

Merrimack School District Budget Committee

Minutes February 3, 2015

Present: R. Barnes, K. Bobbitt, B. Cummings, J. Hanson, S. Heinrich, D. Illg, S. Jacoby, C. Mower, C. Lang, L. Mooney, C. Skarda and School Board liaison C. Guagliumi

Also present: Superintendent M. Chiafery, Assistant Superintendent Dr. M. McLaughlin, and School Business Administrator M. Shevenell.

S. Heinrich called the meeting to order at 7:02 P.M. and led those present in the Pledge of Allegiance. He told the Committee that draft minutes of the last meeting had been sent out for informational purposes and would not be approved at this meeting. He requested that any member having corrections should email the clerk and stated that revised minutes would be sent out for approval at the February 10th meeting

Warrant Article Presentation

S. Heinrich said that the School Board had not yet voted on which articles would be placed on the warrant. He said M. Shevenell would be presenting a list of potential warrant articles to the Committee for discussion purposes only. S. Heinrich said the Committee would vote its recommendations on any monied articles the School Board places on the warrant just before the Public Hearing on February 10th. He also said the Committee would be discussing the articles by content and not by number since the article numbers and order on the warrant had not yet been determined.

Asbestos Removal Fund

M. Shevenell told the Committee that Administration is proposing two articles regarding asbestos removal funds. The first is the dissolution of the Asbestos Removal Capital Reserve Fund (CRF). M. Shevenell stated that, for several years, asbestos removal has been part of the operating budget. He also stated that the only way the District could access funds from the Asbestos Removal Fund was by putting an article on the warrant since the School Board was not the agent to expend this CRF and if such an article failed, then the District could not use funds from the operating budget for asbestos removal. He said the monies from the dissolved Asbestos CRF would go into the General Fund and the second proposed article is to deposit the amount from the dissolved CRF into the District's School Repair Capital Trust Fund (CTF). He said the School Board is the agent to expend from this account. He indicated that the District is almost at the end of its list of asbestos removal projects. He also said that changing the purpose of a CRF requires a 60% majority vote. Creating or dissolving a fund only requires a simply majority vote.

Discussion included the following:

- Over the last 7 years, approximately \$200,000 per year has been in the operating budget for asbestos removal projects.

- There is \$240,000 in asbestos removal projects in the proposed 2015-16 budget.
- The remaining asbestos removal projects are at the high school and could be combined into one year.
- The District anticipates a surplus of over \$3 million, which is unusually large amount due to the health trust refund.
- If the first article passes and the second fails, the dissolved funds go into the surplus. The District's surplus is used to offset the school portion of the tax rate.
- The School Repair Fund is already in existence and has a current balance of \$21,000.

Support Staff Contract

M. Shevenell told the Committee that the support staff contract covers custodians, food service workers, paraprofessionals, maintenance workers and administrative assistants. He said the proposed contract is a three-year contract with a 3% raise in each year. He said the warrant article would appropriate the additional amount that was needed to fund the first year of the contract and an estimate of what the additional cost would be in the second and third years of the contract. He said the new contract also includes having staff contribute an additional 1%, based on the HMO costs, toward health care per year. He indicated this concession will save the District approximately \$50,000 per year. He said there were some other refinements in the contract: a longevity bonus of 30¢ an hour for employees with more than 30 years of service which would cost the District about \$3,000 next year and increasing the health care "opt-out" benefit from \$1,200 to \$1,500. He indicated that the average gross weekly employee pay for 2015-16 would be \$542, for 2016-17 would be \$624 and for 2017-18 would be \$650.

Discussion included the following:

- The Districts pays \$8,000 for a single person health plan, \$16,00 for a 2-person plan and \$21,500 for a family plan.
- There are approximately 303 support staff employees.
- The amount requested for the first year of the contract also includes longevity increases.
- There will be a "trailer" article, which the Committee will not vote on, but which will give the School Board authority to hold a special meeting on cost items of the contract, should the contract article fail.

SAU Bond

M. Shevenell told the Committee that the bond article for a new consolidated central office is an all-inclusive price of \$1.7 million dollars. He said the plan included new building costs of \$1.5 million dollars, conference room furniture and technology costs of \$28,000, moving costs of \$3,000 as well as demolition and removal of \$40,000 for the current buildings plus site preparation and paving of \$50,000 for the current building space and a 5% contingency of \$75,650. He said there are no schematics yet, but there have been building sketches. He said he would recommend a 10-year bond to the School Board.

S. Heinrich said that the School Planning and Building Committee, of which he is a member, has been working on this project for several years. He indicated that there was a warrant article two years ago which got a majority, but not the super majority needed to pass a bond.

Discussion included the following

- The second year of a bond is the most expensive. The second year impact of this project would be approximately 7¢ per thousand or \$21 on a \$300,000 home.
- The conference room would be designed to hold 100 people and would be configured so that it was divisible as well as available for evening meetings.
- Current interest rates are between 3% - 5 %.
- Many residents are not aware these buildings even exist, never mind have been inside them.
- There is no longer any state aid for building SAU office space.
- The original bond article was a “bare bones” plan. This warrant includes all costs.

The Committee took a brief recess at 8:05 P.M.

The Committee resumed meeting at 8:18 P.M.

Budget Work Session

S. Heinrich said the bottom line the Committee was starting with was \$70,408,919. He said the Committee would discuss all proposed changes in a department before moving onto the next department. However, he said that there would be an opportunity to make additional changes after the Public Hearing. He said that roll call votes would be taken for all proposed changes. He reminded the Committee that while the Committee would be changing account lines, the Budget Committee was really only changing the bottom line.

S. Heinrich listed each department and asked if any member had any changes they wanted to propose.

No one did.

S. Heinrich made a MOTION to recommend an operating budget of \$70,408,919 be brought to the Public Hearing. Second: C. Lang.

Discussion included the following:

- That the Committee proposed no changes does not mean that the Committee is happy with the budget.
- That the Committee proposed no changes does not mean that the Committee did not serve a function in the budget process.
- The proposed budget is less than the default budget.

Minutes 2-3-15, continued

M. Shevenell told the Committee that the default budget is basically a level-services budget, which includes contractual and legal obligation increases and removes one-time expenditures. S. Heinrich asked M. Shevenell to plan to explain the default budget in detail to the Committee at the next meeting.

A roll call vote was held. MOTION PASSED unanimously.

Public participation

There was no public participation.

Other

S. Heinrich said the Public Hearing was scheduled for February 10th but if there was no school, it did not necessarily mean there would be no Public Hearing.

C. Lang made a MOTION to adjourn. Second: R. Barnes and B. Cummings. MOTION PASSED unanimously.

S. Heinrich adjourned the meeting at 8:32 P.M.