

Merrimack School District Budget Committee
February 5, 2019
Minutes

Present: K. Bobbitt, J. Guagliumi, L French (arrived late), S. Heinrich, A. Hyde-Berger, D. Illg, C. Lang (by phone), C. Mower, B. Stisser and School Board member N. Schoenfeld
Excused: G. Savitch, M. Murphy and S. Jacoby
Also present: Superintendent M. Chiafery, Assistant Superintendent Dr. M. McLaughlin, and Assistant Superintendent for Business M. Shevenell

S. Heinrich called the meeting to order at 7:04 P.M and asked A. Hyde-Berger to lead those present in the Pledge of Allegiance.

Announcements

S. Heinrich told the Committee that C. Lang would participate in the meeting via telephone and he reminded the Committee that all votes taken while she was on the phone are required to be roll call votes.

At this time, Carol joined the meeting via speakerphone. C. Lang said she was in Satellite Beach, Florida and there was no one in the room with her.

Warrant Articles

S. Heinrich reminded the Committee that it only discusses and votes recommendations for monied warrant articles. He asked M. Shevenell to come forward to present current monied articles.

Teachers' Contract

M. Shevenell said the contract being proposed is for 3 years. He said a survey of surrounding communities indicates that the Merrimack salary scale is considerably lower than surrounding communities and that the "85/15" health insurance split results in Merrimack teachers paying more toward their health insurance than other communities require. The proposed contract maintains the 85/15 health insurance contribution and includes a 3.25% salary increase in each year of the contract. He said that this will start to bring the Merrimack salary scale more in-line with area communities. He explained that more money is being added at the bottom of the scale which may result in the upper steps only getting 1.5% but the total average increase is 3.25% each year.

Discussion included the following:

- M. Shevenell guesstimates that Merrimack is in the lower middle tier of state average relative to teachers' pay.
- There is no merit based financial incentive in the contract. Teachers are evaluated annually using a target based performance tool and Administration insists on excellence.
- Approximate salary range: Experienced teacher/Ph.D. - \$73,000. New teacher/bachelor's degree - \$35,000.

- To get the retirement incentive, teachers must have taught in Merrimack for 15 years and be at least 55. The average age of retiring teachers seem to be about 62 years old.
- Several years ago, teachers were “stagnant” on the middle steps of the salary scale for three years each. That has been changed. This contract is trying to increase the base.
- The probationary period for teachers is 5 years. Probationary teachers’ contracts are renewed, or not, annually. After the probationary period, teachers are given a continuing contract. However, there are statutory mechanisms which must be followed if the District wishes to terminate a teacher with a continuing contract.
- There are 18 steps on the salary scale. There are a lot of teachers near the bottom of the scale and lot of teachers at the top of the scale with advanced degrees.
- The contract will result in a “new” salary scale so even teachers on the top step of the scale will receive a raise.
- If the contract warrant article fails and the associated “special meeting” warrant article passes, then the School Board can renegotiate cost items only and hold a Special School District Meeting to vote on a new proposal. While there would be another cost to hold a Special Meeting, the District does not usually use paid mediators during negotiations.
- If both contract articles fail, the current contract continues and staff is frozen on the salary step they are on until a new contract is passed.
- Since the increases for each of the three years of the contract are included in the warrant article, these increases become part of the default budget if the contract passes.

During the discussion: L. French arrived, S. Heinrich left the meeting and C. Mower took over running the meeting.

C. Mower called a recess at 7:40 PM. .

The meeting resumed at 7:45 PM. C. Mower indicated that the Committee would vote recommendations on each warrant article after all warrant articles were presented and discussed.

School District Repair Capital Reserve Fund (CRF)

J. Guagliumi asked why this article was labeled “Special Warrant Article.” M. Shevenell explained that by statute, any warrant article that involves a Capital Reserve Fund, is petitioned or is a bond is designated as a “Special Warrant Article.”

M. Shevenell told the Committee that the Repair CRF is for emergency repairs. He said this fund had been used to pay for a portion of the “bat remediation” at the upper elementary school and most of the remaining amount will be used to fund additional costs for the high school switchgear project. He said the purpose of this warrant article is to start replenishing this fund and the article would only be funded if there was a fund balance (i.e. surplus). The maximum that would be appropriated was \$200,000. He said that the State Department of Revenue Administration requires that the warrant article have a sum certain, but in no case would more than 10% of the Fund Balance be appropriated.

Discussion included the following:

- The District usually has a fund balance around \$3 million dollars, which is returned to reduce the school portion of the taxes.

- The School District cannot retain any of the fund balance without a warrant article such as this.
- Three million dollars is approximately 3 – 4% of the total operating budget.
- Without funds in this Repair CRF, the district would have had to freeze discretionary spending lines in order to fund repairs in the event of an emergency.
- There are procedures in statute which allow the District to request permission for a deficit appropriation in emergency situations.
- M. Shevenell would like to build the Repair CRF to a balance of \$550,000 which is the same amount that is currently in the Special Education CRF. As an example of a potential emergency repair, he said replacing two boilers would cost \$300,000.

Mastricola Parking Lot & Drainage

M. Shevenell explained that this project has been in the Capital Improvement Plan for several years. He indicated the project includes leveling the parking lot to bring it into ADA compliance, adding parking spaces, correcting drainage flow and adding catch basins which are properly tied into storm water drains as well as improving visibility and access to the MES main office.

Discussion included the following:

- The parking lot is in need of re-paying whether or not the entire project is undertaken. M. Shevenell will research cost of just overlay.
- Even if doing an overlay, the District would also have to raise the lot to bring it into ADA compliance.

C. Mower called a recess at 8:15 P.M.

At 8:20 PM, the meeting resumed and S. Heinrich returned to running the meeting.

S. Heinrich told the Committee that the District was expecting a petitioned monied warrant article which meant the actual posted warrant article numbers might be different than the warrant article numbers presented during this meeting. He said the Committee would have a final warrant article listing at the next meeting and suggested that the Committee wait until that meeting to vote recommendations on the warrant articles.

Work Session on the Operating Budget

S. Heinrich said the operating budget as currently proposed was \$77,654,036. He said the default budget was \$77,787,568 and indicated that the Committee did not review or vote on the default budget.

K. Bobbitt asked for an explanation of the default budget.

M. Shevenell explained that the default budget is the current budget, increased by any legal obligations that the District must pay next year, decreased by any one-time expenditures from the current budget year and increased or decreased by contractual obligations, bonded debt and special warrant articles. He also said that a new law requires that positions which have been cut

in the proposed budget must be also be removed from the proposed default budget. M. Shevenell then explained the specific line by line calculation of the proposed default budget.

Discussion included the following:

- The default budget is more than the proposed budget.
- The School Board has worked hard to control budget growth.

S. Heinrich asked if any Committee member had any budget deductions to propose. No one did.

S. Heinrich asked is any Committee member had any budget additions to propose.

C. Mower made a MOTION to add \$200,000 to the budget to provide funds to raze the Brentwood/Red building. Second: S. Heinrich.

S. Heinrich asked M. Shevenell if \$200,000 was sufficient. M. Shevenell said he could make \$200,000 work.

C. Mower spoke to his motion by saying the building cannot be rehabilitated and has no practical purpose as it exists now. He felt there was little value in minimally maintaining the building and suggested it was prudent to prepare the land for future use.

S. Heinrich spoke to his second by saying the District could spend lots of money to try to rehab the current building which he felt would result in an inferior building and he felt boarding up the building and abandoning it would cause even more problems.

Discussion included the following:

- Maybe this should have been a warrant article.
- The Budget Committee cannot create a warrant article.
- This could be a petitioned warrant article.
- The School Board chose to minimally maintain the building at this time and not put other options up for consideration this year.
- If the Budget Committee approves this budget increase or if there is a petitioned warrant article for demolition which passes, the School Board does not have to demolish the Red Building.
- A new SAU Administrative Office Building is on the Capital Improvement Plan for next year.
- The District will be debt free in five years.
- The Red Building has been added to the District's insurance policy but there was no additional cost impact.
- There still is not a definite plan for a new SAU.
- Putting this in the operating budget is not transparent.
- Putting off some of the maintenance projects which the Administration cut and the School Board put back would amount to almost the same amount as the motion proposes adding to the budget.
- It is important to maintain buildings that are in use.
- This budget increase puts the proposed budget over the proposed default budget.

- The Budget Committee could put a \$1 demolition purpose/line in the proposed budget and the School Board can move additional available funds into the line.
- M. Shevenell said that he thought that demolition of this building was covered as a purpose in the budget under “Operations of Maintenance and Plant.”
- M. Shevenell provided an updated annual utility cost figure of \$22,000.
- If demolition is included with a construction bond, there may be some savings.
- Demolishing the building now may be in the best interests of the taxpayers.

A roll call vote was held. MOTION PASSED: 6 – 4 – 0.

In favor: J. Guagliumi, L French, S. Heinrich, A. Hyde-Berger, C. Mower and B. Stisser

Opposed: K. Bobbitt, D. Illg, C. Lang and N. Schoenfeld.

S Heinrich announced the proposed operating budget was now \$77,854,036 and asked if any member had any other budget increases to propose. No one did.

S. Heinrich made a MOTION to move an operating budget of \$77,854,036 to the Public Hearing. Second: C. Mower. A roll call vote was held: MOTION PASSED: 9 – 0 – 1. (Abstain: N. Schoenfeld)

Other

S. Heinrich announced the next meeting would be on February 12th, starting at 7 PM. He said the Committee would vote on any other budget adjustments and warrant article recommendations before the Public Hearing and recess at 7:30 PM to hold the Public Hearing. After the Public Hearing, the Committee would vote on minutes and take any final actions on the budget.

He told members that filing period runs from February 20th – March 1st and stated that his term and the terms of L. French, A. Hyde-Berger, C. Lang, and B. Stisser were up this spring.

Public Participation

There was none.

S. Heinrich asked if any member of the School Administration had any comment. No one did.

C. Lang left the meeting at this time.

K. Bobbitt made a MOTION to adjourn. Second: L. French. MOTION PASSED unanimously.

S. Heinrich adjourned the meeting at 9:32 P.M.

Respectfully submitted,

Pat Heinrich