

A.R.E.A. Board for Grades 7 and 8, and Grades 9 through 12
Regular Meeting Minutes
Tuesday, October 28, 2008 – 7:00 PM
Large Group Instruction Area
Keene High School, 43 Arch Street
Keene, NH

School Boards Present:

Chesterfield

Rebecca Auger
Deborah Clemente
Judy Idelkope

Harrisville

Jack Calhoun
Earl Horn

Keene

Carol Brown
Carter Chamberlin
Neil Donegan
Donald Parker

Marlborough

Michael Briggs
Julie Farhm
Robert Hill

Nelson

Kelly French

Stoddard

Alfrieda J. Englund
Marcia Kayser

Westmoreland

Tina Fletcher
Madeline Ullrich

Administration Present:

Brenda Finn, Asst. to the Superintendents
William Gurney, Co-Supt., SAU 29
John Harper, Business Admin., SAU 29
Tim Ruehr, Business Admin. for the
Towns
Doug White, Stoddard Asst. Superintendent,
SAU 24
Wayne Woolridge, Co-Supt., SAU 29

Others Present:

Linda McCracken, Stenographer
Sarah Palermo, *Keene Sentinel* Reporter

1. Introductions

Wayne Woolridge called the meeting to order at 7:08 p.m. Introductions were made by members of the 7 boards in attendance.

2. Approval of Minutes

Mr. Woolridge said he would entertain a motion to approve the minutes of 4/28/08.

Mr. Jack Calhoun made a motion to approve the minutes of 4/28/08. Ms. Rebecca Auger seconded the motion. The vote was unanimous.

**3. History of the Authorized Regional Enrollment AREA Agreement (A.R.E.A.) –
*Wayne Woolridge***

Wayne Woolridge discussed the history of the AREA Agreement, which is forty-four (44) years old and has had few changes, even when new towns were added. Every twenty (20) years the agreement is reviewed. It was okay in 1986. In 2005, there were questions about the tuition rates and how the calculations for the towns were made.

At previous meetings in 2006 and 2007 the cost of buildings and economics of the situation were reviewed. Last spring it was decided not to create a review board as each district would then have to vote on it. Instead, an agreement was reached where Mr. John Harper, SAU 29 Business Administrator, would compile a three-year tuition cost study to determine if expenditures and tuition rates agree.

A vote is necessary to accept current calculations or to create a review board so the AREA Board may move on.

4. Analysis of Grade 9-12 Calculations - *John Harper*

John Harper distributed two handouts: *Memo on Tuition Review* and *Memo on Tuition Surpluses*.

Memo on Tuition Review – Tuition calculations for AREA towns are based on prior year budgeted costs plus a building rental factor. Mr. Harper compiled calculations for three prior years on a per student basis based on actual expenditures compared with the estimated costs used to determine tuition. Keene High School figures were used as their tuition impacts more districts.

Not a lot of time was devoted to the building rental costs as it is based on estimated replacement costs as designated by insurers. Mr. Harper could not confirm the original source of the 2% except that other similar AREA agreements also use it. It was likely suggested by the state at the time of the agreement. AREA towns should remember that this cost is based on increases of replacement costs by insurers and should not be confused with depreciation or bond payments which are accounting terms. Mr. Harper stated that he did not feel qualified to analyze the rental fee to the degree of being able to state that 2%, 2.5% or some other percentile was the fairest number, just that 2% is often used throughout the state in similar arrangements.

The cost comparison was easier to analyze with actual Keene High School expenditures. It was broken down into general costs and special education costs. There was no special education data for 2006/2007 when Jim Vezina was the Business Administrator and set the tuition rate for 2007/2008. Mr. Harper included a graph in his report with the five

categories used for comparison. The difference was sometimes higher and sometimes lower between expenditures and tuition rates, but it averaged out to 1.21%.

Mr. Harper asked for questions.

Discussion ensued about whether the 2% was to recapture the expense of a building based on a 50-year life span of buildings, what buildings were included in the valuation and whether the towns would share expenses of new buildings and if there were other groups similar to A.R.E.A.

The answers were that buildings could last longer than 50 years or less, and need remodeling. Bonds were not included in the 2%, but value increases were. All buildings were included in the valuation right down to snack shacks and dugouts. The state may have suggested these rates originally when setting up the agreements. The Cheshire Career Center was purchased with state funding, so its square footage is adjusted out of the high school evaluation.

Keene Middle School was discussed as to its current value as well as the value of remodeling vs. the value if a new school were constructed. Mr. Harper estimated that its current valuation is \$11,000,000 and a new school would be \$30,000,000. He also stated that recent renovations were done this summer and the insurance valuations were done last spring. Currently, these renovations are not reflected in the current insured valuation. Mr. Harper also stated that these were band-aid activities for renovations and the middle school's increased values would occur in future tuition rates, not this year's rates. The money for renovations was taken from surpluses out of the total Keene School District budget and was directed at district needs, which is an approved way of handling surpluses.

More questions came up about the 2% tuition rates and how Keene would be ahead of the game with a school like KMS which has been in use for more than 50 years. Maintenance and other bond costs were discussed. Tim Ruehr, the Business Administrator for the towns stated that the tuition costs should be thought of as a rental cost, not depreciation. It's a value of using the facilities for one year, not an accountant's depreciation. It is rent and it should be thought of as one would think of renting an apartment in an apartment complex. Both the rent and the value of the buildings continue to increase over time.

Memo on Tuition Surpluses – Mr. Harper stated that there is no direct link between the tuition rate for a particular year and the Keene School District tuition revenue budget. The tuition rate is based on an estimate of per-student cost utilizing a prior year's costs and student enrollment data so that towns can budget one year in advance. The Keene revenue budget for any year is based on total anticipated tuition revenues for that particular year based on that year's actual enrollment. Total anticipated tuition revenues are generally budgeted conservatively due to the fact that student turnover is constant – especially at the high school level – and generally fall during any particular year. Revenue surpluses simply reflect the difference between total tuition revenues collected that year over the anticipated figure estimated.

There were no questions.

Mr. Woolridge stated that Keene School District would like to reauthorize the A.R.E.A. Agreement at the spring meeting, so there will be no more need to spend time informing new Board members about how the tuition rates work. The tuition rate calculations are fundamentally sound and students do get equal access to educational programs. It looks like a good way to determine costs compared to other AREA school groups. The district provides a tuition rate by November 15th each year for the towns to take to their local town meetings.

Jack Calhoun had one more question about the fact that there was nothing specific written about Special Education within the AREA Agreement. Mr. Harper stated that legal counsel looked at the situation 10 years ago and found it to be according to the agreement, just a separate issue. The way it was figured was the same. Mr. Woolridge stated that we would have to speak with Attorney Wrigley on the matter to obtain current legal counsel. The question will be taken to the attorney before the spring meeting.

Alfrieda J. Englund asked if this meant that if the agreement is changed, it would need to go back before each of the towns. Mr. Harper stated that the way the Special Education figures are handled for individual communities is fair. It protects those communities who send fewer Special Education students to the district so their costs are not higher than the general student's education. This issue may reopen the AREA Agreement for a new vote, but legal opinion is needed for determination in this situation.

Mr. Woolridge thanked Mr. Harper for all of this work.

5. Adjournment

Jack Calhoun made a motion to adjourn. Carol Brown seconded the motion. The vote was unanimous.

The meeting adjourned at 7:58 PM.

Respectfully submitted,
Linda McCracken
Stenographer

APPROVED: 5/4/09