

**OFFICE OF THE SUPERINTENDENT OF SCHOOLS
106 Hancock Rd.
Peterborough, New Hampshire**

CONTOOCCOOK VALLEY SCHOOL DISTRICT

BUDGET & PROPERTY

Tuesday, November 12, 2019

**SAU #1 Board Room
6:00 PM**

Agenda

Committee Members:

- Jim Fredrickson, Chair
- Rich Cahoon
- Richard Dunning
- Niki McGettigan
- Stephan Morrissey
- Kristen Reilly

- 1. Call to Order**
- 2. Approval of Minutes – October 8, 2019**
- 3. 2020-21 Budget (update V2)**
- 4. Trust Fund Summary (update)**
- 5. Capital Improvement Plans (funding options)**
- 6. Solar Project (Letter Of Intent plans)**
- 7. Ice Hockey (Conant update)**
- 8. Antrim Gym & Field (update)**

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Tuesday, October 8, 2019

**SAU #1 Board Room
6:00 PM**

Minutes

Committee Members:

- Jim Fredrickson, Chair
- Rich Cahoon
- Richard Dunning
- Niki McGettigan
- Stephan Morrissey
- Kristen Reilly

Present: Jim Fredrickson, Rich Cahoon, Richard Dunning, Niki McGettigan, Stephan Morrissey, Kristen Reilly, Dr. Kimberly Saunders, David Jack, Bob Hayden, Tim Grossi, Lori Schmidt, Katherine Heck, Alan Edelkind

1. Call to Order

Jim Fredrickson called the meeting to order at 6:00 p.m.

2. Approval of Minutes – September 11, 2019

Dick Dunning moved to approve the minutes of September 11, 2019. Rich Cahoon Second. Niki McGettigan abstained. All else in favor. Motion carried.

3. 2020-21 Budget Plan & Process - Status Update

Kimberly Saunders reported that we are in the midst of the budget process and staffing process. Justifications need to be in by Thursday from administrators. State pieces are the most difficult on the revenue side.

Kimberly reported that our Guaranteed Maximum Rate (GMR) for health insurance came in at 1.7%, dental is 3.9%. Saturday, November 2nd is the budget work session.

Stephan Morrissey said that GMR is guaranteed maximum rate for our health rates.

Rich Cahoon said that we should try to estimate our likely GMR but he agreed that 1.7% should be budgeted.

Kimberly reported that we have FY'20 and the biennium budget. The biennium was signed. The DOE notified Kimberly.

There are two RSA's. Money can only be legally used for appropriations. No disbursements from the Education Trust Fund. None, according to law, can be used as unanticipated money. We are working with the school attorney and DRA. It is a "Catch 22" because it is in the current budget. It is not clear.

Rich Cahoon said that \$147K of non-anticipated funds from the trust should go to the capital improvement plan. Anything that we have allocated money for can be applied. Clarity is needed.

Kimberly said that we have anticipated decreases in enrollment in some schools that will cause issue. Administering the buildings in an effective way is under discussion.

Rich asked about oil and propane compared to last year. Tim Grossi said that propane is slightly less. Heating oil is slightly less as well.

Contractual increases will be the largest portions of the proposed budget.

When is the transportation contract up? Kimberly said that this will be in the budget this year. She said that a consultant might be met with to review transportation. The contract expires at the end of 2021. Kimberly said that they are looking at concerns that administrators are bringing the first budget and then several versions thereafter. She heard that the board wanted to see the various versions.

Rich said that he did not feel that enough credit for presenting the first version, which already reflected decisions on cuts, has been given. The cuts should be shared that resulted in the first budget. That should not get lost. After that, further cuts typically happen.

4. Solar Project – Path Forward

Jim Fredrickson said that the intent is what will be shared with the full board next week.

Jim shared information about solar in spreadsheet form. He assumed that the operating expenses are small. The PPA is a contractual commitment. The buyout is optional, not committed to do so.

Bob Hayden said that the ITC Tax Credit is 30% this year and 26% next year. In year 6 or 7, a buyout can take place without impacting the value of the ITC.

Revenue, until the buyout occurs, is directed back to the PPA. It is a renewable energy credit built to last for a minimum of ten years and often advanced by one.

Bob Hayden said that he likes to look at a zero inflation rate. Until year 20, even in the worst case scenario, the district would be ahead. There is an expectation in changes in inflation costs. Wind power from deep ocean projects and bid into forward capacity will produce at a very low rate. What will be more expensive are the transmission lines to distribute that power. Degradation may be less than projected.

Stephan Morrissey said that in year six, the cost to buy out is \$400K. Bob said that it will work out until year 20.

Katherine Heck asked if there is an opportunity for a buyout in year six or any subsequent year, we would be entering into a multi-year contract. A warrant article would be needed.

Stephan Morrissey said that discussion has taken place on that and there will be more to come. There is also concern about a sole source contract.

Bob Hayden said that what would be appropriate is to know by October 30th. The project is breakeven or better for 20 years. The end result is that the project is good for the district and the community.

Dick Dunning said that we find ways to reduce the cost of reducing energy. Money has to be made up in the transportation costs in order to make money. What would be done to keep the benefit in for the district?

Bob Hayden said that the utilities who own transmission lines look to increase revenue. Because of the size of this project, energy produced is almost used immediately, it is behind the meter. That is what makes this a financially appropriate project.

Dick Dunning shared concern for potential maintenance costs in the year that the snow load is higher than anticipated. What happens when we have to invest in snow load affected by the arrays on the roof and snow has to be removed? Tim Grossi said that is a real and good question.

Bob Hayden said that a structural analysis to determine where we really are in terms of snow load would be needed. Building Code is likely higher than when the school was built. The thought is that the elimination of the aggregate plus the weight of the solar panels equals the current code. If not, the project is stopped right there.

Tim Grossi said that it is a brand new roof; likely good for 30 years. Jim Fredrickson asked for a cost should replacement be needed in year 25.

Rich Cahoon said that this is a decision that could be based on norms and values. As a big example of this, there is no opportunity cost. This is really about whether we support solar and less about the numbers.

Kimberly Saunders said that as a school board you are obligated to make decisions in the best interest of students and taxpayers to educate students. It is about the mission.

Jim Fredrickson asked how long it would take to complete the LED replacement project. Tim said that it would take about three years.

Dick Dunning said that he thinks that it would be wonderful to put solar panels on the roof, but looking at what is best for the students and taxpayers he feels that investing where the return is quick is better.

Katherine Heck said that it looks as though if we don't do the buyout, we are not maximizing the savings for the taxpayer. We are in a very serious debate with the State over education funding and this sends a message as to where our values are. She is not convinced that the timing is right.

Rich Cahoon agreed. He agreed that it does not make sense to do this without the buyout. The risk profile would increase. He does not like sole sourcing. You are not getting 1% return with no risk. He thought the charge at one point was a small fundamentally educational project. This is not that.

Bob Hayden said that if the district were to act this year, a decision would be needed by October 30th in order to make purchases.

Jim Fredrickson asked how long this discussion should continue.

Bob said that the proposal early on was to have a no cost obligation. The savings are higher in the early years. This is a no cost option.

Stephan Morrissey said that more conversation should take place in non-public session.

5. HVAC

Tim Grossi reported that most of the change outs involve CFIM's for air intake and output. The PES project is big. An engineering firm proposed the design of a system for \$5,400. Work was estimated in terms of cost. The engineering needs completion in order to prove out the project for next summer. He asked for \$5,400 to get the engineering work complete.

Jim Fredrickson said that if it is approved at the next board meeting, we would have an estimate that would allow to budget for next year if needed.

Kimberly said that at \$5,400, the money can be transferred internally for this work. A board vote is not required.

The Budget & Property Committee was in consensus to move forward.

6. Capital Improvement Plan (Update/Prep for Nov. 2nd Budget Work Session)

Tim Grossi said that there are items in the Capital Plan that will get moved into next year.

Dick Dunning asked about the high school parking lot. Tim said that he believes that it is in 2022.

Alan Edelkind asked if the boiler at DCS was taken care of. Tim Grossi said that a measure was taken to stop the leak in the boiler. It worked. It is not a permanent fix but it is working now. He was happy because a contractor was not available to do this work. This is already budgeted for in the current year.

Rich asked what is left for LED lighting. Tim reported that the elementary schools and two middle schools are remaining. The middle schools are 32 years old. Dublin, Bennington, and Temple are in the current budget.

Rich Cahoon said that he thinks that we will have unanticipated revenues that we will not be able to return to the taxpayers.

David Jack said that the adequacy piece has a \$700K delta higher.

Rich said that if we are going to end up with revenues that cannot be returned we need to look at quick turnaround items.

The LHT was discussed in terms of budget and design money.

Rich said that the energy efficiency is not great for the area between the gym and the main building of the high school. It would be if a new entry was built.

Tim Grossi spoke about energy efficient windows and doors. Rich asked if this should be accelerated to be completed sooner; it isn't in the capital improvement plan.

7. Cost of Education (Elementary Schools & General) – Update

David Jack said that he has to complete the DOE25 first before he can provide more information.

It will be based on FY'19 numbers.

8. Trust Fund Summary – Update

David Jack distributed a summary. FY'20 is displayed and funds have been moved forward. He will have a final balance after the audit is complete. We are looking at projected transfers for warrant articles and monies are transferred from the general fund and into the trusts.

There is \$30,624 to close out the bank account from the lab project. This money was held aside until all bills were paid. The \$147K is number 9 on the agenda tonight.

David Jack said that \$3.3M is available in the trusts.

Discussion about what might be used in the trusts and discussion on what might be proposed to add in for areas of concern.

Rich said that when the revenues we didn't expect to get are interpreted, he anticipates that there is judgement applied. He wants the \$147K back. Because of encumbrances, we are pulling \$147K out of reserves. If we end up with unanticipated revenues that we did not expect, he would like to do \$147K worth of work from the Capital Improvement Plan.

Kimberly and Tim Grossi will look at the plan for FY'20.

9. Encumbrances – Updates Discussed at Oct. 1st Board meeting

Jim Fredrickson said that at the last board meeting, items from lines 530 and 531 were said to be in the wrong spot. David Jack said that on one side of the state they deal with one provider. The way that it is allocated is not the way it is spent out. There is a deficit in web access with a surplus in another line. The costs need to be put where they belong. It is a reallocation, not a deficit.

10. Ice Hockey – Conant Contribution

Kimberly Saunders reported that the total cost for 18/19 was \$29K. There were 18 total players, 11 ConVal and 7 Conant. The Conant players pay \$800. The total cost per athlete is \$1,651.00.

Stephan Morrissey said that there are fixed costs for ice time and transportation.

Jim Fredrickson asked if we go back to Conant to ask for more.

The agreement with Conant was that they would pay \$800 for the first agreement. The last November meeting resulted in the thought that we had been signed up again with a new agreement. What period does it cover? It covers two years; this year and next year.

Rich Cahoon said that there are two agreements; one with the NHIAA and one with Conant. One is a two year and the other is a three year agreement. There was never the thought that we would subsidize Conant beyond the initial start-up.

Jim Fredrickson said that there is a difference of \$800 per player, per year, between what they are paying and the cost.

Kimberly Saunders said that the Athletic Director is looking to make it a two year cooperative agreement.

Jim Fredrickson asked if we can go back and ask them for more money this year. Or, we could let them off this year and ask for an increase next year.

Rich Cahoon said that we agreed to start the cooperative program and we didn't have enough for a program ourselves. We agreed to subsidize to get it off the ground.

Discussion took place further.

11. Other

Antrim Gym and Field – Jim Fredrickson reporting having received dates of Antrim Selectmen's meetings. He has asked for a working level meeting of Antrim. Who wants to participate? Jim Fredrickson and Dick Dunning agreed to meet. Where we are at in the budget process needs to be reminded.

Jim said that the agreement allows for sharing of utility costs. A calculation is needed and should be determined at a working committee level and then brought forward.

Dick Dunning moved to enter into non-public session for matters of negotiation at 7:47 p.m. Unanimous on a roll call vote.

Dick Dunning moved to exit non-public session at 8:08 p.m. Rich Cahoon second. Unanimous.

Dick Dunning moved to seal all three sections of minutes of non-public session for a period of five years. Second. Unanimous.

Dick Dunning motioned to adjourn at 8:09 p.m. Rich Cahoon second. Unanimous.

Respectfully submitted,

Brenda Marschok