

MIDDLEFIELD BOARD OF FINANCE
405 Main Street
Middlefield, Connecticut 06455

Minutes of the October 11, 2018 Regular Meeting

Jim Irish called the meeting to order at 7:03 pm.

Attendance:

Members

Others

X	Irish, Jim	X	Bailey, Ed (<i>Ex Officio</i> Member)
X	Kowal, Melissa		
A	Lowry, David		
X	Malcolm, Alice		
X	Nick, Joel		
X	Wolak, Mary	X	Rusilowicz, Al (Finance Director)

A=Absent

X=Present

The Pledge of Allegiance was recited.

Approval of the Agenda

Alice Malcolm made a motion, seconded by Melissa Kowal, to approve the agenda as presented. Motion carried unanimously.

Public Comment

None.

Approval of Minutes from 9/13/18

Jim Irish reported that he had made some additions to the minutes before he sent them to all of the Board members.

Melissa Kowal made a motion, seconded by Alice Malcolm, to approve the minutes from the 9/13/18 meeting, as presented. Motion carried unanimously, with Joel Nick abstaining.

Old Business

A. Update: Board of Education Meeting - Jim Irish

Jim Irish reported that there have been Utilization committee, Educational Resource committee and regular Board of Education meetings since the Board of Finance last met. The Board of Ed also had a

retreat on Tuesday night and one of the items they talked about was four core pillars. Dr. Veronesi had three core pillars, including engagement, well-being, student achievement, and the Board added a fourth for fiscal oversight. They also began to create a list of priorities, but didn't share any of that information. The subject of a before and after daycare came up and seemed to be strongly argued against since it had been considered two years ago. They felt that this was exactly the kind of topic that would need to be assessed against this list of priorities.

In the regular Board of Ed meeting last night, student performance was discussed and they were given the SBAC scores in ELA and math. In both categories, the trend over three years for grades three through eight is up. The average scores in ELA across all grades were at about 70 percent at level 3 or above (meeting or exceeds expectations). This puts the district 14th out of 28 towns in the DRG, where we were 20th last year.

Joel Nick felt that this was just testing and one of many factors that can be used to assess the school district. It doesn't necessarily mean that you're doing something well just because scores went up, though it probably means that. Alice Malcolm thought that Dr. Veronesi's objective was to have the teachers' ability to teach brought up to snuff. She is happy to see scores going up. Joel Nick stated that engagement is more of a priority in his district and they want to make sure kids like school as much as possible. Mr. Nick stated that there is an open invitation for Dr. Veronesi to visit Farmington and he also reported that he has started a debate team at the Strong School.

The math scores were a bit lower, with an average of 60 percent meeting or exceeding expectations and the district is 17th in the DRG, which is up from a year ago. There were some really low scores in seventh grade.

Mr. Irish also reported that the Board spent quite a bit of time talking about capital. He did send the slides from Kim Neubig's presentation to everyone on the Board of Finance. They are looking at bonding some time in May. The Town of Durham has three bond referendums coming up, \$2.1 million for culverts, \$7.1 million for Korn School and between \$5 and \$7 million for the public safety complex. The average homeowner will end up seeing a tax increase in the hundreds of dollars if all three were to pass. Dr. Veronesi noted that there could be very easily be bond weariness if the district were to bond in the same time period. The Board will hold their vote on how to proceed with the restructuring at their December meeting.

Mr. Irish reviewed the three options that the Board of Education are still considering for the school restructuring. Option A (closing Lyman) will be at a cost of \$3 million, with anticipated State reimbursement of \$1.6 million and \$700,000 of additional expenses, leaving a final number of \$2.1 million. In addition to that, there are capital improvements needed on critical systems at Brewster and Memorial that add an additional \$6 million. The bonding for Option A would be \$6.9 million, which would cover the restructuring of the schools plus most of the critical systems updates. This \$6.9 million would be at the same principal and interest payments as what is being retired, keeping the debt service at the same level and have no impact on the operating budget.

The other option would be a bond of \$13 million which would cover all of the options, plus all of the critical system needs and provide \$4 million toward other capital needs which are beyond the critical systems. That \$13 million bond issue would lead to a budget increase of .7 percent in the first year and up to 2 percent in 2021. If Lyman is closed, there would be a \$925,000 savings each year, resulting in a .5 percent reduction vs. today's budget.

Alice Malcolm asked what the overall cost savings would be for the length of the bond. Jim Irish explained that Kim Neubig stated that there would be an operating cost reduction of \$925,000 per year if Lyman is closed and if Lyman is kept open, there would be a \$2.4 million critical systems need. In the

long-term, that \$2.4 million capital need would disappear if Lyman is closed. Joel Nick asked how the costs were determined for the critical systems and Jim Irish explained that they were estimates. Ed Bailey stated that they had an engineer do the estimates. Mary Wolak noted that they could, in fact, go for \$2.5 million and keep Lyman open. She commented that people in town are in foreclosure and others are wondering about having only one school in town. Mr. Bailey mentioned that one of the schools needs an upgrade to the heating system and hot water and they will now have natural gas. That will be a lot cheaper and will impact the operating and maintenance costs.

Alice Malcolm asked if there were any figures based on Option D and Jim Irish explained that that would require eight classroom additions to Brewster (rather than six) and three classrooms at Memorial. The capital cost for Option D is significantly higher, with Option A at \$3 million and Option D at \$9.6 million. Joel Nick asked when Dr. Veronesi wanted to bring the bonding issues forward and Mr. Irish stated that that would be in the Spring because the referendum has to pass before petitioning the State for funding which has a June 30th deadline. Ed Bailey noted that, with changes in the state government, they could be treated less favorably with reimbursement.

Mr. Irish expects that the finance subcommittee will be challenged with the bonding options, including staggering the bond. He is very happy to see that the Board of Ed has impact on the budget as a primary concern. Mary Wolak asked about a curriculum time line and Mr. Bailey felt that that would be decided in December/January as that needs to be settled before anything is put into place.

Mr. Irish reported that there will be more newsletters coming out from the District as well as more community engagement sessions. He also stated that Bob Yamartino has done a capital spreadsheet for the District, but they have been funding capital at \$300,000 to \$400,000 for the last three to four years. Without Lyman closing, the run rate should be \$1.5 million per year. If Lyman closes, that number goes down to \$1.3 million. Melissa Kowal asked what the expected costs are to mothball Lyman or what are the chances of selling it. Ed Bailey stated that it was about \$30,000 to \$40,000 a year to mothball Korn School.

Mr. Bailey reviewed that the District has been studying this for four or five years now and it has been fully vetted. Lyman School has a per year capital cost projected at \$200,000 per year, with an operating cost of \$900,000 per year, so the savings would be \$1.1 million.

Mr. Irish summarized that capital funding will put pressure on the budget and on prioritization. The data points will need to be investigated.

Jim Irish also reminded everyone that community member participation on Board of Education committees is now a reality and Bob Moore mentioned that several people have volunteered. Mr. Irish suggested that anyone from Middlefield should contact Mr. Moore as rapidly as possible. Mary Wolak asked if there would be any impact if Middlefield had only one school as opposed to two. Al Rusilowicz felt that there would only be an impact if Region 13 were to be disbanded. Ms. Wolak stated that people are concerned that that would impact the town economically.

Ed Bailey explained that regional school districts in Connecticut tend to be very small and in order to create better opportunities for students, the districts should be even larger. Mr. Bailey felt that the issues with the school district are issues based on state statutes. He will be meeting with a candidate for governor, along

with other selectmen, to discuss mandates and statutes that run the regional school districts. The selectmen of towns in regional school districts have met and will continue to do so to prepare legislative agendas. He also commented that they now have a finance committee because the towns pushed, but they now need to get the finance committee to have some power.

Ed Bailey stated that people call the Town Hall and tend to look at Durham and Middlefield as one town.

B. Cell Tower Update - Ed Bailey

Ed Bailey reported that he has received a packet from Valley Shore about what they would like to put on the tower. They will go through the process with the cell tower company which has begun. They will then need to negotiate costs. He has spoken to other towns and some do pay to have their equipment on the towers.

New Business

A. Purchase of replacement “over the guardrail” mower

Jim Irish had spoken with Al Rusilowicz who reported that the Public Works department would like to purchase an over the guardrail mower. This item is in the capital plan and is estimated to be about \$65,000. There is a balance in that item in the capital fund of \$67,000. Al Rusilowicz stated that, as of today, there is \$101,000+ in that line item. That would be for both a tractor and a mower.

Al Rusilowicz had details about the mower for the Board members and explained that the total price is \$68,000. Ed Bailey explained that this is a unique piece of equipment and is the same as what the State of Connecticut DOT uses. Melissa Kowal felt that it was quite a lot of money and commented that you can buy a similar used mower on eBay for \$3,500. She asked if they were going out for quotes on it, but Mr. Bailey and Mr. Rusilowicz both explained that there was no choice on this. There is only one dealer for this brand in Connecticut and one in New York.

Mr. Irish noted that this item was in the capital plan for 2020, not 2019. Ed Bailey spoke with Pete Parker about this and they need a new controller which would cost \$5,000 to \$6,000 and have had to replace some other components on the mower, so they felt it would be best to purchase the new mower a year earlier. The current mower is 13 or 14 years old. Mr. Rusilowicz stated that the tractor has never been fully serviced since it was purchased, so they will remove the mower, bring the tractor to the dealer to have all new hydraulics put on and the new mower will be installed and the machine returned. Melissa Kowal asked if the old mower would be returned or if they are offering a credit on it. Ed Bailey did explain that the quote has not been accepted, nor has it been fully vetted. He does intend to go back to the vendor to negotiate the price, on the equipment and on the installation. He will also check with the DOT to see if there is a state contract price. Mr. Bailey also explained that he was not looking for approval tonight as it would be optimal to purchase this for next Spring. Melissa Kowal also noted that if this machinery is purchased, there should be a preventive maintenance program.

B. Other new business

None.

Executive Session - Discussion of Collective Bargaining Strategy

Jim Irish made a motion, seconded by Joel Nick, to enter into executive session for the purpose of discussing strategy for collective bargaining. Motion carried unanimously.

The Board returned from executive session at 8:57 pm. No motions or decisions were made during executive session.

Melissa Kowal asked if the Board of Finance meets in December as the Lions Christmas Party has been scheduled for the same date as the Board of Finance meeting. Al Rusilowicz felt that the only pressing item would be the audit presentation. There was then discussion about changing the date and it was also mentioned that a member can attend a meeting over the phone. It was also mentioned that it was perfectly okay to miss a meeting.

Adjournment

Mary Wolak made a motion, seconded by Melissa Kowal, to adjourn the meeting. Motion was carried unanimously. The meeting was adjourned at 9:00 pm.

Respectfully submitted,

Debi Waz

Debi Waz
Alwaz First