DERRY COOPERATIVE SCHOOL BOARD MEETING
School Board/Town Council Joint Workshop
Derry Municipal Center
September 22, 2026, 5:30 PM

Opening Remarks: Michael Thiele (School Board Chair) & Erin Spencer (Town Council Chair)

Michael Thiele welcomed School Board and Town Council members, Superintendent Michael Flynn, the Town Manager, and attendees. Participants introduced themselves: Michael Thiele (School Board Chair), Michael Flynn (Superintendent), Jane Simard (Business Administrator, Derry School District), Jack Webb At Large (Town Council), Erin Spencer (Town Council Chair and District One Councilor), David Milz (Councilor at Large), Raymond Chase (Council at District Four), Charlie Foote (Town Council), Douglas Flood (Town Councilor at Large), Mike Fowler (Town Administrator), Brenda Willis, Karen Rand, Jamie Carreau, David Clapp, Jenna Paradise, and Jennifer Theroux (School Board Vice-Chair).

Michael Thiele and Erin Spencer welcomed attendees and emphasized coordination and cooperation between the town and school district. Michael Fowler and Michael Flynn noted that the workshop focused on shared issues facing one town, rather than separate agencies.

Workshop Discussion

November Tax Cap Vote and HB1331 Actions

Michael Fowler explained that House Bill 1300 will appear on the November 3, 2026 general election ballot following a judicial decision. It would establish a mandated tax cap for school district funding only; the town side is already under a tax cap. House Bill 1331 is local enabling legislation allowing the Town Council, through a vote, to potentially absorb the school district and create a combined tax cap. The bills involve separate processes and would proceed in sequence.

Michael Flynn said the discussion would occur in two phases, in November and March. The School Board is seeking clarity from the state, DRA, and legal teams on the calculations, baseline, default budget, and possible effects. The district wants to explain potential outcomes to the community. Mr. Flynn and Mr. Fowler discussed how HB 1331 might proceed; it would not automatically make the March vote if enacted.

Town Budgeting and Tax Rate

Michael Fowler described the town's tax cap, which has been in place for over 30 years. It uses the trailing 12-month Consumer Price Index (CPI) to determine the allowable increase in expenditures. Last year's CPI was 3.3%; next year's estimate is 3.7% to 3.8%, subject to change. The town's baseline is $31,817,412, with an estimated $1.4/1.5 million available for new expenditures at that CPI level. Costs include health insurance, salt, fuel, employee costs, and debt payments.

The town develops its budget and capital improvement projects (CIP), delivers CIP plans to the planning board in February and the budget to the Town Council by April 1st, votes in May, and begins its fiscal year July 1st. The budget process may change if HB 1300 or HB 1331 takes effect.

School District 2027 Warrant and Future Projects

Michael Flynn said the capital improvement plan through 2033 would be presented at the October 13, 2026 Board meeting. South Range Elementary School's window, door, facade, and roof work was combined into one bid, substantially below projections. Savings from bond projects are being incorporated into an excess bond plan to address additional building needs and adjust the living CIP document, which will be available on the district website.

A warrant article adding $500,000 to the CIP passed unanimously. The district replaced nearly 20,000 square feet of flooring across the schools this summer. Mr. Flynn and Mr. Fowler are coordinating plans to improve predictability for the community and make full use of bond funds.

Karen Rand asked whether the town had ever been in deficit under its tax cap. Mr. Fowler said the town has not needed an override. In low-CPI years, the cap can constrain costs such as a 4% collective bargaining increase. The town has used designated funds or unrestricted fund balance when appropriate, while managing services within the cap. Derry had two code enforcement inspectors until July 1, 2026, when it added a third; comparable towns may have seven or eight.

Coordination of Town/School Capital Project Timing

Michael Fowler said the town projects its CIP six years ahead, through fiscal 33 in the next review. Equipment planning includes a fire truck costing approximately $1.3 million with a three-year lead time and a dump truck costing a quarter million dollars. The town maintains rolling replacement plans for trucks and police cruisers.

The recently completed fire station cost approximately $21.5 million, with a 20-year repayment. The Abbott Court parking garage had a $23.3 million bond issue and a 20-year principal and interest payment; it is in a TIF district, covered by captured values. A possible police station has no schedule or details yet. Mr. Fowler said the town and school district will coordinate major project timing. Water and sewer projects are generally paid through enterprise fund rates rather than the tax levy.

David Clapp asked about the town's rainy day fund. Mr. Fowler said policy requires $13.5 million to be retained. The June 30, 2025 audit showed about $18.5 million, about 5.6 million above the retained percentage. The June 30, 2026 audit is underway; he estimates the balance may reach $21 to $22 million. Fund balance supports capital projects, helps maintain bond ratings and interest costs, and contributes to the CBA trust.

Jack Webb supported the School Board's capital reserve planning, recalling a major school mechanical issue when no reserve was available. Michael Thiele said the school district's reserve options are limited: a trust fund requires a town vote in March, including transfers from unreserved fund balance; a contingency fund is another option recently permitted by law.

Asked how long it took to build up $18 million, Fowler said the council's policy retains 9.5% of total town, school, and county tax levy, excluding SWEPT as he understood it. The range of possible accounting standards is 5 to 17%. Increasing the retained percentage to 10/10.5% is under discussion. The balance has grown gradually as budgets and required retention have increased.

Future Legislation: State Legislators

Discussion was deferred because it was election season and some candidates present could not discuss certain matters.

State Funding Picture of School District

Michael Flynn introduced Jane Simard's overview of adequacy. Ms. Simard said SWEPT was within a couple thousand dollars of the estimate, but over $400,000 below the current year. The amount is expected to decrease again next year under the formula.

Michael Thiele said the November ballot measure would cap tax assessment, unlike the local tax cap and school district budget cap already in state law. Local assessment and state adequacy are the district's main funding sources. When state aid falls, and assessment is capped, the district is constrained from both sides.

Simard said the district has four revenue areas above a hundred thousand: preschool tuition, Medicaid reimbursement, special education aid reimbursement, and adequacy, in addition to local taxation and SWEPT.

Michael Fowler said new growth can help meet town and school needs. In tax year 2025, valuation grew by $55 million, compared with a $20 million projection. For 2026, he anticipated $55 million in new valuation, though the revaluation affects comparisons; single-family properties rose about 10% in valuation. Before revaluation, total valuation was about $5.7 billion, and the projected growth represents a 1% increase.

Mr. Fowler said development, including an apartment complex on Rockingham Road generating a loan of $34 million in new valuation, can expand the tax base. He supports balanced residential, industrial, and commercial growth, noting residential

growth increases school demands. He described Exit 4A as redevelopment and cited potential commercial areas across from Rockingham Road and north of Clam Haven. Municipal budgets are 94%-97% personnel costs. Demographic trends and population age groups guide service planning five years ahead. The goal is responsible development that supports quality of life and the tax base.

Town/School Collective Purchasing Opportunities

Michael Fowler said the town and school district collaborate on electricity, natural gas, heating oil, and salt purchases. A combined electricity rate of 7 cents compared with Eversource's 9 cents. The combined natural gas contract has been in place for 15 years; the current three-year supply rate is 74 cents per therm, with combined use of about 80,000 therms per year and $80,000 in avoided costs. The town's smaller heating oil contract is locked in at $4.39 per therm. The school district previously bought salt separately at higher prices; now trucks can fill at the town's supply.

Other Topics

David Clapp asked whether health insurance can be changed during a collective bargaining agreement if coverage and employee costs remain the same. Fowler said it varies by unit. The town and district asked Health Trust for combined pricing; rates are expected October 7th, with a what-if quote within 10 days. Substantive plan changes could require impact bargaining. The request is for pricing under current plans, not changes to benefits.

Jack Webb said employees and unions should be involved early in major insurance changes. Self-funding with a third-party administrator and gap or umbrella insurance may affect costs; benefits also affect recruitment and vacancies.

Michael Flynn thanked the Derry Police Department, Chief Fioli, and Captain Breen for supporting families and students over the last 15 months. Although staffing challenges mean there are currently no SROs, police continue drive-bys and walkthroughs.

David Milz emphasized coordination of major capital projects to avoid overlapping large expenses, such as a new school and police station. David Clapp encouraged the public to follow the school budget process and provide feedback. Michael Thiele explained that the town operates under a charter, while the School Board proposes a budget for deliberative session and ballot consideration, including the default budget. He noted that 94%-97% of school budgets are personnel costs.

-From the town council side:

At 6:16 PM, Councilor Milz **made a motion to adjourn**, and Councilor Webb seconded the Motion.	
Roll Call:	Councilor Mills-yes Councilor Webb-yes Councilor Chase-yes Councilor Flood-yes Councilor Foot-yes Councilor Healy-yes Aaron Spencer (Chair)-yes **Vote**: Yes - Unanimous (7/0)

The School Board will be in recess until 6:30 PM.

Respectfully Submitted,
Kristie J. Napolitano

School Board Secretary