

10/4/07

RPC Meeting

6:30

Warsaw Middle School

Attendance: Carol McCarron, Joe Cianchette, Karen Corson, Blake Bartlett, Sue Nolan, Barbara Basford, Gary Jordan, Chris LeBlanc, Bob Hagopian, Jane Brakett, Jennifer Herbert, Stuart Huff, Bob Downs, Amy Keaton, Troy Emery, Sandy MacArthur, Mike Gallagher

I. Welcome and Introductions:

II. Board apportionment Method B weighted vote

a. At the last meeting the team determined that the weighted vote is the preferred method. Mike found out at the Drummond/Woodsum conference the “While weighted voting allows different members to have different voting power, the law places a restriction on how big that difference may be. It does so by stating that the voting power of any one member may not exceed by more than 2% the percentage of voting power the director would have if all 1,000 votes were apportioned equally among all members.” Therefore he shared that he used the template spreadsheets provide by Drummond/Woodsum and learned that we couldn’t have a 15 member board. He provided a spreadsheet showing how weighted votes work. A 15 member board won’t work because the voting power in the construct previously thought to be appropriate, exceeds 2% in both Madison and in Pittsfield. Therefore, he shared two examples that would comply with the 2% rule. One allowed for a 20 member board and the other option was with a 13 member board. Bob Hagopian distributed the original version of the board membership showing a 15 member board. He noted that he felt Drummond/Woodsum was a group of lawyers that shouldn’t be involved. They are going to be making a lot of money from this. Mr. LeBlanc shared that at the last meeting they discussed how a 20 member board was too large. He indicated that a board with only 13 members would likely be OK with him. Mr. Jordan stated that it is his feeling that it would be nice to have at least two members from each community, especially if one person was unable to show up to a board meeting. Discussion continued about the small towns and the difficulty in finding people willing to serve on the board. Mr. Gallagher indicated that the law also provides for another option called option D. This option is a voting method of the RPC’s design; however, it still must comply with the 1 man 1 vote concept and the 2% rule. Because there was a level of comfort and a desire to have a 15 member board that allows for at least two members per municipality, except in Brighton Plantation, Bob’s 15 member board makeup will be submitted as an option D method. Mrs. Basford asked if we should have a back up plan and Ms. McCarron wondered why 15 members would be a problem with some towns having more than 2% greater voting power. A concerned was voiced that it is hard to find 6 quality people to run for the board which would be the case with Madison with a twenty member board. The committee agreed to submit the plan with 15 voting members.

There will be a back up plan but we won't share that with the Commissioner right now. A discussion about the vote total that would constitute a quorum was conducted. A quorum could be 66.6% or 50% of the voting power. The RPCs first agreed to have 50% of the voting power to be a quorum. A motion was made to go with the 15 member board and a quorum of 501 points. Mr. Downs was concerned with only 501 points being a quorum especially around budget votes since Pittsfield and Madison could carry those votes. *The motion was amended to have 667 votes to constitute a quorum. Vote 13 yeah 0 no 1 abstain*

- b. At this time Mr. Cianchette asked if he might ask some questions about the consolidation efforts between SAD 53 and 59 RPCs. He asked how the SAD 53 and 59's SAT's compared. Mike Gallagher replied that we did look at that information on a spreadsheet handed out at the second public meeting. Although Mike didn't have the information with him, RPC member Susan Nolan did and she shared the information with the group. Mr. Cianchette was concerned because at this time he doesn't feel he could be a helpful member of the team if he doesn't believe in what he is doing. Mr. Cianchette also asked about per pupil costs and teacher salaries. He noted that SAD 59 salaries are higher than ours and SAD 53's per pupil costs are higher than SAD 48. Mr. Cianchette wondered how it was possible that in one meeting that we determined to go with SAD 59. Mike Gallagher explained how SAD 48 did not file a letter of intent naming SAD 53 as a potential partner and that SAD 59 did file a letter of intent naming SAD 53. Our letter of intent with SAD 59 was the only one out of the three that were submitted by the district that was approved by the Commissioner. Mike indicated that he called the Superintendent of SAD 48 on two successive days and asked if SAD #48 intended to file a letter of intent naming the district. The superintendent indicated that they would not be filing a letter of intent naming SAD #53. The next day the SAD 53 RPC had a meeting with SAD 59 RPC and the meeting went very well. The philosophy of both districts about consolidation was very similar and after that meeting the SAD 53 RPC agreed that it would be important to focus our energy on moving forward with a district who was willing to commit in writing to work together. There was an ensuing conversation about the mill rate and those towns that don't raise at least 2 mils for education. Right now the state education committee is looking at the mil rate requirement. Mr. LeBlanc pointed out that the law requires that we combine our System Administration, and that the consolidation effort between the two districts was trying to just do. It is important to find a partner with whom you can work. It isn't about bussing students. This way our students don't get hurt and hopefully our Central Offices can combine.

III. Local School Committees

- a. *The combined RPC members agreed that new RSU board should determine whether or not it will have local school committees and if so what their power and authority will be.*

IV. Disposition of real and personal school property

- a. *Real property (buildings and grounds)*
- b. *Personal School Property*
 - i. Recommendation would be all that property would roll to the RSU
 - ii. One of the office buildings might be closed at in the future but right now we don't have enough information to make a determination.
 - iii. Within the last 5 years land beside/behind the Madison Area High School was procured. At some point a new safer entrance to the school could be created on that land. Right now SAD 59 is using part of it as a practice football field.
 - iv. There was a concern expressed by an SAD 59 RPC member about the amount of property SAD 59 has and would SAD 53 want to take it all on. Mr. Downs asked about the debt on the property to which the reply was that the property is owned free and clear. SAD 59's alternative education building, the old bus garage and the administration building maybe buildings that the new RSU would not need or want. The prices listed on the spreadsheet that was distributed are replacement cost values provided by the districts' insurers. There are no properties in either SAD 53 or SAD 59 that are shared with any other entity. SAD 53 has one pending easement at Manson Park and SAD 59 has an easement to get to the football field in Madison. Mr. Downs recommended we consider a limited liability corporation (LLC) to consolidate all of the properties. The LLC would then convey all of its holdings to the RSU, otherwise once the boards of the current SADs no longer exist, there would be no one to convey the properties to the new RSU. It might be important to pose this idea to our legal representation. Contracts could be handled in the same fashion. The LLC idea also seemed sensible since if the consolidation law falls through, each SAD would retain their respective properties. It was asked if local attorneys could be used to develop the LLC and Sandy replied Drummond and Woodsum act as the attorneys for both districts. Sandy shared that in concept we would roll all the property into the new RSU and let the new RSU board decide on the buildings' uses. (She also reminded everyone to remember that the property includes all personal property i.e. fixtures in the buildings) Each districts' audit would have all collections of \$5,000 or greater in value or single items of \$5000 or greater in value listed as personal property. *Conceptually the teams agreed to roll all property into one RSU.* Mike Gallagher will check into the idea of establishing an LLC.

V. *Disposition of existing school indebtedness and lease/purchase*

a. *Lease/purchase-copiers etc*

b. *State approved for subsidy debt*

c. *Local only debt*

- i. The law allows for each municipality to keep its local debts or turn them over to the new RSU. A hand out was shared that showed each school's local only debt. At this time SAD 53 carries the bulk of the local only debt. (Currently 1.6 million which would be reduced to 1.2 million by July 1, 2009) SAD 59 has two local only debts - one that will be paid off this year and one for Madison Elementary School. (The debt will be reduced to \$445,000 by July 1, 2009.)

A financials spreadsheet was then distributed. It was prepared by the DOE. It showed the amount of municipal taxes if the two districts had been combined this year. The RPC reviewed the expenditures for each SAD. There was a discussion about the expenditures for the hot lunch program. Currently SAD 59 raises \$89,000 locally to support the nutrition program. SAD 53 raises \$37,960 in support of the program. Next year SAD 53 believes their program will be self-sufficient. The RPCs reviewed what each municipality would need to raise for its share of the EPS model and then the amounts added in for local option funding and the local only debt service assuming that the RSU assumed all the debt of both districts. It was noted that the 1.8 million that SAD 59 is raising this year in local option funding, shifts taxes from the towns of SAD 59 to the towns of SAD 53. The reason that this occurred is because SAD 59 raised more in local option funding than SAD 53. SAD 59 raised 1.8 million of local option funds while SAD 53 raised 648,000 of local option funding. However, when adding in the annual payment for debt service owed by SAD 53 it starts to even out the tax shift that occurred when considering only the local option funding. Sandy MacArthur pointed out that if SAD 59 used as much carry forward as SAD 53 did this year or if they had anticipated additional revenues from Medicaid, the difference in the shift would have been minimized. Sandy also shared what would happen if we opted not to consolidate. The loss of state subsidy would have had a much greater impact on taxes. Additionally, Sandy shared that we know we are going to lose funding for system administration (50%), transportation (5%), special education (5%) and buildings and maintenance (5%). Therefore, if we don't consolidate into an RSU, the towns' taxpayers wouldn't be able to afford the additional costs of education. Sandy reminded everyone that the figures that were shared were just a snapshot of what would be if consolidation had already occurred. Between now and the formation of a new RSU many changes would occur. Valuations change and student populations' change which are the biggest factors for EPS

funding. There is just no way to predict what the final numbers will be. Some future savings are predicted especially when considering the regionalization of some services with SAD 54. Sandy shared that SAD 59 and SAD 54 now share an adult education director and programming. After three years in this arrangement this year they are saving approximately \$8000. She believes it will take a few years in transition to realize new savings with regionalization efforts. The driving piece for taxpayers to understand is the magnitude of the penalties if we don't consolidate. Local citizens also need to recognize that we will not be transporting our students out of our local schools and that no one will be losing their high schools. It was suggested that the new RSU accept all the debt.

Another consideration is the best way to maximize state funding.

The question was asked about whether or not SAD 53's fund balance could be used to pay down their debt? SAD 59 doesn't have any reserve funds but do have a fund balance. Mr. Downs recommended that it might be good to consider not making any more large purchases until we become the large RSU. *As the RPCs look at additional information they will decide whether the new RSU will assume local debt.* Sandy noted it's like buying a house; you have to take the debt as well. The debt doesn't stay with the previous owner; it rolls to the new buyer.

VI. *Assignments of school personnel contracts, school collective bargaining agreements and other school contractual obligations*

- a. Teacher bargaining agreements- years of expiration*
- b. Support Staff bargaining agreements-year of expiration*
- c. Support staff work agreements-annual agreements*
- d. Other contracts- expiration date*

- i. A list of the contracts and their expiration dates was shared. The first page listed all separate personnel contracts. An RPC member asked, "What happens with the both of the superintendents for the next few years since Sandy's contract runs out in 2012 and Mike's in 2009?" The RSU board will decide what will happen with the superintendents. Mr. Downs suggested that this group with input from Sandy and Mike make a recommendation about what should happen with the superintendents' positions. The next list showed the personnel who are covered by collective bargaining agreements and the third list contained the business type contracts that both districts have currently. The longest running contract listed was with MCI. It is a 10-year contract that runs until 2013. The other contracts listed could be carried through into the new RSU such as trash removal etc. Some of the companies that the districts have under contract are the

same. This provides an opportunity to merge them and to potentially realize some cost savings. SAD 53 will have a new teacher contract this year. It might make sense to try to make it match with SAD 59's next contract negotiation that would occur in the new RSU. Under EPS funding formula the regional labor markets for SAD 53 and SAD 59 are different. SAD 59 is at 1.03 and SAD 53 is at .97. When Sandy and Mike went to Augusta they spoke with Jim Rier about making those rates compatible between the two SADs. It is likely that the DOE will combine SAD 53 towns into the new labor market. This doesn't mean that the EPS model will recognize SAD 53 at the 1.03 level, but when SAD 53 is averaged in with the new region it will increase the funding for SAD 53 and may somewhat lower the amount some in SAD 59. A committee member wondered if a group should be put together to look at transportation in 2008? Sandy shared that initial calls have been made to three different transportation vendors. Cyr bus was discussed. Mike noted that all the maintenance for Cyr buses in the Halldale district and in SAD 53 is done at the Detroit garage. It may make sense at some later time to coordinate the efforts of SAD 59 with SAD 53 in contracting transportation. A question was asked about transportation for co-curricular activities in SAD 53. Ms. Basford shared that it is included in the contract. Cyr provides any service we want in terms of transporting students.

VII. *Disposition of existing school funds and existing financial obligations*

a. *Undesignated fund balance*

b. *Trust funds*

c. *Reserve funds i.e. capital reserves*

d. *Other funds appropriated for school purposes*

- i. The superintendents shared that they hadn't yet completed this information to share with the committee. *It was recommended that everyone keep their own scholarship funds and all agreed.* There are two very large scholarship funds in SAD 59 for Madison and Athens students. Those funds would stay with SAD 59. Reserve funds were discussed. It was noted that SAD 59 doesn't have any. However, SAD 53 has a capital reserve fund and a long range plan for buildings and maintenance. The capital funds are earmarked for completing projects that will come up over the next 5 years. It was suggested that since SAD 53 is already working towards saving the money for buildings, the capital funds might stay with SAD 53. The other option is to pay down some of the debt. The checkbook balances for both districts are similar and both pay the summer salaries out of the same budget year. SAD 53 pays 6 payments before June 30th for summer pay. SAD 59 pays through the summer months and accrues back to June 30, the end of the fiscal year.

- ii. Calendars were briefly discussed. We need to consider the two SAD's, the vocational school and MCI. We do have the same number of days for students and teachers.

VIII. Next meeting dates and goals for the meeting

- a. The next meeting was scheduled for October 25, 2007 at 6:30 P.M. at the Madison Area Jr. High School.
- b. The Superintendents will prepare information to share regarding undesignated fund balances, reserves, scholarships and trust funds.
- c. Sandy shared that she doesn't believe that by December 1, 2007 the completed plan can be submitted. However, it can be submitted as a plan in progress.
- d. A quick conversation occurred about what the RPC members think that citizens know about the consolidation. It was the common opinion that most citizens don't understand what is occurring. Once we are approved by the Commissioner and the State Board, we are going to have to take the show on the road and try to get the information out.
- e. Meeting was adjourned at 8:55.