



SANDGATE SECTION 9 REPORT

DECEMBER 2017

Respectively submitted by the school board of Sandgate.

The town of Sandgate lies in the western part of Bennington County. This county forms the southwest corner of the State of Vermont and comprises 17 townships. Sandgate is bounded west by New York State, south by the Town of Arlington, east by the Town of Manchester, and north by the Town of Rupert. The community of Sandgate is comprised of people who value education and school choice.

Sandgate does not operate any schools. Research found that a decreasing population, fewer children, and difficulty in securing a teacher in rural areas caused the last school to close in 1956. It was voted to send Sandgate children to other towns allowing for school choice. Since there never had been a high school in Sandgate, high school students had been attending schools of their choice outside the town, usually Arlington High School.

Today Sandgate is a non-operating school district that resides in the Battenkill Valley Supervisory Union and tuitions their students to neighboring schools. In SY2018 roughly half the Sandgate students attended elementary and high school in Arlington. The other students accessed various independent schools in the region for their education including Burr and Burton Academy, Hiland Hall School, Long Trail School and Maple Street School.

Sandgate is encouraged that Act 46 is clear in protecting historic patterns of operating and tuitioning. However they are a school district that is having difficulty complying with Act 46. Key factors include geography, topography, historic connections, and operating-tuitioning practices. The town can be deemed both structurally and geographically isolated. Several attempts have been made to meet Act 46 obligations since the law was enacted.

In November 2015, Battenkill Valley Supervisory Union and Rutland Southwest Supervisory Union met to explore the possibility of creating a partnership since Arlington and Poultney each operated a PreK-12 district and Sandgate and Ira were non-operating districts. The distance between the school districts was a barrier to merging for a host of reasons including oversight of special needs students, too far to share faculty, and the distance to Board meetings among many others.

During the year of 2016 many formal meetings and contacts with other non-operating districts occurred. Sandgate explored options with Winhall, Stratton and Searsburg. These efforts produced little results as the non-operating districts were spread between four supervisory unions and those supervisory unions were focusing on larger more compatible school districts regarding Act 46 obligations. The Battenkill Valley Supervisory Union advocated on their districts behalf to see if a structure could be formed to meet the goals of Act 46 in the Bennington Rutland Supervisory Union, Rutland Southwest Supervisory Union and the Southwest Vermont Supervisory Union ¹. No common structures between the supervisory unions could be achieved.

1-Appendix: Final Report of the BVSU Act 46 Exploratory Committee

In the June of 2017 the Sandgate School Board voted to enter into a formal study under 16 V.S.A. § 706b with the similar structure non-operating towns of Winhall and Stratton². After months of work the study committee found it non-advisable to merge. The main factor was although the three towns were all non-operating school districts they had little else in common. Stratton and Sandgate both appropriated their tuition monies to students different than Winhall. By merging with Winhall the two towns would have seen tax increases. All study committee members felt overwhelmingly their constituents would vote down the proposal.

Sandgate is meeting or exceeding the goals set forth in Act 46.

Provide substantial equity in the quality and variety of educational opportunities statewide. Given the fact that the district provides school choice Pre-k through grade 12 to their students they have achieved an equitable system that provides a variety of educational opportunities by tuitioning their students to various public and independent schools.

Lead students to achieve or exceed the State's Education Quality Standards, adopted as rules by the State Board of Education at the direction of the General Assembly. The district does not operate any schools therefore they tuition their students to schools where educational quality standards are being met.

Maximize operational efficiencies through increased flexibility to manage, share, and transfer resources, with a goal of increasing the district-level ratio of students to full-time equivalent staff. The district does not employ staff and is assessed for cost by the Battenkill Valley Supervisory Union for district level staffing duties.

Promote transparency and accountability. Although the district does not operate any schools they still hold public school board meetings, provide an annual report to town's people and have a web presence providing regular updates.

Delivered at a cost that parents, voters, and taxpayers value. The district does not operate any schools therefore they have little control over the tuition costs. However they historically have always been under the yearly set excessive spending threshold.

The Sandgate School District is proposing to remain in the Battenkill Valley Supervisory Union to continue their historic and productive relationship with the Arlington School District. Just over half of the Sandgate students attend Arlington schools and geographically they are by far the closest option.

The Sandgate School District does understand that a mandate of Act 46 is that the State Board of Education reviews current supervisory union boundaries. The Sandgate School District is also cognizant of the fact that the Battenkill Valley Supervisory Union's student population is small when compared to other supervisory unions in the state. If supervisory union boundaries were changed at any point it would be imperative for the equity of students and educational continuity that Arlington and Sandgate be incorporated together within the new boundaries.

Battenkill Valley Supervisory Union

**Final Report of the BVSU Act 46
Exploratory Committee**

May 11, 2016

Project Consultant – Steve Sanborn

Introduction

The Battenkill Valley Supervisory Union (BVSU) is located in the Southwestern part of Vermont. The western boundary is the New York state line. To the south lies the Southwest Vermont Supervisory Union, to the east and north we find the Bennington-Rutland Supervisory Union. Previously, BVSU was a member of the Southwest Vermont SU but left the SU because the boards of Arlington and Sandgate believed, as small member districts, they were not receiving the support they wanted or needed from SWVSU.

Battenkill Valley is made up of two school districts, Arlington, a Pre-K through grade 12 district with two schools serving approximately 430 students and Sandgate, a very rural non-operating district serving 51 students. These districts are supported by a central office with a superintendent, business manager, special education director, special education secretary, and administrative assistant to the superintendent.

My observations during study committee meetings and public hearings are (1) that these two school districts have worked very well together and have created an effective and efficient supervisory union since the inception of BVSU, and (2) Arlington is very focused on keeping and operating both the Fisher Elementary School and Arlington High School.

The Exploratory Committee was made up of 5 board members of the Arlington School District and 3 board members of the Sandgate School District. The Superintendent of Schools, Judy Pullinen, was also a member of the Committee and played an active role communicating with surrounding supervisory unions to help create option for the two districts. The Committee had met a number of times before I joined them so many options had been discussed. As a Committee they understand the existing supervisory is too small to operate independently.

Committee Deliberations and Discussions

The Committee discussed a number of options available to them as they moved forward with Act 46 deliberations. I will try to reflect a brief summary of each discussed during my tenure with the Committee. Appendix A, B, C and D will reflect discussions that took place before I joined the committee.

Option 1: Both districts in the BVSU request to be re-assigned to the Bennington-Rutland Supervisory Union. Sandgate would join a 706 study with Winhall and Stratton to unify as a non-operating district and become a side by side with other BRSU unified districts. Arlington would take the Alternative Structure Model and participate in a self-study to pursue this option and be a “stand alone Pre-K through 12 district” in the BRSU.

Option 2: The Arlington School District would unify with the districts of Poultney, Procter, and West Rutland as a single Pre-K through 12 district and be reassigned to a different supervisory union. Sandgate’s option would be the same as in Option 1

Option 3: Shaftsbury School District, a member of the Southwest Vermont SU, and member of the Mt. Anthony Union High School would request to leave the high school and the SU and side with Arlington School District as a new Pre-K through 12 district. North Bennington School District, who has elementary choice and is also a member of the SWVSU and Mt. Anthony Union High School would request to leave the high school and, now as a non-operating district, side with Sandgate. The Arlington – Shaftsbury Pre-K through 12 side and the Sandgate – North Bennington side would ask to be re-assigned to the Battenkill Valley SU.

Note: The need for both Shaftsbury and North Bennington to vote on leaving the high school, all other communities in the high school approving to release these two communities and the possible debt load these two communities would carry with them into each side, created concerns with both the Arlington and Sandgate School Boards.

Appendix A

Arlington School District Act 46 Merger Options

Goals of Act 46: All plans must demonstrate how they meet these goals

- Provide substantive equity in the quality and variety of educational opportunities statewide
- Lead students to achieve or exceed the state's Educational Quality Standards
- Maximize operational efficiencies through increased flexibility to manage, share, and transfer resources, with a goal of increasing the district level ratio of students to full-time equivalency staff
- Promote transparency and accountability

STRUCTURE	Act 46: Accelerated Preferred Governance Structure: Supervisory District (Education District)
REQUIREMENTS	<p>Need ADM of 950</p> <ul style="list-style-type: none"> • Form a single district from one of the 4 most common structures: 1. Prek-6 with tuition, 2. Pre-k-8 with tuition, 3. PreK-12, 4. all tuition • This model is to help gather data by the Agency of Education • Will receive Merger Support Grant, if eligible, and Transition Facilitation Grant
INCENTIVES	<ul style="list-style-type: none"> • Tax Incentives 10 cents/8/6/4/2 over five years; continued hold harmless status and small schools grants • Will receive Merger Support Grant, if eligible, and Transition Facilitation Grant
TIMELINE	<p>Timeline: Vote by all member districts by July 1, 2016 District in Operation July 1, 2017</p>
OPTIONS	This is not a feasible option for Sandgate School District
PROS	
CONS	

Appendix A

STRUCTURE	Act 46: Alternative Governance Structure Supervisory Union with Member Districts
REQUIREMENTS	<p>Need: ADM of 1,100</p> <ul style="list-style-type: none"> • Have smallest number of districts practicable • Operates in a manner that maximizes efficiencies through economics of scale and flexible management, transfer and sharing on non-financial resources among the member districts • Member districts consider themselves to be collectively responsible for the education of all PreK-12 students in the SU • Must be approved by the State Board of Education • The structure demonstrates transparency and accountability in relation to the SU budget, with a possible vote on the budget by the electorate.
INCENTIVES	<ul style="list-style-type: none"> • Will receive Merger Support Grant, if eligible, and Transition Facilitation Grant
TIMELINE	<p>Timeline: By Nov. 30, 2017, the board of each district that has an alternative governance structure OR that does not expect to become or will not become an Education District by July 1, 2019, shall perform each of the following:</p> <ol style="list-style-type: none"> 1. Self-evaluation of current ability to meet or exceed goals of Act 46 2. Meet with boards of one or more districts, including those that have similar school operation and tuition payment (does not have to be contiguous) 3. Submit a proposal to the Secretary of Education and State Board of Education
OPTIONS	<p>Option# 1: Merge with Winhall to form a school district within the BRSU under alternative governance structure</p>
PROS	
CONS	
OPTIONS	<p>Option #2: Merge with Rutland Southwest Supervisory Union to create a Supervisory Union with the following districts: 1 PreK-12 District (Arlington and Poultney) 1 PreK-6 District (Middletown and Wells) (not sure if this will be done) 1 Non-operating tuition district (Ira and Sandgate)</p>
OPTIONS	<p>Option 3# Merge with Rutland Southwest Supervisory Union, Rutland Central Supervisory Union, and Arlington School District to form a new SU with the following school districts: 1 non-operating school district (Ira/Sandgate) 1 PreK-12 school district (Arlington/Poultney/West Rutland/Proctor) Need to figure out: Middletown, Wells PreK-6 Rutland Town PreK-8</p>
PROS	
CONS	

Appendix A

STRUCTURE	Act 153 Side by Side and MUUSD
REQUIREMENTS	<ul style="list-style-type: none"> • Side by Side: Each new district or "side" is formed by the merger of at least two districts • One side operated, one side tuitions • Each new district has same effective date of merger • The new districts jointly satisfy RED criteria
INCENTIVES	<ul style="list-style-type: none"> • Tax Incentives 8 cents/6/4/2 over four years; • Equalized tax rate shall not increase or decrease by more than five % during these 4 years. • New district will keep small schools grants if currently in any merging district. • Merger consultant grant up to \$20,000 • Transition Facilitation Grant 5% of ADM up to \$150,000 • Exempt from repaying a portion of state construction upon sale of a building
TIMELINE	Must be approved by electorate by July 1, 2017
OPTIONS	<p>Option 1: Form Side by side with Poultney/Arlington as a Pre-K-12 district Ira/Sandgate as a non-operating district Either stand alone or enter into an SU (Wells, Middletown, Rutland Town)</p> <p>Option 2: Form side by side with Poultney/Arlington/West Rutland/Proctor as a Pre-k-12 district Ira/Sandgate as a non-operating district Either stand alone or enter into an SU with other districts (Wells, Middletown, Rutland Town)</p>
PROS	
CONS	

Appendix B

IV. Rutland Central Supervisory Union

1. Rutland Central Supervisory Union (West Rutland, Proctor) has proposed a merger of Arlington, Poultney, Proctor and West Rutland Districts. This could be a preferred model of PreK-12 under Act 46.
2. We would need to set up a meeting with their superintendent and board chair.
3. Timeline: RCSU is looking at entering into a 706 Study Committee in the near future, but could postpone formal work until late winter if Arlington want extra time to discuss options.

Next Steps:

1. Finish conversation with other boards.
2. (Optional) Get \$5,000 grant to do an informal study of options OR the board does their own analysis of the options.
3. Begin Community Engagement to address the options.
4. Either enter into a Formal Study with another district, or begin self-study as outlined.

Appendix C

		<ol style="list-style-type: none"> 2. Meet with boards of one or more districts, including those that have similar school operation and tuition payment (does not have to be contiguous) 3. Submit a proposal to the Secretary of Education and State Board of Education 4. Demonstrates that proposal will meet goals of Act 46.
<p>Example 1: Merge with area districts of Arlington, Poultney, West Rutland and Proctor to form one Pre-K-12 district.</p> <p>Pros: substantial savings at SU level, tax incentives, sharing of PD and curriculum resources, more options for students regarding classes which can be shared via blended learning.</p> <p>Cons: Other districts in SU's (Sandgate, Ira, Well, Middletown and Rutland Town) are "orphaned"</p> <p>Distance</p>	<p>Example 1: Merge with Rutland Southwest to create a RED "side by side" 1 PreK-12 District (Arlington and Poultney) 1 PreK-6 District (Middletown and Wells) 1 Non-operating tuition district (Ira and Sandgate)</p> <p>Pros: Tax incentives, savings at SU level by merging three su's into one, tax incentives, sharing of PD and curriculum resources, more options for students regarding classes which can be shared via blended learning.</p> <p>No one is orphaned Cons: Distance</p>	<p>Example 1: Become part of BRSU to create a Supervisory Union, with Arlington being a School District within the Union.</p> <p>Pros: Geographically the closest</p> <p>Cons: Dependent on BRSU choosing an SU model as opposed to a district model Will not create opportunities for high school students</p>
		<p>Example 2: Merge with Rutland Central SU and Rutland Southwest SU to create a new SU with the following districts: 1 Pre-K District (Arlington/Poultney/West Rutland and Proctor) 1 Non-operating district (Sandgate/Ira) 1 Pre-K district (Middletown and Wells)</p>
		<p>Pros: No one is orphaned. Prek-12 District is eligible for: Tax incentives All would benefit from: Substantial savings at SU level, tax incentives, sharing of PD and curriculum resources, more options for students regarding classes which can be shared via blended learning.</p>

Appendix E

Act 46 Update

Outreach to other Districts:

Bennington Rutland Supervisory Union:

1. On September 17 at 6:30, BRSU will be having a Leadership Round Table with its own member districts to discuss Act 46 options. BVSU has invited myself and 2-3 board members to attend. Our purpose would be not to participate, but to listen to their thoughts. (Note: This is Fisher's open house night).
2. BVSU will be placed on the BRSU Governance Committee agenda for their next meeting, which will be scheduled after the round table event. This meeting should have both Sandgate and Arlington School Board representatives.

Rutland Southwest Supervisory Union

1. They are willing to meet with BRSU member districts to discuss Act 46 options. Would like to meet in October, and would like a few meeting date possibilities. This meeting should have both Sandgate and Arlington School Board representatives.
2. It was suggested that we also have a meeting with Ira/Sandgate/Winhall/Stratton at this time.

Shaftsbury and Sunderland

1. Dawn Hoyt is working to set up a meeting with the board chair from Shaftsbury.
2. I have contacted North Bennington chair, Raymond Mullineaux and am waiting to hear back.

Winhall/Ira/Stratton

1. Sandgate has been contacted by Winhall to set up a meeting. Stratton has also been contacted by Winhall. In conversation with the RSWSU Superintendent, Joan Paustian, it was suggested that we set up a meeting with Sandgate, Winhall, Stratton, and Ira to take place at the same time as the BVSU/RWSU meeting.

Please note: As I set up these meetings, I also speak to each of the Superintendents involved as a courtesy and for transparency purposes. The Sandgate, Ira, Winhall, Stratton meeting involves 4 different supervisory unions and superintendents.

Other Action:

I will be attending an Act 46 training on September 22.

Next Steps:

1. Need possible meeting dates for RSWSU
2. Need direction from Sandgate Board on which boards they would like to meet

[NAME OF NEW DISTRICT]

Merger Study Report and Articles of Agreement

SANDGATE – STRATTON - WINHALL

September 15, 2017

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Merger Study Committee Members

Dean Gianotti (Winhall) – Chairperson

Celeste Keel – Sandgate

Marty Nadler – Winhall

Lorraine Weeks-Newell (Stratton)

Committee Support Staff

William Bazyk, BVSU Superintendent

Daniel French, Consultant

Steven Stitzel, Legal Counsel

Executive Summary

This merger would merge three non-operating districts into a single non-operating district. The three districts, the Sandgate Town School District, the Stratton Town School District, and the Winhall Town School District, are located near each other in southern Vermont but each of these districts is in a different supervisory union. Sandgate is one of two districts in the Battenkill Valley Supervisory Union (BVSU). The Arlington Town School District is the other member district of BVSU. Stratton is a member of the Windham Central Supervisory Union (WCSU), and Winhall is a member of the Bennington-Rutland Supervisory Union (BRSU).

This merger would conform to the Three-By-One Side-By-Side merger structure described by Act 49 of 2017. The Arlington Town School District, a district that operates schools in grades PK-12 and meets the “structurally isolated” criteria of Act 49, would function as the Existing District to establish the Three-By-One structure. If the voters of the three non-operating districts approve the merger and the voters of the Arlington Town School District approve the Three-By-One structure, the three merging non-operating districts would qualify for the RED tax incentives as provided by Act 153. If the voters of the three non-operating districts approve their merger but the voters of the Arlington Town School District do not approve the Three-By-One structure, the merged non-operating district would move forward without tax incentives.

Governance Study Context and Process

The Districts and Act 46

These districts began their investigation of their merger options shortly after the passage of Act 46 in 2015. This work included meeting with other districts in the three supervisory unions. The driving force behind this work was their common desire to maintain school choice in grades K-12.

The consensus among these districts was to adopt a wait and see approach to determine how other districts in the region were going to move forward under Act 46. Another consideration was the inability of the three districts to qualify as a RED and obtain RED incentives. Since the three districts fall short of the minimum number of students to form a RED, they explored conversations with other non-operating districts in southern Vermont to see if it made sense to find a fourth district as a partner to qualify for RED incentives.

As their neighboring districts seemed to be able to find a path forward under Act 46, the merger options for these non-operating districts decreased. The successful formation of the Taconic and Green Regional School District in March of 2017 confirmed the continued existence of the BRSU which meant a merged non-operating district might have a place in that organization. The successful formation of two union districts in WCSU increased Stratton’s isolation within that organization as the only non-operating district. Arlington concluded a series of conversations with other K-12 operating districts in the region but was unable to identify a compelling merger option. As Arlington’ structural isolation as the only K-12

operating district in the region became more apparent, Sandgate, as the only other member of the BVSU with Arlington, decided to further examine its merger options outside of the BVSU.

The three non-operating districts had examined the financial implications of merging and but were initially not excited about the financial aspects of merging. With the passage of Act 49, however, the Three-By-One structure was created which provided these districts the opportunity to pursue RED incentives. The three districts quickly formed a formal merger study committee in the summer of 2017 to conduct an expedited merger process.

The Merger Study Committee and Its Process

The Merger Study Committee was organized in July 2017, appointed BVSU as its fiscal agent, and hired Dan French as a consultant to support its work. At its second meeting, the Committee examined the financial implications of merging including possible incentives under the Three-By-One Side-By-Side structure and decided it was advisable to merge these districts into a single, non-operating district.

Committee Findings

Policy Goals of Act 46

The Committee concluded this merger would be an effective solution for these districts to preserve school choice and to meet the policy goals of Act 46. The policy goals of Act 46 are focused on creating a more sustainable school district governance system to support local decisions that:

1. Provide substantial equity in the quality and variety of educational opportunities;
2. Lead students to achieve or exceed the State's Education Quality Standards;
3. Maximize operational efficiencies through increased flexibility to manage, share, and transfer resources, with a goal of increasing the district-level ratio of students to full-time equivalent staff;
4. Promote transparency and accountability; and
5. Are delivered at a cost that parents, voters, and taxpayers value.

The Committee's findings in each of these areas is described below. Since these districts do not operate schools, a central theme of the Committee's findings was preserving school choice.

Goal #1: Equity in the Quality of Educational Opportunities

The Committee believes maintaining school choice at all grade levels would support the Act 46 policy goal in terms of providing equitable access to a quality and variety of educational opportunities.

Goal #2: Students Exceeding or Achieving State Quality Standards

Merging into a single a single school district will give the new school board oversight over a larger number of students at receiving schools in the region. The Committee believes this will allow the new school board to better monitor patterns of student achievement over time.

Goal #3: Maximize Operational Efficiencies

This merger will reduce the number of non-operating districts in the region from three to one, creating a more effective structure for its supervisory union. The merger will also allow the new district to better share resources among the three communities. These non-operating districts do not currently employ instructional staff so the district-level ratio of students to FTE staff will not be affected by this merger.

Goal #4: Promotes Transparency and Accountability

This merger would create a more viable non-operating school choice district in the region. By reducing the number of non-operating districts in the region from three to one, the supervisory union budget and related assessments will be greatly simplified.

Goal #5: Services Provided at a Cost that Parents, Voters, and Taxpayers Value

This merger will preserve school choice in grades K-12 among these communities. These communities value school choice, and school choice has proven to be an important means for economic development in the region.

Projected Tax Rate Implications

The best measure of the financial implications of this merger is the residential education property tax rate. A significant outcome of this merger from a financial perspective is there will be one residential education property tax rate for all communities in the district. This rate would be adjusted locally based on each community's CLA, however. We cannot know what the actual tax rate will be after merging since this calculation will be based on future education spending and equalized pupil numbers. We can, however, use current FY2018 data to project the impact of merging on the current tax rates. Table 1 describes some historical information on the residential education property tax rate in each community.

Table 1: Residential Education Property Tax Rates, FY2015 - FY2018

	FY15	FY16	FY17	FY18
SANDGATE	\$1.3648	\$1.5044	\$1.5949	\$1.6958
STRATTON	\$1.6497	\$1.5363	\$1.5033	\$1.5824
WINHALL	\$1.6891	\$1.6471	\$1.6936	\$1.8425

Table 2 shows a model tax rate for the merged district based on FY2018 budget information. In this type of merger where there are no significant changes to education spending, the merged tax rate tends to represent a mean or average tax rate among the districts, with the mean rate being determined by the relative number of equalized pupils in each district.

Table 2: Tax Rate of Merged District Based on FY2018 Financial Information

A	FY18 Ed Spending	\$4,265,440
B	FY 18 Eq Pupils	238.39
C	Ed Spending per Eq Pupil (A + B)	\$17,893
D	FY18 Property Yield Value	\$10,076
E	Est Res Property Tax Rate (C + D)	\$1.7758

Table 3 shows how the merged tax rate of \$1.7758 compares to the current FY2018 tax rates for each district. Since the merged tax rate effectively represents a mean tax rate, districts that are below the mean will see a tax increase and districts above the mean will see a tax decrease. Winhall is substantially larger than the other districts, so its tax rate receives more weight in calculating the merged district's tax rate.

Table 3: Merged Tax Compared to Pre-CLA District Tax Rates

	FY2018 TAX RATES	MERGED RATE	INC/DEC
SANDGATE	\$1.6958	\$1.7758	\$0.08
STRATTON	\$1.5824	\$1.7758	\$0.19
WINHALL	\$1.8425	\$1.7758	-\$0.07

If the merger was implemented as part of a Three-By-One Side-By-Side merger with Arlington, Sandgate, Stratton, and Winhall would be eligible for the RED tax incentives provided under Act 153. These incentives include a reduction in the tax rate for each year of the merger (\$0.08, \$0.06, \$0.04, and \$0.02), and each district would be protected by a 5% tax rate cap. Table 4 shows the effect of the tax incentives on the merged tax rate, and the resulting tax rate for each district.

Table 4: Merged Tax Rate with Incentives

	FY2018 TAX RATES	MERGED RATE	LESS 8-CENT INCENTIVE	INC/DEC	INC/DEC WITH 5% CAP
SANDGATE	\$1.6958	\$1.7758	\$1.6958	\$0.00	\$0.00
STRATTON	\$1.5824	\$1.7758	\$1.6958	\$0.11	\$0.03
WINHALL	\$1.8425	\$1.7758	\$1.6958	-\$0.15	-0.15

Assets and Liabilities

All current assets and liabilities of the districts would become property of the new district on July 1, 2019. This gives the current districts two years to determine how to address their assets and reserve fund balances prior to the merger. Any remaining school district property will be sold to the new district for one dollar under a provision that requires the new district to sell any such property back to the towns under similar terms if the new district ends up not needing the property at a future date. All reserve fund balances on June 30, 2019 will be transferred to the new district under the terms specified in the merger Articles of Agreement.

Reserve and Restricted Use Funds

The Committee is proposing the new district assume operational control on July 1, 2019. This delay in operations creates a transition period for the current school districts to consider the disposition of their assets such as reserve funds and other funds that might have a restricted use. Any fund balances that exist as of June 30, 2019 will become property of the new district on July 1. The new district may retain fund balances in a similar restricted use format. For example, if Sandgate had a fund dedicated to providing scholarships to Sandgate high school graduates, the new district can also have a fund that is restricted for this purpose.

Burr and Burton Tuition Rate

The three non-operating school districts have different approaches to providing tuition support for their students. A significant number of the new district's students would attend BBA for high school, however. The Committee believes the voters of the new district would support paying the announced BBA tuition rate on an annual basis. The Committee has incorporated language in the Articles of Agreement to enact payment of this amount. All other tuition rates would be provided as described by the law: the announced tuition rates for public schools and the union average tuition rates for approved independent schools.

Student Transportation

The three non-operating districts have different approaches to providing student transportation. Student transportation is managed at the school board and supervisory union level. The new school district and its supervisory union will be able to examine transportation throughout the new district. The Committee strongly encourages the new school board and supervisory union to provide equitable access to student transportation.

Governance and Representation

The new board would guarantee a certain number of representatives from each community but all school board members would be elected through "at-large" voting. At-large voting means all school board members would be elected by all voters of the new district. For example, Sandgate would be guaranteed a representative on the new board. A Sandgate resident wishing to run for the board would

file a petition with the Clerk of the Town of Sandgate with the requisite number of signatures of Sandgate residents to get on the ballot. At the election, however, the Sandgate candidate along with the full ballot of board member candidates from all the communities would be voted on by the voters of all the districts not just Sandgate voters.

The Committee proposes the following board configuration of the new district.

Table 5: Board Configuration

DISTRICT	NUMBER OF REPRESENTATIVES
SANDGATE	1
STRATTON	1
WINHALL	2
TOTAL	4

Supervisory Union Membership

The three non-operating districts are currently members of three different supervisory unions. Winhall is a member of the BRSU, however, and Stratton voters approved an article in March 2017 expressing their interest in being re-assigned to the BRSU. Sandgate is a member of the BVSU, but since the future viability of the BVSU is uncertain due to its small size, the Committee recommends assigning the new district to the BRSU.

Articles of Agreement

The Merger Study Committee recommends the following Articles of Agreement be adopted by each necessary school district for the creation of a Pre-Kindergarten through Grade 12 unified union school district to be named [insert name of district], hereinafter referred to as the "New Unified District."

Article 1: Necessary and Advisable School Districts

The Sandgate Town School District, the Stratton Town School District, and the Winhall Town School District are all necessary districts to the formation of the New Unified District.

If the New Unified District is formed, then the districts that voted in favor of merger shall be referred to herein as the "Forming Districts".

Article 2: Additional Districts Advisable to the Merger

There are no additional districts being recommended as advisable districts to the merger.

Article 3: Grades to be Operated by the Union School District

The New Unified District will not operate any schools. The New Unified District will provide tuition for the education of all its students in grades Pre-Kindergarten through grade twelve.

Article 4: New Schools to be Constructed

No new school construction is necessary to, or proposed for, the formation of the New Unified District.

Article 5: First Year of District Operations

The New Unified District will provide for the transportation of students, assignment of staff, curricula, education programs, and student services that, to the extent practicable, are consistent with the contracts, policies and practices that were in existence during the year immediately preceding the first year of the New Unified District's operation.

The New Unified District Board of Directors will comply with 16 VSA Chapter 53, Subchapter 3, regarding the recognition of the representatives of employees of the respective forming districts as the representatives of the employees of the New Unified District and will commence negotiations pursuant to 16 VSA Chapter 57 for teachers and 21 VSA Chapter 22 for other employees. In the absence of new collective bargaining agreements on July 1, 2019, the New Unified District Board will comply with the pre-existing master agreements pursuant to 16 VSA Chapter 53, Subchapter 3. The New Unified District shall honor all individual employment contracts that are in place for the forming districts on June 30, 2019, until their respective termination dates.

The Board of School Directors of the New Unified District shall make all subsequent decisions relative to the operation of the new district consistent with state and federal laws and these Articles of Agreement.

Article 6: Assumed Indebtedness

All operating surpluses and/or deficits of any of the Forming Districts shall become the property, and/or the obligation of the New Unified District, effective July 1, 2019. Those Forming Districts with surpluses or remaining reserve funds as of the close of business on June 30, 2019, will transfer all such funds to the New Unified District. Reserve funds or like accounts held by school districts prior to June 30, 2019, that have specified conditions of use will be used in accordance with said provisions. All debts or obligations of the forming districts shall be transferred to and assumed by the New Unified District.

The debt and funds specified above shall be transferred to the New Unified District in accordance with procedures and timelines established by the New Unified District Board following its organizational meeting, as further discussed in Article 11.

Article 7: Transfer of Real Property

The transfer of real property will be implemented as described by Article 10.

Article 8: School Board Configuration

The configuration of the school board will be established as described by Article 10.

Article 9: Initial Board Member Terms of Office and Election

The term of office for School Directors elected on [insert date of vote] shall be one, two, or three years, respectively, plus the additional months between the date of the Organizational Meeting of the New Unified District (16 VSA § 706), when the initial school directors will begin their term of office, and the date of the New Unified District’s annual meeting in the spring of 2018, as established under 16 VSA § 706. Thereafter, terms of office shall be three (3) years and shall begin and expire on the date of the New Unified District’s Annual Meeting. The following table establish the dates of the initial terms of office for directors of the New Unified District.

INITIAL TERM	1-YEAR	2-YEAR	3-YEAR
NEXT ELECTION	2019	2020	2021
SANDGATE	1	0	0
STRATTON	0	0	1
WINHALL	1	1	0
TOTAL	2	1	1

Article 10: Vote to Form the Union School District

The articles to create the New Unified District will be submitted to the voters of each forming district identified in Article One on [insert date of vote]. The vote will be by Australian ballot and ballots will not be commingled. The form of the article to be submitted to the voters shall be substantially as follows:

Shall the voters of the _____ School District vote to form the [insert name of new district] ("New Unified District") on the following terms:

1. The Sandgate Town School District, the Stratton Town School District, and the Winhall Town School District shall all be identified as "necessary" for the formation of the New Unified District.
2. The New Unified District will not operate schools at any grade level. The New Unified District will provide tuition for the education of all its students in grades Pre-Kindergarten through grade twelve.
3. The New Unified District Board of Directors shall be composed of four (4) directors. Directors shall be nominated from the legal voters of each forming town and shall be elected on an at-large basis by Australian Ballot vote by the voters of the New Unified District. Directors shall have equal votes and shall be allocated as follows.

DISTRICT	NUMBER OF REPRESENTATIVES
SANDGATE	1
STRATTON	1
WINHALL	2
TOTAL	4

4. Real Estate and Personal Property
 - a. No later than June 30, 2019, the forming districts will convey to the New Unified School District, for the sum of One Dollar, and subject to all encumbrances of record, all school-related real estate and personal property owned by them, including all school-related land, buildings, and contents.
 - b. Disposal of Real Estate. In the event that, and at such subsequent time as, the New Unified School District Board of School Directors determines, in its discretion, that any of the real property, including land and buildings, conveyed to it by one or more of the forming districts is or are unnecessary to the continued operation of the New Unified School District and its educational programs, the New Unified School District shall convey such real property, for the sum of One Dollar, and subject to all encumbrances of record, the assumption or payment of all outstanding bonds and notes and the repayment of any school construction aid or grants as required by Vermont law, to the town in which it is located.
 - c. The conveyance of any school properties to a town shall be conditioned upon the town owning and utilizing the real property for community and public purposes for a minimum of five years. In the event a town elects to sell the real property prior to five years of ownership, the town shall compensate the New Unified District for all capital improvements and renovations completed after the formation of the New Unified

District and prior to the sale to the town. In the event a town elects not to acquire ownership of such real property, the New Unified District shall, pursuant to Vermont statutes, sell the property upon such terms and conditions as established by the New Unified District Board of School Directors.

5. Transfer of Funds

- a. Capital Debt. The New Unified District shall assume all capital debt of forming districts, including both principal and interest, as may exist at the close of business on June 30, 2019.
- b. Operating Fund Surpluses and Deficits. The New Unified District shall assume any and all general operating surpluses and deficits of the forming districts that may exist at the close of business on June 30, 2019. In addition, reserve funds identified for specific purposes will be transferred to the New Unified District and will be applied for said purpose unless otherwise determined through appropriate legal procedures.
- c. Specified Funds. The forming districts will transfer to the New Unified District any pre-existing school district specific endowments or other restricted accounts that may exist on June 30, 2019. Scholarship funds or like accounts held by school districts prior to June 30, 2019, that have specified conditions of use will be used in accordance with said provisions.

6. The New Unified District shall pay, on an annual basis, an amount equal to the announced tuition rate of Burr and Burton Academy for all resident pupils who attend Burr and Burton Academy.
7. Australian Ballot. The New Unified District voters shall vote on the budget and other public questions by Australian ballot with polling places provided in each member town. Ballots will be delivered to the New Unified District Clerk and commingled for counting.
8. The provisions of the Merger Study Report and Articles of Agreement approved by the State Board of Education on _____, 2017, which is on file at the offices of the Battenkill Valley Supervisory Union office, shall govern the New Unified District.

Article 11: Operating Date

Upon an affirmative vote of the electorates of each district and upon compliance with 16 VSA § 706g, the New Unified District shall have and exercise all of the authority which is necessary in order for it to prepare for full educational operations beginning on July 1, 2019. The New Unified District Board shall, between the date of its organizational meeting under 16 VSA § 706j and June 30, 2019, undertake planning and related duties necessary to begin operation of the New Unified District on July 1, 2019, including preparing for and negotiating contractual agreements, preparing and presenting the budget for fiscal year 2020, preparing for the first District Annual Meeting, and transacting any other lawful

business that comes before the Board, provided, however, that the exercise of such authority by the New Unified District shall not be construed to limit or alter the authority and/or responsibilities of the forming districts that will remain in existence during the transition period for the purpose of completing any business not given to the New Unified District.

Article 12: Forming Districts Cease to Exist

On July 1, 2019, when the New Unified District becomes fully operational and begins to provide educational services to students, the forming districts shall cease all educational operations and shall remain in existence for the sole purpose of completing any outstanding business not given to the New Unified District under these articles and state law. Such business shall be completed as soon as practicable, but in no event any later than December 31, 2019 when the forming districts shall cease to exist.

Article 13: Local Community Input

The New Unified District Board shall provide opportunity for local input on policy and budget development. Structures to support and encourage public participation within the New Unified District will be established by the New Unified District Board on or before June 30, 2019.

Appendices and Data

Town Demographic Data

Table 6: Town Demographic Data from US Census

	SANGATE	STRATTON	WINHALL
TOTAL POPULATION	405	216	769
PERCENT OF POPULATION UNDER 5	6.2%	5.6%	28%
MEDIAN AGE	46.4	46.7	49.8
TOTAL HOUSEHOLDS	162	98	343
FAMILY HOUSEHOLDS	110	62	215
HIGH SCHOOL OR HIGHER	95.3%	96.6%	92.1%
MEDIAN FAMILY INCOME	\$47,019	\$84,375	\$48,448
INDIVIDUALS BELOW POVERTY LEVEL	13.5%	1.8%	4.9%

Equalized Pupils by District, FY2015 – FY2018

Table 7: Equalized Pupils by District, FY2015-FY2018

	FY15	FY16	FY17	FY18
SANDGATE	49.58	47.84	52.05	55.51
STRATTON	30.95	30.28	29.49	29.87
WINHALL	138.96	137.61	143.90	153.01

Education Spending by District, FY2015 – FY2018

Table 8: Education Spending, FY2015 - FY2018

	FY15	FY16	FY17	FY18
ARLINGTON	\$5,121,094	\$5,834,114	\$5,812,825	\$6,090,845
SANDGATE	\$641,104	\$687,640	\$805,304	\$948,518
STRATTON	\$483,763	\$444,477	\$430,071	\$476,255
WINHALL	\$2,223,889	\$2,165,580	\$2,364,163	\$2,840,667