

The Regional School District 13 Board of Education Finance Committee met in special session on Monday, February 22, 2021 at 6:00 PM remotely.

Committee members present: Mrs. Geraci, Mr. Irish, Mr. Moore, Mrs. Neubig, Mrs. Opalacz and Mr. Stone

Administration present: Dr. Schuch, Superintendent of Schools

Committee members absent: Mrs. Lowry

Board members present: Dr. Taylor

Guests present: Mr. Cowan and Mrs. Olszewski

Mrs. Geraci called the meeting to order at 6:00 PM.

Pledge of Allegiance

The Pledge of Allegiance was recited.

Public Comment

None.

Approval of Agenda

Mrs. Opalacz made a motion, seconded by Mr. Irish, to approve the agenda, as presented.

In favor of approving the agenda: Mrs. Geraci, Mr. Irish, Mr. Moore, Mrs. Neubig, Mrs. Opalacz and Mr. Stone. Motion passed unanimously.

Approval of Minutes - February 25, 2020

Mr. Irish made a motion, seconded by Mr. Moore, to approve the minutes of the February 25, 2020 meeting, as presented.

In favor of approving the minutes from the February 25, 2020 meeting, as presented: Mrs. Geraci, Mr. Irish, Mrs. Lowry, Mr. Moore, Mrs. Neubig, Mrs. Opalacz and Mr. Stone. Motion passed.

Mrs. Geraci asked for everyone to introduce themselves.

Review of the 2021-2022 Budget

Mrs. Geraci explained that the board has not started going through each section of the budget and this is a proposal. She will set up another meeting for the committee to review the final budget near the end of March, early April.

Mrs. Neubig noted that she is giving the same presentation that was given to the board on February 10th. She explained that the fund balance is a big factor in balancing the budget this year. To address this, expenditures were kept very close to status quo, while honoring contractual agreements and health insurance increases, which are not exceed 19.5 percent. The budget for health insurance is currently at 16.5 percent, as the renewal rate may come down to that percentage.

The total gross budget came in at a negative .93 percent, with salaries budgeted at 96.5 percent. Salaries have been running over budget this year which was at 95 percent, however, may normalize by the end of the year.

The net budget has increased 3.66 percent. She pointed out that the budget is not going up because expenditures went up, but is simply because the fund balance has decreased. Mrs. Neubig reviewed that \$2 million had been applied to this year's budget, leaving \$384,000 in the fund balance for next year's budget.

Major budget drivers, besides the fund balance, were salaries which include a 2-3 percent increase, health insurance and district-wide capital needs. Mrs. Neubig pointed out that the capital reserve has been budgeted at the maximum allowable. The decreases include a reduction in debt service of over \$600,000. This is due to projects being delayed due to other ongoing district projects resulting in a decrease in debt service for the 21-22 year, however increasing for 22-23, but at half the amount. Also in the proposal is a decrease of three full-time employees based on class sizes and enrollment. They continue to negotiate fair contracts with district spending in mind. The energy conservation project is almost complete and they are starting to see a savings on the utility bills. The district buys supplies and fuel through consortiums and uses grant funds whenever possible.

Mrs. Neubig then reviewed debt service and showed a steady decline until the debt is retired in 2025-2026. She went on to review the budget history and reiterated that the proposed budget is considerably higher than last year due to fund balance. Looking at per pupil expenses, 2019-2020 was \$22,012 per student with an enrollment of 1,526. She is estimating 2020-2021 to be \$22,712 per student with the enrollment projected to drop from 1,526 to 1,479. The per pupil expenditure is expected to go up again with the next two budgets.

Moving on to the town allocation, Mrs. Neubig explained that it is based on the net budget. The governor has released his ECS numbers and they have not changed from this year. With the proposed budget, the net increase is \$1 million for Durham and \$262,000 for Middlefield. There was an enrollment switch from 66.26 to 66.74 for Durham and 33.74 to 33.26 for Middlefield.

Mrs. Opalacz asked if Mrs. Neubig had said that they have significantly overrun the budget this year and Mrs. Neubig explained that she was referring to salaries. They had been budgeted at 95 percent and they are running over in that account only. A surplus is expected in other line items this year. COVID grant money helped out quite a bit along with a concentrated effort to keep expenditures down. She also noted that field trips and some sporting events were not able to happen. Mrs. Neubig feels that the surplus could be in the neighborhood of \$500,000, but a number of situations could arise to change that number. It is not a dependable number at this point in the year.

Mrs. Opalacz asked what additional funding the district received and Mrs. Neubig explained that they received \$420,000 with another \$194,000 that they have to apply for. Mrs. Opalacz asked why the per pupil cost is so much higher than the rest of the state. Mrs. Neubig stated that it comes down to expenditures. The more expenditures the district has and the fewer students, the higher the per pupil expense. Students are lost across the board, so it isn't as easy as cutting a teacher at one grade level. She also noted that it is crucial to make a decision about Lyman because the per pupil expense continues to increase with the current configuration.

Mr. Irish asked about capital needs and the fact that the district is limited to just 1 percent of their budget. He asked if that was likely to go up at all so that the capital reserve could increase. Mrs. Neubig stated that the board had discussed that issue with John-Michael Parker and she hopes that there is some action to let the regional districts have 2 percent. However, that is not included in the governor's recommended budget.

Mr. Irish suggested Mrs. Neubig add dotted line bars to the debt service chart representing future expectations. They are looking at two bonding issues, one being the realignment of the schools from zero to \$4 million and the other being the demolition of Korn School from zero to \$1 million. Mrs. Neubig agreed that is a good tool for planning purposes, however this graph represents what has been approved and how it affects the budget each year. Mr. Moore reminded everyone that they had been trying to maintain a debt service of \$1.5 million in the budget and he felt that showing potential bonding would be a great idea.

Dr. Taylor commented that as debt service falls off and the margin widens, the district will run into increasing problems to get back to the full debt service of \$1.5 million. He believes they should get some things bonded to address the ongoing issues. Mrs. Neubig added that if the 2% cap passes that will certainly help the district to reduce bonding needs, however it will increase the budget.

Mrs. Neubig added that the full board will begin reviewing the budget details on Wednesday, starting with salaries, benefits, purchased services and buildings and grounds.

Review of 10-year cost projections

Dr. Schuch reviewed that the initial decision to reconfigure grade levels and close John Lyman was made in January, 2019. However, the authority to close the school was not granted by referendum and they would need to get permission from the towns to do that. Dr. Schuch explained that the longer the decision remains out there, there are capital needs at John Lyman that need to be addressed if it is going to remain open. On January 21st, the Utilization Committee asked for a budget analysis related to the school operations.

Dr. Schuch stated that they looked at three different scenarios and out 10 years, beginning with July, 2022 which would be the first practical date that they could move away from using John Lyman. The first scenario is to continue with the current operating configuration, the second is the reconfiguration that had been adopted two years ago by the board and the third would be alternate reconfigurations. In scenario 2, the planned reconfiguration, John Lyman would come offline, PK-2 would be at Brewster, 3-5 at Memorial, 6-8 at Strong and 9-12 at Cuginchaug as they exist today.

Dr. Schuch explained that he and Mrs. Neubig met with all of the administration in late January and developed two other scenarios. Scenario 3A would be PK-1 at Brewster, 2-4 at Memorial, 5-7 at Strong and 8-12 at Cuginchaug. This scenario does not require any expansion at Brewster School and represents a cost savings. Dr. Schuch has learned that there is significant state reimbursement for capital projects, but part of that requires that the district has considered all available space. They do feel that, with the declining enrollment, it would be very difficult to justify an expansion of any building when there is existing capacity elsewhere.

Scenario 3B would be the same as 3A, with the exception of putting PK at the high school. The facilities at the high school are pretty conducive to that. Principals and other administration feel like both of those scenarios are viably educationally.

Looking at expenditure comparisons, it would make sense to consider capital expenses, operational expenses and staffing. They also built in a 3 percent rate of inflation and did not include any savings from staff reductions due to declining enrollment as that would apply to all scenarios.

Dr. Schuch reviewed that scenario 1 would be significantly more costly than 2 and 3 simply because it would be five campuses vs. four, but also because there are significant capital expenditures necessary at John Lyman. Scenario 2 would also be most costly than either of the scenario 3 options because of the Brewster expansion. The greatest delta is between scenario 1 and any of the others.

Dr. Schuch then reviewed a chart showing impact on mill rates for each town. He felt that this would be information that voters would want to consider regarding the impact of either keeping the school open or closing it. Mrs. Neubig explained that she had also included scenarios for not being able to sell the Lyman building, both 2C and 3C. This would include about \$80,000 per year to mothball the building. She added that there is approximately \$2.8 million in emergent capital needs at Lyman and \$4.4 to \$4.5 million over 10 years. Scenario 3B includes funding for bathrooms and possibly playground equipment at the high school. Mrs. Neubig reminded everyone that these numbers do not account for any other external factors.

Mrs. Geraci asked Dr. Taylor if they were going to continue to discuss this at the Utilization meeting on Thursday and he felt that they would be talking about this until something is actually done. Both Korn School and this issue are on the agenda.

Mrs. Opalacz asked where this all actually stands in the process right now as they seem to have been talking about this last year as well. Dr. Taylor stated that the most recent discussions in Utilization have been around whether they should go to referendum for closing the school in May or in November. They have also discussed public relations and how to get people to understand the consequences and budgetary implications. Mr. Moore added that they have not yet talked about revising the charter to allow the Board to close a school. Mrs. Opalacz felt that information should start being transmitted that speaks to the cost savings involved.

Mr. Irish asked how the process will proceed if they do not revise the charter and how the vote will work. Dr. Taylor felt that there were a lot of uncertainty from a legal aspect about how the vote will work, either in plurality or town-by-town. He felt that it may ultimately have to be on a town-by-town approval which could bring other issues into play. They have also had some discussion about how to frame the referendum question and the statutes dictate that a referendum has to be a yes/no vote.

Mr. Irish also commented that mothballing expenses look to be somewhere between \$800,000 and \$1 million a year. Mrs. Neubig clarified that is for the full ten years and that mothballing is \$80,000 a year. Scenario C does not include sale of the building which the others do, at \$100,000. The numbers Mr. Irish was looking at are the 10-year costs.

Mrs. Opalacz also asked to confirm the related debt service and Mrs. Neubig explained that they would be hoping for 53 percent reimbursement from the state for the Brewster expansion. Scenario 1 does not have

that, but does include \$4 million for capital needs at Lyman. Mrs. Opalacz asked when the programs merge. Dr. Schuch explained that the one-program philosophy was voted on two years ago and a lot of what was positive in the integrated day program is being embedded into the entire district. Dr. Schuch does feel that the district would want to market that, but they should market the obvious financial differences first. There are too many pressing issues at Lyman to leave this undecided.

Dr. Taylor added that what is not necessarily reflected in these plans were prior board discussions about additional builds on Brewster to accommodate for assemblies. He added that enrollment numbers are becoming more stable and even increasing in the elementary schools, but there are very rapid declines projected at the high school, going from 490 students last year to 310 students in 2028/29. The classrooms that had been suggested at Brewster were very tight and that is something that needs to be considered. Moving kids to the high school would allow the district to not have to add additional classrooms in the future as well.

Mrs. Neubig added that Silver Petrucelli did a quote for eight classrooms, a cafeteria and a kitchen for the district which was \$8.3 million before reimbursement. That price would be a little lower if they were only look for six classrooms. She noted that she could get an updated quote, if the committee would like one.

Mr. Irish asked what scenario that quote would match and Mrs. Neubig explained that she did not have that information available but she thought they were only considering the six classrooms and no cafeteria or kitchen. Silver Petrucelli offered the other option as a result of the district thinking they may need more space for assemblies. Mrs. Neubig felt that the original quote for six classrooms was somewhere around \$4.2 million before reimbursement.

Dr. Taylor added that the curriculum is proposed to change next year, with every elementary school having the same grade configurations and no multi-grade classrooms. There would really be no more school choice, but more just building choice, and the Board of Education made a change to their policy with regard to that. Mr. Irish stated that he had received a question about building choice being available for PK and that explanation will help. He also felt that when selling whatever scenario is decided upon, some very explicit language should be included about the curriculum and programs being unified. Mr. Irish would hope that that could be made clear in advance of the financial decision. Dr. Taylor completely agreed and felt it was a large part of the decision.

Mrs. Geraci added that Tina Olszewski was present tonight and will be appointed to the committee at the board meeting on Wednesday. Both Mrs. Olszewski and Mr. Stone introduced themselves.

Public Comment

None.

Adjournment

Mr. Moore made a motion, seconded by Mr. Irish, to adjourn the meeting.

In favor of adjourning the meeting: Mrs. Geraci, Mr. Irish, Mr. Moore, Mrs. Neubig, Mrs. Opalacz, and Mr. Stone. Motion passed unanimously.

The meeting was adjourned at 7:07 PM.

Respectfully submitted,

Debi Waz

Debi Waz
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