

TOWN OF DERRY

Town Council
Pinkerton Academy
Freshman Building
Astros Cafe

January 29, 2013
Tuesday- 7:00 PM

Workshop Meeting
with
Derry School Committee, Pinkerton Academy Trustees
and Legislative Delegation

6:30PM Welcoming Reception

Call to order 7:00 p.m.

Pledge of Allegiance, Warning of Fire Exits, Handicap Access, Turn off all Cell Phones

Welcoming reception by Pinkerton Academy's Select Chorus

Brad Benson, Chair Town Council opened the meeting, assisted by Brenda Willis, Derry School Board Chair Brenda Willis and Harry E Burnham, Jr., President of Pinkerton Board of Trustees

Speakers: Mary Anderson Headmaster Pinkerton Academy
Laura Nelson Derry School District Superintendent
John Anderson Town Administrator
Senator Jim Rausch

Chairman Benson gave opening remarks to collectively work together and have an affordable community to live in. He asked each unit to give a strategic overview of the next 2-5 years as well what plans they have for the following:

1. How the tax rate will impact the FY2014 Budget
2. Continued state mandates with no funding
3. Retirement System
4. Areas for continued sharing of resources

Laura Nelson, Superintendent of Schools – stated that a plan has been developed for the district and placed on the website. The district has been working with the town to cut costs on utilities, sand and salt. There have been challenges in the budget due to the state of the economy. There is a reduction in funding due to state adequacy, additional retirement expenses and an increase of health insurance costs. The school budget process begins in September and goes through February.

The School Deliberative Session is scheduled for Saturday, February 2, 2013 beginning at 10:00AM at the West Running Brook Middle School.

Mary Anderson, Pinkerton Academy Headmaster – stated that the infrastructure is good for the next 15-20 years. There have been challenges with salaries and benefits to make sure they are competitive and can attract the best educators. Our tuition rate remains low at a little over \$10,000 per student. Pinkerton's present budget is a 2.6% increase over last year. The budget runs from May through November, we start annually with a zero based budget process.

John Anderson, Town Administrator – began by stating that one of the issues that make funding difficult is that Pinkerton Academy, Derry School District and Town budget schedules are on three different times. The Town's CIP has been turned in. The departments are presently in the budget process. The retirement plan increase cost from the state has also been passed down. We have

been working collectively with the schools on salt, sand and electricity to lower costs. The budget process for the town is December through May.

Chairman Benson – The Town has been working hard on not diminishing the level of service over these hard economic times. We are building infrastructure and working on revitalization, and a water/sewer project.

Mr. Anderson - The Rte. 28 TIF bond has been paid for. The new water/sewer project and the Transfer Station will be tax neutral. We have delayed some projects that would impact the tax rate.

Chairman Benson – The Town tax rate is currently \$30.48. With the proposed school budget, if they stay the same with the towns increase at 1.7%, the tax Increase will be at a value \$33.33 if approved as is today. That is a 9.35% increase in tax bill. What prompted this meeting is Derry has a tax problem, so maybe we can work together and find a solution to fix the tax problem.

Senator Rausch – He doesn't know where \$2.4M change in adequacy number is coming from. The State will make an adjustment April based on 2013 number of students, for adequacy funding.

Superintendent Laura Nelson – We were instructed by the Department of Education that it can be up to a 5% decrease. The State uses a two year old data instead of one year when making the calculation. We attended a workshop yesterday in Concord and the 2013-2014 school years are where we expect the shortfall. This is the first year of the new formula.

Senator Rausch – I didn't think it was even going to be \$1M. The change is based on the number of school children. It's based on the average daily numbers reported monthly. There are only three towns in the state that receive a large amount of money and they are Manchester, Rochester and Derry. You should be able to figure how many children you would be down to in April. He's been receiving phone calls because the State Department of Education didn't understand the bill. You would have to have a huge amount of student loss to come up with the \$2.4M loss.

Representative Sapareto asked if the average daily member residents (ADMR) calculation for Derry could be done using certain months.

Senator Rausch – believes the proposed school budget will have more revenue with a relative small adjustment. The school district is going to receive \$26,995,074.62 from the state.

Laura Nelson – Stated she is guaranteed 95% of that; however to responsibly develop the budget she is using a number that is a constant not a variable.

Chairman Benson – how do we work together to improve this situation with our tax base. The Town can put through a zero budget but this would not improve this school increase.

Councilor Olbricht – The four groups need to harmonize. He doesn't think we need to be a city, but we need to coordinate our budgets. If we are stuck, at least look forward toward strategies that can keep rate increase lower.

Senator Rausch – I don't talk to the Department of Education, I go through the legislative budget office. I am troubled by numbers directed to the school department. It would be saying that you are losing 300 students. There is some kind of a disconnect on budget instructions.

Brenda Willis – It would not be responsible of us to come forward with a budget that we've been asked to budget a different way. We have cut nine positions.

Councilor Milz -There is desire to get to current student count but those numbers won't be in until April. These Instructions were cautionary.

Chairman Benson – He doesn't want this to be just a school problem. Where do we want to be our tax rate to be? We were the 3rd largest tax rate last year. If there is a reduction in revenue, are there things that we can go back and work on together as a group.

Kevin Reichard – The school budget is up 1.6%. There's budgets and revenue how do we deal with that if there is a decline. How are we to look at facilities?

Chairman Benson - we need to work on fund balance for each asset of the town.

Mary Anderson -There is no endowment reserve funds for Pinkerton, it is given back to the School District.

Frank Childs gave an overview of how of tax rates are set. Set tax rate with DRA some update number from state funding and adjust revenues. There is more pressure put on town side.

Jane Simard- We worked together with the town to purchase sand and salt, there is assistance for snow removal, finance department, bid oil. We let the town use the school facilities, they maintain our athletic fields. We are working with DPW to get natural gas that goes to Grinnell and Hood to reduce costs. We work together on suppliers. The numbers in teaching positions are 9 and 5 administrative positions are proposed to be removed from this budget. There have been 46 positions reduced in last three years. The majority of the budget is salaries and benefits. Not sure what our year end is going to be. For our strategic plan, we are going to need to look at other directions.

Mary Anderson – Pinkerton has contracted with Auburn for students. Total student population currently 3070. In the year 2019 the projected decrease will be down to 2500 students. There are methods in place for the reduction.

Superintendent Laura Nelson - The District is looking at trends from 2009 to look at declining enrollments.

We are looking at maximum efficiency which could mean closing a school.

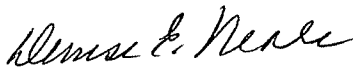
Senator Rausch – I have to defend the \$8.6M school education grant. Derry has received increases in adequacy. Other adjoining towns have lost adequacy funding. He defends Derry.

John Anderson – Derry's base is 85/15 for homes. There is not a lot of land to develop in Londonderry as compared to Derry to increase our commercial base. Derry's problem is multi-family units.

Larry Budreau – spoke on the legislation on cost items and non-cost items. There is no such thing as a non-cost item. He also spoke on binding arbitration.

Chairman Benson – We should meet together again in 3-4 months.

Adjournment 8:30 p.m.



Recording & Transcription by: Denise E Neale, Town Clerk