

JOINT WORKSHOP OF CITY COUNCIL AND SCHOOL
BOARD
JANUARY 18, 2011 – 6:00 P.M.

School Board Members Present:

Donald Austin, Jerry Perkins, Dana Rivers, Bob Gibson, Stephanie Riotto

City Council Members Present:

Dale Spainhower, Jonathan McCallion, Denis Messier, Brian Tapscott, David Witham, Robin Jarvis, Dale Sprague

School and City Officials Present:

Superintendent Bob Lister, Mayor Lincoln Soldati, City Manager Robert Belmore

Mayor Soldati said this is an opportunity for the City Council and School Board to discuss budget issues and to make the process of communication between the two boards lead to a better budget process for both.

City Manager Belmore mentioned that this evening we are streaming live. People in Rollinsford can now watch City Council and School Board meetings live on the internet. They do not get Channel 22, but they can watch meetings on the internet. Planning Board and Zoning Board meetings will be streamed live also. There is a link on the City web site to access the meetings. The meetings will also be saved for approximately one year.

The City Manager indicated in the City Councilor's packets there was a City attorney's opinion in regards to a review of the proposed amended school area agreement. The Superintendent provided him a package that he forwarded to the City attorney. At some point the Council and School Board will engage in that discussion.

The City Manager said one of the pressing matters was how the School Board and Council would review the School Board's budget from year to year. He proposed a draft schedule in regards to what it might look like in the same format we have had over the last several years. The other item was in regards to capital reserve funds. He provided the Council with a packet in regards to capital reserve funds. The School Board did vote and pass along to him a recommendation to put \$50,000 into next fiscal year's budget towards the non-capital reserve fund for the special fund we already have set up. We have \$50,000 in it and they are requesting another \$50,000. He will put that into the budget for budget deliberations and consideration unless he hears otherwise from Council.

Councilor Witham said he wished to speak about the budget process. There are three dates that are proposed for various presentations on the proposed budget. He believes, at least for the City's side of the budget, that the Council could handle those on the better part of a Saturday. This would be less disjointed and moves the process along. Right now there is Monday, 4/11/11 and Monday, 4/25/11 proposed. He feels that a Saturday somewhere in between those dates would be good. He is proposing Saturday, 4/16/11.

Superintendent Lister wished to make a brief presentation. He agrees there is a need to communicate more, a need to look at the budget, and the need for everyone to understand what is being asked for, what the School Department stands for and what their needs are, and to give the Council some information.

Mr. Lister said most school departments, when they hand out their budget, hand out a thirty page document which is all math, is all in a very small font, and is difficult to read. They are trying to get away from that. They want to keep this easy and simple in order for people to be able to read it and understand what we are asking for.

Mr. Lister said he met with City Manager Belmore and looked at the proposed budget that he and Finance Director Scott Smith and Economic Development Director Craig Wheeler have all worked on. When he looked through this budget what he saw was a very plain, very understandable document. It's all in narrative form. When you come to the School Department, it is all math. With the economy the way it is we want to be sensitive to the taxpayers. They also want to establish a good working relationship with the City Council and also have people understand what they are trying to do.

Mr. Lister provided a memo with the following information:

- Definition of major budget accounts
- Budget summary – by object
- Budget summary reflecting expenditure increases (decreases)
- Budget detail reflecting expenditure increases (decreases)

Mr. Lister said 64% of the school budget is salaries and benefits; 20% is purchase services; 10% is debt; 6% is equipment and supplies. On their FY 2012 budget summary page, the dollar increase from the FY 2010 budget is \$1,316,465 which represents a 5.63% increase.

Mr. Lister said they want to talk about the CIP, and also he is very concerned about the infrastructure of the buildings.

Mr. Lister said in the time he has been here as Superintendent he feels there are a lot of wonderful things going on in the schools. Some people have limited resources, some of the buildings are in need of repair, but he commended the teaching staff and faculty for the wonderful job they do.

Mr. Lister said he agrees with Mayor Soldati's statement about the need to communicate and the need to understand what everyone is doing and the need to support our kids.

Councilor Sprague said he would like to see the budget come to the Council in two different aspects, operating budget and capital improvements, and bond the improvements immediately. As a citizen and taxpayer in Somersworth, some of the feedback he gets is if we cut the School Department budget it comes off capital improvements. We are at a point where everything is deteriorating.

Councilor Witham said he would hope we all recognize one of the biggest hurdles we have to overcome as a community is how we deal with the infrastructure of our aging school facilities. We are at a point where we need to address this issue.

Councilor Witham said during the discussion of the building of Idlehurst there was a proposal for over \$5M worth of CIP. There was talk of rolling that into the project, State aid, etc. His guess is there is probably an appetite for this, but for something less than \$5M. His understanding of the CIP is that the School Board has a CIP, and the number is pushing \$6M now. The CIP is what usually gets cut because it doesn't directly affect education. The current way that CIP is handled, particularly in this economy, probably isn't going to get much of anything fixed. He agrees with Councilor Sprague, that maybe a different approach of dealing with CIP is something we need to explore.

Councilor Witham thanked the Superintendent for talking about working towards simplification of the school budget. It is sometimes difficult to figure out. Anything that simplifies the process is helpful.

Regarding Idlehurst, Councilor Witham said he knows that a good portion of last year's increase in our budget was the principal and interest on the Idlehurst Elementary School. He asked what that looks like for the upcoming year.

Finance Director Smith said technically what will happen is you will see a very slight increase because we did a capital appreciation bond. What happens is we pay the majority of the principal up front so that we get the State building aid up front. Over the life of this bond, there will be slight increases. It is a little different than a typical bond issue due to the fact that the State building aid is based on your principal payment.

Bob Gibson said regarding the statements made about capital improvements, this has been going on for years. Unless we at some point develop a mechanism to take it out of the theater of the regular budget it is going to be very difficult to see any major improvements in the physical structures of the older buildings. You can decide to address the problems now or later, but we have found that the longer it goes the more expensive it gets.

Mayor Soldati said there are items in the budget that deal with facilities and asked if these include CIP issues.

Superintendent Lister said to his knowledge these items do not include CIP. There are issues such as asbestos and renovations that need to be done that are not addressed in the budget.

Don Austin said it was said earlier that capital improvements is the first thing we cut because it doesn't directly impact education. He feels they may be getting to the point where it is directly impacting education. We are talking about building problems that could ultimately close classrooms, or things like that.

Mr. Austin said with regard to the budget proposal that you have in front of you, this is the first pass of the budget and we still need to do a lot of work on this. It will be a few weeks before we present the Council with a formal proposal. He said there are costs in this budget to reinstitute funding for the sports programs we didn't fund this year. The administrators feel that these are very important.

Mayor Soldati asked the School Board members what they would like to hear from the Council that would help them as they move forward.

Mr. Austin said he would like to get some sort of a feel for where the Council is looking overall for the budget to come in. If you look at our budget and look at where the increases are coming from, there are not a lot of places for us to take money out of. They are looking for guidance on what the Council's thought process is on where you would like the budget to come in. They may have to look at a plan that doesn't satisfy all educational requirements.

Councilor Jarvis said that idealistically, although it is not realistic, they are looking at no increases, or as close to that as possible. She does not think the taxpayers can take on any more burden this year. She is sure they will have to cut something from the school budget as well as the City budget.

Councilor Witham said we are not seeing an improved economy and we are not seeing any additional aid from the State. We are seeing continued reductions in our revenues. The principal amount for the new school is embedded in the budget now. It is early to say, but a \$1.3M increase is well over his appetite.

Councilor Messier agreed with this. This is by no means your final budget. The Council needs to know their priorities so they can make an informed decision.

Stephanie Riotto said we have talked a little bit about capital improvements in the budget. The School Board had a presentation from the Facilities Director at their last budget workshop and they do have some projects in this budget such as asbestos removal from the Middle School and the High School, some work that needs to be done when the fifth grade comes out of the Middle School and goes to Idlehurst and Maplewood, to get the Middle School Programs out of the High School and back over to the Middle School. There is some physical work that needs to be done. They also have some ductwork that

needs to be replaced. There are several hundreds of thousands of capital improvements that are in this \$1.3M increase.

Ms. Riotto said one of the things she would like to know is if the Council wants them to take that out and give it to them as a separate line. If you say \$1.3M is unacceptable but \$500,000 is, guess what is going to go?

Ms. Riotto said they put funding back in for the extracurricular activities that were cut last year. That is probably what would get cut. The parents do not like it and fundraising is difficult, however she would always do that over cutting staff.

Ms. Riotto asked if they can break that CIP out separately and if the Council would seriously consider bonding it so the projects can be accomplished.

Councilor Sprague said he would take that seriously. He does not feel that a zero increase is realistic. The economy is really bad, costs are going up and it is difficult, and he feels we need to get as closed to a zero increase as possible.

Councilor Tapscott said he agrees with the idea of presenting the CIP items separately and acting on them separately.

Jerry Perkins said he is enthused to hear this concept of presenting CIP separately with the understanding that it is not just a planning document. That takes the decision out of our hands. We have to be getting back to periodic preventive maintenance rather than doing things reactively. Whatever mechanism we can do to pursue that would be tremendous.

Mr. Perkins said the other portion that hasn't been talked about yet that we have done over the last couple of years is creating a list of what they would propose to be reduced. That gives them a sense of what they will not be able to provide if they have to go forward without an increase. They have to bring a budget to public hearing for February 15th in order to get a budget to the City Manager for March 1st.

Bob Gibson said he is in full support of pulling the CIP out of the operating budget. We are in a gray area now as far as educational standards and accreditation. One of the documents that might help the Council if it can be generated is a staffing guide predicated on State standards for the individual school levels. Once you lose accreditation, which is possible if there are major cuts, it can start a chain reaction of other consequences down the road.

Councilor Spainhower said he likes the idea of taking the CIP out of the regular budget. He also likes the simplified format of the budget. The more information we get the better off we are when making decisions.

Councilor McCallion said he agrees on the format of the budget. We are at a crossroads now. We need to look at ideas. He hopes sports are not cut again this year, but if they are he hopes the School does it evenly across the board.

Councilor McCallion said he doesn't feel the School Board should be having to worry about buildings. He thinks that should be done with a quasi-service that works with the City. It's done in other communities and it is something to look at.

Mayor Soldati asked if it would add to the Debt Service in the School's budget if we were to approach this concept of bonding for CIP for school buildings.

Finance Director Smith answered in the affirmative.

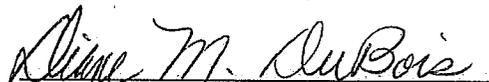
Councilor Witham asked if it would be helpful to the School Board if the Council would begin deliberative sessions on the budget in the month of May rather than June.

Superintendent Lister said that would be very helpful. He is very encouraged by the discussion that is taking place tonight. He appreciates it very much. In the School Department they are always looking for ways to do things more efficiently. Defining our priorities will be very important, not only for this year but to have a vision. He sincerely feels that we have to be sensitive to the taxpayers. We all have the same goal, which is to provide the kids in our community with what they need to be competitive wherever they go.

Mayor Soldati said this workshop has been helpful for the Council members, and he hopes it was helpful for the School Board members as well. We also hope the public has found this to be beneficial.

Mr. Austin thanked Mayor Soldati for the opportunity of having this joint workshop. It has been talked about for awhile and it is great that it happened. He feels it has benefited the School Board members very much.

Respectfully submitted,


Diane M. DuBois, City Clerk