step. Discussing what to do with the building afterwards could follow. The Committee agreed to take the issue to the full Board.

Update on Air Quality Issues at LNSU Central Office: Laflam stated that Central Office was not adequate and the air quality was the main issue. Any time they tried to address the issue they would hit the threshold of renovating 25% of the building which meant the entire building needed to be brought up to code. Improving the HVAC system would automatically require the District to bring the building up to ADA codes. This would mean adding an elevator and grading the driveway. Because the elevator couldn't be housed inside the building, a small addition would need to be built for the mechanicals. That along with the HVAC would cost at least \$750,000.

Many options had been discussed over the years. Laflam stated that he had been speaking with MSI recently about the PH Edwards building in Hyde Park. To lease 5,000 square feet, which was basically half of the first floor, the square foot annual cost would be \$13.65. This was \$5,600 a month or \$68,000 a year. All of Central Office could be housed there. There would be no construction costs. MSI would build it as the District wanted it. There would be no pest control costs, preventative maintenance costs or salt or sanding costs, saving approximately \$8,300.

Clark noted that LNSU paid the high school about \$8,400 in rent. One question would be what they would do with the Central Office building if they were to move out. She informed the Committee that both toilets in the building had failed today.

Hayford asked about parking at the MSI building. Laflam stated that MSI was anticipating building a new 40 parking space lot to accommodate all the businesses that they owned. Staff would park in the parking lot behind the building, which would leave approximately nine spots in front of the building for visitors.

The current Central Office building could be used for climate controlled/cold storage. Unlike the Belvidere building, the Central Office building was close to Johnson Elementary, Lamoille Union and Hyde Park Elementary. That could help with some of the storage issues at these campuses. Another idea would be to keep transportation at Central Office.

Prescott asked when the space would be available. She was in favor of looking at this because the Board had talked about Central Office for years. Laflam stated that once MSI received the approval from the District it would take eighteen months. In the meantime, the District would have to move in more air filters for that period of time. This wasn't sustainable but he thought they could make it work for that long. Clark stated the risk now was that the Central Office was not ADA compliant. Prescott wondered if they could place staff in other buildings in the community for those eighteen months.

Prescott thought the Finance Committee should look first at whether they should move forward with the PH Edwards building and then have a separate discussion about what could be done in the meantime so that the Central Office personnel were in an environmentally sound location. Stebbins agreed that the discussion was about trying to find a new home and he thought the MSI building was a great option. Stebbins also thought that eighteen months was not an acceptable amount of time to stay in the current building. They would need to find an intermediate step if they decided to go with the MSI building.

Barry asked how much could be done remotely during that period of time. Clark stated a lot of things could be done remotely, but it wasn't ideal. In the past they managed it because it was a state of emergency. When work was being done remotely there were a great deal of documents that were being passed along as a PDF, resulting in piles of documents. However, there was the option of sharing office space on separate days. Laflam stated it was limited, but there were a few classrooms available at the high school. He was going to review the inventory. He also noted that if the occupancy could be reduced it would help with the carbon dioxide issue. A partially remote schedule could help with the air quality issue.

Stebbins stated it seemed that the Committee was interested in doing something. Prescott stated she wanted to bring this to the full Board. Laflam stated he was going to talk with MSI again, but at this time the annual cost would be \$68,000, with a ten-year lease and a 3% increase each year. Laflam noted that MSI would love to use Tech Center electrical, HVAC, and construction students. The only catch was that the current Central Office was built by construction trades and it was built using residential standards. There was a large difference between residential and commercial construction. Clark stated they had looked at building a new office and the cost would be over \$1 million to build to code. Laflam explained they had looked at Cricket Hill as well and the construction costs there would be over \$2 million.

Laflam informed the Committee that with MSI there would be no ongoing costs. If they were to build a new \$2 million office they would still have to pay for repairs, preventative maintenance, etc. Prescott asked for the estimated cost of running Central Office. Laflam said many of the costs were buried in the high school budget but he would review and provide the last few years of budget information. Clark stated the approximate number was \$33,500 a year. Lamell said that after ten years the annual lease cost would be \$91,000.

Lamell stated that more concrete numbers were needed on the cost over the ten years. The Committee members supported the idea of Laflam bringing numbers to the next Board meeting and a recommendation on what would be best. Laflam would prefer to deal with the short-term situation after the long-term project was finalized and the Committee agreed.

FY2023 Budget – First Review: Clark stated they had not received anything from the State. Once information was provided, there were some places in the budget that could be cut if necessary. There was also an updated tax sheet to review the assessment depending on the rent conversation. The numbers that the Committee had been provided included all the expected salary and wage changes. They were just going into negotiations but all the anticipated increases had been entered for health increases. Teacher salaries were finalized for 2023 and included as well. As it stood and if nothing were to change, they were looking at a 7.233% increase, or \$72 on a \$100,000 home.

In response to a question, Clark stated that she did not expect to have any firm information until they received the December 1st letter from the State. Nielsen said he would prefer to wait for that information.

Prescott asked for information on the increase in expenses. Clark reported that at the LNSU the general education expense was projected to be a 3.86% cumulative increase. Special education expenses were down 5%. At the MUUSD the elementary expenses were up 5.23% and the secondary expenses were up 3.16%. Clark stated that Brad James from the State had reached out to school business managers earlier and it appeared that everyone was coming at a 5% or 6% increase in education spending. The District's educational spending tentative increase was 8.23% at the elementary level and 4.39% at the secondary level.

This would be the first year they would utilize bond debt when calculating the threshold. With the Hyde Park principal payment coming online for 2023, they now needed to deduct that debt payment

every year from the threshold. A lot of the elementary increase of 8.23% was from the start of the Hyde Park bond principal payments. This had been anticipated.

Clark reported that as the Committee moved forward on the rental conversation they should know there was a surplus at the Supervisory Union of \$779,000. The \$415,000 applied in FY21 had not been used and kept increasing. Some of that money could be reserved to help soften the impact of the \$70,000 rent increase in the first year and they could continue to do that for about three or four years. Clark explained that central offices generally didn't reserve funds but this would be an allowable use.

Prescott stated that the 8.23% increase for the MUUSD elementary included putting surplus money in the budget and it seemed like a large amount to be looking at for next year. It was not something she would endorse. Clark reported that the elementary level had \$378,000 available and she had put \$264,000 into the budget. The secondary level had \$562,000 estimated surplus and she had applied \$400,000 to the budget.

The estimated special education block grant was higher in 2023 but it wasn't clear about the paras at the local sites and whether the local sites would receive special education funding. The weighting study had not been determined yet.

Stebbins asked what the significant driver was to the 8.23% increase. Clark said the Hyde Park bond was the biggest, at \$380,000. Compensation and benefits was coming in at \$370,000. As far as increases, Laflam stated the Facilities budget was experiencing hefty increases in the areas of custodial supplies, property insurance, and preventative maintenance.

Other Business: Clark stated there was \$60,000 in interest left over from the Hyde Park bond. Laflam would be doing the case work on the building. Board pay would be distributed this week for the March through November period. Clark then noted that there had been some concern about this Committee's large number of members. There were now 9 members and it could be difficult to get a quorum.

Laflam informed the Committee that last week an employee had looked into the access pit that the heat lines ran through from the high school boiler room into Green Mountain Tech and found a foot of glycol water mix in the bottom of the pit. The heating lines were excavated and they discovered that all of the lines that run from one building to the other were rusted out. Therefore, currently there was no heat in the Tech Center. They had a temporary fix so that students could return after the Thanksgiving break. The high school/middle school was fine. Those lines were going to have to be replaced in their entirety from one building to the other. The only viable option was welded stainless steel pipe. This would result in a capital reserve request. It was an emergency repair and he would not be doing bids because they couldn't afford to wait. Laflam estimated the cost to be approximately \$50,000 to \$60,000. In response to a comment, Laflam explained that the current lines were black iron and had been installed in 1995. Stainless steel had a minimum of a 50-year lifespan.

Adjourn: Nielsen made a motion, seconded by Miller, to adjourn the meeting at 8:12 p.m.