

LNSU/LNEMUUSD FINANCE & CAPITAL COMMITTEE MEETING  
MONDAY, NOVEMBER 7, 2022  
JOHNSON ELEMENTARY SCHOOL LIBRARY

Board members present: Mark Stebbins, Bart Bezio, Angela Lamell, Lisa Barry, Sue Prescott  
Others: Deb Clark, Dylan Laflam, Brian Pena, Rene Thibault

**Note: All votes taken are unanimous unless otherwise noted.**

**1. *Call to Order, Approval of Agenda and Public Comment***

M. Stebbins called the meeting to order at 6:07.

D. Clark asked to add an agenda item on the email migration project.

**A. Lamell moved to approve the agenda as presented with the addition of Email Migration Project after FY24 Budget Timeline, L. Barry seconded and the motion was passed.**

No members of the public were present.

**2. *Consent Agenda Items***

There were no consent agenda items.

**3. *Central Office Building***

D. Laflam shared a document with information on 3 options being considered for a new central office location – purchase of McClelland Hall from Northern Vermont University, new construction on Cricket Hill Road, and leasing – as well as a list of other large projects we might want to include if we were going to bond. There is a fourth option he just learned about. A company is combining with another company and will be selling its 6000 sq. ft. building located near the Hyde Park VFW. D. Laflam went to look at the building. This option has the lowest up-front cost but the building would need substantial renovations.

**S. Prescott moved to enter executive session to discuss a potential real estate purchase because premature public knowledge of some of the information to be discussed could put the district at a substantial disadvantage, with D. Clark, D. Laflam and B. Pena invited to remain, B. Bezio seconded, the motion was passed and the board entered executive session at 6:10.** The board came out of executive session at 6:26.

D. Laflam said, regarding the question of what we would do with the old building, he thinks we would turn it into cold storage. The district is very short on storage so that would fill a need.

D. Laflam said utility costs are one thing to think about. McClelland Hall would have annual utility costs of about \$43K. Utility costs for a newly constructed building would be about \$10K and costs for a rented space would be about \$12K. There was no way for him to accurately estimate maintenance costs for McClelland Hall but it is 18,000 sq. ft. so costs will be about three times as high as the other options, since maintenance costs are based on square footage. Annual costs would be higher with McClelland Hall. It could be worth the expense if the building meets programming needs but not if it is going to be half empty.

L. Barry asked if there are times that the district has to rent space to hold meetings, etc. D. Clark said we tend to use the GMTCC Community Education Center for that. D. Laflam said we do not have to rent meeting space, but we could definitely use additional space.

L. Barry said it will take time before NVU is able to make McClelland Hall available. Has the option of a short-term lease been discussed with them? D. Laflam said they have said leasing is not an option but he has not pushed them on that. They are creating an RFP for all the buildings they intend to sell. They want to know what a potential buyer's intended purpose is and how it will better the community. He doesn't think it is formally on the market yet. L. Barry said she thinks it could be helpful for us to be able to use the building during the process of getting ready to sell it – not necessarily moving all of central office but maybe having a couple of departments working there so the number of people in the central office building could be decreased. D. Clark said central office staff have been talking about a system of rotating days to decrease the number of people in the building.

D. Laflam asked what would need to be done to provide IT infrastructure there. B. Pena said he would need to talk to Consolidated and figure out putting in new fiber. D. Clark said she thinks they would want to separate it from other college buildings first. If we talked to them they probably would work with us. The wild card for them is the bond. D. Laflam said that is a wild card for us too, because we don't know if it would pass.

B. Bezio said it is a lot of space. He thinks we would have to be clear about how we would intend to use the space. There would be high fixed costs. L. Barry said she thinks McClelland Hall has so much potential for the district. S. Prescott said we don't want to be a landlord. L. Barry said there is never enough rooms in schools to hold meetings, etc. Mark said CES is running out of space. D. Laflam said JES could use additional space for their afterschool program.

M. Stebbins said he thinks B. Bezio is right that we would have to have lined up exactly what we wanted to do with the building and have selling points. People will ask, what about the Belvidere school? D. Clark said it is valuable to be located close to the campus. Others said Belvidere is very isolated. D. Laflam said Waterville has no room to expand but there is potential for them to use the Belvidere school if they need additional space. He doesn't think Belvidere is a viable central office option. It would need a full renovation. It is not built at all for offices. B. Bezio said it would be harder to attract administrative staff if that was where they had to work.

D. Clark said she doesn't know that NVU would let us walk in unless they knew the bond had passed because they know we do not have the capital to pay for McClelland Hall. The building has incredible potential. We could have a self-contained early childhood education program for the tech center there, as well as central office and a lot of meeting space. She doesn't know whether we would lease out space or not. Being a landlord is not the worst thing, especially if we are already using the building, but we are having a hard enough time now with maintenance of the buildings we have. Hopefully in a few years the environment will change and people will be coming back to work. M. Stebbins said he likes the location of McClelland Hall better than the current central office location. It is more centrally located within the district.

D. Clark said another option is a 5-year lease. We could look at a whole complex with a track, an athletic facility and a childcare center facility for the tech center, which could also provide

childcare for employees. She thinks the state will be pushing hard for tech centers to run child-care programs. A construction project might cost around \$10 million.

D. Clark said she thinks if the board is thinking of an investment and a bond, we need time to get designers and engineers involved to really develop it. The 5-year lease option won't be available for 18 months. In the meantime, we need to figure out a schedule that will mean fewer people in the central office building.

D. Laflam said the issue is that there is no ventilation at central office so there is too much carbon monoxide. When we looked into the possibility of doing something to improve ventilation we realized that would be enough of a change to trigger a requirement to bring the whole building up to code. The footprint for the elevator would have to be expanded and hallways would have to be widened. We would actually lose office space as a result.

The area across the road from the current central office building was originally intended for a new central office but there is a utility company right of way for transmission lines in the space and we can't build under transmission lines. We started to look at leasing because there is no existing infrastructure in the area further up the road where we are talking about building. With leasing there is no upfront cost but also no equity. His suggestion is that if we are looking at a long-term solution we lock in the longest-term lease possible right now. D. Clark said the only downside of a 5-year lease is that at the end of the 5 years we have to renegotiate the lease.

The committee reviewed the list of projects that could be added onto a bond. L. Barry noted that they are only for the high school, middle school and tech center. What about the other buildings? D. Clark said the other schools have all recently had bonds. D. Laflam said if we were bonding for both elementary and secondary schools we would have to have two separate votes. All secondary principals are pushing for air conditioning. Other possible projects include roofs and sidewalks. The high school has had some additions but the original parts have never been renovated so there would need to be a lot of asbestos abatement.

A. Lamell said she prefers either purchase or new construction to leasing. She thinks the voters would rather see their money going into something other than a lease. She knows leasing is less expensive on paper for 20 years but in the long run it won't be less expensive.

D. Laflam said McClelland Hall is a brick block building that is very well built. It doesn't need to be painted. Wood construction usually has more maintenance costs.

D. Laflam said it was hard to get information about whether other districts are leasing space and what they are paying, but he knows there are other districts that lease central office space.

M. Stebbins asked about the timeline for being able to inhabit a newly constructed building. D. Clark and D. Laflam said 3-4 years. M. Stebbins asked, so the programming we want to couple with this couldn't even get off the ground for 4 years? D. Laflam said he thinks the process to start a new tech center program would take a couple of years anyway.

D. Laflam said one nice thing about new construction is that we can incorporate preschool, locker rooms, a track, and indoor bathrooms. D. Clark said we have heard from students how valuable a proper track and field would be.

S. Prescott said the utility costs for McClelland concern her. D. Laflam said the utility cost figures he came up with are average utility costs. If we build new we can think about high performance buildings, which pay for themselves over time in reduced utility costs and greater longevity. B. Bezio said he is leaning towards building something on Cricket Hill.

M. Stebbins asked if new construction costs are unpredictable enough that 2 or 3 years from now the number could have doubled. D. Laflam said costs could be either higher or lower in 3 years.

D. Clark said we could look at doing the same thing we did with the Hyde Park construction, deferring payments until some current debt comes off the books.

Committee members agreed not to recommend the lease option.

L. Barry said she is leaning towards McClelland Hall rather than starting from scratch on a new building not knowing how much it will cost. A new building will not have extra space; we will build only what we need. McClelland Hall has extra space that could be used for other things. She understands utility costs are a concern but we can do things to offset some of that. D. Laflam said we can probably cut some cost with insulation.

B. Bezio asked if we would not consider leasing just for 5 years to bridge the gap. M. Stebbins said he thinks that complicates everything. D. Clark said it would actually be for 6.5 years because it would be 18 months before we could access the space. L. Barry said it would mean another move. A. Lamell said she doesn't know if she is for McClelland or new construction but she knows she is not for leasing. D. Clark and D. Laflam said they think workable options can be found for central office employees until there is a permanent solution.

S. Prescott said she has reservations about McClelland Hall. It has high ceilings and all the heat will go to the ceiling.

D. Laflam said he will vet the other purchase option further. A. Lamell said there is no extra space there. It has the exact amount of space we currently need.

Committee members talked about coming up with a list or table of pros and cons for the different options. D. Clark said she and D. Laflam can do that.

#### **4. PCB Testing and Work per State Legislation**

D. Laflam said Act 74 requires that any school built before 1980 has to be tested for PCBs, HPES, LUHS, CES and JES have to be tested. HPES is scheduled for testing in January-March of 2023, LUHS will be tested July-September 2023, CES will be tested October-December 2023 and JES will be tested October-December 2024. He is not really concerned with HPES because it had a full gut rehab. He thinks CES has had pretty comprehensive gut rehab renovations but there is one area he is not sure about. He thinks the old portion of JES has been fairly completed renovated. He more concerned about LUHS. Large portions were built at the time when PCBs

were used a lot. He sees a lot of the things that can indicate PCBs may be present. Right now we are being told the state will cover the first round of testing but we have to pay for any mitigation or follow-up testing. (*S. Prescott left at 7:20.*)

**5. *Data Assessment Tool Update***

D. Clark said the data assessment results are not coming together neatly and are not ready for public dissemination. There will be a rough draft for the LNSU-LNMUUSD board to see next Monday. The question she thinks everyone was most interested in was what teachers need to feel supported in the classroom. She is not sure that was asked to all teachers so we will send out a one-question survey to all teachers asking what they would need to feel supported in the classroom.

**6. *CEC Audio Visual Project Update***

B. Pena said the audio visual project is planned to take place in summer 2023. L. Barry asked if there will be a mike system. B. Pena said yes. There will be an overhead array, as well as some floor-stand mikes for the public and some handheld mikes. The project is grant-funded.

**7. *Email Migration Project***

Brian said as part of centralization we are looking at email domain consolidation. Currently LNSMUUSD schools all have different email domains. The plan is to bring them all under Insd.org. That provides for more efficient control and management. The plan is to also bring Cambridge under Insd but still keep ces.vt.net as their email. D. Clark said before she started work here, Marilyn Frederick bought Insd.org in anticipation of a merger. We started the process of moving to Insd.org emails but it stopped with LNSU employees because there were so many people with concerns. We are now running into communication problems on the broadcast level in the MUUSD because of all the different domains. There is not even a uniform format for email addresses. It is time to bring them all in. Because Cambridge is not part of the MUUSD, they will retain their current email addresses. Behind the scenes they will still be part of the Insd.org domain.

M. Stebbins asked, if Cambridge merges with the MUUSD in the future, will we have to pay again to have the Cambridge email addresses changed? He questioned leaving them the same just for appearances. L. Barry said people trying to contact someone at Cambridge might not know that Cambridge email addresses aren't Insd.org like the rest of LNSU.

B. Pena said our goal would be to do this next fiscal year. We will have emails to the old addresses forwarded for one year.

L. Barry asked, what about students? B. Pena said students will come over to Insd. D. Clark said they will be able to keep the same email address from elementary school through high school.

B. Pena said if everyone were under one domain, cloud services would be simpler and less expensive. Committee members pointed out that if Cambridge used the Insd domain then CES students would also be able to keep the same email address all through school. M. Stebbins asked if IT is a centralized service. D. Clark and B. Pena said yes. B. Pena works at the LNSU level. Each school has a coordinator. M. Stebbins said if the Cambridge email domain is changed people may think that the IT function has been newly consolidated, when really nothing will have moved. Committee members agreed that from a student perspective it makes sense to use the same domain for all students. M. Stebbins said he will ask his board about it.

B. Pena said he is asking to use \$33,970 in capital funds to cover the cost of the email migration project. We have only found one company that has the ability and willingness to do the migration.

**L. Barry moved to recommend to the LNSU/LNMUUSD board that use of \$33,970 in capital funds be authorized for the email migration project, A. Lamell seconded and the motion was passed.**

M. Stebbins asked what kind of discussions there have been with other schools about changing domains. B. Pena said there has been a lot of support and requests for a uniform domain. D. Clark and B. Pena said they have not yet talked to teachers about the upcoming change. Administrators are aware of it. P. Pena said he plans to put out an FAQ about it, explaining that all files will be migrated.

**8. *FY24 Budget Timeline***

D. Clark said budgets are due and she will start compiling them. She could probably have high level numbers for this group for November 21. Does the committee want to see those numbers before having equalized pupil numbers and the tax letter from the state, which should be received December 1? The committee agreed not to meet November 21. D. Clark said the LNSU/LNSMUUSD board will be asked to change its schedule to meet on December 5 and December 19. A meeting could also be held on December 12 if needed.

A new part of the budget building process will be a community forum to talk about challenges facing school districts. D. Clark listed some things that are going to pressure budgets. A 12.5% increase in premiums has been requested for healthcare. Property taxes are expected to jump due to the volume of damage from Hurricane Ian. Dental insurance costs are going up a little. If the state decides to continue universal meals that may affect the education tax rate. Act 127 will be more of an issue for FY25. It is about reconsidering all of education funding and possibly looking at basing it on income rather than property tax. This was the first year of the block grant and we should have some meaningful feedback to help with budgeting for next year. We are going to hit the ESSER cliff to some extent in FY24 but for FY25 there will need to be a big conversation about what we will do with initiatives currently paid for by ESSER funds. We need to spend all ESSER funds by September 2024 or lose the money. She doesn't know that Carson vs. Makin, regarding public funding of religious schools, directly affects us because we are not choice, but it could drive some numbers statewide. General inflation is a factor. We don't know where salaries and wages will land. We don't know what will happen with fuel costs.

D. Laflam said we have some shortfalls in this year's budget. D. Clark said we have surpluses coming out of FY22. The question is whether we reserve some of that with the expectation that this year has shortfalls because we budgeted based on where we were in FY22. We are having shortfalls in certain areas. We are having difficulty hiring people. B. Bezio asked if we budget for vacant positions. D. Clark said yes. We roll over any position that is active but vacant. D. Laflam said we had shortfalls for utilities. D. Clark said Hyde Park's utilities have gone through the roof. A. Lamell asked what is happening with the lawsuit. D. Clark said we were told we would have to get our own lawyer. She doesn't think we should hire one; she thinks we should just see what happens with the other complainants.

M. Stebbins asked, this committee will see budget numbers on December 5? D. Clark said yes. M. Stebbins said the LNSU/LNMUUSD board will see them right after the committee does. Revised numbers can come back to the board on December 19 and if the FCC wants to review the budget before that there can be a committee meeting on December 12.

M. Stebbins asked about how the community forums will work. D. Clark said C. Gallagher will work with the community advisory group on the forums. We will offer a light meal and kids will be welcome. It is not a budget presentation. It is an opportunity for people to hear the challenges facing the school districts, voice concerns and ask questions.

L. Barry said she feels like we will need to meet on December 12. She would rather discuss the budget then than just have an hour to discuss it before the LNSU/LNMUUSD budget meeting. M. Stebbins said the committee will see the budget for an hour on December 5 and will probably ask for some changes. D. Clark said she would like the requests for changes to be broad, not focused on details – more like giving a percentage or amount of money to reduce by, perhaps asking that reductions not be in certain areas like instruction. M. Stebbins agreed. He thinks the MUUSD is big enough that the committee can't focus on details.

D. Laflam said facilities has been doing nothing but bare-bones preventative maintenance. We are in a band-aid atmosphere. That is not sustainable.

L. Barry said she doesn't think we are going to be able to have a big increase in our budget, with what people are having to pay. D. Clark said the only thing that might help is that when the state does their yield calculation, inflation may raise the yield.

D. Clark said the LNMUUSD budget needs to be approved anywhere from January 16 to January 19. The annual meeting is February 20 and the informational meeting is February 27.

M. Stebbins said when the committee meets on December 5 and gets a first look at the budget then we can decide whether to meet on December 12.

**9. Adjourn**

**It was moved and seconded to adjourn at 8:05 and the motion was passed.**

*Minutes submitted by Donna Griffiths*