

**Merrimack School Board Special Meeting
Merrimack School District
School Administrative Unit #26
January 13, 2014 (Monday)
7:00 p.m.
Merrimack High School - Cafeteria**

PRESENT: Chairman Ortega, Vice Chairman Powell, Board Members Barnes and Markwell Superintendent Chiafery, Assistant Superintendent McLaughlin, and Business Administrator Shevenell. Chairman Ortega announced that Board Member Schneider would be late to the meeting.

1. Call To Order

Chairman Ortega called the meeting to order at 7:15 p.m.

Chairman Ortega led the Pledge of Allegiance.

2. Public Participation

Jody Vaillancourt, 35 Greenleaf Street, spoke about the Health Insurance Capital Reserve Fund.

She read the following email that she had sent to the board on December 17, 2013 that had not been acknowledged as being received. The e-mail will become part of the minutes to this meeting.

Good Morning,

I watched the discussion at last night's meeting regarding the possibility of creating a Trust Fund for future health insurance premiums. I respectfully disagree with the Business Administrator's comparison of this trust fund to the SPED Fund that currently exists.

The SPED fund was created so that money would be available in the event of an unanticipated enrollment of a student into the SPED program with the potential for catastrophic associated costs (such as out of district placement). This enrollment would take place after the budget had been crafted (and voted on by the towns people) and the District would have been unable to plan for those costs accordingly.

While an 11 + % GMR for health insurance premium is unfortunate-the District is provided with that information prior to the creation of the following year's budget and is able to plan for this cost during the budget process.

The money refunded to the District by the LGC should be returned to the General Fund which will then be returned to the towns people for tax relief.

*Regards,
Jody Vaillancourt*

3. Budget Presentations

Reeds Ferry Elementary School, Thorntons Ferry and Mastricola Elementary Schools

The panel consisted of Kim Yarlott, Principal at Reeds Ferry Elementary School, Nick Coler, Assistant Principal at Reeds Ferry Elementary School, Bridey Bellemare, Principal of Thorntons Ferry Elementary School, Julie DeLuca, Assistant Principal at Thorntons Ferry Elementary School, Emilie Carter, Principal at James Mastricola Elementary School and Jay Gratton, Assistant Principal at Mastricola Elementary School.

Principal Yarlott gave a brief overview of the budgets for the three elementary schools. She explained that all three schools would respond to questions by the board as a whole, instead of each school reviewing its specific budget.

Board Member Barnes asked about the Gifted and Talented line item. She asked if the reduction in the budget was related to the shift from Gateway to the Gifted and Talented Program. She also asked how many students are being served in the Gifted and Talented Program as compared to the prior Gateway Program.

School	Gateway	Gifted and Talented
Reeds Ferry Elementary	32	10
Thorntons Ferry Elementary	40	9
Mastricola Elementary	49	9
Total	121	28

Board Member Barnes asked about Social Studies Field Trips.

Principal Yarlott responded that all field trips are included in the budget. The variables in cost are size of class, number of buses needed, and the higher cost of transportation.

Board Member Barnes asked about Furniture Replacement Plans.

Each principal reported on their school's needs beyond the 2014-2015 budget requests.

- Mastricola Elementary School: Six classroom sets of desks and chairs and bookcases
- Thorntons Ferry Elementary School: Twelve classroom sets of desks and chairs and bookcases
- Reeds Ferry Elementary School: Eleven classroom sets of desks and chairs

Board Member Schneider asked why the high school did not have a furniture replacement plan but the three elementary schools did.

Business Administrator Shevenell responded that the high school has a storage area of spare desk/chair combinations that it utilizes. He emphasized that the desks and chairs for the elementary schools are adjustable which provide flexibility.

Board Member Markwell asked about the increase in the Health Supplies account

Principal Yarlott responded that the amount budgeted for Health Supplies has not increased in a long time. She noted that there is a need to purchase supplies such as hand sanitizers, wipes and latex gloves to address specialized student needs.

Board Member Markwell asked about standardizing the purchase of classroom furniture instead of each school purchasing its own.

Business Administrator Shevenell responded that he receives requests for furniture from all school principals and then combines the requests before going out to bid.

Superintendent Chiafery noted the question raised by Budget Committee Vice Chairman Gary Krupp. Relative to account #100-2725-15-8519-11 (Soc Sci Field Trips) he asked why the budget amount listed as \$1,673 for Field Trips in the budget book for Mastricola Elementary School does not correspond to the budgeted amount on the spreadsheet which was \$2,272.

Principal Carter responded that the \$1,673 in the budget book was the correct amount.

Central Office

Business Administrator Shevenell explained that the Central Office budget has two large expenditures worth noting: Health Insurance and Transportation. Transportation contracts have gone up 4% and the health insurance expenditure has increased by 11.4%.

Vice Chairman Powell asked about the salaries for the school district moderator and clerk.

Business Administrator Shevenell responded that the additional \$500 covers the cost of the secretaries for the Budget Committee and the Planning and Building Committee.

Chairman Ortega asked why the Support Staff Improvement line item was expended below the budgeted amount for 2012-2013.

Assistant Superintendent McLaughlin responded that the amount was not expended because some support staff did not request training.

Superintendent Chiafery presented the question by Budget Committee Member Rick Barnes.

Please explain the huge drop in the Gifted and Talented District-wide salary line.

Business Administrator Shevenell explained that money for these salaries had been in a holding account. The salaries have been reallocated to Reeds Ferry and Thorntons Ferry accounts where they should have been originally.

Superintendent Chiafery presented the questions by Budget Committee Vice Chairman Gary Krupp.

The default budget is greater than the proposed budget. If the proposed budget were to fail, are there any items planned for 2014-2015 that could not be operationalized under the default budget?

Business Administrator Shevenell explained that the default budget is more than the proposed budget because the proposed budget contains a lesser number of teachers due to the Reduction in Force that has been invoked. If the proposed budget failed, all items needed for 2014-2015 could be operationalized in the default budget.

Budget Committee Vice Chairman Krupp asked, can you discuss these three new accounts associated with the MTA contract (Workshops/Graduate Studies/District Initiatives). The old contract frequently had large amounts of professional development funds unexpended annually. Do you expect these three accounts to be fully expended under the new deal? Will you list a few examples of things that have been paid for under the District Initiatives account?

Workshops: Assistant Superintendent McLaughlin explained that the workshops support teachers in their recertification efforts.

Graduate Studies: Assistant Superintendent McLaughlin explained that these funds support teachers in pursuit of their master's degrees (i.e. SNHU cohort).

District Initiatives: Assistant Superintendent McLaughlin explained that these funds are for specialized training pertinent to District goals such as PowerSchool training, Title IX, Crisis Intervention, and Science Olympiad.

The Administrative Improvement account has historically expended \$30,000 to \$50,000 annually yet both the current and proposed year have allocations of \$57,000. What caused the increase?

Administrative Improvement: Superintendent Chiafery explained that these funds are part of the outcome of the Advise and Confer Process between administrators and the board. It is part of the administrator's contract. Several administrators are pursuing advanced degrees.

How does the proposed demographic study differ from the population information already paid for through NHSBA and NESDEC?

Demographic Study: Superintendent Chiafery explained that this item was put in the budget as a "place holder" to get a price point. She added that the study that is being proposed by NESDEC is more comprehensive than the annual demographic reports. It will provide more information about demographic trends and space utilization.

How much do NHSBA and NESDEC memberships cost the District?

The NHSBA membership cost is \$6,092.22 and the NESDEC membership cost is \$4,195.

What are the details of NESDEC study?

Chairman Ortega reported that he, Board Member Markwell and Planning and Building Chair Rich Hendricks had a conference call with the NESDEC team who would conduct the proposed study. NESDEC's proposal covers several areas in great detail, such as the difference between classroom sizes and the fluctuations that occur in the classrooms during the day.

Board Member Markwell requested a map of each building, the size of classrooms and the number of pupils in each classroom.

Has the Planning and Building Committee space utilization study been completed yet? If so, how does it factor in to the work proposed?

Superintendent Chiafery noted that the Planning and Building Committee has done extensive work on their demographic studies and use of space. The committee's work would be shared with NESDEC.

Board Member Markwell agreed but added that the data is old and needs to be updated.

Accounts listed on the full budget spreadsheet but are not contained in any budget summary.

Business Administrator Shevenell responded that the district follows a model of budgeting that has been consistently in place for the last 31 years. He noted that the majority of the accounts were salary lines which are accounted for in personnel reports.

Board Member Markwell asked about the increase in Legal Services.

Superintendent Chiafery stated that legal services over a six year period has gone from a low of \$20,221 to a high of \$68,363. The proposed amount is predicated on the number of cases the district might face and the use of the account by five district administrators.

4. Initial Review of Proposed Warrant Articles

Business Administrator Shevenell presented the proposed warrant articles. He noted that the Deliberation Session will be held on March 5, 2014 at James Mastricola Upper Elementary School and voting will occur on April 8, 2014.

Articles 1 and 2 are articles that are presented every year.

Article 3 is a Special Warrant Article that speaks to the Natural Gas Conversion Plan for Merrimack High School, James Mastricola Upper Elementary School, James Mastricola

Elementary School and the Maintenance Building. Business Administrator Shevenell added that the district was looking at up to a fifteen year lease with a cost of approximately \$60,000 per year. The payback should be in 3.9 years.

Board Member Schneider asked if it would make sense to have the number of payments equal to the length of the lease. In other words, if the payback time is four years, it should be logical to have a four- year lease. He also questioned the escape clause in the article.

Business Administrator Shevenell explained that it is standard to have an escape clause in a lease. He added that the total amount, including interest, would be contained in the lease. He also stated the district's attorney had reviewed the proposed language in the article.

Superintendent Chiafery stated that the proposed article was about concept, not about specifics. She added that at the January 21 board meeting, the administration would have a second draft of the warrant articles prepared with numbers inserted in the text.

Board Member Barnes stated that she would like to know some of the specifics of the lease, such as the rates, the payment schedule, the life cycle of the equipment involved, etc.

Chairman Ortega stated that the project should have a very quick return. He would not like to have the lease long and drawn out.

Business Administrator Shevenell added that it would be great to pay off the lease by 2023 when the middle school was paid off.

Board Member Barnes stated that she would like to look at a 5, 10 and 15 year lease. She would like to know how the tax rate might be affected.

Article 4 is a special warrant article that speaks to the establishment of a Capital Reserve Fund for the purpose of lessening budgetary tax impact to taxpayers as a direct result of increases in the cost of health insurance premiums.

Board Member Schneider asked about future refunds to the district for health care costs.

Business Administrator Shevenell stated that a refund in 2014 should be around the same amount of the 2013 refund. He added that that number is based on preliminary information. Given the level of scrutiny that the HealthTrust is under, he would guess that any rate increases would be honest rate increases.

Board Member Schneider stated that he thought there were some people who felt that all the money refunded to the district should be returned to the taxpayers.

Board Member Barnes asked what would be an appropriate need to have to dip into this fund.

Vice Chairman Powell stated that whatever the increase in premiums is, is how much should be taken out of the fund. He did not want a set number put into the warrant article.

Board Member Barnes stated that the only way to justify the language in this article is to state that only the amount of funds necessary to pay the appropriate premium can be taken out of the fund. She is against there being an open amount.

Board Member Markwell stated that he didn't think the RSA named a specific amount to be held.

Business Administrator Shevenell stated that he will do the research on the RSA.

Vice Chairman Powell stated that there are so many changes in the Affordable Healthcare Act in 2014 that the Board won't have a handle on the outcome for the next five years.

Chairman Ortega noted the email from Ms. Vaillancourt and apologized for the oversight. He added that there had also been correspondence from Mr. Krupp regarding this issue.

Article 5: This article allows the district to retain an amount not to exceed in any fiscal year two and one half percent (2.5%) from the year-end unassigned general funds. It would establish a contingency fund similar to what the municipalities have. The fund may only be used to reduce the tax rate or for emergencies to be approved by the Department of Education.

Vice Chairman Powell asked if other districts have passed this warrant article.

Superintendent Chiafery responded that no district in the immediate region has passed such a warrant article at this point in time. Only two districts have passed an article similar to this thus far.

Vice Chairman Powell asked what kind of an emergency would warrant approval of an expenditure by the Department of Education (DOE). He added that he would not be in favor of this warrant article if permission to expend is needed by the DOE. Therefore, he would not want this article on the ballot.

Business Administrator Shevenell stated that he will speak with Attorney Peahl regarding the legal implications of this warrant article.

Board Member Barnes stated that she looked at the request to the DOE to expend for an emergency as a means of checks and balances.

Article 6: This article presents the operating budget and the default budget to the voters.

5. Budget Discussion

Chairman Ortega asked if there were any areas of the Operating Budget that board members had specific questions about.

Board Member Barnes stated that she had questions about combined classes in French 4 and 5 and Arabic 2 and 3 in the World Language department at the high school. She wondered if the

combined classes worked, how the teaching positions were structured and what extra staffing, if any, would be needed if the classes were not combined. She added that for French 4 and 5 there is one teacher, two classes and four lesson plans.

Board Member Markwell asked if there were any complaints from parents regarding the combination of the French classes and if any students were struggling with the new class structure.

Superintendent Chiafery responded in the negative.

Board Member Barnes asked to consider if there should be a separation of French 4 and 5 and Arabic 2 and 3. The administration was requested to address the question at the January 21st meeting.

6. Public Participation on Agenda Items

Chairman Ortega apologized for the lack of microphones and video coverage during the meeting.

Jody Vaillancourt, 35 Greenleaf Street, commented on the discussion about the combined World Language classes. She stated that the board should be focused on the best way to deliver advanced languages. She noted that she was opposed to the combination of classes.

Gary Krupp, 4 Ministerial Drive, noted that there are many Budget Committee members who did not attend the meeting because they were depending on the meeting being recorded. He also spoke about the number of accounts that were omitted from the budget summaries that were not necessarily salary-based. He felt there should be consistency as to what is placed in the budget books (i.e. Salary accounts should all be in the book or all out of the book.)

Vice Chairman Powell moved (seconded by Board Member Barnes) to adjourn the meeting at 9:45 p.m.

The motion passed 5-0-0.