

Finance Committee Remote Meeting Minutes

Wednesday, June 10, 2020 @ 6:00 PM

Attendees: Al Howland, Brian Cisneros, James Morse, Michael Williams, Sue Caswell

Visitors: Jim Rozycki

Al Howland welcomed everyone to the June 10th Finance Committee meeting and asked the committee if they minded that they adjust the agenda to put item #III – Review of Board Questions after item # IV. Facilities – end of year funding considerations to three instead of four. All agreed.

Al stated that he would like to begin with the first item on the agenda by having Jim Rozycki report out on his CIP Project Update.

Jim R. referred everyone to the list that is in their back up and stated that they are seeing a savings due to COVID-19, and that contractors have asked to start projects earlier than expected. The only project that will be starting next week is the HS parking lot as they did not want to interrupt the scheduled graduation this Friday.

Jim Morse asked that Jim R read the list of information in case the listeners do not have the back up in front of them.

Jim R explained that the HS parking lot/tennis court project is coming in at a savings of \$5K.

The Moharimet Roof renovation is also coming in significantly under budget by about \$60K due to the timeframe initially used to collect bids was 8 months ago and always try to use the higher estimate.

The Server Room A/C's are also at a savings of approximately \$35K due to A/C use in some areas have not been needed or may not need to be replaced.

The ORHS Junior Core walls are roughly \$5K under budget and the work with Bauen Construction is scheduled to begin the week of June 22.

The ORHS cracked flooring don't have a specific number as to where we are at because I have already bought the product and Junior core flooring will come in on budget and the anticipated start time is July 27.

The Mast Way flooring is almost finished and came in at a savings of approximately \$8K.

Jim Morse asked if it was safe to say that the overall savings is about \$110K. Jim R said that he has \$104,867 right now. Use this with caution.

The Finance Committee asked questions pertaining to Mast Way and Moharimet server rooms being a dedicated location and when they would be replaced for these two locations. Jim R. explained that at MOH it will be done next week and at Mast Way he already has it quoted and a purchase order and the work can be done anytime over the summer. Jim Morse asked if the \$64K was for all of the Moharimet and Mast Way replacement. Jim R confirmed that the \$64K includes the replacement for Moharimet & Mast Way, the high school is already completed.

Michael Williams stated that the savings might be different as the estimate for the high school flooring was for \$13K and not the \$27K listed and that the amount was reversed. Jim R. clarified that he was correct and that he will revise the backup information.

Jim R did add that in terms of the parking lot, we got such a good deal and if we were to delay this project a year or two we would have seen a significant increase.

Brian Cisneros asked if the area will be utilized for student parking until the new tennis courts are installed.

Jim Morse stated that the cleared parking area will not be used for student parking, but for MS staff who's parking spaces have been lost due to the construction. He also again acknowledges the work that the Town of Durham has done to help out the District with parking, including the parking they installed along Coe Drive.

There were no additional questions.

Al moved forward to the next agenda item to discuss and asked Sue Caswell to explain her summary of expenditure balances.

Jim Morse asked if it would be possible to have Jim Rozycki continue his report out on the End of Year CIP Funding considerations so that he would not have to wait until the end of the listed agenda items. All Agreed.

Jim R. explained that this is the wish list that he provides to Sue at the end of every year and that he did his best to prioritize the list by need as he sees it.

The SAU generator is the only District building that does not have a backup system when the power goes out. The \$14K cost is the right way to go for this system.

The HS chairs are an item that has been put on and taken off several times, the condition of the current chairs is bad and there are also not enough chairs for all of the students. Both Suzanne and I have campaigned hard for replacements. If approved these would go along way in not only replacing chairs that are old but would also be an asset if the MPR and cafeteria were needed to be used in the coming school year for student break out or overflow.

The door replacements for Mast Way are highly used and wearing out, these replacements were part of the Homeland Security and Lee PD recommendation for replacement. The high school Gym doors are really beat and worn. These will need to be replaced next year either way. Also, the high school gym floor re-sanding is a time sensitive project to complete with possible FY20 funds.

The interior door at Moharimet is currently solid and should be replaced with a door with glass for safety issues so that there is a visual of the hallway. The exterior clock sign at Moharimet can be replaced with a sign with the new logo. The flooring in the East and West wing and "Y" section of the bear are all in need of replacement. The parking lot, road around back of school and area where modular was placed all need resurfacing, as well as a generator enclosure fence.

The last item is the fire alarm system at the high school. He pointed out that it is not broken and there are no issues with it. We want to upgrade the system to a non-proprietary panel and components and also includes an IP based dialer.

Sue asked how much is just the device? Jim R. stated \$3K.

Additional discussion surrounding this system.

Al stated that the Board received this list at their last meeting, and it is also on the next agenda. It was suggested that Jim R. and Suzanne present pictures of the current chairs and the proposed ones along with a brief summary of why new chairs are needed and make a presentation to the Board. Also suggested was that Jim R get in touch with the Moharimet PTO with a suggestion that the sign could be a gift from the class of 2028.

Brian suggested that as additional back up for the Board, he should provide pictures of the existing and proposed chairs for a visual.

Michael stated that there are several door replacements on the list and asked if they were all the same vendors and if they are priced individually or as a group. Jim R answered that they are priced individually. Michael also asked what the plan improvements were for the parking lot at Moharimet?

Jim R explained that he wanted to resurface the whole parking lot, also the road that runs around the back of the property, and where the modular was is developing sink holes.

Al believes that we will need to also take a look at the CIP Budget for the FY21-22.

Additional discussion surrounding the CIP Budget, timeline for spending for current year clarified, and discussion surrounding chairs now.

Michael Williams asked if we needed to make a recommendation to the School Board or are we just providing the information as backup for the next meeting?

Brian asked if the Finance Committee should at the next Board meeting, after our review, recommend the HS Chairs be purchased using this year's budget.

Jim R. stated that he will provide a slide presentation at the next Board meeting.

There was a brief discussion and no additional questions. Jim R. left the meeting at 6:30 PM

Al know asked Sue to review the 5-year expense balance trends.

Sue explained that this comparison is what the balances are as of June 30th of each year, with the exception of the current year as we have not reached that point yet. She also stated that she should have looked at the retirement incentives for the year(s) that we had one and included that as well, as that may have impacted the balances. She informed the committee that she can still do that if they want.

Al asked that if we approve a retirement incentive that would need to come out of the fund balance next year.

Sue explained that it can come out of either year, but if she knows what that number is, and she can cover it, she tries to take it out of the current year. She also stated that when she looked at the budget today in terms of fund balance, it will probably be more than the \$750K.

Jim M for the finance committee, would like to have a better estimate.

Al stated that means the 24th. Sue stated yes.

Michael noted that Salaries and Benefits runs 78-80% of the total budget. These balances look more consistent than with operations.

Jim M gave some examples of costs for these swings.

Scenarios on Revenue

Sue provided the committee with back up if increased adequacy goes away. She used the current proposed budget for FY22 without adding anything which general fund budget, the warrant articles for bond and for the Teachers equaling \$47,326,181. Then added in Warrant Article for the teachers of \$771,534 and then added in the Bond \$750,000 plus \$625,000, but Tim is rechecking this. I also asked for new schedules from the Bond Bank. Sue also clarified that the Board voted for Level Debt not Level Principal. The only thing I added for the revenue was \$150,000 for Barrington Tuition. In terms of Adequacy I took out \$421,277 from Lee and \$237,411 from Madbury which they will receive this year. She did not touch the assessed value. She also provided this form in an excel format for the finance committee to use.

Jim M. suggested that Sue provide 5 years of information and think of this document as a working document.

Al hopes that we will be able to determine where the state is as we move forward.

Jim stated that he spoke with Todd Selig and he has their fund amount but is unsure what the numbers are for Lee and Madbury, he also stated that the school district funds are tied to our Title I funds, which are not large.

Michael asked for clarification surrounding the Bi-annual state budget and where the district is now.

Brian stated that the towns need to understand that the state aid is not to offset our budget, we are using it to offset their tax rate.

Jim informed the committee that they just received a letter from the state pertaining to retirement costs for the District's portion would be more.

There were no additional questions.

Michael Williams stated that he had two unrelated questions that he would like to ask Sue.

Al told Michael to ask these questions now.

Michael's first question was that the Bond Warrant Article did not define a timeframe and are we locked in at 25 years or could we go longer, we would pay more interest but in the long run have a savings of about \$250K-\$300K

Jim stated that this was a question for the Bond counsel. He also stated that the Loan Agreement is on the agenda on Wednesday and Tom wanted to make sure that the Board is okay with him signing this agreement.

Additional discussion on this question happened.

Michael's second question was pertaining to the reserve fund for special education, know that it can be used as a source of revenue, but not to authorize new expenditures. The fund is to guard against unexpected expenses in special education. How does it benefit us if we can't expend directly from this fund?

Jim explained that it works like a trust fund and he gave an example.

There was a lengthy discussion.

Retirement Incentive List

Jim explained that this is a list of potential employees that he had the Guild provide him that stated that they would be willing to retire if a retirement incentive was offered. Jim gave an example of the savings that would happen if an experienced teacher was to retire and the hiring of someone with less experience. Another example was a school counselor position who you probably won't be hiring at a lower rate, but for the experience. There is also the possibility on not replacing a teacher if the student numbers shift.

Al asked how you would know when you wouldn't need a teacher.

Jim explained by using past history and the projections. He also explained the nominations coming up at the next meeting will show the current salary, the new person salary and the budgeted amount for the next year.

Question asked on the deadline for submitting and how that is determined. What guidelines are being suggested, is there a certain number that is being recommended. Clarifying the age eligibility for retirement. Recommendation of leaving the list open ended, but if limited, Board recommendation to change that decision, and discrepancy of using the current year and the following year.

Michael stated that it would be interesting to see the balance of years of service for the teachers broken down by 0-5 years, 6-10 years, 11-15 years, 16-20 years, 20+ years.

Al asked when this would be coming before the Board. Jim stated next Wednesday.

Al referred to information on District leases for transportation that Sue supplied. Jim explained that this was information that Michael requested.

Sue then asked if everyone received the Budget calendar. Discussion about why date was chosen.

Lengthy discussion ensued.

Michael brought up discrepancy on Budget Calendar compared to School Calendar of the Public Hearing. He also mentioned the timeframe for the Budget Goal structure. Jim feels that we should start working on the Budget goal this summer. When will we get the payment schedule? Jim – August. Sue will verify.

Agenda Items for the next meeting: Bus Replacement Schedule/Lease, CIP 5 year with Focus on Fy21/22, Adjusted 5 year Revenue Sheet.

Michael updated the committee on the status of the joint meeting with the towns.

No additional questions or comments.

Meeting ended at 7:45 PM – Next meeting will be a remote meeting on June 24, 2020

Respectfully submitted,
Wendy L. DiFruscio