



Minutes of the City Council and Somersworth School Board
Budget Workshop Meeting
Monday February 5, 2024
5:00 p.m.

Present: Mayor Matt Gerding

Councilors present: David A. Witham, Deputy Mayor
Richard Michaud, City Councilor
Nancie Cameron, City Councilor
Kenneth Vincent, City Councilor
Robert Gibson, City Councilor
Martin Pepin, City Councilor
Crystal Paradis-Catanzaro, City Councilor
Paul Goodwin, City Councilor
Denis Messier, City Councilor

School Board Members present: Maggie Larson, School Board Chair
Kari Clark, School Board Vice Chairman
Sarah O'Brien-Hart, School Board Member
Krystle De St. Croix, School Board Member
Marcia Brown, School Board Member
Barbara Wentworth, School Board Member
Susan Tierney, School Board Member
Todd Marsh, School Board Member

City Staff present: Bob Belmore, City Manager
Scott Smith, Finance Director
Ammy Ramsey, Deputy City Clerk

School Staff present: Lou Goscinski, School Superintendent
Katie Krauss, School Business Administrator

The meeting was called to order by Mayor Matt Gerding at 5:02 p.m.

Mayor Matt Gerding stated that he is recusing himself from the discussion because there is a position at the Middle School that the School Board is considering to cut and he feels that as a teacher at the Middle School, he should recuse himself. Mayor Gerding recused himself and turned the meeting over to Deputy Mayor Witham.

Deputy Mayor Witham stated that tonight is an informal conversation, however, the meeting is being televised and therefore needs to follow some kind of formality, and he asked if the Superintendent could begin by giving an overview of the School Budget and then Finance Director Smith can explain the tax cap and where that stands, and then open up the conversation to City Councilor and School Board members.

Superintendent Lou Goscinski stated they had a three-hour budget workshop this past Saturday where they discussed their recommended budget and their tax cap compliance budget. He started with the tax cap budget having a limit of \$836,047 based on the CPI of 4.1% based on the information received from the City. The projected revenue for fiscal year 2025, not raised by property tax is, \$10,381,308. It is also projected that the School will lose \$341,128 in State revenue along with \$47,588 for a total loss of \$388,716. When you take that away from the tax cap amount there would be \$447,331 remaining and that would not cover the salary increases for personnel as well as the fixed obligations.

Superintendent Goscinski then discussed the recommended budget that came from the input of the School District's administrative team and he mentioned they had some hard conversations concerning the budget and came up with a recommended budget that they feel will provide an adequate education focusing on real student learning, and providing social and emotional needs in a post pandemic world. The recommended budget will maintain current levels of essential programs and services for all students, the level of service that parents expect, and an adequate public education. The recommended budget is an increase of \$1,264,396 above the tax cap which is an 8.4% increase.

Superintendent Goscinski stated that the cuts that would need to happen to stay within the tax cap would affect personnel and essential programs and services which will mean higher class sizes for all grades and fewer elective choices for high schoolers. Also, with the projected cuts, the schools would anticipate more referrals for special education and 504 services, increase in attendance and behavior problems, and a concern for student safety.

Superintendent Goscinski also presented an overview done by researchers that shows what has happened to public education over the years since the late 1900's. It showed how public education has evolved over time increasing from a basic education and services to an adequate education with various support services.

School Board Chair Maggie Larson mentioned that this is the most devastating position she has seen the budget in during her time on the Board and she looks forward to hearing what can be done and hearing the thoughts of everyone.

Deputy Mayor Witham introduced Finance Director Smith to explain how the tax cap works and also the dollar amount that could be spent for every 10-cent tax rate increase. Finance Director Smith stated that for every 10-cent tax rate increase equals \$115,000 in spending. The tax cap limits the amount of property taxes that the Community can raise to support the budget. There are four components to the tax rate which include the City, County, local School, and State School. Director Smith stated that they take the prior year's property tax amount raised (last year's amount was \$33.5 million) and multiply that by the CPI-U (consumer price index urban). The calculation for this year's budget total amount that can be raised is \$1,382,000 and Director Smith explained how that is divided up between the four components of the tax rate. The budget can be raised by \$420,000 for the City, \$125,000 for County, \$750,000 for local School, and \$85,000 for the State School portion. The City Council, in an effort to provide consistency and some order that the City would account for the County portion of the budget, and the School would account for the Local School and State School portion of the budget. Director Smith further explained the County portion is over the tax cap by approximately \$2,500 and the City will have to account for that on the City side. Finance Director Smith stated the difference this year is the net construction value under the limitation and he further explained those limitations and how that reflects the tax cap calculation. Director Smith

mentioned that because the City is in a City-wide property revaluation year, therefore the City budget can only be increased by the factor no more than the change in the national CPI-U.

Councilor Witham inquired with Director Smith what the figure would be if we could use the limitation that would include net construction value, Director Smith stated that in recent years it has been in the hundred-thousand-dollar range.

Councilor Witham inquired with Superintendent Goscinski regarding the \$447,000 and if that covers the already committed obligations. Superintendent Goscinski stated that amount would not cover the teacher's raises for next year.

Councilor Goodwin wondered why the new construction could not be considered in a revaluation year and if that was set by the State or City? Director Smith stated that it is from within the City Charter. There are 2 sections applicable, and during the year of a Revaluation, it allows for an increase of the CPI-U only. Discussion continued concerning the ability to change the City Charter and if the concern of not being able to maintain a tax rate increase under the tax cap has been expressed in recent years.

A few questions were asked concerning the School budget and School Business Administrator Katie Krauss presented everyone with the 2024-2025 Proposed Budget that included the recommended budget and three tiers of reduction options. She further explained the details referring to the budget revenues, increases, changes, and what would be affected by the cuts going through the three tiers the School Board is considering once finalized by the School Administrative team.

Councilor Witham reminded the City Council that they only have a vote on the bottom-line dollar amount and not the specific line allocation of the funds. He also mentioned that in the past he had opposed the tax cap but it has been in place now for over 10 years. Additionally, he reminded everyone that the State is again reducing the aid to the schools.

Councilor Witham inquired about the amount the tax rate would increase if the budget went up to what the tax cap will allow, Director Smith indicated the increase would be approximately \$1.20. Councilor Witham also mentioned that for every \$115,000 that is spent the tax rate increases 10-cents, and that we also need to consider what our resident taxpayers can afford and he expressed his concern for where this budget is going.

School Board Member Barbara Wentworth thanked the City Council for calling this meeting to discuss the upcoming budget. She feels that this is very difficult to look at as a status quo because the Board is not asking for additional wants, they are asking to maintain the services they are currently providing. Member Wentworth also mentioned that she believes they all hear from different constituents because she has not been contacted about the tax rate and is sure the City Councilors have heard from constituents concerning taxes and the rate, but feels that they should remember that they all are in this together.

Councilor Vincent inquired about the projected amount that is going to be received by the State, Administrator Krauss stated that they received a projected amount that is \$388,716 less than last year. There was further discussion pertaining to when the State projected amount is given and how the actual amount is determined when the School District's reporting is usually higher than the projected amount. The issue with that is the budget cuts

have already happened and the additional amounts are usually spent on capital projects or one-time expenditures. There was some discussion concerning the lack of State aid to the schools that has been an issue for many years.

Councilor Paradis-Catanzaro Stated that she hopes that the Courts will mandate the State to give an actual amount to the schools so they can better prepare the budget in the future. Councilor Paradis-Catanzaro expressed interest in discussing the tax cap and possible Charter changes and she thanked Superintendent Goscinski for asking for the input of the administrators and staff for a budget that addresses their needs along with being mindful of the tax cap.

Interim Superintendent Goscinski referred to an exception to the Tax Cap in the Charter whereby Capital expenditures, and/or the School's debt service may be excepted from being included from the tax cap with a vote of City Council. He asked Finance Director Smith if he had any input in how this override would impact the tax cap.

Director Smith responded that it seems that what this override option does is takes Capital or Debt Service and does not have it subject to the tax cap limitation. It doesn't increase the value of the tax cap, it simply says this section is not subject to the limitation, but the balance of the budget is. Where I think this is useful is if the City issues bonds to build a new school. In year 1, that would be a large payment and could absorb the entire tax cap. So, for example, say the principal and interest payment in year 1 is \$500,000, the Council could vote to essentially set that aside and not subject it to the limitation, but the balance of the budget would still be subject to the tax cap limitation.

School Board Vice Chair Kari Clark thanked everyone for the conversation they are having concerning a subject that nobody likes and she appreciates everyone being here.

School Board Member Todd Marsh feels that meeting like this is noteworthy to see both the City Council and the School Board come together and meet like this and seek to understand each other because not all communities do this. He feels that the residents of the City expect and deserve this to happen, and recognizes that both Council and School Board have different roles but the City Council has a broader role above education. Member Marsh stated he is confident they can come to a middle ground and he appreciates the thoughts brought forward.

The meeting adjourned at 5:55 p.m.

Respectfully Submitted,

Ammy Ramsey, Deputy City Clerk