

HYDE PARK SCHOOL DISTRICT BOARD OF DIRECTORS
BOND RE-VOTE INFORMATION MEETING MINUTES
HYDE PARK ELEMENTARY SCHOOL GYM
THURSDAY, AUGUST 18, 2016

Board members present: Lisa Barry, Patti Hayford, Raven Walters.

Others: Catherine Gallagher, Marilyn Frederick, Diane Reilly, Deborah Clark, Dylan Laflam, Colin Lindberg, Randy Burnett, Aaron Welch, Paul Lekstutis, about 50 community members

Superintendent Catherine Gallagher started the meeting at 7:00. She encouraged people not to engage in negative rhetoric. Board chair Raven Walters introduced principal Diane Reilly, board members Lisa Barry and Patti Hayford, architect Colin Lindberg and those working with him (Randy Burnett, Aaron Welch, and Paul Lekstutis.)

Colin Lindberg gave a presentation. He described how his plan was developed. First he got a consultant to provide survey information. He looked at the contours of the land, the parking and drop-off situation, and the historic building. A sprinkler system is needed but the town doesn't have enough water pressure for it so the building has to have tanks and a pump. The building needs upgraded energy management. Initially his firm tried to figure out how to rehab the one-story section built in the 1950's that has a string of 9 classrooms. It has old-fashioned unit vents in the walls that provide ventilation and heat. They are noisy and extremely inefficient. A consideration was how to add ductwork to that part of the building. It would need to be put on the roof with a cap over it, which would lead to an increased snow load. There is a pipe trench that once was used for a heating system which has been abandoned. It is a cold zone that affects all the classroom doors and makes them stick in the winter. The windows on the south facing side of the building are fairly minimal. The architects felt they should look at trying to consolidate for a tighter package rather than a long, linear package. The current roof doesn't have much character. The profile doesn't help the character and scale of the older building.

At the front entrance there is currently a 3-foot drop to the door with a ramp and steps. Their thought was to lower the site so the entrance could be level with the parking lot.

In the lobby intake area it is currently hard to see who is at the door. Space in the lobby is tight. There are two introverted functions in the lobby area (functions that don't need windows) – a bathroom and a closet. If we remove those we can make the lobby an appropriate scale.

Another critical issue is how and where an elevator will be placed. The existing stair cuts off circulation and the fire code calls for stairs to be enclosed, not open, with direct access to the outside. They propose to relocate the stair and use the current stair location for the elevator. A hospital-size elevator is required so paramedics and helpers can assist people.

They propose having 3 stories of classrooms with 3 rooms on each floor. The stacked area can be very efficient. There would be a basement under it with one central boiler room, allowing us to get rid of the two separate boiler rooms that exist now. They would develop a different method of handling ventilation.

They suggest considering metal roofing. They like it because it doesn't have to be replaced in 15-20 years. It will last 50 years or more and it doesn't burn. The downside is we have to give careful consideration to where snow will drop from it and make sure we have safe drop zones.

C. Lindberg showed changes proposed for the gym. The existing windows would be replaced with glass that would let in light without blinding people. They suggest changing the roof form (making it a hip roof), putting in a new truss system and insulating the cap better.

The stage is not used often, so they propose moving the kitchen to the area where the stage is now; then it can be larger than the current tiny kitchen. There would also be an office and storage in that area. Where the kitchen is now there could be bathrooms.

The new classrooms would have triple-glazed windows. They would be light and pleasant. The classrooms now have a lot of wall and not much transparency or natural light. The new classroom doors would not swing out into the corridor. Each classroom would have a closet and sink. Heat would be shared between the 3 levels. There would not be a long trip for the air in the heating and ventilation system to travel because the service would be in the basement.

The historic building has tiny corridors less than 3 feet wide. They need to be widened to meet code requirements. That is not expensive.

Paul Lekstutis, who works for L.N. Consulting, talked about the energy systems proposed for the building. He said they looked at multiple possible HVAC systems and multiple fuel sources. They constructed a computer model to help with their analysis. They looked at fuel oil, propane, biomass, and geothermal systems to determine which would be most cost effective. One of the core concepts is ventilation. The existing unit ventilators in the '51 wing require holes in the envelope to introduce air into individual classrooms. They like to seal the building up and keep outside air out, with a central location to precondition air coming in and meter it to individual classrooms. They try to keep energy efficiency as high as possible. They used the computer model to look at what would make the most efficient system and they priced the systems to see what would be most cost effective.

Aaron Welch said fuel costs are much higher than costs for electricity right now. Some plans were more energy efficient than what they chose, but they chose a heating only system. P. Lekstutis said because of the cost of electricity compared to fuel or propane, the system that would use the least amount of energy was not the most cost-effective. So they propose a hot water heating system similar to the one the school has now, with more

efficient equipment and with the ventilation air controlled and preconditioned. A. Welch said the goal was to minimize long runs of piping and ductwork, so there will be a centrally located boiler in the basement. There are 5 different areas of the building and energy recovery units in 5 locations to try to minimize duct runs. One reason there are cost savings with hot water heat is that the infrastructure is already in place in the 1994 wing and in the 1898 building. There will be new controls building wide. Each room would have a CO2 sensor to determine the amount of ventilation required. If no one is in the room, then ventilation is not required. That can save energy.

There would be all new plumbing fixtures. New bathrooms would be put into the new addition and older bathrooms would be upgraded. There would be new lighting in the new addition and the 1898 building. A new fire alarm system would be installed and the entire building would get a new sprinkler system.

R. Burnett said the plan is to have a bus only drop-off loop and a separate parent drop-off lane. Cross-overs are minimized. They studied a couple of plans. The one they propose has the most efficient traffic pattern for entrance and exit and meets the need for increased parking.

R. Burnett said when the architects were first hired, they came in with the mindset of not replacing the existing classroom wing. They did extensive study of the building. They had access to the original construction documents. They did some investigative demolition to study how the building was put together and found that a lot of substitutions had been made when it was built. In comparison to other buildings from the same era, the quality level didn't seem to be there. That opened up some concerns about putting in mechanical systems and supporting roofs. Currently all the classroom doors open directly into the traffic pattern. That is a code violation nowadays. Can some of the problems be corrected? Yes. But when they listed all that truly needed to be done and analyzed what the systems engineers would need to do, it got to the point where they felt the building would need to be stripped down so drastically to solve all the issues that they questioned if it was in the best interest in the community to renovate that wing or if there was another route that would provide a better, more efficient design. They feel strongly that this proposal addresses all current deficiencies and will provide the best facility going forward and the longest return on the investment.

C. Lindberg talked about some of the considerations in deciding how buses would enter and exit the lot (tight intersection, slope, etc.) They had a cost estimator look at every item in their proposal. They had good conversations with several subcontractors who could give good critiques. One thing that concerned them was how the construction could be done efficiently with kids here. They worked with D. Laflam on the concept of having all teachers and kids in another location so the work could be done without safety and efficiency issues and would not have to be done over 2 or 3 years. A summer is not long enough to complete the work. They built in costs to move students to another location during construction. They think that is a solid, sound way to do it.

R. Walters introduced Dylan Laflam, the facility manager; Deb Clark, the new business manager; and Marilyn Frederick, the past business manager. D. Clark thanked M. Frederick for coming to explain the financial impact because she knows it inside out.

M. Frederick talked about the tax implications of the \$9.8 million bond proposal. Because we have unified we have tax incentives – an 8 cent reduction in the first year, 6 cents the next year, then 4 cents, then 2 cents. Waterville and Cambridge did not elect to unify. They are still within the SU and still sending their kids to LUHS, but they didn't unify their elementary schools.

M. Frederick showed the current and projected rates for the school portion of the tax in each town in the new unified district. Each will have its own tax rate. She showed what the rate would be with the 8 cent reduction. In a lot of cases, a town will see more than an 8 cent reduction, because once we unify there will be one tax rate for all the towns, which may be different from a town's current tax rate.

M. Frederick said she has proposed a delay in paying the principal because of unification and because she knew other towns were going to retire some bonded debt. She knows people hate big spikes and drops in their taxes. They like consistency. In order to make bond payments more level she suggested delaying principal payment until some old bonds retire.

She showed how taxes would increase with the bond if there were no delay in principal payment and no tax incentives. In the first, we don't pay principal. At an interest rate of 3.638%, the increase would be 6.1 cents, which is an increase of \$61 a year on a \$100K home (double that for a \$200K home, triple for a \$300K home.) The second year we would pay principal and interest. The increase would be 15.2 cents. Payments are highest in the second year because every year after that we are paying interest on a lower amount.

She showed how taxes would look with a 3-year delay in principal payment and no tax incentives. The interest rate would be a little higher – 3.659. We will not be able to get as low an interest rate as we could have gotten if we had taken out the bond this summer. For next summer, the Vermont Municipal Bond Bank projects a higher rate. In the first year, taxes would increase by 6.3 cents (\$63 dollars on a \$100K house.) We continue paying just interest until the 5th year. That year, the increase would be \$163 on a \$100K house. That scenario and the first one she described are what we would see without the Act 46 tax incentives. But we don't have those scenarios because we unified.

M. Frederick said some people have said that the \$9.8 million bond would cost us \$15 million with interest. If there had not been a revote, the cost over the life of the bond would have been \$15.4 million, with delayed principal payment. With an August vote, with no delay in the principal payment the total amount would be almost the same as if the bond had passed in June and we delayed principal payment. If we did delay principal payment, we would pay about \$507K more. The biggest cost factor is the delay and the loss of the opportunity to get the lowest interest rates. One of the biggest pressures now is interest rates. They are predicted to go up.

M. Frederick showed current debt service for each town and what the payments will be for FY18-FY22. Belvidere is due to retire a bond in FY19. Eden's old debt was retired but they just got new bonded debt. Johnson had old bonded debt and now they have a new bond. They used the strategy of delaying their principal payments until their old bonded debt is retired. Lamoille Union has a few different bonded debts. One of about half a million dollars retires in FY22. That is when M. Frederick suggests bringing on the new bond principal so we have a more consistent cost in principal. If we delay principal payments on the HPES bond for 3 years then total bond payments for FY18-FY22 for all the towns, including Cambridge and Waterville, will be \$11,370,000. If we don't delay, we will need to pay another million dollars over those 5 years. She would still advocate the delay to flatten out payments.

She showed the tax impact given that we merged. First she showed what would happen to taxes with no delay in principal payment. The first year, there would be no increase in taxes because of the tax incentives from merging. In the second year, there would still be no increase in taxes, even with no delay in principal payment. In the third and fourth years there is an increase because the incentives go down. In the second year, the tax increase for a \$100K home would be \$8. The second year is the highest cost of the bond, but not the highest cost on the tax bill because of the incentives from the state. With a 3-year delay in paying principal we get tax breaks in the first, second, third and fourth years (assuming nothing else changes.) In the fifth year, when we start paying principal, there is a \$14 increase for a \$100K house, because we are no longer getting the incentives. The fifth year is the year of highest payments.

What is the impact if we don't bond? If we did \$500K of work a year in repairs, that would lead to an increase of \$117 per \$100K. It is expensive to put repairs in the yearly operating budget. If we spend a million dollars in a year, that adds \$339 in taxes. It is more than just double, because if we go over the penalty threshold in per student cost we are double-taxed on the amount that goes over.

Interest rates have already increased from a historic low because of the reconsideration of the vote. The Federal Reserve has said they will increase interest rates and the bond bank has told M. Frederick they are already increasing their projections. Inflation is close to 2% while the historic trend is closer to 3%. This is still a strategic time to bond. In the 4 towns that voted to merge, even with the bond tax rates will be lower than they are currently. The strategy of delaying principal payment helps to even out tax rates. If we use that strategy we pay a little over \$16 million over the life of the bond, but adjusted for inflation the total amount is only \$11,218,000. She believes we will add value to our assets by investing the money in the building.

R. Walters invited people to ask questions.

Paul Trudell asked, \$14/year is the biggest tax increase we would see for a \$9.8 million bond over 30 years? M. Frederick said yes. P. Trudell said that is not taking into account increases in town or school budgets. M. Frederick said that is right. She has projected tax

rates for 10 years and has been on the money every year. She feels confident about her numbers.

Gary Smith said when he saw the letter from the board on Front Porch Forum that said the tax rate would go up just under \$17 per \$100K he called up Kim Moulton at the town clerk's office. She told him there is about \$292 million total assessed value in Hyde Park. Total taxes are about \$50K a year in Hyde Park. Over 30 years at \$50K per year Hyde Park would pay only \$1.5 million on the \$15 million debt. How does that work?

M. Frederick said she has said before that towns all already pay each other's school costs and bonds. What G. Smith brought up shows that. Hyde Park doesn't raise all the money for its expenses. The whole state of Vermont raises money for Hyde Park's school budget. The fluctuation from the prediction of \$17 per \$100K to \$14 is because in May the legislature changed the yield rate. The tax rate is based on cost per pupil. Anyone who talks to Kim Moulton can ask her about the cash flow charts the state of Vermont sends to every town showing how much more money they will get from the ed fund than they can raise in their own town. Some towns send more than they get. It's not just Hyde Park paying for this bond – it's Stowe, it's South Burlington, it's the whole state. She is confident about the tax rates she presented.

G. Smith said the \$16.90 figure given in the Front Porch Forum post as the annual cost for 30 years sounds like so little. The last bond proposal was \$18 million and then people were saying the annual cost would be about \$1000. Someone else commented that then we were not unified. M. Frederick said that is it. In addition to the tax incentives, unification helps a great deal by spreading out all bonded debt.

G. Smith asked, the cost of the bond for this school will just be \$16.90 per \$100K? M. Frederick said yes. R. Walters asked for clarification about whether that is the figure every year. M. Frederick said it isn't. The amount goes down every year.

G. Smith asked who is paying for the school. M. Frederick said property tax payers of the entire state of Vermont.

Andrea Altman asked if townspeople choose whether or not to delay paying principal. M. Frederick said the vote is only on the \$9.8 million bond. The board will have to make a decision about paying principal. She suggested the idea of delaying principal to the board.

A. Altman asked if the interest rate is guaranteed when the townspeople vote to approve the bond. M. Frederick said it is not guaranteed right when the voters make the decision. The interest rate was pretty much guaranteed after the first vote because the bond bank was about to go out, but now we have to wait until next summer to find out what the rate will be. Then we will be guaranteed that rate. The only time they change the rate during the life of the bond is if they see an opportunity to re-fund because interest rates are going down. She has never seen the interest rate go up during repayment.

A community member asked, now that we are joining a union district, if the bond doesn't pass then it will be voted on in all the towns so this is our last best chance to get it passed? M. Frederick said that is correct. After the merger all the towns will vote on taking out the bond. She would like this to go through as rapidly as possible while interest rates are low. If we wait until we can get all the towns in the new union to vote there could be a delay of up to 2 years.

Dave Gagnier asked the architects how many gallons the storage tank for the sprinklers will be. They said 30K. D. Gagnier asked if that water can be used for flushing toilets, etc. The architects explained that that water is intended just for the fire system. It is just in case it is needed for the sprinklers. D. Gagnier asked about needing to flush the water to make it safe for human consumption. P. Lekstutis said the tanks need to be flushed every year for rust, but the water is not for human consumption.

D. Gagnier asked if anyone has thought about what the additional cost for extra custodians, the changed heating system or plowing would be if the bond passed. D. Laflam said the increase in square footage will be minimal. The national code calls for a full time custodian for each 30K sq. ft. We have 2 custodians. No additional manpower will be needed. We will be reducing the number of boilers from 4 to 2. There will be some general maintenance to the energy recovery units. That will be done by a contractor. He doesn't see a huge cost increase. We will have to figure out how plowing will work with the new parking lot layout. He doesn't see an increase in maintenance costs. He sees decreases for the most part.

D. Gagnier thanked the school board for the time and effort they have put into the project. There was a round of applause.

Nick Lange said he doesn't know anyone who seems to have enjoyed this process. He didn't enjoy learning that the revote cost half a million dollars. He is concerned that someone will still have a doubt that will lead to a longer delay. If anyone still has a doubt, can they bring it up now? This is our last best chance. He asked anyone who still has a concern to stay here until it is addressed and then talk to others who are not here so they can hear the answer too. There was a round of applause.

A community member said M. Frederick's figures show that the biggest yearly increase to taxes would be \$14. And she showed that if we don't have a bond and have a \$500K or \$1 million repair we would see an increase of \$339 for \$100K. Is that just for one year? Is it right that the need to spend on repairs could happen multiple years in a row and the amount spent could be higher than \$1 million? M. Frederick said if we do not bond the board can only borrow short term – one year notes for up to 5 years. They can't decide without a vote to borrow for longer than that. The work that needs to be done would be a big expense to the operating budget. She thinks money has to be spent over multiple years for repairs. R. Walters said she thinks we would have to expect that it would happen in more than one year. A million dollars isn't enough to fix everything. We also have to think about the impact on kids. D. Laflam said a lot of band aids have been done. The roofs are sub par. Time is of the essence. Nothing has been fixed since the reports

from the mid 2000s described work that was needed. We have been trying to work toward a big plan all that time. The building doesn't actually have to be sprinklered but if we put in an elevator then it will have to be. If we do some work, then it leads to a requirement to do more. It is not like we can bring just 25% of the building up to code. If we did that, then we would have to bring the whole building up to code. Emergency repair costs will be very expensive.

P. Trudell asked the architects to explain why a sprinkler system has to be installed. C. Lindberg said the state doesn't want you to do some work now and other work a few years later. We have had some delays and requests to the state already. We may really be pushing it. They have the ability to mandate that we sprinkler the building. A sprinkler system is extremely critical to the building. P. Trudell said he believes the building needs to be sprinklered. He said no one has ever said the building doesn't have to be sprinklered. C. Lindberg and R. Burnett agreed that the building needs to be sprinklered.

Ken McPherson said once we spend \$1 million on repairs we will be required to do \$6 million or more of work and we will do it inefficiently and drag it out over time. If people think the unified district will be upset over the bond, think what it will be like if we stick them with emergency repair costs.

Jess Pastor asked the architects why they opted for a wet sprinkler system instead of a dry system. P. Lekstutis said the cost is lower and a dry system is not required in this building.

J. Pastor asked, we are going to have two kinds of heat here? P. Lekstutis said the building will be heated by hot water.

J. Pastor asked how we came from \$18 million to \$9 million. Did everything go out to be rebid? R. Walters said this is an entirely different plan than the one that was taken to the voters 2 years ago.

A community member asked if a capital budget including repair costs is approved by the unified district or just Hyde Park. M. Frederick said once we are unified the budget will be approved by all the towns. R. Walters said starting next July it will be a unified budget. The community member said he thinks chances of getting a budget passed that includes \$500K or \$1 million for emergency repairs would be low. K. McPherson asked, it wouldn't have to be passed by each town, but by a majority of voters in the unified district, right? M. Frederick said that is right.

Olea Smith-Kaland said she was for this before she came and now she is even more for it. It would be odd for anyone to vote no having this much information. She suggested that people talk to their neighbors and give them the real facts. There has been so much misinformation. This is the real information. This is a win-win situation. This is what Hyde Park can do to be a better community. There was a round of applause.

A community member asked if a tape of this meeting will be available online. R. Walters said as soon as GMATV gets it ready it will be uploaded to the website.

A community member said she likes this proposal better than earlier proposals.

Giselle Minor asked when we will vote on this. R. Walters said next Thursday. Someone suggested that voters can get an absentee ballot if unable to vote on Thursday.

A community member said he voted for this bond before and he will again. One question in everyone's mind is about whether there is something that can be done that would be much cheaper. Is it true that there is a cheaper option?

C. Lindberg said it is very important to compare apples to apples. His firm has the best ability from their estimators to develop price information on their proposal. Anyone can say, "I'd love to spend less. Maybe we can make it less." This is for the Hyde Park community and kids. The school needs an upgrade. The architects were disappointed that there has been an effort to make this a negative issue. This is a positive issue – rehabilitating the school and improving safety. He urged people to get their friends to vote and support this project. It is sound and it makes sense. People are concerned about their children. This proposal shouldn't go down due to small town innuendo and fighting. The school needs help. What they propose is a long term, not a short term solution. He asked people please to support it. There was a round of applause.

R. Burnett said there were engineers involved in the assessment. This is a thoroughly vetted plan. Can this scope be done for less? Not in his opinion. He is very confident they have the best budget for this scope that addresses all the needs they are aware of.

A community member asked when construction will start and where kids will go during construction. D. Laflam said we are still hoping for a June 1, 2017 start date. There are several options for the students. None are fully vetted yet. The most expensive option is portable classrooms. Another option is to put kids in various community buildings such as the parish hall. Community members have volunteered space. Students would be able to come back in February. R. Burnett said we want to maximize summer construction. If we have a June 1 start date we have to have contractors and pricing in place almost before the first of the year. A lot of the equipment ordered has significant lead times. That is why they suggested not pushing the vote into fall. If the community doesn't vote soon the construction will be pushed to 2018.

A community member asked if there are rules that a town that has joined the unified union can't get out. Will it impact us if a town votes to leave? Can they do that?

C. Gallagher said towns that have not consolidated are looking at their options. They have the opportunity to consider joining. M. Frederick said leaving the union is a complicated process similar to the process of leaving the high school union. The other towns and the state Board of Education would have to agree. It would be difficult. R.

Walter said it would be very difficult and it would be costly to a community making that decision.

D. Gagnier asked if HPES will be able to use Lamoille Union's facilities now that there will be no stage. R. Walters said yes, we can continue to share those facilities and we have the opera house. D. Laflam said we can also set up a portable stage at HPES and have room to fit 300 people into the gym. Bigger events would go to Lamoille Union and smaller events could still be housed here.

P. Trudell said he has been opposed to this project since February. He voted against it and even if he had voted for it he still would have signed the revote petition because he felt there were too few people to pass a bond for such a big project. He realizes something has to be done. He suggests this is not the project that needs to be done. The scope is too much. It would have a drastic effect on the look of the 1898 building, which would no longer stand alone. He likes all of the board members but he is really strong on his opinion.

Rebecca Dennis was on the Next 100 committee and she voted for the \$18 million bond. She is glad it didn't go through because she thinks this project does a great job of staying with tradition. She loves the 1898 building. She loves that we decided to save it. She thinks the architects have done an amazing job of staying with tradition and creating a school that will be safe and can educate kids the way they deserve to be educated. She thanked them. There was a round of applause.

C. Gallagher thanked everyone for handling this meeting with such grace and dignity. She said people are informed, committed, and insightful. This is one of the most productive meetings she has attended. She said Hyde Park has a very responsible board that represents the community's voice. She thanked everyone for handling the meeting in a collaborative fashion. There was a round of applause.

The meeting ended at 9:10.

Minutes submitted by Donna Griffiths