

Town of Rye  
Budget Committee  
Budget Review  
12/12/18

Budget Committee Attendees: Chair Jaci Grote, Peter Crawford, Alternate Shawn Crapo for the Rye Beach Village District, Doug Abrams, Mae Bradshaw, Randy Crapo, Ralph Hickson, Peggy Balboni, Kevin Brandon, Scott Marion.

SAU50 and School District Attendees: Sal Petralia, SAU 50 Superintendent, Amy Ransom, SAU 50 Business Manager, Sarah Reinhardt, SAU 50 Special Education Director, Marie Soucy, Rye Junior High Principal, Suzanne Lull, Rye Elementary School Principal.

Chair Grote called the meeting to order with the pledge of allegiance.

Jaci Grote: You need to turn on your microphones before speaking, and off afterwards. Peter would you like to make a comment about the agenda.

Peter: I was going to suggest reversing 3A and 3B. 3A is review of the proposed budget and 3B is the current school budget.

Jaci: Do we have a motion? Peter so moved.

Second by Mae.

Jaci: Miss Ransom are you able to fulfill that?

Miss Ransom: I am not able as I do not have those reports. I was not aware we were going to do this.

Peter: I will withdraw my motion. It sounds like there is no 3B.

Miss Ransom: We are here to review the 2020 budget. Everything is broken out by function. This is how it is reported to the State of NH. Compare the columns by years. It is broken out by salary and non-salary. Requests are the changes to the operating budget relative to the default budget.

Mae: I was wondering if there are any explanations of the details of the Plant Operations changes.

Miss Ransom: Can I ask that you wait and hear my presentation as I have an explanation of changes over \$10,000. Thank you.

Mae: Sure that is fine.

Miss Ransom reviews the operating budget. Proposed budget is \$14,121,362, an increase of \$169,062 over the default budget.

The default budget includes the teachers' raises per the collective bargaining agreement. It does not include the support staff raises per the RESPA Agreement. That will be in a separate warrant article.

Health insurance and dental will have rate increases. All extra reference materials are in the back of the book.

SAU 50 district budget increase of \$42,143. Reduction of \$52,050 for the Portsmouth High School due to decreased enrollment.

The proposed operating budget changes were noted:

- 2.5% raises for non-union staff. This includes administrators and other non-union staff. This is less than the raises under the CBA and for teachers.
- We are currently going out to bid for transportation and expect a 3% increase.
- Reduction of \$9000 for scholar supplies between RJH and RES.
- Decrease of \$10,000 for contracted instructional coach at RJH. This program is slowly being phased out.
- Increase of \$16,000 for Internet subscriptions at Elementary and Rye Junior High. This is online curricular materials.
- Increase of \$20,000 for technology and hardware equipment between RJH and RES.
- Increase of \$19,000 for two sets of doors for Rye Elementary and RJH.
- Increase of \$26,000 for flooring refinishing at both schools.
- \$9,000 for a 4-year painting schedule for Rye Junior High.
- \$14,500 new cafeteria tables.

The superintendent spoke to the warrant article for the RESPA bargaining agreement.

- 5-year tentative agreement was reached at the end of August.
- The Rye School Board approved this agreement.
- Improvements were made to the language making it more stringent with regard to transfers within the district.

- New employees (after July 2019) will have sick leave accumulation capped at 60 days. Grandfathered employees are capped at 130 days.
- First year cost of \$65,218. Fifty cent increase to the base existing hourly rates for the members of the association, plus COLA of 3.25% the first year. Years 2-5 have further increases of 3% per year.
- The most significant changes are those to health care. Two choices will be offered: one HMO and one public plan. Single Employees will now pay part of their health insurance with increasing cost sharing phased in over five years.

How many years were there no agreements? Three years. No retroactive pay increases.

Miss Ransom continued her review, Rye K-12 570 students (including 18 SAU 50 preschool students), Portsmouth High School has 171. Of the total population approximately 80 students have IEP's, approximately 14%.

272 Rye Elementary students

127 RJH as of right now

\$1,100 expendable trust fund

\$123,000 Special Education Expendable Trust Fund

\$140,000 Maintenance Trust Fund

Wedgewood Farm Expendable Trust Fund \$31,143

The SAU fund balance of \$145,247 was received in June 2018 and used to reduce taxes in the most recent bill. We cannot use this money as it has already been applied to reduce taxes.

\$56,000 from Keno was received.

Each decrease or increase in taxes of \$100,000 is about 5 cents per \$1000 on your tax rate.

This slide shows that if the default budget were to be adopted, the tax rate impact would be about 14 cents.

If you vote for the warrant article and the proposed budget passes, the tax rate impact would be 22 cents. The biggest driver of this tax rate is the reduction in revenue. It is about \$286,000 less than the previous year. That is about 15 cents on your tax rate.

We don't have many sources of revenue here in Rye, NH.

Mae: On the very first page of the notebook there is Plant Operations for \$90,554.

Miss Ransom explained some of the components.

Jaci: Tab two is the proposed budget with the changes and explanations so I am wondering if we could go through that section.

Mae: This is very hard to follow. It's very confusing. I am not challenging your numbers. Maybe next year you could provide more detail.

Jaci: Let's go over tab two.

Peter noted that both the elementary school and junior high teaching salaries are up about three percent, which indicates that no adjustment was made to reflect that the fifth grade is being moved to the junior high.

The Superintendent spoke to the reorganization of teachers and the transition of the 5<sup>th</sup> grade to the junior high.

Peter: There are currently three fifth grade teachers and the plan appears to be for a three-person fifth grade team at the junior high: math, science and language arts.

Superintendent: Jobs will be posted and people can apply internally. It will be determined whether the positions will be filled internally or externally.

Peter: My question is a little different. Do you expect there to be the same number of teachers after the transition as before?

Superintendent: yes, in the district.

Peter: You are asking for us to vote on a budget that won't happen as the teachers have been misclassified.

Jaci: This is the work session not a vote session.

Miss Ransom: Teachers usually get their assignments by April 15h.

Superintendent: We hope to have the fifth grade transition plan by February 15<sup>th</sup>.

It was asked whether there are there items that on the budget that we can complete rather than put toward next year.

Miss Ransom: There is a possibility that there will be some retirements that I may have to allow for. I am not sure if this will happen or not. The board does look at fund balances as we approach the end of the year.

Jaci goes through the budgets.

Peter had a question as to where the preschool revenue is.

Miss Ransom: It is hard to determine how many children are in the program at one time.

It was determined this is not a money maker.

Shawn Crapo: With regard to the New Castle tuition how many do we have? And what percentage?

Miss Ransom: Seven of their sixth graders this year. Eight were eligible.

Peter: It looks like the IT has gone to half time.

Miss Ransom: Yes, this is being phased out.

Mae: Enrollment study? What is that?

Miss Ransom: Yes, we are doing this to get more accurate projections for the future. Find better ways to project, as well as retention and attracting other students.

Peter: Why is the SAU share up 7%? Can you explain?

Miss Ransom: It is in the reference material. There are a few factors in the budget. First the SAU comes up with the overall operating budget. We had a technology audit done. In the meantime, Greenland had a server crash. We are behind in safeguards; we don't have anyone looking after our systems. The cost is \$95,000 for a Systems Administrator. I look at the enrollment and the value of the properties as of October to determine Rye's share.

Peter asked for confirmation that the increase in the SAU share is largely due to the Systems Administrator at \$95,000, less \$20,000 saved elsewhere, a net of \$75,000 of which Rye is responsible for half, or \$37,500. That accounts for most of the \$42,000 increase.

Miss Ransom confirmed that the analysis was approximately correct.

Jaci moves on.

Peter: What was the price used for oil?

Miss Ransom: I left that flat. I spoke with the attorney and he said that I cannot reflect price changes in the default budget.

Mae: Can we go back to page 28? \$14,000 for furniture.



Jaci: That is the 10 tables for the cafeteria.

Peter: I have a question about student transportation. You say it is up 3%. I hear the contract is still in effect for '19-'20.

Mr. Petralia: The joint board has authorized me to negotiate with them. We are looking at a 2 year extension to go through to 2021. They are unable to attract drivers.

After Peter noted that the student transportation budget is up 6 percent, not 3 percent as indicated, Ms. Ransom stated that she had added an additional bus that had not been planned for. There was discussion about the last year and an extra bus that was added and then subtracted from the budget.

Peter pointed out that the buses seem to be two-thirds empty. He asked whether more, but smaller, buses might reduce costs and permit better service with reduced travel times.

Mr. Petralia explained that parents complain that their children are on the bus too long. We are doing our best to work with the vendor and make more efficient routes for the children.

During the discussion regarding buses, Doug Abrams had to leave for a prior commitment. He did not return.

Jaci moved on through the budget.

Randy Crapo asked where the figures for the actual amounts spent are. The response was that this is in tab 1.

Miss Ransom is asked to give a review of items that did not get spent.

Mae: One thing I see is the Special Ed. has a real reduction.

Jaci: Let's go to page 2 of section one so we can answer some of Mr. Crapo's questions.

We are going to compare 3<sup>rd</sup> column to the requests in the second to last column. Tuition to other LEA's is based on enrollment.

Peter: Page 2 Tuition other LEA's High School. We see a drop. How did you come up with the number of kids and the rate?

Miss Ransom: Go to page 69 it shows you the historical review of the number. She said that she assumes that everyone in 8<sup>th</sup> grade will go on to Portsmouth High and that the current 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> graders will continue to be enrolled at Portsmouth High School.

Peter: I am not sure that assuming all kids are going to Portsmouth High and that none will be going to private school is realistic as some students have always continued their education at private schools.

Peter also noted that the 44 students in eighth grade include three from New Castle, yet the projection for 9<sup>th</sup> grade is nevertheless 44 students. Ms. Ransom acknowledged that the New Castle students should be excluded. She agreed to research further and provide a response at the next meeting.

Peter: I notice that the Lister Academy is still in the budget and is flat.

Scott: We pay \$75,000 a year to Portsmouth for the Lister Academy. This is tied up in our AREA Agreement and we have talked to our attorney regarding negotiations with Portsmouth. This is a SAU agreement as well.

Peter noted that the Lister Academy contract is not a valid contract as it is a multi-year contract that was never ratified by voters. He said that he provided a legal analysis by email to all of the School Board members on December 19, 2017.

Scott said that they had engaged an attorney and that they know “all that.” He said that Rye’s portion is only part of what all four districts pay and that the other districts would be left “holding the bag.”

Peter pointed out that the January 17, 2018 School Board minutes refer to a decision, made prior to June 30, 2018, on whether or not to fund the Lister Academy.

Scott said that they realized that it will take longer than they thought to complete negotiations. They hope to make progress this spring so that it may not be necessary to make the payment once it becomes due sometime after July 1, 2018.

There was discussion about Portsmouth attempting to shift the Lister Academy costs into the regular Portsmouth High School tuition.

Peter said that this could not be done as the AREA Agreement spells out what may be included. That agreement talks about Portsmouth High School. The Lister Academy is a separate school, he said.

Jaci said that she was stopping the discussion. It is what it is and we are going to wait for the School Board, she said.

Peter moved to reduce the Lister Academy budget to \$1.00. It's been long enough, he said.

There was no second.

Jaci moved on.

Mae: It's extraordinary that you are reducing our legal fees.

Elementary on page 9 library media, generalist salary. Retirement was paid out.

Mr. Crapo: Elementary outdoor equipment \$18,000 to \$29,000. It was voted down to \$300 for this year.

Last year the school board voted to upgrade the playground.

Jaci moved on.

Peter asked about the revenue budget. He noted that the New Castle students are up from four last year to nine this year. He said that a higher level of tuition revenues should be projected as students tend to stay once they have enrolled.

Miss Ransom said that she could increase the revenue projection, but she is extremely conservative as she does not want to raise too little in taxes and be caught short. Once the tax rate has been set she would have to

freeze the budget and ask for permission to use the retainage to compensate for any revenue shortfall, she asserted.

Peter pointed out that there is little risk as, just before the tax rate is set, a final revenue estimate is done by Miss Ransom, which is used for setting the tax rate. He said that, by that point, the number of students enrolled from New Castle would be known and the appropriate revenue projection made.

Jaci said that she was going to stop this discussion. It is an exercise in philosophy and theory and, as much as it's entertaining, it's over. If Miss Ransom wants to keep the tuition revenue budget at \$70,000, it's going to be \$70,000, she said.

Peggy made a motion to approve the School District budget of \$14,121,362. The motion was seconded by Kevin.

All were in favor except Peter who was against. Vote 8-1 as Doug had left by this point.

It was agreed that because we don't have the text of the RESPA warrant article that it will be reviewed in January.

Peter said that the minutes will be reviewed for any action items and a link sent to Ms. Ransom. Scott mentioned review of the Portsmouth High School tuition as being one of the action items.

Jaci: Budget Committee meeting minutes.

Scott made a motion to approve the minutes from 12/6, second by Ralph. Changes were noted by Mae:

1. Page 4 change “meeting” to “meetings” in the second line of the first paragraph under “Historic District Commission.”
2. Page 6 in the last paragraph, first line, change “and hour,” to “an hour.”
3. Page 12 the reference should be to “RTV,” not “ATV.” Peter will make a global change everywhere that “ATV” appears.

All were in favor of approving the minutes with the above changes.

There was a discussion about there being too much information and detail in the minutes.

Peter passed out a copy of an analysis that he had done. He noted the drop in enrollment at Rye Elementary School. He said that he will bring it up again at the public hearing.

Motion to adjourn by Scott, Mae seconded it. All were in favor.

The meeting ended at 8:47 pm.