

The Regional School District 13 Board of Education held a public hearing on April 3, 2019 at 7:30 PM in the Library at Coginchaug Regional High School, 135 Pickett Lane, Durham, Connecticut.

Board members present: Mrs. Caramanello, Dr. Friedrich, Mrs. Geraci, Mr. Hicks (arrived late) Mr. Moore, Mrs. Petrella, Mr. Roraback, Dr. Taylor and Mr. Yamartino.

Board members absent: Mr. Augur

Administration present: Dr. Veronesi, Superintendent of Schools and Mrs. Neubig, Business Manager.

### **Pledge of Allegiance**

The Pledge of Allegiance was recited.

### **Public Hearing**

Dr. Friedrich read the Warning of Public Hearing and the Return of the Call into the record.

Mr. Moore started with a quick review of the school budget and how the capital funds fit in. The current proposed budget, as adopted by the board last week, shows debt service of \$1,493,757 this year with the same number proposed for the 2019-2020 budget. Looking at the total revenue, 2018-2019 was \$2,217,112 and is up \$877,485 from last year. The net operating budget being proposed is a reduction of \$686,225 from last year. The board worked to accommodate the proposed ECS reductions as well as the proposed teachers' retirement board in the expense side.

As of October, 2018, the population distribution is split with Durham being 66.44 percent and Middlefield being at 33.56 percent. The ECS numbers are \$3,015,020 to Durham and \$1,793,615 to Middlefield. The net cost to Durham \$20,101,759 and \$9,883,073 to Middlefield, which results in a \$227,520 increase in the budget to Durham and a net decrease of \$320,919 to Middlefield. Mr. Moore explained that the hearing will be held on this budget next week, but he wanted to review where capital fits into the total budget.

Mr. Moore went on to review immediate needs which are systems that have passed their end of life (EOL) with the potential to fail at any time, resulting in possible school cancellations and costly emergency repairs. The total for immediate needs is \$4,772,000 and Brewster has a series of end-of-life needs of \$1,350,000. Brewster also has immediate needs of \$847,000, Memorial \$2,875,000 and district, Strong and the high school at \$1,050,000, totaling \$6,122,000, with a contingency of \$778,000, for a total of \$6.9 million. He explained that the contingency is high (at about 12 percent) because these are prices that are several years old.

The proposed bonding is \$6.9 million and if the cost comes in below that, the district will not spend the money. This results in no increase in the yearly budget as they have included the same level of debt service. The level-funded financing funds from 2017-2018 will be used for up-front financing costs. This extends the district's current debt out to 2039, another 20 years, and also takes advantage of the drop in debt from 2018 to 2019.

Mr. Yamartino called everyone's attention to the top gray line on the chart which represents the 2018-2019 debt service (\$1,493,757). The red line represents the current debt service which goes from \$1,493,757 to \$1,293,000. That continues to drop each year successively until, in 2025-2026, the existing debt service would drop to zero. The blue line represents how the district intends to fund the \$6.9 million in capital expenditures that are needed to keep the schools running efficiently. In the first two years, the

district will only pay interest payments of \$292,275. By doing that, the total debt service will be held to the same level that it is now. In the third year, the district begins paying principal and interest.

Looking at the debt service, Mr. Yamartino showed the levels for both Durham and Middlefield, assuming the current enrollment levels. Durham will be incurring \$194,188 and Middlefield will incur \$98,000 on the debt service which holds steady for roughly the first two years and then increases in the third year to \$443,000 for Durham and \$223,000 for Middlefield. He reiterated that more debt will be retired than that. Going back to the prior chart, he mentioned the purple line which is a sum of red and blue, showing that even though there is an increase in debt service in the third year, the district would still be below where they are today. The overall debt service would continue to drop moving forward.

Mr. Yamartino then reviewed the numbers of the bonding projects by location. He explained that Brewster has immediate needs and also has equipment that comes to the end of its life in 2023 and that would be bonded in this round of capital as well. He reiterated that the contingency is a bit higher than what would be expected, due to the age of the cost estimations.

Mr. Yamartino then went into detail on each of the parts of the project. For the district, Coginchaug and Strong, they are proposing Pickett Lane resurfacing at \$75,000, connection to the potable water line and fire protection system at \$47,500 and replacing the Pickett Lane culvert at \$800,000. Mr. Moore explained that this is the culvert that failed last Fall and the bottom of the pipe is rusted out and needs to be replaced in full. Mr. Yamartino continued to explain that \$47,500 is budgeted for required ADA upgrades to the auditorium and parking lot and, in 2020, they are proposing converting the heat source from oil to natural gas at \$80,000. While this project is not truly end-of-life, it will lead to potential cost savings and environmental improvements.

Looking at Memorial School, \$2.875 million is required for capital improvements. They will replace and upgrade the combustion air system in the boiler room for \$60,000. They propose to replace the chiller cooling system and piping and upgrade to LED lighting throughout the school for about \$785,000. These will also help save energy and possible cost savings. They need to upgrade the kitchen hood exhaust system, the unit ventilations and rooftop units and replace the relief pressure exhaust fans which turn the air over in the school. They will convert the heating system from steam to hot water, upgrade the heating mechanical piping, the building automation system which is the electronic system to make sure all the lights, heat and air conditioning are turned off/down at night and back on in the morning. The roof over the media center and cafeteria both need to be replaced, at about \$137,500 each. Mr. Yamartino explained that both the LED lighting and the roof replacements may be reimbursable by state grants and they will apply for them.

Mr. Yamartino moved on to the proposed improvements at Brewster School, including replacement of two boilers. He explained that the year shown is the end-of-life year for the equipment. They would also upgrade the heating distribution system, upgrade the combustible air system in the boiler room, replace the relief pressure exhaust fans, preventative maintenance on electrical equipment to bring things up to code and replace parts of the fire protection sprinkler system. They are proposing to replace exterior doors which are a safety issue at this point. The septic system will be surveyed and repaired and they will purchase an emergency generator and wiring. The total for Brewster School is \$847,000.

The next slide reviews that systems at Brewster that reach their end-of-life in 2023, including replacement of the cooling chiller system, chilled water piping, rooftop air handlers, gym air handlers and upgrading the building automation system. The board felt that these projects could be coordinated with the other construction projects at Brewster. These issues total an additional \$1,350,000.

Mr. Yamartino summarized that these are critical upgrades that are needed. If any of these systems break, the school would need to be shut down. The equipment has been very well-maintained over the years, but it is getting harder and harder to get replacement parts.

Mr. Moore reviewed that the \$6.9 million is an authorization to borrow and it can be offset by grants and other things. The money will not all be issued at the same time, but the total needs to be authorized even if it is not borrowed. He reviewed that this would, in fact, be the authorization to borrow and to spend. The interest would be \$2,919,000 over 20 years, if the district were to spend the total \$6.9 million.

Mr. Moore then opened up the hearing to the public.

Chuck Stengel asked what the presumed interest rate is and Mrs. Neubig explained that it was 4.33 percent, but interest rates are dropping.

Donia Viola asked if either Durham or Middlefield officials have given any notification that the district is non-compliant in any of these areas. Mr. Moore did not have any knowledge of that. Mrs. Viola felt that you can't have everything you wish for at one time and she felt that this is an exorbitant amount that hasn't been discussed in full. Durham's mill rate never seems to go down, especially when the Grand List drops. She asked if the board had a suspected mill rate change along with this proposal and also asked why the heating was being converted from oil to gas when systems are already in place. Mrs. Viola is aware that the gas line will be coming in from Wallingford and it would be convenient, but didn't feel that the district should spend that money. She could not support this presentation without having specific figures, but also felt that competitive bids need to be received. Mrs. Viola felt that the budget keeps going up and enrollment keeps going down. She also asked what the board is doing with Korn School. Will it become a white elephant and fall into disrepair like the two houses next to the fire house that the town hasn't done anything with?

Mr. Yamartino stated that Korn School is a separate issue that is being handled by the Utilization Committee. The Superintendent has spoken to Laura Francis about Korn School as well. The board has no intention of letting the building deteriorate and has kept the utilities intact. Regarding doing the work all at once and going for bonding, he explained that the primary issue is that the district is not allowed by state statute to have a capital and nonrecurring fund similar to what the towns have. The only possibility is to bond. In the last few years, the state has made some changes and school districts can start acquiring funds, but the limits don't allow for this type of replacement over time. He reiterated that these systems have been repeatedly repaired and need to be replaced. He explained that this is a need, not a want.

Mrs. Geraci stated that it has also been on the news about schools having to shut down due to boilers or other equipment failures. Mr. Moore reported that they have put a list together of virtually all of the systems and equipment needed in the schools and have looked at the life expectancy of everything. While this represents the most immediate needs, there are many, many other needs throughout the district.

Mr. Yamartino also reiterated that this bonding and its repayment will not have any immediate impact on the school budget debt service funding. Once again, he reviewed the chart showing the debt service. In the third year, the \$6.9 million repayment goes up, but another bond is being retired at the same time. There will ultimately be a savings in debt service. Between now and 2024, the debt service will go from \$1.49 million down to \$1 million because debt is being retired. Once all the other debt is retired, the debt service will be down to around \$586,000 compared to almost \$1.5 million today. This will allow some wiggle room if emergencies come up. Mr. Yamartino also mentioned that when they close a school,

there will be some proposed debt at that time but an increase in the debt service will likely be offset in operating expenses.

Mrs. Viola asked about the conversion from oil to gas and steam to hot water and Mr. Yamartino explained that the systems are older and need replacement. As far as switching from oil to gas, the district has signed an agreement with the gas company and should see some savings since the price of natural gas is much less than oil. Mrs. Neubig explained that Eversource extended an offer to bring the natural gas right up to the building and the district's only cost would be to convert the systems over. If the district doesn't take advantage of that offer at this point, they would need to incur the connection costs if they should decide to convert at a later time. She also pointed out that Durham is converting their buildings over to natural gas at this point too. Mrs. Viola felt that "if it ain't broke, you don't need to fix it." Mrs. Viola also mentioned what's going on with Yankee Gas in New Haven and felt they were only coming here because they need money and she didn't want that to be at her expense. She felt that it is still in limbo and not transparent because the district doesn't have hard figures. She does not want the district to add on things that don't really need to happen.

Mr. Hicks noted that one of the hidden costs is that if the district connects to gas, they will never have to be replace an oil tank which can be pretty pricey.

Mary Johnson, from Middlefield, is very disappointed to hear that the district has signed an agreement for natural gas. She believes that it is much more expensive to heat with natural gas than with oil and there are no guarantees. Mrs. Johnson believes that the district should be able to get a good price for oil and that should go out to bid every year. She does take exception to the statement that it is more environmentally sound as well. While it burns more efficiently and cleaner, however you have to frack to get natural gas and that is not very ecologically-friendly. Mrs. Johnson was also unaware that Pickett Lane was a district-owned road and Mr. Moore stated that they have had that discussion with the town a number of times. She also wondered about having a public park in the middle of a school campus on a school road and whether that increased liability for the district. Mrs. Johnson thought that the roof over the kitchen area at Memorial had a metal roof, but it was explained that it is a flat roof. She does like the way the bond payments have been structured, but is concerned that operating expenses will increase over time. She encouraged the district to get a signed agreement from the gas company to maintain the rates for 20 years.

Mr. Yamartino explained that the district does participate with a consortium of other districts and organizations to purchase oil and that is sent out to bid every year. Mrs. Neubig clarified that the district has signed a letter of interest with the gas company, not necessarily a contract.

Roger Kleeman, from Durham, asked about where Durham is signing up for gas and Mrs. Neubig stated Durham Manufacturing. Mr. Kleeman stated that Durham doesn't have any buildings with gas and stated that that was not the Town of Durham. The Town of Durham will be changing its water system and the federal government has stated that they will bring the loop around the schools. He stated that that is not a necessity unless the district is having a problem with the current water system. Mr. Moore stated that there are filters on the water at Strong. It was explained that the district is their own water company right now with incurred costs. They have talked with Connecticut Water about connecting and have been told it is a no-brainer. The water from the wells is hard water and is deteriorating the equipment. Once again, Mr. Kleeman stated that it is not a need. He also mentioned that nobody in Durham knows what the water will cost yet.

Dr. Friedrich commented about the elephant that is not in the room. There is nothing about equipment for Korn School and pointed out that there are no costs associated with that. He wanted to point out that that is a benefit of closing the school. Mr. Moore also noted that none of the needs for Lyman School have been included either and the immediate need there is about \$5 million.

Rick Parmelee, from Durham, feels that he receives more than he puts in in the way of taxes and is grateful. However, it seems that the district keeps spending even with the enrollment going down. With regard to the mechanics of the school system, the residents are handicapped because, once the budget is in place, the residents are on the hook. He noted that 80 percent or more of the towns' money goes to the school system that they have no say on other than at the annual budget meeting. As far as natural gas, Mr. Parmelee believes that once the conversion is done, you will be stuck paying the gas company. He also mentioned that oil tanks leak and it costs money to clean it up, but if gas leaks it will blow the building up. As a resident of the State of Connecticut, he believes that the state has a spending problem and tries to walk away from its responsibilities by dumping it on the municipalities. Mr. Parmelee felt that tolls are not the answer and that state law does not supersede federal law on an illegal drug. He also felt that fees need to be collected from the district and reminded the board that the citizens of the two towns own the schools. He does not look forward to bailing out the City of Hartford or the State of Connecticut. He then asked if the district expects anything from the Town of Durham regarding the culvert replacement and Mr. Moore stated that they do not. Mr. Parmelee felt that the district spends a lot of money with very little oversight. He feels that the district has tried to distance itself from the communities except for the annual meeting when they want their money.

Mr. Yamartino stated that when the governor reduced the ECS and placed the teachers' retirement benefit on the towns, the district got together and found innovative ways to have programs at a lower cost to absorb the decreases from the state. The district is within \$96,000 of the MBR with this proposed budget and if they were to lower it below the MBR, the state cuts \$2 for every dollar in ECS funding.

Mr. Moore felt that the district may actually be below the MBR now with the \$700,000 cut made this year in anticipation of the governor's cuts. They also put in \$114,000 to pay the teachers' retirement back to the towns. Mr. Yamartino also stated that the Chairman of the Board of Education and the Superintendent have repeatedly met with the two towns and they board has also formed a Finance Committee that is comprised of members from both towns as well as members from the Board of Education to discuss town funding issues and school funding issues. Over the last 3-4 years, there has been concerted effort to work closely together. This year, the towns and the district worked to get a single benefits administrator which brought the premiums down by about \$700,000 for the district, but for both towns as well.

Rick Parmelee felt that the towns have no authority over the expenditures and Mr. Yamartino explained that the state can impose fees and the towns are obligated. He reiterated that the school district has worked closely with the towns to recognize what the issues are and to try to ameliorate them as best as possible. Mr. Parmelee felt that the Boards of Finance from both towns provide a lot of oversight on the budgets yet the district's biggest expense is payroll. He felt that the district needs to look at contracts to be sure everyone is working in the best interest of the communities. Mr. Moore pointed out that the board members are also elected and work without pay.

Donia Viola asked about the septic system survey and repairs at Brewster. She felt that if the survey hasn't even been done, the item could be crossed off the list. Mr. Moore explained that if the kids from Lyman are added to Brewster, the septic system needs to be checked to make sure it will handle the additional children. Mrs. Viola pointed out, once again, that there are no fixed costs being proposed. She

also pointed out that Korn School was robbed of its good parts and they the district tried to unload it on the residents of Durham which left a very bad taste in her mouth. She felt it was a bad example of how the management of the district doesn't seem to be managed. Mrs. Viola recalled that it was had been discussed at a Board of Education to make sure that everything is removed from Korn School before it was closed. Whatever was left behind was not good. She then commented on the maintenance of the buildings and who can change light bulbs which she attributed to the union contracts. She wondered how performance is rated and felt that everybody is eligible for a raise just because they're in the union. Mrs. Viola felt that change may be necessary, but to the minimum, not the maximum.

Melissa Booth, from Durham, commented that while this is a lot of money, she feels that this that is work that has supposed to have been done and had been continually cut. As a parent of two young children, she finds it frustrating to hear what is being discussed. She felt that this all has to get done and is not a matter of want.

Hearing no further comments, Mr. Moore closed the public hearing at 8:44 PM. He thanked everyone for coming.

Respectfully submitted,

Debi Waz  
Alwaz First