REC'D SEP 30 2008

REORGANIZATION PLAN

SAU Submitting: **Mechanic Falls, Minot, Poland**
Contact Information: **Dennis Duquette (dennis_duquette@roadrunner.com)**
Colleen Quint, RPC Chair (cquint@mitchellinstitute.org)
Date Submitted by SAU: **August 21, 2008**
Proposed RSU Operational Date: **July 1, 2009**

1. The units of school administration to be included in the proposed reorganized regional school unit

The proposed regional school unit includes the following school administrative units:

Mechanic Falls School Department
Minot School Department
Poland School Department

2. The size, composition and apportionment of the governing body.

The RSU board will have 15 members, 5 representatives from each town. Each board member shall serve a 3-year term and, pursuant to Public Law 2007 Chapter 240 section XXXX-40, the initial terms of the first RSU board shall be staggered.

Town	Representative	Jan. 2009	June 2010	June 2011	June 2012	June 2013	June 2014	June 2015
Mechanic Falls	MF1	1(term length)	3			3		
	MF2	2		3			3	
	MF3	2		3			3	
	MF4	3			3			3
	MF5	3			3			3
Minot	M1	1	3			3		
	M2	2		3			3	
	M3	2		3			3	
	M4	3			3			3
	M5	3			3			3
Poland	P1	1	3			3		
	P2	2		3			3	
	P3	2		3			3	
	P4	3			3			3
	P5	3			3			3

3. The method of voting of the governing body.

The regional school unit board shall be composed of 15 members. Each municipality in the RSU shall elect the following number of its residents to serve on the Board and their votes shall be weighted as follows:

METHOD "B" WEIGHTED VOTING

MUNICIPALITY	2006 Federal Estimated CENSUS	% POP	TOTAL VOTES (995 to 1005)	# DIR	VOTES PER DIRECTOR	% DEVIATION OF VOTING POWER
Mechanic Falls	3,242	28.3%	283	5	57	5.7%
Minot	2,866	25.0%	250	5	50	5.0%
Poland	5,367	46.8%	468	5	94	***9.4%***
TOTALS	11475	100.0%	1000	15		

1000 / 15 = 66.67 / 1000 = 6.7% Average

PLUS 5.0%

This is in compliance ***9.4%*** does not exceed the maximum allowable voting power of ***11.7%***.

11.7% = MAXIMUM VOTING POWER OF ANY ONE DIRECTOR

Each board member shall serve a 3-year term, except that the initial terms of the members of the first regional school unit board shall be staggered as provided by 20-A M.R.S.A § 1472-B.

4. The composition, powers and duties of any local school committees to be created.

Not Applicable.

5. The disposition of real and personal school property.

A. Real Property and Fixtures. Except as listed below, all real property interests, including without limitation land, buildings, other improvements to realty, easements, option rights, first refusal rights, and purchase rights, and all fixtures, of the school administrative units shall be property of the region. The regional school unit board may require such deeds, assignments or other instruments of transfer as in its judgment is necessary to establish the region's right, title and interest in such real property and fixtures.

All real property interests and associated fixtures shall be transferred with the following exceptions:

-The Town of Minot reserves the right to determine, at a later date, the amount of land between the school and the Minot Town Office to be transferred to the RSU;

-The land on which the Central Office is located also be transferred to the RSU. If the Central Office is ever transferred off this property, the land will be turned back to the Town of Poland and the building would be turned back to the towns and disbursed as assets under the Interlocal Agreement to Mechanic Falls, Minot and Poland.

All real property and fixtures not described in the above list shall be transferred to the regional school unit.

B. Personal Property. All other tangible school personal property, including movable equipment, furnishings, textbooks and other curriculum materials, supplies and inventories shall become property of the region as successor of the SAUs, except as listed below: **No Exceptions.**

The regional school unit board may require such assignments, bills of sale or other instruments of transfer as in its judgment is necessary to establish the region's right, title and interest in such personal property.

6. The disposition of existing school indebtedness and lease-purchase obligations if the parties elect not to use the provisions of Section1506 regarding the disposition of debt obligations.

A. Bonds, Notes and Lease Purchase Agreements That the Region Will Assume. The region shall assume liability to pay the following bonds, notes and lease purchase agreements:

See EXHIBIT 6-A

Additionally, other bonds, notes and lease purchase agreements issued by an SAU before the operative date of the region shall be assumed by the region, provided the SAU issued the bond, note or lease purchase agreement in the normal course of its management of the schools for an essential purpose to replace its existing facilities and existing items of equipment that are not longer serviceable or to keep them in normal operating condition.

B. Bonds, Notes and Lease Purchase Agreements That the Region Will Not Assume. **None.**

C. New Capital Project Debt that Region Will Issue and Assume. **None.**

D. New Capital Project Debt that the Region Will Issue But Will Not Assume. **None.**

E. Defaulted Debt is Excluded from Being Assumed. **None.**

F. Other Debt Not Assumed. **None.**

7. The assignment of school personnel contracts, school collective bargaining agreements and other school contractual obligations.

A. School Personnel Contracts. A list of all written individual employment contracts to which each of the existing SAUs is a party is attached as Exhibit 7-A. Pursuant to Section XXXX-43(5), individuals on the list who are employed on the day before the operational date shall become employed by the RSU as of the operational date, and their contracts shall be assumed by the RSU on the operational date. This provision does not prevent the existing SAUs from terminating or non-renewing the contracts of employees in accordance with applicable law before the operational date of the RSU.. The list shall be updated and made final no later than the day before the operational date of the RSU.

A list of all employees of the existing SAUs who do not have written individual employment contracts is attached as Exhibit 7-B. Pursuant to Section XXXX-43(5), individuals on the list who are employed on the day before the operational date shall become employed by the RSU as of the operational date. This provision does not prevent the existing SAUs from terminating employment of the employees in accordance with applicable law before the operational date of the RSU. The list shall be updated and made final no later than the day before the operational date of the RSU.

The duties and assignments of all employees transferred to the RSU shall be determined by the Superintendent of the RSU or his/her designee.

B. School Collective Bargaining Agreements. The following collective bargaining agreements to which the SAUs are a party shall be assumed by the regional school unit board as of the operational date:

Poland School Department	**Positions Included in Bargaining Unit**	**Next Termination Date**
Poland Regional High School	Teachers, nurses, counselors	2009
Poland Regional High School	All support staff positions (Excluding bus drivers)	See note below
Poland Community School & the Bruce M. Whittier Middle School	All support staff positions (Excluding bus drivers & custodians)	2010
Poland Community School & the Bruce M. Whittier Middle School	Teachers, nurses, counselors	2011
Mechanic Falls School Department	**Positions Included in Bargaining Unit**	**Next Termination Date**
Elm Street School, Mechanic Falls	Teachers, nurses, counselors	2011
Minot School Department	**Positions Included in Bargaining Unit**	**Next Termination Date**
Minot Consolidated School	Teachers, nurses, counselors	2011

All of the employer's rights and responsibilities with respect to collective bargaining shall be fully assumed by the regional school unit board as of the operational date.

C. Other School Contractual Obligations. A list of all contracts to which the existing SAUs are a party and that will be in effect as of the operational date is attached as Exhibit 7-C.

** The Mechanic Falls School Committee contract (attached) for 2008-2011 is waiting approval, which is expected with no delay.

** The Minot School Committee contract (attached) for 2008-2011 is waiting approval, which is expected with no delay. **(approved 8/13/08)**

** The Poland Regional High School Support Staff contract is in negotiations at this time. Presently the support staff at Poland Regional High School does not have a *bargaining unit.*

8. The disposition of existing school funds and existing financial obligations, including undesignated fund balances, trust funds, reserve funds and other funds appropriated for school purposes.

A. Existing Financial Obligations. Pursuant to Section XXXX-36(5) the disposition of existing financial obligations is governed by this plan.

Existing financial obligations shall include the following:

(i) all accounts payable;

(ii) to the extent not included as accounts payable, any financial obligations which under generally accepted accounting principles would be considered expenses of the SAU for any year prior to the year the RSU becomes operational, whether or not such expenses were budgeted by the SAU in the year the obligations were incurred, including for example summer salaries and benefits; and

(iii) all other liabilities arising under generally accepted accounting principles that can be reasonably estimated and are probable.

Each SAU shall satisfy its existing financial obligations from all legally available funds. If an SAU has not satisfied all of its existing financial obligations, the SAU shall transfer sufficient funds to the region to satisfy its remaining existing financial obligations, and the regional school unit board shall be authorized to satisfy those existing financial obligations on behalf of the SAU. If the SAU does not transfer to the region sufficient funds to satisfy its existing financial obligations, then to the extent permitted by law, the regional school unit board may satisfy those obligations from balances that the SAU transfers to the region. If the available balances transferred are insufficient to satisfy the SAU's existing financial obligations, or are not legally available for that purpose, the regional school unit board may take any action permitted by law so that all of the municipalities of the region are treated equitably with respect to the unsatisfied existing financial obligations of an SAU. For example, to the extent permitted by law, the regional school unit board may satisfy the unpaid existing financial

obligations of an SAU in the same manner and with the same authority as for unassumed debt under the provisions of 20-A M.R.S.A. § 1506(4).

Additionally, to the extent permitted by law, if in the judgment of the regional school unit board it must raise funds from all its members to satisfy existing financial obligations of an SAU, the regional school unit board also shall be authorized to raise additional amounts for the purpose of making equitable distributions (which may be made in the form of credits against assessed local shares of the region's approved budget) to those region members that would otherwise bear costs attributable to unsatisfied existing financial obligations of an SAU for which they had no financial responsibility. The intent of the preceding sentence is that financial responsibility for unsatisfied existing financial obligations of an SAU be borne by its members and not by the other members of the region.

B. Remaining Balances. The balance remaining in the SAU's school accounts after the SAU has satisfied existing financial obligations in accordance with this plan shall be paid to the treasurer of the regional school unit, verified by audit and used to reduce that SAU's contribution as provided by Section XXXX-43(4). Unless the Legislature otherwise provides, in the case of a school administrative district, community school district or other regional school district (collectively, "district"), the school board of the district shall specify in writing to the regional school unit board how the region shall allocate transferred remaining balances between district members. Unless the Legislature otherwise provides, if the district board has not specified in writing to the regional school unit board how this allocation shall occur, then the transferred remaining balances shall be credited to the district's members in proportion to their respective shares of that portion of the total local costs of the region allocable to all of the district's members for the operational year.

Transfers of remaining balances may occur within the period specified by Section XXXX-43(4), or, as may be preferable in the case of a district, at any time before the district has closed its accounts and ceased normal operations.

C. Reserve Funds. SAUs shall transfer remaining balances of reserve funds to the regional school unit. Unless otherwise provided by applicable law, a transferred reserve fund shall be used in accordance with its original purpose to benefit a school or schools of the SAU. Transferred reserve funds shall be subject to Title 20-A M.R.S.A. § 1491, except that the transfer of funds in a reserve fund or a change in purpose of the fund may only occur in such manner that the funds continue to benefit the members of the SAU that transferred that reserve fund to the region.

D. Scholarship Funds. Municipalities may elect to retain authority over remaining balances of scholarship funds or transfer them to the RSU. Any scholarships transferred to the RSU in the future shall be limited to the original pool of potential recipients unless otherwise provided by the donor or by applicable law.

E. Trust Funds. Municipalities may elect to retain authority over trust funds or transfer them to the RSU. If the trust funds are transferred to the RSU board, that board shall be deemed the successor trustee for all purposes, except as provided by the trust or by applicable law.

9. A transition plan that addresses the development of a budget for the first school year of the reorganized unit and interim personnel policies.

A. The initial RSU board shall be elected in accordance with 20-A M.R.S.A. § 1472-A and shall have the transitional powers and duties provided by 20-A M.R.S.A. § 1461-A.

The RPC shall designate a transition committee within one week of the submission of the RSU plan to the Department of Education and this committee will continue working until the election of the new RSU board. The committee shall be composed of the superintendent, business manager, curriculum coordinator, building principals, 3 SAU committee members, and 3 members of the RPC, one from each municipality. The transition committee shall form appropriate sub-committees.

The transition committee shall:

1. Oversee information campaign prior to the public referendum in November 08
2. Investigate areas of possible efficiencies in the new RSU.
3. Enumerate/plan for all startup planning tasks to be done before July 1, 2009
4. Work with the respective SAU committees to begin preparation of the 2009-10 budget with the intent of handing over the preliminary work to the new RSU board once elected.
5. Define the work responsibilities for the secretary position focused on preparing for the election of the new RSU school board, and begin to identify possible candidate for the position.
6. Other areas of work as needed to prepare for RSU startup.

B. Transition Plan for Personnel Policies. All personnel policies existing in the previous school administrative units shall continue to apply to the same employment positions after they become part of the regional school unit.

The regional school unit board and superintendent will develop and adopt region-wide policies in accordance with applicable law.

10. Documentation of the public meeting or public meetings held to prepare or review the reorganization plan.

Minutes of the following public meeting(s) held to prepare or review the reorganization plan are attached as Exhibit 10-A:

Date of Public Meeting	Time	Location
June 23, 2008	6:00 p.m. – 8:00 p.m.	Mechanic Falls Legion Hall
July 2, 2008	6:00 p.m. – 8:00 p.m.	Poland Regional High School
July 9, 2008	6:00 p.m. – 8:00 p.m.	Poland Regional High School
July 16, 2008	6:00 p.m. – 8:00 p.m.	Poland Regional High School
July 23, 2008	6:00 p.m. – 8:00 p.m.	Poland Regional High School
July 30, 2008	6:00 p.m. – 8:00 p.m.	Poland Regional High School
August 6, 2008	6:00 p.m. – 8:00 p.m.	Poland Regional High School
August 13, 2008	6:00 p.m. – 8:00 p.m.	Poland Regional High School
August 20, 2008	4:30 p.m.-7:00 p.m.	Poland Regional High School -School Committee Votes

11. An explanation of how units that approve the reorganization plan will proceed if one or more of the proposed members of the regional school unit fail to approve the plan.

If the plan is rejected by one or more SAUs, the region shall not be formed under this plan, and the SAUs shall re-start the process to form a regional school unit with the same or other school administrative units and may seek assistance from the Department of Education to form another reorganization plan pursuant to Section XXXX-36(11).

12. An estimate of the cost savings to be achieved by the formation of a regional school unit and how these savings will be achieved.

We estimate that the formation of the regional school unit will result in the following cost savings during the first three years of operation:

First year – 2008 - 2009

- SAU #29 began to consolidate services during the 07/08 school year in anticipation of consolidation and our commitment to reduce costs and increase efficiency where ever possible. It was also our hope to be granted the right to "stand alone" as our own three town RSU, so we were very pro-active in reducing costs and becoming more efficient in our operations.
    - Consolidation of our maintenance department – we now have one maintenance person per building (4) – cost savings of $90,000
    - Facilities Director's position has been eliminated through attrition – cost savings of $66,000
    - 3rd shift custodial at PRHS has been eliminated through attrition and responsibilities redistributed to 2nd shift – cost savings of $26,000
    - Facilities Director's secretary has been eliminated through attrition, responsibilities have been redistributed to PRHS secretarial staff and central office staff – cost savings of $26,000
    - Central Office – two office positions have been eliminated with their responsibilities divided between other central office staff – cost savings of $64,000
    - Relocation of Bakerstown alternative program from off-site to PRHS. Cost savings of $85,000
    - Administration – one ½ time Dean of Students position has been eliminated by combining responsibilities of our K-6 principal and assistant principal into a K-8 administrative team. Cost savings of $37,000

Total cost savings for 08-09 school year: $374,000

Estimated savings 09-10 school year: $562,000

Estimated additional costs: Unknown additional costs around fuel, and benefits at this time. Salary and Benefit increases are anticipated to be $268,000

Net savings (or costs): $257,000

Second Year 2009-2010:

- During the second year of our new Regional School Unit we will continue to reduce costs and improve efficiencies. Listed below are several of the proposed cost reductions that will be submitted to our Regional School Board.
    - Consolidation of our three transportation departments into one and installation of a transportation software routing program. Cost savings are projected to be $75,000
    - Reduction of administration in our three town RSU by 2 positions. Cost savings are projected to be $129,000
    - Reduction of teaching staff due to enrollment, student/teacher ration and sharing teacher resources are projected to be $331,000
    - Educational cost sharing between our three towns – we are planning on sharing our present music/band instructors, health/wellness, tech ed, across all three towns. This will allow schools that do not have these programs to offer these education programs to our students with no additional costs to our towns since we will have a single RSU budget.
    - Consolidation of our three Food Service departments into one. Cost savings are projected to be $27,000.

Estimated savings: $562,000

Estimated additional costs: $272,000.

Net savings projected (09-10 year): $290,000

Third year – 2011 - 2012:

Estimated savings: Unknown

Estimated additional costs: Unknown

Net savings (or costs): Unknown

Total estimated savings (or costs): Unknown (at least $547,000)

13. Such other matters as the governing bodies of the school administrative units in existence on the effective date of this chapter may determine to be necessary.

13-A. Plans to reorganize administration, transportation, building and maintenance and special education.

During the school year 2007/2008 the central office administration has cut two secretarial positions reducing our annual cost by $59,000. We will continue to look at central office personnel as we move into and through reorganization.

Our Facilities Manager left the position in December 07 and we have made the decision not to fill the vacancy. Instead we have divided these responsibilities across the business manager, superintendent and central office staff. Maintenance has decreased three positions across our three town school union and will continue to look at staffing as we proceed with reorganization.

Transportation has decreased one position in 07/08, but we will be reorganizing transportation during the 08/09 school year in several ways. Transportation software will either be provided through the state or purchased by our school system to restructure our student bus routes. We will also combine our three separate bus fleets from all three towns into one bus service. This will have an approximate savings of $75,000.

Special Education – our school union will be Implementing Response to Intervention (RTI) this fall in all of our schools. RTI is designed to serve the needs of our students better as well as produce special education cost savings. We have just recently moved our Alternative Program from an off site location into Poland Regional High School which will save the district $24,000 in rent and $87,000 in employee costs.

13-B. Cost Sharing in Regional School Units.

The regional school unit may raise money, in addition to the required local contribution pursuant to Title 20-A, Section 15690, subsection 1 for educational purposes. The additional local costs of operating the regional school unit shall be shared among all the municipalities within the regional school unit will be phased in over the first three years of the RSU.

The intent of this Plan is to have the additional local funds shared fairly and equitably among the RSU's member municipalities while minimizing cost shifting in the first year. The RSU shall phase in over 3 years a combination of property value and the cost-per-pupil method of allocating local additional funds as follows:

- Year 1 (2009-2010): The additional local funds shall be allocated based upon 100% valuation.
- Year 2 (2010-2011): The additional local funds shall be allocated based upon 95% valuation and 5% pupil count.
- Year 3 (2011-2012): The additional local funds shall be allocated based upon 90% valuation and 10% pupil count.

(Note: the remaining 70% of local costs, the required local contribution, will still be calculated by the State based on property valuation.)

The Year 3 cost sharing formula shall remain in effect until a review, by the RSU board, in year 5 of the RSU (2013-2014). The formula shall be reviewed every two years thereafter to ensure that formula remains fair and equitable. The pupil count from year 1 (2009-2010) shall be used as reference for pupil count in the review.

This local cost sharing formula applies only to the amount, if any, of additional local funds and non-state funded debt service raised by the regional school unit. It does not apply to the required local contributions raised by each municipality pursuant to 20-A M.R.S.A. § 15688.

Amendments to this cost sharing formula may incorporate any factor or combination of factors permitted by law in addition to or in lieu of fiscal capacity and resident pupils.

The method of amending the cost sharing formula is as follows:

A. If requested by a written petition of at least 10% of the number of voters voting in the last gubernatorial election within the regional school unit, or if approved by a majority of the full regional school unit board, the regional school unit board shall hold at least one meeting of municipal representatives to reconsider the method of sharing costs. The region shall give at least 15 days' notice to each municipality comprising the region of any meeting.

B. Each member municipality must be represented at the meeting or meetings by 2 representatives chosen at large by its municipal officers, and one member of the regional school unit board chosen by the municipality's municipal officers.

Prior to the first meeting of municipal representatives the region shall engage the services of a facilitator selected from the list, if any, maintained by the commissioner. The facilitator shall:

(1) At the first meeting, review and present data and information pertaining to sharing of costs within the region. Pertinent information may include, but is not limited to, a description of the region's cost-sharing method, the elements involved in the calculation of each municipality's costs and a graphic depiction of the current and historic distribution of costs in the region.

(2) Solicit and prepare a balanced summary of the concerns of municipal officials, educators and the public about the current method of cost sharing; and

(3) Develop a plan of action for consideration by the municipal representatives that responds to the information collected and the concerns raised. The plan of action must include a list of expectations for the conduct of the parties, options for proceeding and an assessment of the likely success of those options.

C. A change in the method of sharing costs may only be approved by a majority vote of the municipal representatives present and voting.

D. If a change in the cost-sharing method is approved by a majority of the municipal representatives meeting pursuant to paragraph A, the change must be submitted to the voters at a referendum election. It becomes effective when approved by a majority of the region in a referendum called and held for this purpose in accordance with sections 1501-1504 of Title 20-A, except that, if the proposed change in cost-sharing plan is based in whole or part on factors other than fiscal capacity or pupil count, the change must be approved by a majority of voters voting in each municipality in the region.

E. If approved at referendum, assessments made by the regional school unit board thereafter must be made in accordance with the new method of sharing costs.

F. The secretary of the region shall notify the state board that the region has voted to change its method of sharing costs. The state board shall issue an amended certificate of organization showing this new method of sharing costs.

13-D. Tuition Contracts & Assignment of Tuition Students

Minot currently has a tuition contract for their secondary students with Poland Regional High School (PRHS). That contract and Minot school policy allows a limited number of secondary students to attend a secondary school, approved for tuition pursuant to §5805 and §5806, other than PRHS. This plan allows those students who are approved to attend those schools in the 2009-2010 school year and their siblings who start Grade 9 no later than the 2012-2013 school year to attend those schools until graduation.

Mechanic Falls currently has a tuition contract for their secondary students with Poland Regional High School (PRHS). That contract and Mechanic Falls school policy allows a limited number of secondary students to attend a secondary school, approved for tuition pursuant to §5805 and §5806, other than PRHS. This plan allows those students who are approved to attend those schools in the 2009-2010 school year and their siblings who start Grade 9 no later than the 2012-2013 school year to attend those schools until graduation.

13-E. Claims and Insurance.

Disclosure of claims: None.

13-F. Vote to submit reorganization plan to Commissioner.

Before submitting a reorganization plan to the Commissioner of Education the governing body of each school administrative unit shall adopt the following vote:

Vote to be Adopted by [School Committee/Board] to Submit Reorganization Plan to Commissioner:

VOTED: That the provisions included in the school reorganization plan prepared by the Mechanic Falls, Minot and Poland School Departments Reorganization Planning Committee to reorganize into a regional school unit with an operational date of July 1, 2009, are determined to be necessary within the meaning of Section XXXX-36(5)(M) and that the Superintendent of Schools be, and hereby is, authorized and directed to submit the school reorganization plan to

the Commissioner of Education on behalf of this school administrative unit by December 1, 2007.

13-G. Section for RSUs with fewer than 2,500 students

(a) Geography, including physical proximity and the size of the current school administrative unit;

(b) Demographics, including student enrollment trends and the composition and nature of communities in the regional school unit;

(c) Economics, including existing collaborations to be preserved or enhanced and opportunities to deliver commodities and services to be maximized;

(d) Transportation;

(e) Population density; or

(f) Other unique circumstances including the need to preserve existing or developing relationships, meet the needs of students, maximize educational opportunities for students and ensure equitable access to rigorous programs for all students.

The information required above was supplied to the Department of Education in our alternative plan application. It is provided again below.

Geography – School Union #29 is composed of three towns, Poland, Mechanic Falls, and Minot encompassing approximately 120 square miles. The geography is unique with many twisting and turning roads going over countless hills and mountains. The furthest point in Minot to the center of Poland at Poland Regional High School is 15 miles. There are few direct routes from each of our towns to the center of Poland, which is the hub of our school system. Intermingled within our three towns are the following lakes; Tripp Lake, Lower, Middle and Upper Range Pond, Sabbathday Lake, Crescent Lake and Thompson lake. Combined with the hills, mountains and valleys, these lakes all create additional geographical hurdles to overcome.

Other Unique Circumstances
(Doughnut Hole) – SAU #29 has worked diligently with several of our surrounding districts to investigate consolidation options and partners.

Discussions with Raymond, Auburn, and SAD #39 have all been turned down. Discussions with SAD #15 have been extensive, but the geography and financial burdens in consolidating with SAD #15 have proven to be too great. Although the discussions between our two school units have been extensive and positive, it has been very clear from the beginning that our five towns did not want to consolidate together into one regional school unit. In addition, the geography and financial burdens between the proposed consolidation of SAU #29 and SAD #15 has shown no potential savings. Factoring in the long-term effect from the disparity in teacher salaries due to SAD #15 proximity to the Portland job market, the merger of our two school districts will cost SAU #29 approximately $800,000 per year in teacher salary increases.

(Internal vs. External Consolidation) – Our Regional Planning Committee has concluded that our three towns could save more money through significant internal consolidation decisions. Since July 1st our school union has already taken several steps to streamline and become more efficient and continue to make practical decisions as we move through the budget process for 2008-2009. With the decrease in state and federal subsidies for education, we are well aware that our taxpayers will be increasingly responsible for the majority of our school budget. All of the financial and sound educational steps we have taken to date and the continued emphasis on efficiency and the building and utilization of strategic alliances will produce a three town regional school unit that will utilize its resources more effectively while maintaining local control.

13-H. CTE Region(s).

Mechanic Falls, Minot, and Poland School Departments all send their vocational students to Lewiston Regional Technical Center so this section is not applicable.

STATE OF MAINE
DEPARTMENT OF EDUCATION
23 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0023

JOHN ELIAS BALDACCI
GOVERNOR

SUSAN A. GENDRON
COMMISSIONER

September 3, 2008

Colleen Quint, RPC Chair
22 Monument Square
Portland, ME 04101

Dear Ms. Quint:

Thank you for the Reorganization Plan that you submitted on behalf of the Poland, Minot, and Mechanic Falls School Departments on August 21, 2008 for Department review for compliance with the school reorganization law, P.L. 2007, chapter 240, Part XXXX.

I recognize how much time, effort and thoughtful work is required to complete a reorganization plan and appreciate the efforts made, to date, by all those involved.

Members of my staff and I have reviewed the submission and offer the comments and notes listed below to assist you in completing the plan. If you make any substantive change(s) to any part of the plan beyond those listed below, please be sure to note those on the Updated Reorganization Plan Cover Sheet Checklist, along with notation of those items that have changed per the notes contained in this response.

General Documentation (Submittal Sheet)

- All information submitted as required.

Checklist/Plan Text Items

Items Checked "Complete"

With respect to the items you checked as "complete", please note the following:

** Required Elements*

5. Please clarify if the Interlocal Agreement referenced in this section is meant to be included as part of the plan. If so, please submit a copy of the Interlocal Agreement. If not, please provide further clarification/description of it.

13-D. If an SAU provides choice, it must be preserved for all students under the reorganization law, Section 1479(4), unless the SAU member of the proposed RSU changes its policy prior to the operational date of the RSU. The approach labeled here as "School Choice" and described here as limited to certain students for a limited time is a description of tuitioning arrangements but does not comply with the requirement for preservation of school choice under the reorganization law. What is described in the plan is permissible as an element of the Reorganization Plan, but not labeled as "School Choice." Please clarify this section to either describe this as something other than choice, or to comply with the provisions of the reorganization law governing school choice.

We will review all items on the checklist again, upon your completion of the plan.

SUBMISSION OF REVISIONS:

Please provide the additional materials to complete your plan as soon as possible in order to ensure that you meet the November 4, 2008 referendum date requirements. Please include:

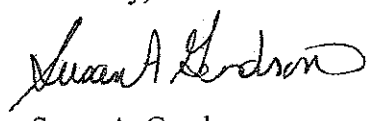
- Any additional data required
- An updated Submittal Page with Signatures
- An updated Cover Sheet Checklist
- A copy of this Response from the Commissioner.

I will respond no more than 14 days after the revisions/additional materials are refiled with the Department. As you are the contact person identified on the Submittal Sheet, this response is addressed to you but with the understanding that you will share it with your school administrative unit board members, RPC members and others involved with this Reorganization Plan.

Finally, what I am reviewing for approval is a plan (or a submission, if the plan is incomplete) which is by its very nature prospective, with steps yet to be taken or finalized; and any review comments or approval given are in relation to the elements required under P.L 2007, chapter 240, Part XXXX but not the legality of all the activities proposed. Thus, I strongly recommend that you have your own legal advisor(s) review the details of any particular transaction proposed in your plan (particularly with respect to the disposition of property, to debt, and to employee contracts/relations) as you proceed, to ensure the legality of the steps you'll be taking to implement the plan. If that review leads to any substantive changes in any parts of your plan, please be sure to submit an amended plan to the Department for our review and our file.

Again, my sincere thanks for your efforts.

Sincerely,



Susan A. Gendron
Commissioner of Education

cc: Dennis Duquette, Superintendent, Union 29
Mary Jane McCalmon, Facilitator

SCHOOL UNION #29
INTERLOCAL AGREEMENT FOR FUNDING, CONSTRUCTION, OWNERSHIP AND OPERATION OF NEW BUILDING TO HOUSE OFFICE SPACE FOR UNION #29 FUNCTIONS AND POLAND BUS DISPATCH FUNCTIONS

This Interlocal Agreement ("Agreement") is made as of this 15 day of June, 2004, by and between the respective School Committees of the municipalities of Mechanic Falls, Minot and Poland, Maine.

WHEREAS, the School Committees of Mechanic Falls, Minot and Poland, Maine are School Administrative Units (the "member SAUs") as that term is defined at 20-A M.R.S.A. §1(26); and

WHEREAS, the Member SAUs have formed a School Union pursuant to the provisions of 20-A M.R.S.A. §1901 et seq., referred to as School Union 29 ("SU 29"); and

WHEREAS, SU 29 currently leases and occupies property for administrative purposes and that property is not suitable for continuing occupancy; and

WHEREAS, the Member School Administrative Unit and the Town of Poland wish to construct, own and occupy a new building ("Building") with a total square footage of no more than 4,100 square feet and no less than 4,000 square feet, to provide administrative office space for SU 29 and bus dispatch and bus operational space for the Town of Poland; and

WHEREAS, said Building is to be built on land under ownership of the Town of Poland; and

WHEREAS, said Building is to be constructed as part of a project currently underway and permitted under the Site Location of Development Law to improve the current public works garage facility of the Town of Poland and to provide garaging and dispatch facilities for the school bus fleet of the Town of Poland ("PWG Project"); and

WHEREAS, improvements to the land under and around said Building are not to be included in the shared construction costs of said Building as defined in this Agreement, but remain part of the PWG Project; and

NOW, THEREFORE, for good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged the parties hereto agree as follows:

1. Contribution.
The three member School Administrative Units shall collectively contribute $250,000 toward the PWG Project. The Town of Poland shall finance said $250,000 contribution and the construction of the Building by issuing bonds or other securities of the Town of Poland. The member School Administrative Units, on behalf of SU 29, shall enter into a lease-purchase agreement with the

Town of Poland which shall provide for the repayment of their respective shares of the $250,000 construction costs over a ten year period, as further described in said lease-purchase agreement. Each member School Administrative Unit shall contribute to the annual lease payment in proportion to the cost-sharing formula in place for the 2004-2005 school year.

2. Construction

Construction of the Building will be undertaken by the Town of Poland including the design of the Building, procurement of construction services and management of the construction of the Building. Consultations will be made with Union 29 personnel and a committee formed under the Union 29 School Committee to guide the design of the Building. It is understood that final design decisions are the sole purview of the managers of the PWG Project in order to provide control of the construction costs and to protect the financial health of the PWG Project.

Any and all additional design and permitting costs associated with the Union 29 portion of the PWG Project will be charged to the $250,000 which member School Administrative Units of Union 29 contribute to the project

3. Allocation of Space

No less than 3027 square feet of the Building shall be designated for use as office space for School Union 29, and no less than 651 square feet of the Building shall be designated for use by the Town of Poland bus dispatch function.

4. Ownership

Ownership of the land under and around the Building will remain with the Town of Poland. Ownership of the Building will be shared by the Town of Poland and the three School Administrative Units according to the following: Ownership of spaces within the Building designated to be shared by the bus dispatch function of the Town of Poland and the SU 29 offices will be shared 50% to the Town of Poland and 50% to the three School Administrative Units of SU 29 according to the cost - sharing formula in place for the 2004-2005 school year. Spaces within the Building designated for use by the Town of Poland Dispatch function shall be wholly owned by the Town of Poland. Spaces within the Building designated for use by SU 29 shall be owned by the three School Administrative Units of SU 29 according to the cost -sharing formula in place for the 2004-2005 school year. The net percentage of ownership by each of the three School Administrative Units shall be calculated on the basis of the weighted ownership of each of the three towns in the square footage of the Building. The total Town of Poland percentage of ownership will be calculated after including; (1) all the square footage in the area designated for the Poland Bus Dispatch function, (2) 50% of areas designated to be shared by the Town of Poland Bus Dispatch function and the SU 29 offices, (3) an additional portion of the areas designated to be shared between the Poland Bus Dispatch function and the SU 29 offices based on the Union cost-sharing formula for the 2004-2005 school year and (4) the Town of Poland's portion of the areas designated for SU 29 office space based on the Union cost sharing formula for the 2004-2005 school year. The total of the percentage ownership of the administrative office space of Union 29 of each of the three School Administrative Units will be 100%. This percentage will be set at the end of construction and, absent changes in the Building total floor area, will remain a constant over time. Floor areas will be calculated to the face of the

foundation wall on the outside walls and to the centerline of partitions on inside walls.

5. Sharing of Operation and Ownership Costs of the Building Proper.
Sharing of operating costs associated with the Building itself, as opposed to the land it rests upon or the improvements to the land surrounding the Building, will be based first on the percentage of ownership attributable to the Town of Poland Bus Dispatch function and SU 29 office space, and then on the Union 29 cost-sharing formula in place for the then current school year. (For example, if 22% of the total ownership of the building is attributed to the Town of Poland bus dispatch function and 78% of the total ownership is attributed to the School Union No. 29 offices, the Town of Poland will be responsible for 22% of costs, as well as a share of the remaining 78% of costs based on the Union 29 cost sharing formula in place for the then current school year.) These costs include costs of providing electricity, fuel for heating and cooling, custodial services, custodial supplies, building repairs, property insurance, property taxes, maintenance to the outside and roof of the Building. Costs of repairs and replacements of elements common to the entire Building will be shared according to the percentage of ownership. Costs of repairing or replacing flooring, ceilings, electrical systems, heating and cooling systems or any building component or system regardless of the part of the Building where the repairs or replacements occur will be shared by the parties first according to the percentage of ownership attributable to the Town of Poland Bus Dispatch function and the SU 29 office space, and then by the Union 29 cost-sharing formula in place for the then current school year. The percentage of ownership of all parties will be determined as stated in Section 4.

Poland's portion of property taxes associated with the ownership of the Building will be budgeted and paid from the SU 29 budget each year and will become a revenue to the Town of Poland's municipal budget.

6. Sharing of Operation Costs of the Surrounding Site.
Costs associated with use and maintenance of the surrounding land including parking areas, drives, site lighting, landscaping, winter plowing and sanding and the use of the land and provision of sanitary and potable water to the Building are payable by the Member School Administrative Units of SU 29. Payment will be made to the Town of Poland and will be revenue to the municipal budget of the Town of Poland from the school budgets of the School Administrative Units through the School Union Budget as compensation for costs associated with the land. Due to the difficulty in accurately quantifying these costs, a fixed percentage of the appraised value of the Building, without land, will be assessed, in addition to property taxes, to SU 29 and will be shared first based on the percentage of ownership attributable to the Town of Poland Bus Dispatch function and the SU 29 office space, and then by the cost-sharing formula in place for the then current school year. The percentage of ownership of all parties will be determined as stated in Section 4.

Poland's portion of these costs must be calculated, budgeted and paid from the SU 29 budget each year along with the other member School Administrative Units in ownership of the Building. The fixed percentage to be applied to the prevailing assessed value of the Building to determine compensation to the municipal budget of the Town of Poland for the above is 0.518%.

7. Compensation Upon Withdrawal

In the event that a member School Administrative Unit, other than Poland, withdraws from SU 29 subsequent to the execution of this Agreement, the withdrawing School Administrative Unit shall be entitled to compensation from the remaining School Administrative Unit or School Administrative Units as follows:

a. Withdrawal during the term of the Lease-Purchase Agreement.

Percentage of withdrawing SAU's ownership of Building at the time of withdrawal

X

$$\frac{\text{Number of months elapsed under the Lease-purchase Agreement}}{\text{Number of months of the term of the Lease-purchase Agreement}}$$

X

Tax assessed value of the Union 29 portion of the Building at the time of withdrawal.

b. Withdrawal after the purchase is completed.

Percentage of withdrawing SAU's ownership of Building at the time of withdrawal

X

Tax assessed value of the Union 29 portion of the Building at the time of withdrawal.

If Poland withdraws from SU 29 subsequent to the execution of this Agreement, then Poland will compensate the other School Administrative Unit or School Administrative Units according to their percentage of ownership of the assessed value of the Building at the time of transfer of ownership.

Payments must be made in full within 3 months of the time of transfer of ownership under this Section. Execution and delivery of a deed in a form satisfactory to the remaining School Administrative Unit Building owner or owners must be delivered at the time of transfer of ownership. Written notice by certified United States Mail is required six months in advance of any transfer of ownership.

8. Potential Changes in School Union 29 Structure

If an additional School Administrative Unit seeks to join School Union 29, any changes in ownership of the Building will be negotiated among the Town of Poland, School Union 29 and the School Administrative Unit seeking entry into School Union 29 prior to final approval of entry by the applicant School Administrative Unit.

9. Dissolution of School Union 29

If there is a dissolution of School Union 29, the status of ownership of the Building will be negotiated among the Towns of Poland, Minot and Mechanic Falls and whatever body replaces School Union 29.

The Town of Poland and the Member School Administrative Units hereby agree that the Building shall be and remain the personal property of the Member School Administrative Units pursuant to 33 M.R.S.A. §455.

11. Execution of Documents

The parties agree that all legal documents necessary to fulfill this Letter of Intent, including documents required for recording in the Registry of Deeds, shall be prepared and shall be executed by the respective parties, subject to approval by the respective parties which approval shall not be unreasonably withheld.

12. Agreement Conditioned on Necessary Approvals

This Agreement shall be conditioned upon the securing of all necessary approvals for construction from the Member School Administrative Units and the State of Maine, and the parties agree that they will make all reasonable efforts to obtain the necessary approvals.

In Witness whereof, we have set our hands and seals this 24TH day of June, 2004.

Mechanic Falls School Committee

Date: 6-16-04

By: J Arsenault
Its: Chairperson

Minot School Committee

Date: 6/21/04

By: [illegible]
Its: Chairperson

Poland School Committee

Date: 6/24/04

By: [illegible]
Its: Chairperson

[illegible] R. Murray Director Operations
SIGNATURES WITNESSED BY