

3 PRIMROSE STREET
NEWTOWN, CT 06470
TEL. (203) 270-4221

BOARD OF FINANCE
MINUTES
REGULAR MEETING
3 Primrose Street – Council Chambers
Monday, September 13, 2021 at 7:30 p.m.

These minutes are subject to approval by the Board of Finance

A recording of the meeting is available to the public at <https://vimeo.com/591883973>

Present: Keith Alexander, John Madzula, Ned Simpson, Sandy Roussas, Chris Gardner and Chandravir Ahuja

Absent: None

Also Present: First Selectman Dan Rosenthal, Finance Director, Bob Tait, Superintendent, Dr. Lorrie Rodrigue, BOE Chair, Dr. Michelle Ku, Director of Facilities, Bob Gerbert, BOE Member, Deb Zukowski, BOE Member, Dan Delia, and one member of the Public

Keith Alexander called the meeting to order at 7:32 p.m. Attendees saluted the American Flag.

Voter Comments

None

Communications

Chair Alexander welcomed and thanked Chandravir Ahuja as a new Board Member for the BOF.

Chair Alexander noted the correspondence report (see attached).

Ned Simpson shared with the Board that he was contacted by two members of the Lions Club thanking him, the Board and the Town for the \$90,000 donation from the Town for the new adaptive playground being built.

Minutes

Sandy Roussas moved to approve the minutes of August 26th, 2021. John Madzula seconded. Ned Simpson noted the following corrections: The recording of the meeting is available to the public at <https://vimeo.com/591883973>. Under Unfinished Business, Discussion ...Non-Lapsing Account - first paragraph: "Mr. Tait commented that the decision of whether or not to move funds into the Non-Lapsing fund should be based on the total financial position of the town. For example if there is significant revenue shortfall in a year." At the end of Unfinished Business, Discussion ...Non-Lapsing Account - Second paragraph: "Board members expressed a desire other policies would expire and that the product of the work group be the policy". Mr. Simpson asked for the Non-Lapsing discussion document to be attached (see attached). Chris Gardner and Chandravir Ahuja abstained. All in favor and motion passes.

First Selectman's Report

The First Selectman reported the BOS CIP was presented at the last BOS meeting and will present at the next BOF meeting.

Finance Director's Report

Finance Director, Bob Tait, reported on the Capital Non-Recurring account (see attached), which highlights revenues and expenditures as well as the beginning Fund Balance on June 30, 2020 ~\$3MM and the ending

Fund Balance on September 8, 2021 ~\$2.8MM (see attached). There is \$1.3MM Undesignated. Designated amounts can be found on the attached document.

New Business

Presentation and Discussion of Board of Education portion of Capital Improvement Plan

Superintendent, Dr. Lorrie Rodrigue, and Director of Facilities, Bob Gerbert, presented the proposed 2022/23-2026/27 CIP (see attached). Dr. Rodrigue talked about the Hawley HVAC project (contingent on the November referendum), which she commented was a priority for the BOE. Funding from the American Rescue Plan will likely be used towards payment of the Hawley HVAC project. Year 4 and Year 9 house continued HVAC projects for the Middle School and HVAC respectively. Dr. Rodrigue emphasized the consideration of no bonding in Year 3. Year 1 also focuses on a boiler for HOM as well as some upgrades for the High School. Mr. Gerbert highlighted projects in Years 6-10 and noted the future attention needed for some of the parking lots. Ms. Roussas noted about the placement of the Middle Gate HVAC project in Year 9. It was noted this will be the last school to implement HVAC. Ms. Roussas talked about pushing back some of the upgrades in the HS and HOM and move up the Middle Gate HVAC project. Mr Gerbert responded by saying the cost of fixing refrigerants supersedes the cost of doing the upgrades, so it's important to ensure the upgrades are taken care of first. Mr. Delia shared with the Board that he did a walk through with Allen Adriani and the buildings are in need of attention to specific upgrades. Mr. Madzula agreed with the relative accuracy of the figures for the paving costs in Years 6,7,10. The First Selectman commented regarding the turf field in Year 5 about a possible donation that could roughly cover 25% of the cost. If this happened, this project could possibly be moved up in the CIP. Mr. Tait inquired about energy rebates. Mr. Gerbert said we could possibly see rebates for the chillers as well as the high school upgrades. Chris Gardner commented about the actual needs across the school buildings in this CIP and the only "want" pre se is the potential back high turf field. He also asked Mr. Gerbert to look into possible savings regarding combining the paving projects from Year 6 and 7 to just Year 6. Dr. Ku noted the proportion of the BOE's part towards the debt service vs municipality has been decreasing over the years.

Unfinished Business

None

Voter Comments

None

Announcements

None

Adjournment

Sandy Roussas made a motion to adjourn. John Madzula seconded. All members were in favor and the meeting was adjourned at 8:14pm.

Respectfully submitted,
Kiley Morrison Gottschalk, Clerk

Attachments

Correspondence Report
BOF Joint Non Lapsing WG Discussion
Capital Non Recurring Document
BOE CIP Presentation

Newtown Board of Finance - Communications Report - 2021-09-13

From	Date	Subject
Tom Hennick (CT-FOIA)	08/30/2021	Executive Session for interviews

To	Date	Subject
Paul Lundquist (LC Chair)	08/27/2021	RE: Request for Recommendation on BOE Non-Lapsing Account
Tom Hennick (CT-FOIA)	08/27/2021	Executive Session for interviews
Debbie Halstead (Town Clerk)	08/27/2021	Board of Finance Vacancy Filled 2021-08-26

Policy for Non-Lapsing Education Fund

Context for the Work Group and Policies

Transcribed from Board of Education CIP/Facilities/Finance Sub-Committee, June 23, 2020

[http://www.newtown.k12.ct.us/theme/files/Board%20of%20Education/BOE%20Subcomm/2019-2020/6-23-20%20BOE%20CIP%20Minutes_att\(2\).pdf](http://www.newtown.k12.ct.us/theme/files/Board%20of%20Education/BOE%20Subcomm/2019-2020/6-23-20%20BOE%20CIP%20Minutes_att(2).pdf) Audio recording available at <https://www.newtown-ct.gov/minutes-and-agendas>

Matthew Ritter, Shipman & Goodwin “Best advice I can give you regarding 10-248a, is that it is meant to be a mutually cooperative relationship. That’s what I told Michelle. The statute involves board powers and town powers. If one side thinks they can do whatever they want it’s going to mess up the whole concept. It really does rely on cooperation between the two sides.

Money gets deposited into the account. Expenditures get approved by the board of ed for educational purposes. The language in 10-248a has some notwithstanding language regarding general statutes and local charters. It talks about how money gets deposited, expenditures from the account are approved by the board of ed for educational purposes.

Question: Does this mean the local Board of Education can use the funds for items, including capital expenses, without going through the appropriation process set forth in the town charter as long as it is for educational purposes? The answer is Yes.

This overrides a town charter. Best way to look at it is this. When the money is in the account, unless you have a policy to the contrary, which is a negotiation, the fall back is 10-222. The local board’s discretion on how to spend that money as long as it’s for educational purposes. Could be capital, could be non-capital.

So, your reaction might be, well that’s great the board of ed has complete control. No. Here is the problem. If you spend money on projects the board of finance or the town council hate, they will not agree to put money into the account in the future. That goes back to my initial comment: you’ve got to get along to make this work. The answer is unless there is a policy that talks about how you spend money from that fund, all the statute requires is that board of ed approve the project that it goes for educational purposes.”

Board of Finance Positions on Funding and Spending the Non-Lapsing Education Fund

- No new funding path for Capital Asset Projects (CIP)
- Designation of funds at deposit is for BOE use only. Any use of Non-La[sing funds need BoF approval regardless of designations stated at time of deposit. (This stance was made on the old statute where use of funds required BoF approval)
- Should only be an emergency or contingency fund with a few hundred-thousand-dollar balance

Policy for Non-Lapsing Education Fund

The Statute - 10-248a

2011 Statute

Sec. 10-248a. Unexpended education funds account. For the fiscal year ending June 30, 2011, and each fiscal year thereafter, notwithstanding any provision of the general statutes or any special act, municipal charter, home rule ordinance or other ordinance, the board of finance in each town having a board of finance, the board of selectman in each town having no board of finance or the authority making appropriations for the school district for each town may deposit into a non-lapsing account any unexpended funds from the prior fiscal year from the budgeted appropriation for education for the town, provided such amount does not exceed one per cent of the total budgeted appropriation for education for such prior fiscal year.

2020 Statute

Sec. 10-248a Unexpended education funds account. For the fiscal year ending June 30, 2020, and each fiscal year thereafter, notwithstanding any provision of the general statutes or any special act, municipal charter, home rule ordinance or other ordinance, the board of finance in each town having a board of finance, the board of selectman in each town having no board of finance or the authority making appropriations for the school district for each town may deposit into a nonlapsing account any unexpended funds from the prior fiscal year from the budgeted appropriation for education for the town, provided

- (1) such deposited amount does not exceed two per cent of the total budgeted appropriation for education for such prior fiscal year,
- (2) each expenditure from such account shall be made only for educational purposes, and
- (3) each such expenditure shall be authorized by the local board of education for such town.

CAPITAL & NON-RECURRING FUND DETAIL					
9/8/2021					
ACCOUNTS:		BUDGET	EXPEND	BALANCE	
7670 - LIBRARY IMPROVEMENTS		-	-	-	
7740 - ECONOMIC DEVELOPMENT					
Banner System		5,000	-	5,000	
Glen Road- Town Match		9,000	-	9,000	
		14,000	-	14,000	
7900 - BOE CAPITAL		per BOE 144			
2020-21 Capital items		2,256	2,256	-	
2021-22 Capital items		500,000	152,653	347,347	130,122
		502,256	154,909	347,347	
7999 - OTHER					
Fix street lighting at municipal center		25,000	-	25,000	
Handicapped playground at Dickinson		90,000	-	90,000	
SHOP		1,100	-	1,100	
Emergency Mgt - 2 dry suit; breathing bottles		9,300	3,998	5,302	
		125,400	3,998	121,402	
0000 - GRADUATE INTERN		16,000	-	16,000	
0000 - TRANSFER OUT TO DEBT SERVICE FUND					
		3,016,339	188,045	2,828,295	< FUND BALANCE
			-	82	>>> Interest
					(not added to
					undesignated yet)

NEWTOWN BOARD OF EDUCATION SUMMARY - CAPITAL IMPROVEMENT PLAN 2022/23 TO 2026/27

Approved by BOE 9/8/2021

INITIAL FIVE YEARS			Year 1	Year 2	NO BONDING Year 3	Year 4	Year 5	
CIP Item #	Location	Description of Project	2022/23	2023/24	2024/25	2025/26	2026/27	TOTALS
1	Hawley Elem.	Ventilation, HVAC Renovations	\$2,500,000	\$4,000,000				\$ 6,500,000
10	Middle Gate Elem.	Window replacement					\$ 1,100,000	\$ -
12		Bathroom renovations (2 staff, 2 student)					\$ 200,000	\$ 1,300,000
2	Head O'Meadow	Boilers, VFDs, Water Heater	\$ 424,500					
7		Replace Condensing Units, Piping, Coils		\$ 750,000				\$ 1,174,500
4	Reed Intermediate	Replace Chiller, Upgrade BMS controls/VAVs, Fence	\$ 750,000					\$ 750,000
5	Middle School	Engineering for HVAC Improvements (incl CM)		\$ 450,000				
8		HVAC Improvements				\$ 8,000,000		\$ 8,450,000
3	High School	HVAC Replacements A-wing (incl VAV upgrades)	\$ 850,000	\$ -				
6		HVAC Replacements B-wing (incl VAV upgrades)		\$ 850,000				
13		Rear Turf Field					\$ 760,000	
9		Replace F-wing chiller					\$ 500,000	
11		HVAC Replacements (Pool area)					\$ 400,000	
14		Re-roof BUR areas (B-wing, Pool, Gym, 17000sf)					\$ 450,000	\$ 3,810,000
TOTAL COSTS OF ALL PROJECTS			\$ 4,524,500	\$ 6,050,000	\$ -	\$ 8,000,000	\$ 3,410,000	\$ 21,984,500
TOTAL TO BE BONDED			\$ 4,524,500	\$ 6,050,000	\$ -	\$ 8,000,000	\$ 3,410,000	\$ 21,984,500

Eligibility for project inclusion on the CIP is that the cost must exceed \$200,000.
2017-18 Reimbursement rate 36.43%

Construction inflation estimate

6.0%

NEWTOWN BOARD OF EDUCATION SUMMARY - CAPITAL IMPROVEMENT PLAN 2027/28 TO 2031/32

Approved by BOE 9/8/2021

<u>SECOND FIVE YEARS</u>			Year 6	Year 7	NO BONDING Year 8	Year 9	Year 10	
CIP Item #	Location	Description of Project	2027/28	2028/29	2029/30	2030/31	2031/32	TOTALS
	Hawley Elem	Re-roof 1997 wing (BUR, 18500sf) Repave entire parking lot, curbing, sidewalks (80000sf)	\$ 500,000	\$ 275,000				\$ 775,000
	Sandy Hook Elem.							
	Middle Gate Elem.	Repave entire parking lot, curbing, sidewalks (69000sf) HVAC design HVAC Improvements	\$ 250,000	\$ 200,000		\$ 2,000,000		\$ 2,450,000
	Head O'Meadow	Roof restoration (66500sf) Repave entire parking lot, curbing, sidewalks (90000sf)	\$ 300,000				\$ 400,000	\$ 700,000
	Reed Intermediate	Repave entire parking lot, curbing, sidewalks (162000sf)		\$ 525,000				\$ 525,000
	Middle School	Repave entire parking lot, curbing, sidewalks (174000sf)	\$ 575,000					\$ 575,000
	High School	Replace Windows (B-wing)		\$ 450,000				\$ 450,000
TOTAL COSTS OF ALL PROJECTS			\$ 1,625,000	\$1,450,000		\$ 2,000,000	\$ 400,000	\$ 5,475,000
TOTAL TO BE BONDED			\$ 1,625,000	\$1,450,000		\$ 2,000,000	\$ 400,000	\$ 5,475,000

Notes:

- 1) Hawley numbers are carried from approved 2021 CIP
- 2) Middle School HVAC design includes an allowance for CM preconstruction to assist with scope, phasing, and budget
- 3) Middle School HVAC budget is using Hawley HVAC as a benchmark
- 4) Middle Gate Window budget includes design
- 5) High School Windows (B-wing) budget includes design
- 6) Paving budgets are based on milling of existing asphalt, 3" of new asphalt, and line striping
- 7) High School HVAC Replacements includes upgrades to VAV and BMS controls