

MEMORANDUM

TO: Arkport-Canaseraga Merger Study Advisory Committee

FROM: Alan Pole and Bill Silky

RE: Meeting Notes-Meeting of April 16, 2018

DATE: April 20, 2018

Attendance:

Committee Members: Tim Bailey, Lacey Deiter, Caitilin Dewey, John Feenaughty, Shannon Gilbert, Kathleen Henry, Steve Kenyon, Kyla McCormick, Wendy O'Donnell, Jenny Reynolds, Jason Shambach, Dan Washburn, and Karly Wright

Consultants: Alan Pole, Deb Ayers and Bill Silky

Superintendent Advisors: Jesse Harper and Chad Groff

Observers: Josie Steiner, Al Bruce, Michelle Sirianni, Michelle Chamberlin, Julianne Merry, Shannon Smith, Jason Kernan, Kym Duthoy, Brenda Kenyon, Scott Kenyon, Tracy Scott, Richard Kinney, Deb Moose, Noel Livingston, Michelle Sleight, Steve Sleight, Joe Pollinger, Patrick Flaitz, Graham Marcus, Mark Young, Kathy Johnson, Don Johnson, Yvonne Oliver, Sherri Dunning, Jenny Swarts, and Hollie Wing

Location: Canaseraga Central School

1. Bill Silky opened the meeting and thanked the committee members for their service, reviewed the meeting protocol for the evening, and also thanked Steve Kenyon for providing a tour of the Canaseraga school building. Bill also introduced Deb Ayers, a member of the Castallo & Silky LLC consultant team who has been working on the financial aspects of the merger study. Deb provided some background on her professional career.
2. A review of the meeting schedule (below) was then discussed. Bill pointed out that this meeting had two topics (staffing and finance) and that the final committee meeting on May 21st is devoted to reviewing a copy of the draft final report and receiving feedback from the committee. It was pointed out that the final report will be presented to a joint sessions of the boards on June 18th in Canaseraga.

Date	Topic	Location
12/11/17	Organization, Overview, Enrollment Projections, Programs	Canaseraga
2/26/18	Facilities and Transportation	Arkport
4/16/18	Staffing and Finance	Canaseraga

5/21/18	Review of Draft Report	Arkport
6/18/18	Final Report to the Boards	Canaseraga

3. Bill then offered a transportation update from the February meeting saying he had worked with both districts' transportation supervisors (Bob Ellerstein and Dan Washburn) to finalize a basic plan for getting students to and from school in a merged district. Three items were shared:

- Regardless of where the 7th and 8th grades are located, the shuttle system is the best option;
- The longest any student (not all) would be on a bus is 1 hour to 1 hour and 10 minutes
- A conservative estimate of additional transportation cost would be \$115,000 for a new 66-passenger bus (less 84% state aid) and \$31,000 for additional driver time (less 84% state aid).

4. Bill then asked the committee if there were any additional thoughts to add to those from the last meeting on the placement of the 7th and 8th grade. Two committee members indicated that Canaseraga would be the best option due to available space, better utilization of the Canaseraga building, and acceptance by the Canaseraga community. One committee member also said that it would be important for all students to go to both schools during their K-12 experience. Another committee member said that if the 7th and 8th grades were located in Canaseraga, no teachers would have to share classrooms.

5. The assurances adopted by the two school district boards of education were again reviewed and Bill pointed out that the one addressing the five-year guarantee of no involuntary staff reductions is especially important for the meeting topic on staffing that would follow. These assurances are as follows.

- a. Name-The name of the newly formed district would be Arkport-Canaseraga Central School District.
- b. Academic Programs-The academic programs offered currently in both districts would be expanded as determined appropriate by the board with the intention of improving the educational opportunities of all children within the district.
- c. Faculty/Staff Retention-All current faculty and staff of both the Arkport and Canaseraga districts would be maintained for a minimum of five years with reductions by attrition when appropriate.**
- d. Building Use-The Canaseraga building will be used for the foreseeable future.
- e. Mascot and Colors-Upon a positive vote for an annexation, student representatives from both districts will be given an opportunity to make recommendations to the board of education regarding the district mascot, school colors, and alma mater. Until that time both Canaseraga and

Arkport uniforms will be utilized where appropriate with the goal of producing budget economies.

- f. Board Members-Upon a successful annexation vote, the Arkport board will initiate a district vote to request to increase in size of the school board from 5 to 7 members, to be held at the annual election. If successful, the election of board members would be done at a special election.

6. Alan then provided a PowerPoint presentation that reviewed an overview of staffing in the two districts. He began by summarizing the impact of annexation on staffing including:

- The assurance to maintain all current faculty and staff for a minimum of 5 years
- As of July 1, 2019 all current staff would be members of the staff of the Arkport-Canaseraga Central School District
- All staff would bring their seniority, tenure, sick leave, and all other purposes with them
- Should staff be involuntarily reduced after 5 years, reductions would be by seniority.

He then offered an overview of positions in both districts, a comparison of the teacher contracts, salary schedules, and average teacher salaries. He then said that, while it is not required, the cost to level-up teacher salaries and benefits would be approximately \$96,014.

Alan explained the difference between “involuntary staff reductions” and “reductions due to attrition”. He provided a 5-year overview of the positions in both districts that had become vacant due to attrition (13 in each district) and indicated, if the pattern continued, there is a strong likelihood that the merged district could reduce positions not deemed necessary via attrition.

He reviewed the merged teacher seniority list to show where individuals would fall on the list immediately following the potential annexation. Alan returned to two tables shared at a previous meeting that summarized the number of middle and high school course sections with fewer than 10 students. Through more efficient scheduling and the combining of small classes, he reported the conservative possibility of reducing two teaching positions. This would yield approximately \$161,902 in salary and benefit savings.

Alan then offered an overview of the support staff contracts in the two districts and shared the titles of administrative/supervisory/superintendent positions. He explained the effect an annexation would have on the Canaseraga Superintendent position. The complexity of the support staff current conditions in both districts made it virtually impossible to determine any cost impact; however he cautioned the committee that any impact would likely be somewhat inconsequential, especially compared with the teacher financial implications..

7. Following a short break, Deb Ayers began an overview of the financial situation of each district. She began by providing an overview of the historical school budget voting pattern in both districts and indicated that each had an enviable record of support from its respective community. Deb then proceeded to discuss the June 2017 general fund balance sheet for each district and commented that Arkport and Canaseraga have both been able to establish and fund several reserve accounts for future expenditures—this shows sound fiscal management.

As components of the GST BOCES, Deb reported that both districts were users of BOCES services. She shared the current contact amounts and services requested for the current school year for both districts.

A discussion of the five-year trend in fund balances was next. Deb explained each component of the total fund balance (restricted, assigned, and unassigned) and said she had concluded that both districts appear to be in decent fiscal condition.

Operating expenditures, state aid, and full-value property wealth for Arkport and Canaseraga were presented and discussed for comparison purposes. Deb then reviewed a comparison of property wealth in the two districts as she explained how property taxes are calculated. She talked through a six year comparison of the tax levies of both districts and illustrated what the combined levies would have been if the districts had merged in prior years. This discussion led to a summary of the tax rates on true value for each district and what they would have been if a merger occurred several years ago. She indicated this is important to show that the tax rates are quite similar thus making a potential merger more attractive.

An overview of capital debt each district currently carries was provided including the local share is for each. Deb reported that this is important since the current debt Arkport and Canaseraga have is carried over to the newly formed district. Therefore it is important to know what each brings to the union.

Building aid ratios were discussed as they relate to additional state incentive aid for current building and future building debt. She reported that existing debt would be aided at the higher district's aid ratio and for ten years following a merger, the new district would be eligible for up to 98% of approved capital costs for new projects approved by the voters.

Incentive operating aid and its impact on the tax rate was discussed. Deb illustrated that the incentive operating aid applied either in total or in some other percentage (she used 33.3% as an example), would still allow for a tax reduction to residents in both districts while leaving a significant amount of additional aid for transition costs (leveling up salaries, new program offerings, etc.) and long-range fiscal planning.

Finally, a summary of the overall financial impact of the annexation was presented. This summary included additional revenues and savings as well as cost increases due to annexation. In total, Deb indicated roughly a \$600,000 overall financial benefit in year one of a merger to the district assuming just 1/3 of the incentive aid would be used to

help reduce taxes. Finally, she illustrated what this \$600,000 net benefit would have meant to the tax rates in the two districts if they had merged this current year. It was have resulted in a merged district tax rate on true value of \$17.92. This would have offered a considerable tax reduction for residents of both districts since the actual true value tax rates this year are: Arkport, \$21.30 and Canaseraga, \$18.70.

7. Questions and comments were then received from the audience members who attended the meeting.

8. The next advisory committee meeting will be held on Monday, May 21, 2018 at Arkport. There will be no tour prior to the meeting. The meeting of the merger study advisory committee will begin at 6:00 p.m.

We believe this covers the essence of the discussions at our meeting on April 16th. If you have questions with these notes, please feel free to contact me. We will also review these notes as the first agenda item at our next meeting.

Looking forward to seeing you again on 5.21.18 in Arkport!

C: Jesse Harper
Chad Groff
Jim Frame
Christina Coughlin
Althea Johnson