

EXHIBIT 10-A.1

Documentation of November 13, 2007 Public Hearing (from *The Forecaster*, November 15, 2007).



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Cost-sharing plan evens consolidation impact

By Linda Maule (published: November 15, 2007)

CUMBERLAND – There would be no cost shift in the first year of a four-year cost-sharing plan agreed to last week by the school Reorganization Planning Committee for Falmouth and School Administrative District 51.

A minimal shift – within a 1 percent range – for all three towns is expected over the succeeding years.

The cost-sharing plan proposed by the committee is based on cost per student instead of the state statutory formula that is based on property values. The committee rejected the statutory formula and decided to use a formula that it considers to be more equitable.

The formula was created with the assistance of attorney Dick Spencer as a plan that gradually phases in cost sharing based totally on the average pupil count for the previous calendar year.

The proposed formula was approved contingent on its authorization after passage of a new state law. Committee member Peggy McGehee said in an information sheet prepared for a public forum Tuesday that Education Commissioner Susan Gendron told the committee in a meeting in October that “she will support reasonable and equitable changes in the local cost-sharing formula, including supporting any change in the statute that may be necessary.”

Because Falmouth has a much higher valuation than the SAD 51 towns of Cumberland and North Yarmouth, it would have had a cost shift of up to \$1 million under the state formula. North Yarmouth’s increase would have been about \$185,000. Cumberland would have stayed the same.

That high a cost shift isn’t expected to be accepted by Falmouth residents in a mandatory vote on the proposed school union’s budget.

Members of the committee from all three towns expressed satisfaction with a formula based on per-student cost. Spencer called the formula “more like a customer model.”

November 30, 2007

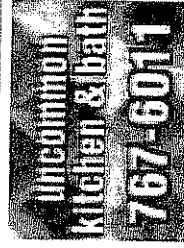


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The vote on the cost-sharing plan was 7-0 with Cumberland Councilor Shirley Storey-King abstaining. Storey-King said she would like the plan phased in over a shorter period and that "2013 (the fourth year) seems too far out."

Spencer said this plan means cost sharing is "not the elephant in the room, but more like a groundhog or a mouse."

"It doesn't have to be a big issue," he said.

For the first year of consolidation, in 2009-2010, the cost-sharing formula would be based on the 2008-2009 school budgets. The new school union would calculate the total of all adjusted additional local funds (after the state-required local contribution of 7.44 mills per town is calculated) in SAD 51 and Falmouth prior to consolidation and then determine the percentage of that total allocated to each town. Those percentages would be applied to the total of all additional local funds for the first combined budget.

In the second year, 2010-2011, two-thirds of the total additional local funds would be allocated to the towns based on the previous percentages, and one-third of the total would be allocated based on the average number of students in the most recent calendar year.

In the third year, 2011-2012, the budget would be based on one-third of the additional local funds allocated to the towns based on previous percentages, and two-thirds would be allocated based on the average number of students in the most recent calendar year.

In the fourth year, 2012-2013, the budget would be based on the average of the two pupil counts for April 1 and Oct. 1 of the previous calendar year.

According to the 2006 state valuations, Falmouth's total property value was nearly \$1.77 billion. Cumberland's valuation was nearly \$969 million, and North Yarmouth's total valuation was just over \$369 million.

With 2,146 students in Falmouth, the valuation per pupil is just over \$823,000. With 1,575 students, Cumberland's valuation per pupil is nearly \$615,000. With 685 students, North Yarmouth's valuation per pupil is nearly \$540,000 per pupil.

The per pupil cost is \$6,125 in Falmouth, \$4,575 in Cumberland, and \$4,015 in North Yarmouth in current budgets.

Based on that, in the second year of consolidation, Falmouth's costs would go up 0.51 percent, and North Yarmouth's would go up 0.44 percent.

Cumberland's would go down 1 percent. In the third and fourth years, Falmouth's and North Yarmouth's shifts would remain the same, and Cumberland's would go down 1.01 percent and 1.02 percent, respectively.

Spencer called the shifts "fairness based on services received over time."

The budget formula would have to be approved by the two school boards.

"I like the model and the rationale behind it," said Committee Vice Chairwoman Susan Campbell, who is on the SAD 51 Board of Directors.

North Yarmouth Selectman Anne Graham said she liked the idea of a budget "based on pupils not on how much is spent on houses." She also said "as a voter, I really like the no shift in the first year."

"I wish we had had this out before the dreaded \$1 million" cost shift was reported in Falmouth, said Falmouth School Board member Katherine Hillman-Reed.

Town Councilor Joe Wroblewski said that "the quicker we get to per pupil, the better it is for Falmouth."

McGehee said she would like a "hold harmless" provision in the formula, and she volunteered to look into that possibility and make a presentation at the Nov. 14 meeting.

The committee has yet to discuss how it will reduce certain mandated parts of the budget by 5 percent.

Linda Maule can be reached at 781-3661 ext. 108 or Imaule@theforecaster.net.

EXHIBIT 10-A.2

Documentation of November 27, 2007 Public Hearing (from *The Forecaster*, November 15, 2007).

Published Nov. 29, 2007
Northern edition, The Forecaster

Questions linger for Falmouth, SAD 51 merger

By Peter Smith

CUMBERLAND – At the second of three public hearings on school consolidation Tuesday, residents and local officials expressed concern about the lack of proposed savings in a new district next year, the definition of “high-performing” districts and the makeup and representation of a consolidated school board.

About 40 people attended the forum at Cumberland Town Council Chambers on the consolidation planning between Falmouth and School Administrative District 51. The Regional Planning Committee, with representatives from Falmouth, Cumberland and North Yarmouth, has been meeting since August and must submit a consolidation plan to the state Department of Education by Saturday, Dec. 1.

Despite the questions that remain, members presented an optimistic outlook.

“We’ve taken the Kool-Aid,” said North Yarmouth’s Dave Perkins, a member of the SAD 51 board.

“This group’s job is to put the best possible consolidation plan together.”

Under state law, plans are expected to demonstrate how districts will save 50 percent in administrative costs, 5 percent in special education administration costs and a 5 percent in transportation.

Another public hearing is scheduled Thursday, Nov. 29, in North Yarmouth at 7 p.m. at the Town Office.

As of the Tuesday, the plan that would be sent to the state had not been formally presented.

Elise Kiely, of Falmouth, said voters appeared wary. “They’re hesitant to vote on something that’s behind a dark curtain,” she said.

Committee members said the details would be made clear before residents vote next spring. “If voters still feel that way in April, then we haven’t done our job,” Perkins said.

Others suggested that the two districts’ work had been hindered by Yarmouth, which was part of the Reorganization Planning Committee, but opted out of consolidation under an exemption for high-performing districts.

“It’s too bad that Yarmouth choose not to be sincere about the process,” Cumberland Town Council Chairman Jeff Porter said.

Members of the public also suggested that officials petition to have the state Legislature recognize Falmouth and SAD 51 as high-performing.

Falmouth Superintendent of Schools George Entwistle said the performance designation had been taken from a University of Southern Maine report on districts that were “higher-performing” than expected – and others at the meeting suggested that Falmouth and SAD 51 had only been disqualified because their facilities did not meet the letter of the law, despite their high-performing test scores.

“I don’t really care if we get these exceptions,” said Linc Merrill, North Yarmouth community representative on the RPC. “This is a short-lived victory for them.”

He said additional consolidation requirements would be made in the next five years.

Residents also expressed concern about the proposed method of cost-sharing.

A proposal called the New Casco Bay Model would divide the local share of school funding – above the state’s Essential Programs and Services funding – between the three communities based on per-pupil enrollment. While the committee advanced this proposal as a means of preventing Falmouth from absorbing the estimated \$800,000 to \$1 million in costs, the legislation authorizing the method has yet to be approved.

Some did not favor the philosophy.

“I think it’s a bigger shift than people realize,” said Mike Perfetti, a Cumberland Town Councilor.

“That is one step away from charging families per pupil.”

Perkins said without the change, the cost-shift to Falmouth could hinder school consolidation. Still, committee members said the community would be hit with annual penalties about up to \$1.5 million if

it doesn't consolidate.

Another Cumberland resident, John Aromando, said the cost-sharing method based on population would be divisive. "Our community had a secession over this issue," he said, referring to Chebeague Island's recent independence.

Eric Johnson, a Cumberland resident, also wanted to know if there is an alternative plan if the Legislature fails to approve a proposed cost-sharing method.

The committee also presented a recommendation that the new school board would have six members: Three from Falmouth, two from Cumberland and one from North Yarmouth.

John Hankinson, a Cumberland resident, said he worried about North Yarmouth's representation; committee members said the four-vote majority would encourage consensus building.

Aromando also said he worried about the workload for a six-member board for the "new megadistrict" – and said the decreased number of representatives would concentrate power.

Many also said that the committee should work harder to present potential savings. RPC Chairwoman Beppie Cerf, of Falmouth, said that savings were not expected in the first year, but Cumberland Councilors Turner and Porter urged the committee to show the expected savings from the consolidation.

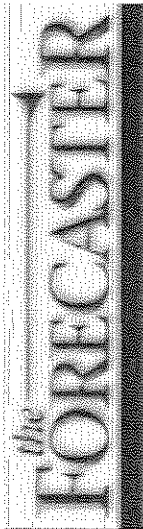
Committee members appeared optimistic that the state would approve the initial plans, despite some gaps.

"In the state's view," Cumberland citizen representative Mark Fortin said, "if it doesn't happen here, it won't happen anywhere."

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EXHIBIT 10-A.3

Documentation of November 29, 2007 Public Hearing (from *The Forecaster*, December 6, 2007).



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Falmouth, SAD 51 eye July 2009

By Linda Maule (published: December 06, 2007)

FALMOUTH – Falmouth and School Administrative District 51 met their first deadline for school consolidation by submitting a reorganization plan to state Department of Education Commissioner Susan Gendron by Dec. 1.

The plan, which is still a work in progress, includes a July 1, 2009, deadline for turning over the schools to a Regional School Unit governed by a six-member board elected from Falmouth, Cumberland and North Yarmouth.

The name of the new consolidated district, which was chosen by the Reorganization Planning Committee Nov. 28, would be the New Casco Bay School District.

At an earlier meeting in November, the RPC had decided to begin the consolidation turnover on July 1, 2008. But attorney Dick Spencer told the committee that in order to meet that deadline a municipal vote on consolidation would have to take place on Jan. 15, 2008, and there isn't enough time to plan a vote by that date.

Gendron will return the initial draft of the plan by Dec. 15, as the committee continues to meet and iron out several issues, including how to realize cost savings and share costs equitably.

The committee will complete its final plan by Jan. 15 for resubmission to Gendron. It will also hold additional public hearings on the consolidation plan.

On June 10, 2008, the three towns will vote on whether to approve the consolidation plan, and on Nov. 8, 2008, the towns will elect RSU board members: three from Falmouth, two from Cumberland and one from North Yarmouth, in accordance with population.

The plan for consolidation of SAD 51 and Falmouth school districts includes a four-year phased-in budget that moves from funding the new district on a property valuation basis to funding it on a per-pupil basis once the

January 15, 2008

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state-required local contribution of 7.44 mills is met. The required local contribution by state law is figured on property valuation.

State law doesn't currently provide for per-pupil funding. But a bill to amend the school funding law has been proposed by the DOE so per-pupil funding could be allowed for the additional amount raised beyond the required local contribution.

Funding on a cost-per-pupil basis would provide funding with minimal cost shifting that would be almost \$540,000 for Falmouth and \$111,600 for North Yarmouth in those four phase-in years. Cumberland would realize a savings.

The RPC agreed, however, that there will be no cost shifting, and it is working with the two districts' superintendents and finance directors, plus Falmouth's and Cumberland's town managers and North Yarmouth's town administrator, on an agreement to avoid any shift.

The cost-shift offset could include assumption of local debt, conveyance of reserve funds or real property or other assets or some other compensatory measure. Included in the discussion of transferring real property to Falmouth is a 26-acre piece of land connected to the superintendent's office.

The RPC also listed 16 educational program enhancement measures that could be achieved under consolidation as a result of greater collective resources, economies of scale and a larger student body.

Once Gendron approves the final draft of the reorganization plan, which is scheduled for Feb. 1, 2008, the RPC will dissolve and a new RSU Transition Committee will be formed. And after the RSU board is elected on Nov. 4, it will spend the next winter hiring a superintendent, consolidating policies and procedures and developing an RSU budget for 2009-2010. On July 1, 2009, the new RSU would be operational.

While the RSU board is getting organized, the existing school boards will be running the two separate school districts. After June 30, 2009, they will cease to exist.

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EXHIBIT 10-A.4

Documentation of January 9, 2008 Public Hearing (from *The Forecaster*, January 10, 2008).

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Falmouth will avoid \$1M cost shift with SAD 51

By Linda Maule (published: January 10, 2008)

FALMOUTH – The Reorganization Planning Committee working to consolidate school administration for Falmouth and School Administrative District 51 unanimously agreed last week on two measures to offset the more than \$1.1 million cost shift that Falmouth could have faced.

On Jan. 2 the committee agreed that more than \$700,000 in Falmouth school reserves and 12 acres of a 26-acre school-owned parcel on Woodville Road, with a market value of \$400,000, will be turned over to the town of Falmouth.

The actual cost-shift under the cost-sharing plan adopted by the RPC is projected at nearly \$540,000, but the offset amount needed is estimated at about \$1.1 million, because SAD 51 – which serves Cumberland and North Yarmouth – would have a 50 percent share in the value.

The committee also unanimously agreed to increase the size of the Regional School Union Board of Directors from six to nine. The change came, committee members said, in response to concerns expressed at community forums.

On Wednesday, Jan. 9, the RPC was expected to finalize its consolidation plan and hold a public presentation in Cumberland to explain the plan and answer questions. The final plan for the New Casco Bay Regional School Union is due at the state Department of Education by Jan. 15.

Also at the presentation Wednesday, Falmouth Superintendent George Entwistle and SAD 51 Superintendent Robert Hasson were to have reported on a meeting last Friday of the two school districts' principals, where the school administrators talked about and summarized advantages and possibilities under consolidation.

In discussion at the Jan. 2 RPC meeting, members said the savings through consolidation would be minimal in the beginning, with no savings in the first year, especially since the state is reducing the state subsidy for school administration from \$358 per student to \$204 per student for 2009-2010.

"It's forcing us to reduce administrative costs," Falmouth Town Councilor Joe Wroblewski said.

In a discussion on how to reduce the administration budget, it was noted that both superintendents' contracts were renewed this past year, effective July 1, 2008, through June 30, 2011. Other contracts are also in place.

Falmouth School Board Chairwoman Beppie Cerf said the school boards were told by the DOE to proceed with contract negotiations this past year as if school consolidation wasn't on the horizon.

A subcommittee presented a model for administrative staffing under the proposed RSU, but that model was to be revised this week since some positions, such as technology administrator and assistants, were included

that are currently in other budget lines and not in the administration account.. The model was partly based on suggestions made by a New England School Development Councils report for consolidating a group of area schools last June.

The subcommittee is suggesting that the RSU hire a human resources administrator at an estimated annual salary of nearly \$95,000. An HR administrator would be needed because of the much larger staff, subcommittee members said.

Falmouth Town Manager Nathan Poore said that having a human resources administrator also "may save on the legal side of the budget."

One committee member suggested that the assistant superintendent could serve as the HR administrator until contracts expire.

The one superintendent who would run the RSU, and the assistant superintendent, would make an estimated \$122,000 and nearly \$92,000, respectively.

Under the subcommittee's model, the cost savings would be \$38 per student for administration, or \$116 short of what the state is suggesting. That savings will be greater after the model is revised to "compare apples to apples," a committee member said.

"I'm shocked that by consolidating the two school districts the savings is approximately \$300,000," Falmouth member Peggy McGehee said. "I would expect to see a half million."

Vice Chairwoman Susan Campbell, of Cumberland, however, said there would be less savings in the beginning because of the contracts that have to be honored. In years four and five, she said, there will be greater savings.

North Yarmouth Selectman Anne Graham said the committee's assignment is to consolidate as effectively and efficiently as it can. "We set a framework, and (the RSU board's) objective is to have cost savings," she said. "... The reality is we're saving, but not as much as we like."

"I'm not bothered by modest savings," Vice Chairman David Perkins, of North Yarmouth, said. "That's the way it works. It's the truth. ... There will be opportunity (for savings) over time."

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