

RSU #63 Special Board Meeting  
Date: May 9, 2019  
Location: Holbrook Middle School  
Minutes

**Members Present:**

*Town of Eddington:* Steven Carr

*Town of Holden:* Gavin Robinson, Heather Charity, and Jennifer Newcomb

*Town of Clifton:* Linda Graban

*Superintendent of Schools:* Susan M. Smith

*Absent Excused:* Christina McLeod, Town of Eddington

Chair, Rusty Gagnon called the meeting to order at 6:06pm.

A flag salute was conducted and a moment of silence was observed.

**Approval of Minutes:** Motion by Jenn Newcomb with a second by Heather Charity to approve the minutes from the April 22, 2019 Board Meeting.

**Vote: 6 Approved; 0 Opposed; 1 Abstention (John Hutchins, arrived during vote at 6:08pm)**

**Presentation:** Kelly Theriault, RSU 63 Business Manager, gave an overview of the Draft FY20 Budget. The overall Budget is an increase of \$502,000 (5%) over last year. In the beginning stages of building the draft budget the Budget and Finance Committee started with a 17% increase and have made cuts from there. Teacher and Administrator Negotiations were this year, along with the state minimum wage increase. \$600,000+ in Facilities repairs was narrowed down to approximately \$250,000 in necessary repairs. \$374,000+ in Secondary Tuition is another factor in the increase of the budget. There are fewer students graduating than are entering ninth grade next year. The unknown of students moving into the district is another concern. Ms. Theriault advised if the increase for facilities and secondary tuition is removed, the overall budget is increased by \$35,000 over last year. The necessary repairs and secondary tuition costs are hard to absorb into an already fiscally responsible budget. She advised the Budget and Finance Committee is recommending to the Board a \$248,000 Bond with payment spread out over five years to cover the costs associated with the necessary facilities repairs. The Bond would remove \$248,000 in cost for necessary repairs from the Budget and replace it with the first-year bond payment of \$52,500. Special Education is another driving factor of the budget. Ms. Theriault advised all undesignated from the audit has been put into the budget.

Superintendent Smith discussed the Draft 5 Budget and Summary Sheet handouts. She advised revenue coming in is noted by parenthesis. The columns show the past 3 years for comparison. Some of the differences in revenue is additional state funding. We have \$600,000 being carried into FY20 budget (from FY18/Audit plus some from FY19). The revenue history has a graph showing broad categories of where revenue comes from. Local appropriations are also noted on the graph. Clifton pays 14% of the budget, Eddington 32%, and Holden 54%. This is based on state valuation, which is close to current student population and was agreed upon when the District was formed.

**Questions and Comments from the Board Regarding Revenue:** John Hutchins asked what the difference was between required local taxes and additional local taxes. Superintendent Smith advised required local taxes are State of Maine required essential services and programs. The required mill rates went down this year. Towns have to raise at least that required amount in order

to receive funding from the State. If you are a minimum receiver town and your valuation is below that you do not receive funds from the state. When we raise anything above the requirement, that is what is considered additional.

**Questions and Comments from the Public:** None

**Presentation Continued:** Superintendent Smith moved on to the Cost Centers in Draft 5 of the FY20 Budget. Starting with the first cost center, "System Administration." She explained this cost center has an increase of \$3,124 over last year's budget. The audit contract is ending this year and is out for bid. This is expected to be an increase over the past few years. Minimum wage increased as well as health insurance rates (1%). The second cost center is "School Administration," beginning on page 4. This cost center includes the principals' offices and staff. The overall increase is \$34,000 due to increased time for secretaries during the summer, having secretaries stay until 4:00pm each day at each school, and health insurance. The third cost center is "Regular Instruction," beginning on page 7. This cost center includes Pre-Kindergarten through Grade 8 (teachers, books, desks, supplies) with an overall increase of \$42,694. High school tuition is also in the Regular Instruction cost center and is expected to be an increase of \$377,827.

The fourth cost center is "Special Education," beginning on page 11. This cost center decreased \$29,946. The cost for special education increased last year. However, the District does not have as many out of district placements next year, helping to decrease the cost center. There is a built-in contingency line. Gavin Robinson asked about the decrease in line 269. Mrs. Smith advised it is a decrease of \$58,000 because there is not a need for a Sign Language Interpreter this coming year.

The fifth cost center is "Staff and Student Support," beginning on page 15. The cost center includes school counselors, nurse, librarian, and technology. This cost center decreased by \$28,000. The sixth cost center is "Other Instruction," beginning on page 17. This cost center includes coaches, athletic director, and stipends. Due to teacher contract negotiations, this cost center increased \$2,000.

The seventh cost center is "Facilities," beginning on page 19. This cost center increased \$93,000. Supt. Smith advised the Budget and Finance Committee is recommending to fix the necessary big problems (heating controls at Holbrook, leaking roof at Holbrook and Eddington, sidewalk at Holbrook, and cracked boiler at Holden - which is now two cracked boilers) by financing with a bond over five-years. Lines 487, 488, and 489 are the funds needed to ensure the egress windows are operational. Lines 436, 437, and 438 are labeled as "Consulting." We have been in contact with a company to estimate the cost of developing a detailed Five-Year Maintenance Plan.

Ben Breadmore, Holden Town Manager, asked about the amount in the facilities reserve account was. Superintendent Smith advised \$329,000. Bob Harvey, Town of Holden, asked why the reserve account is not being used rather than borrowing money to fix the facilities issues. Superintendent Smith advised we are worried about additional problems arising that are not part of the immediate, necessary repairs to be fixed right now. She stated there is a concern about mold from the leaking roofs. She stated they are also not sure about the towns' thoughts on moving to one campus. If the vote is to continue investigations toward moving to one campus, there is additional costs associated to gather firm numbers. Jenn Newcomb stated funding for these necessary repairs would not be such an impact if the cost of high school tuition was not so significant. She advised it could be absorbed into the budget more easily if not for the increased high school cost. Rusty Gagnon stated

only the critical projects are being funded. If money is taken from reserve funds, it leaves the district vulnerable to not having enough funds for unexpected facility issues.

The eighth cost center is "Transportation." This cost center increased \$12,000 due to the hourly rate increase and health insurance. A bus had to be pulled from the fleet due to a cracked frame. The State will help fund the cost of a replacement bus, but not the full amount. Susan Dunham Shane, Town of Eddington, asked about funding a bus at budget time last year. Superintendent Smith advised Ms. Dunham Shane was correct and the district has done this a few times, as aging buses have failed inspection or have been taken out of service.

The funding for the ninth cost center, "Career and Technical Education," has changed. The State funds that directly now. No cost comes out of our budget. Adult Education is in partnership with the United Technical Center and we do pay a small portion to funds for education of adults in the district. The last page of the budget is tracking lines for transportation agreements with other districts. By having these lines in the budget, we can ensure the district is not losing money on these agreements.

Superintendent Smith advised the budget will be voted on May 29<sup>th</sup>. A vote is needed from the Board tonight regarding moving forward or not with the Bond recommended by Budget and Finance Committee for necessary facility repairs. The Bond referendum is a separate question and ballot. The Bond Hearing would be May 20<sup>th</sup>, with the referendum vote on June 11<sup>th</sup>. Jenn Newcomb asked what happens to the projects if the bond is voted down and the budget is approved. Superintendent Smith advised we would have to look at other areas within the budget for funding the projects or consider using the Capital Reserve Fund. Heather Charity confirmed only one Holden boiler is accounted for in this bond, but we now have two boilers leaking. John Hutchins asked if the bids come in less than estimated, could we still take the bond out for \$248,000. Susan confirmed \$248,000 is the maximum amount we can take out in the bond.

Mr. Finney, Town of Holden, asked why the budget says \$10,000 in heating costs, but we are asking \$100,000 for Heat Controls in the Bond. Superintendent Smith advised the \$10,000 in the budget is for heating fuel and the cost for heating fuel is going up.

Ben Breadmore, asked about using the Capital Reserve Fund rather than the Bond. Mr. Breadmore went on to advise the Board they would still have approximately \$81,000 in Capital Reserve funds if they decided to fund the repairs with that money rather than the Bond. Rusty Gagnon, Board Chair, advised \$81,000 was not very much money should something catastrophic happen at the schools. Mr. Breadmore stated \$81,000 would pay for the sprinkler system three times over at Eddington. Superintendent Smith corrected Mr. Breadmore by saying it would pay for a section of the sprinkler system, it would not cover the cost of the entire sprinkler system at Eddington. Ms. Gagnon added, with the District having so many older components that have met their life expectancy, it is wise to have a contingency. Susan Dunham Shane asked if there is any advantage to taking \$100,000 out of the Capital Reserve Fund and obtaining a smaller bond amount. Superintendent Smith advised they looked at taking out a smaller bond. Ms. Newcomb stated the money in the Capital Reserve is piece of mind. Having three building with aging equipment, doing the necessary repairs with a bond and leaving the Capital Reserve Funds for emergencies, as it was intended, is wise. Those funds could be needed down the road. Mr. Oliver, Town of Eddington asked if the Capital Reserve Fund was earning interest. Kelly Theriault advised it is earning interest, but not much. The funds have not been rolled into long term investments at this time. Mr. Oliver stated the interest earned off the Reserve Fundt could potentially pay the Bond interest. Superintendent Smith stated the interest earnings would have to be handled properly, according to IRS standards.

Lee Bryant, Town of Clifton Select Board Member, asked why there is a concern of mold and air quality. Superintendent Smith advised due to the amount of ceiling leaks we did have Holbrook inspected. We were advised to not open up the building until the leaks were stopped and there was time to repair any issues. The more the air gets to the areas, the bigger the chance for mold to circulate. Air circulation and CO2 levels are of concern. Once the leaks are stopped, re-testing will be done. Mr. Bryant asked for a copy of the air quality reports. Superintendent Smith stated she would provide him a copy. Bob Harvey, Town of Holden, asked if the state revenue listed on page one of the draft Budget are the latest figures. Superintendent Smith advised they are preliminary figures as the State Legislature has not finalized the State Biennial Budget. Rachel Downs, Town of Eddington, asked what happens if the budget does not pass and something goes wrong. Superintendent Smith advised if the budget doesn't pass, we use the previously passed budget until a budget does pass.

**New Business:**

**Consideration of a Five-Year Bond to Fund \$248,000 in Facility Projects**

Motion by Gavin Robinson with a second by Steve Carr that the warrant and notice of election of Regional School Unit No. 63 presented to the meeting be approved and that a referendum election for the RSU be called for June 11, 2019 for the purpose of approving the issuance of bonds or notes of the RSU for minor capital project purposes as described therein.

**Vote: 7 Approved; 0 Opposed**

Motion by Gavin Robinson with a second by Steve Carr that the Notice of Public Hearing presented to the meeting be approved and that a public hearing on the issuance of bonds or notes for minor capital project purposes be held on May 20, 2019 at 6:30pm as provided therein.

**Vote: 7 Approved; 0 Opposed**

**Dates of Next Committee Meeting:**

Board of Directors Meeting and Hearing Regarding Bond: Monday, May 20, 2019 at 6:30pm, at Holbrook (Executive Session to start at 6:00)

District Budget Meeting (Vote): Wednesday, May 29, 2019 at 7:00pm, at Holbrook

Referendum Vote: Tuesday, June 11, 2019

RSU 63 Board of Directors Meeting: Monday, June 17, 2019 at 6:30pm, at Holden Elementary School

**Adjournment:**

At 7:19pm a motion was made by Gavin Robinson with a second by Steve Carr to adjourn the meeting.

**Vote: 7 Approved; 0 Opposed**

Respectfully submitted by,



Susan M. Smith  
RSU #63 Superintendent/Director of Curriculum and Instruction

Approved: May 20, 2019