

Town of Hopkinton

Budget Committee Meeting Minutes - Approved

Wednesday, January 21, 2015

5:30 p.m.

Town Hall

Call to Order:

Chairwoman Janet Krzyzaniak called the meeting to order at 5:30 p.m. and led with the Pledge of Allegiance. Attendees: Janet Krzyzaniak, Richard Houston, Don Houston, Ken Traum, Richard Horner, David O’Keeffe, Stephen Lux, Jr., Michael Vance, David Luneau, and Thomas O’Donnell. Also present: School Superintendent, Steven Chamberlin, Michelle Clark, Business Administrator, and Suzanne Beauchesne taking minutes.

1. Approval of Budget Committee Meeting Minutes:

Ken Traum moved to approve, with amendment, the January 14, 2015 meeting minutes. Seconded by Richard Horner. Motion carried 10-0.

2. School Board Budget Follow-Up. Presentation of Budgets for HVP and CVP Review of all Budgets. Q&A and Deliberations.

For the benefit of a number of residents in attendance, Chairwoman Krzyzaniak reviewed the budget process and meeting proceedings and stated there would be time for questions during the public forum.

David Luneau, Chair of the School Board, provided an overview of the School Board’s budget presentation of January 14th which reflected an increase of 1.33 percent adding \$.39 to the tax rate. At the request of the Budget Committee, the School Board, along with School Superintendent, Steve Chamberlin, and Business Administrator, Michelle Clark, took another look at how they might further lower the increase and did so to one percent which adds \$.31 to the tax rate.

Superintendent Chamberlin reported that the Board is trying to solidify savings from their oil distributor given current low fuel prices. Savings have been realized for electricity through December 2015. Mr. Chamberlin hopes to save a bit more by extending the electricity bid through July 2016, and expects confirmation of costs within the next week. A savings was also realized from a bid for a heat cassette wheel which came in at half the anticipated cost.

Mr. Luneau stated that the Board will continue to look for savings right up until preparation of the MS-27. He also indicated that the Frequently Asked Questions (FAQs) sheet will be

updated and included as part of a packet for all attendees of the Public Hearing on February 4, 2015.

Budget Committee members congratulated the School Board for their tireless efforts in crafting their budget. Chairwoman Krzyzaniak stated that she was very impressed with the School Board and thanked the Board for their efforts. To the applause of the Committee, the Chairwoman commended Michelle Clark for her expertise and diligence.

Superintendent Chamberlin distributed a prepared five-year projection of staffing, maintenance costs, and debt service [attached]. Mr. Chamberlin stated that the staffing projections include three considerations: 1) projecting staffing needs at the elementary level is easier since the elementary program is more prescriptive than secondary; 2) the projection is completed based on the assumption that the School District is moving from a four-class configuration to a three-class configuration (grade size from the 80's to the 50's/60's; and 3) the median age of faculty is approximately 51. Mr. Chamberlin stated that faculty members tend to retire between the ages of 59 and 62. Cost savings of hiring an experienced teacher versus a lesser experienced averages about \$30,000.

Another highlight in the projection includes looking into delivery services in Special Education which may require a restructuring of a support position. Regarding maintenance costs, two buildings were renovated during the same period so they are aging simultaneously and need attention. Boilers, too, have to be replaced. The Facility Plan will have a direct impact on this area. Debt service projection provides a seamless approach in bond payments; i.e., there is no gap between one bond closing and another opening. As previously reported, there is an open question regarding the Hopkinton School District's eligibility for state building aid. Superintendent Chamberlin stated that an Efficiency Committee is looking into the operational soundness of closing a school.

Superintendent Chamberlin responded to a number of questions from Richard Houston regarding restructuring administration, class size, and declining enrollment. Mr. Chamberlin indicated that at a Board retreat, a vision of what the school should look like was debated and one area identified as needing attention was curriculum. Superintendent Chamberlin further stated that when high school enrollment dips to 200 students, less staff will be necessary.

Richard Houston suggested that it would be helpful to have projected financials to know if there would be greater savings if the Maple Street School remained open. Mr. Chamberlin stated that the vast majority of facility budget items are need-based, not want-based. Dave Luneau commented that in the Fall and Winter of 2013 a number of events were held, including presentations to the Rotary Club, the PTA, and a number of other venues attended by a broad spectrum of residents – families, some with children in school, others with no children in school, three superintendents from other districts that live in Hopkinton and other experts in education, architecture, and the like. Mr. Luneau, as Chair of the School Board, indicated his hesitancy to unravel the process that came from community feedback,

especially out of respect for so many community members who were involved in the discussions. To cost out a “status quo” would be inconsistent with the feedback received from the community.

David O’Keeffe asked about revenue opportunities that might become available with the closing of the Maple Street School. Superintendent Chamberlin indicated that a Building Re-purposing Committee has identified two possible revenue generators – Senior Housing as was done in Goffstown and expanding a Special Education program from Rochester.

Don Houston asked if it would be possible to prepare a town/school ten-year forecast to be included in the Town Report. Mr. Luneau indicated that while the school document is useful for planning for the Board and Budget Committee, or a good management document for the Administration, it is a working document and not a historical report which is the kind of information provided in the Town Report. Mr. Luneau will discuss the matter with the Superintendent.

Richard Houston again stated that it would be nice to have a cost comparison between having two school locations versus three school locations, especially since voters are being asked to pay for a \$9M bond. Mr. Houston feels that not having the information would be a disservice to taxpayers.

Dave Luneau again stated that all of the information gathered to date leads the School Board in another direction. As indicated by the Superintendent, an additional \$150,000 to \$200,000 in revenue can be expected with leasing a building of that size. Revenue would come at below the current bond payment and, at the same time, have two more modernized schools. The investments made over the last number of years include pulling up carpeting, tile flooring, and roof and windows.

3. Public Forum

Arnold Coda asked if the total budget included teacher contracts and any special warrants. Mr. Luneau indicated that the budget was all inclusive with two CR warrants.

Steve Waters from Peets Hill Condominiums rose and stated that a number of his neighbors would like the School Board and Budget Committee Members to understand that between July and December 2014, their tax bill rose 40 percent and they will deal with the assessor on the matter. Mr. Waters and his neighbors attended the meeting to learn more and don’t know enough to pass judgment, and said it would help to get a copy of the budget to compare the numbers to last year’s budget. Mr. Waters is a retired educator who never voted “no” for any school initiatives but now asks “can we be the best without paying the most?”

Ken Traum stated that a number of Peets Hill residents had come to the Select Board with concerns about their increased tax bills which was largely driven by the new assessment.

The Select Board suggested that residents get a better handle on how the budget is calculated. Mr. Traum offered last year's Town Reports to those in attendance. Mr. Luneau suggested making copies of the budget that can be available at Town Hall for anyone interested in picking up a copy.

Chairwoman Krzyzaniak encouraged all residents in attendance to provide feedback as they become more familiar with the budget. The Chairwoman also stressed the importance of attending the public hearing scheduled for February 4th at 6:30 at the High School. Arnold Coda suggested placing a meeting notice in the newspaper. It was noted that a notice was included in last Sunday's newspaper and is on the Town's website. Notices are also posted throughout Town.

4. Mailing from the Budget Committee.

The Committee agreed that a mailer was not necessary but a "Letter to the Editor" would be appropriate. Chairwoman Krzyzaniak agreed to prepare a "Letter to the Editor" for distribution to a number of print outlets encouraging all residents to attend the Public Hearing.

5. Presentations of Financials for the BOS, School Board, HVP and CVP

Tom O'Donnell provided a copy of the MS-27 for the Hopkinton Village Precinct and stated that he has suggested that the Precinct consider establishing a Capital Reserve Fund (CRF) rather than over budget (in case of emergency) for water services. Ken Traum verified that the fiscal year and calendar year are the same for the Precinct. Dave Luneau asked about an invalid warrant article appropriating funds that was approved by the voters. Mr. O'Donnell indicated that the money was never raised and the issue became moot.

Don Houston distributed the Contoocook Village Precinct budget. The balance of \$51,023 will be cashed out for the work remaining to be done at Linda Kimball's. The Precinct's warrant asks for \$50,000 to finish up the Capital Improvement project, which will be added to the \$200,000 raised annually over the last few years. The total impact amounts to a \$49,000 increase and adds \$.37 to the tax rate. There are approximately 600 homes in the Precinct that represent \$130M of the assets of the Town. Ken Traum asked why the Precinct recovers funds from taxes rather than water usage. Don Houston stated that the hook-up rate, or base rate, and the usage rate cover maintenance and operating costs. Historically, capital improvement costs have been raised by Warrant Article.

Mr. Traum distributed the Town budget through December 31, 2014 reflecting revenue of \$3,000 over budget, which is better than anticipated. Fund balance retention is very close to the Department of Revenue Administration's (DRA) recommendation. The Committee discussed the 16% budget increase (\$600,000) and expects next year's increase to come in at almost half that amount.

Richard Horner asked about the Flood Control reimbursement. Dave Luneau, State Representative, stated that he is co-sponsoring the relevant legislation, and according to a number of representatives, the DRA Commissioner is supportive, though it is not a “slam dunk”.

Arnold Coda rose to state that he felt a 16 percent increase was not supportable and that the Town’s leaders needed to continue to work on reducing the proposed increase and parcel the costs out over the next three or four years.

Ken Traum stated that much had already been cut from the budget; for example, \$172,000 was cut from the departments’ operating requests. The proposed budget is Step 1 of the long-term plan to address the Town’s back log of over \$1 million related to neglected roads, bridges, and culverts. Five percent of the 16% increase can be attributed to having no surplus above the DRA fund balance minimum guidelines, while last year the SB was able to offset tax increases by 5% due to the availability of a surplus. Another large driver is the Warrant Article for the East Penacook Road Bridge of 225,000.

Mr. Coda asked if the Select Board had considered bonding to get the road and bridge work done. Mr. Traum said the Board had looked at that financing option but had opted to go in this direction and garner savings in interest. Also, the project costs were spread out over five years at \$300,000 per year rather than three years at \$500,000 as recommended by the highway department. Dave O’Keeffe commented that the budget is lean with major drivers including merit wage increases, engineering costs, and bond funding for the Fire Station.

Dave Luneau distributed the School District budget through November 2014. The listed amount of \$420,509.66 to reduce the tax rate for 2015 includes the funds to be used for Capital Reserves. Mr. Luneau expects the undesignated fund balance to hit or exceed \$370,000 to reduce property taxes.

Dave Luneau moved to accept the recommended warrant for the School Board’s operating budget in the amount of \$18,642,631, and two Capital Reserve warrants totaling \$110,000. Seconded by Dave O’Keeffe. Motion carried 10-0.

Richard Horner moved to accept the recommended warrant for the Town’s operating budget in the amount of \$6,916,930 and two warrants in the amount of \$448,000 and \$225,000. Seconded by Mr. Lux. Motion carried 10-0

Don Houston moved to accept the recommended Contoocook Village Precinct budget of \$441,850. Seconded by Richard Horner. Motion carried 10-0

Tom O’Donnell moved to accept the recommended Hopkinton Village Precinct budget of \$107,076. Don Houston seconded. Motion carried 10-0.

6. Other Business

No further issues were raised.

7. 8. Meeting/Public Hearing

There will be no Budget Committee meeting on January 28, 2015. **The Public Hearing on all budgets and final deliberations will be held of February 4, 2015 at the High School at 6:30 p.m. The MS-27 will be available for signature of Committee members.**

9. Adjourn

Richard Horner moved to adjourn the meeting at 7:40 p.m. Seconded by Ken Traum. Motion carried 10-0.

Respectfully submitted,

Suzanne Beauchesne