

# LYME-OLD LYME SCHOOLS

*Regional School District #18*

*A Private School Experience*



*in a Public School Setting*

## **Special Board of Education Meeting**

March 15, 2023

*Board Present:* Steven Wilson, Chair; Mary Powell St. Louis, Vice Chair; Christopher Staab, Treasurer; Suzanne Thompson, Secretary; Laura Dean-Frazier; Jason Kemp; Jennifer Miller (Remote); Martha Shoemaker

*Absent by Previous Arrangement:* Anna James

*Administration Present:* Ian Neviaser, Superintendent of Schools

*Others Present:* Alan Sheiness, Chair of Lyme Board of Finance

The meeting was called to order at 6:31 p.m. The Pledge of Allegiance was recited.

1. **Approval of Architectural Firm and Owner's Representative for the PreK-8 Building Project**  
The Board reviewed the fee proposal from Silver Petrucelli + Associates, the firm recommended by the Building Committee for architectural and engineering services for the PreK-8 Building Project.

Mr. Neviaser reported on the Building Committee's interviews of two architectural firms with the committee unanimously recommending moving forward with Silver Petrucelli + Associates. Mr. Neviaser cited the reasoning behind this selection. Mr. Neviaser noted that although their bid was higher than the other firm, Petrucelli is willing to provide credits for work already done.

Follow-up discussion included questions on Silver Petrucelli's experience working with other school districts; their knowledge of disability/accessibility needs; and having sufficient staff to handle this project. Mrs. Dean-Frazier volunteered to attend meetings and provide input on disability/accessibility needs that might be overlooked.

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MOTION: Mr. Kemp made a motion, which was seconded by Mrs. Dean-Frazier, to award Silver Petrucelli + Associates a contract for architectural services for the PreK-8 Building Project.

VOTE: the Board voted unanimously in favor of the motion.

Mr. Neviasher reported that after interviewing two firms for the owner's representative for the PreK-8 Building Project, it was the opinion of the Building Committee to not recommend moving forward with this at this time. The committee felt that this position overlapped with the construction manager position, which is the next step in the hiring process. They felt it best to wait and decide if an owner's representative was needed in the future or possibly only on a limited basis. Mr. Wilson and Dr. Powell St. Louis, Chair and Vice Chair of the PreK-8 Building Committee, concurred that the owner's representative was just another layer and expense and did not add value to the project.

## 2. Movement of Capital Projects to the Undesignated Fund

### **Background Information:**

*At the Board's January 25, 2023 meeting, Mr. Neviasher presented an overall budget summary which reflected the Board's request to remove the proposed capital projects from the operating budget to the undesignated fund, thus reducing the percent increase of the 2023-2024 budget from 2.91% to 2.01%.*

*The capital projects for funding movement include:*

<i>Upgrade to Middle School auditorium sound</i>	<i>\$150,000.</i>
<i>Repairs to main campus water tank</i>	<i>\$51,000.</i>
<i>High School irrigation expansion</i>	<i>\$42,500.</i>
<i>High School middle field bleachers</i>	<i>\$40,000.</i>
<i>Lyme School basketball court</i>	<i><u>\$30,000.</u></i>
	<i>\$313,500.</i>

*The Board reviewed this decision again at their March 1, 2023 meeting as there were some Community Leadership/Boards of Finance members who indicated that they believed this was not the best budgeting decision. The Board deferred this decision on March 1 so they could glean more information and advice from town leadership.*

Mr. Neviasher reported that he met with the Community Leadership group on March 3, and Tim Griswold, Old Lyme First Selectman, and Alan Sheiness, Lyme Board of Finance Chair, supported funding these capital projects in the operating budget.

Alan Sheiness was present at the meeting and provided his reasoning why he believed the capital projects should be included in the 2023-2024 operating budget vs. being funded from the reserve/undesignated fund. He comments are summarized below.

- It is not good budgeting discipline to completely zero out a line item that ordinarily occurs year in and year out by charging the whole category to a reserve, particularly a reserve that is reasonably

expected to be needed in the future for items of a different nature (i.e., very large or unexpected or non-recurring items).

- If the 2023-2024 capital projects are charged to a reserve, then the growth percentage increase will be even more severe in the following year because approximately \$400k in 2024-2025 capital will be compared to zero in capital in 2023-2024.
- Notwithstanding the above pressure, the overall Region 18 budget will already see multiple years of large increases due to the debt service for the PK-8 project. Budgeting for the capital as normal will avoid an additional 'grow-over' problem in 2024-2025.
- The Finance & Facilities Committee is already aware of a potential 'bubble' of capital requirements in the coming years, driven by paving needs and a possible need to redo a storage building. These selected projects might more readily qualify for funding from the reserve. Depleting the reserve for what are ordinary, recurring capital items in 2023-2024 could jeopardize the ability to support these 'bubble' projects in the future, depending on the availability of surpluses to replenish the reserve.
- The towns are necessarily as sensitive to 'give-backs' as they are to increases in the gross budget. The bottom line for the towns' planning and mill rates is the bottom line of the budget, net of give-backs. To the extent that unnecessarily depleting the reserve in 2023-2024 is offset by future funding from surpluses that would otherwise have become give-backs to the town, using the reserve now to zero out items that are already supported by the current mill rates is a zero-sum game.

Mr. Sheiness also explained how the swing in population (student enrollment) is planned for and that the Board has to look at the front and back end of the budget. The reserve fund should be used for true needs, not to reduce the operating budget.

Mr. Wilson concurred with Mr. Sheiness' reasoning, and he advised the Board to read the policy on the undesignated fund.

Mr. Staab questioned whether they should reduce the budget somewhere else to keep the budget at a 2.0-2.5% increase, a percentage that the towns support.

Mr. Neviasser reported that the usage of the undesignated fund in the past has been for funding the track, turf field, windows and roofs. Mr. Neviasser discussed how difficult it will be to have 2.0-2.5% budget increases in future budget years, as debt service alone in 2024-2025 is at 7% in addition to contractual obligations.

Mr. Staab recommended accounting for the refunds, grants, etc., that are normally received as revenue each year and budgeting net vs. gross. Mr. Neviasser reported on how this revenue has been used to contribute to the undesignated fund in prior years.

Mr. Sheiness reviewed the “impact to towns” page in the budget book and explained how these refunds to the towns reduce the net billings to towns and is something the towns are anticipating. Mr. Neviasher further explained that the district’s percent increase is not a direct correlation to the towns. The Town of Old Lyme actually had an increase of 2.1% last year when the district had a negative budget.

Ms. Miller gave a history of how these capital items got moved to the undesignated fund. She asked for guidance on whether the returns to the towns is a constant that the Board should keep in mind every budgeting year. Mr. Sheiness recommended that the Board, while controlling the top line, look at the back end (refunding surplus) as well. Mr. Staab noted that there is always the option of giving back to the towns vs. putting 2% of the surplus into the undesignated fund.

The Board discussed whether to remain status quo on the 2.01% budget that was approved, whether to move the capital projects back into the operating budget, and/or whether to find cuts elsewhere to keep the budget in the 2.5% range.

It was noted that without the new debt service, this would be another negative budget. Mr. Neviasher cited good budgeting practices currently in place: average budget increase of between .3% and .5% over the last five years; taking on \$885,000 in debt service next year; savings in health and heating costs; and constant monitoring of staffing needs.

MOTION: Mr. Kemp made a motion, which was seconded by Mrs. Shoemaker, to move the capital expenditures, with the exception of the turf field bleachers, out of the undesignated fund and into the 2023-2024 operating budget changing the percent increase from 2.01% to 2.91%.

VOTE: the Board voted in favor of the motion with the exception of Dr. Powell St. Louis who voted against. Motion passed with vote of seven in favor and one opposed.

Mr. Staab asked if there was Board consensus to look at reducing the 2.91% increase by making cuts elsewhere. Mr. Neviasher advised against this as this would cause them to use grant funding which would be a risk to a contribution to the undesignated fund and a surplus to the towns.

The majority of the Board voiced support for moving forward with the 2.91% increase with the use of efficiencies throughout the year.

### 3. Student Discipline Matter

Mr. Staab made a motion, which was seconded by Mrs. Shoemaker, to move into executive session for the purpose of discussing a student discipline matter at 7:44 p.m.

The Board of Education reconvened into open session at 7:48 p.m.

MOTION: Mrs. Shoemaker made a motion, which was seconded by Mr. Kemp, to approve the stipulated agreement for Student B as presented.

VOTE: the Board voted unanimously in favor of the motion.

The special meeting adjourned at 7:49 p.m. upon a motion by Mr. Kemp and a second by Mr. Staab.

Respectfully Submitted,

Suzanne Thompson, Secretary