

Hopkinton Budget Committee
Public Hearing on All Town Budgets – Approved Minutes

Wednesday, February 4, 2015

6:30 p.m.

Hopkinton Middle/High School Auditorium

Attendees: Chairwoman 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: Town Administrator, Neil Cass, School Superintendent, Steven Chamberlin, Business Administrator, Michelle Clark, and a number of members of the public.

1. Welcome and Introduction of Process.

Chairwoman Krzyzaniak called the Public Hearing to order at 6:35 p.m. and welcomed all in attendance. Chairwoman Krzyzaniak reviewed the budget process and meeting proceedings.

2. Presentation of the Town Budget.

Selectman Ken Traum introduced members of the Select Board and described the budget process undertaken by the Board which included meetings with Town personnel, setting priorities, and reducing or postponing projects as necessary. The Select Board reduced the initial proposed budget by \$775,859. Departmental requests were decreased by \$172,259.

The Town’s 2015 proposed operating budget totals \$6,122,883. Major expenses include the Fire Station Bond payment of \$74,203 and a three percent employee merit increase totaling \$61,370. Warrant articles for the Capital Reserve Fund (CRF)/Maintenance Trusts reflects an increase of \$39,000 over the 2014 approved budget.

A request for \$225,000 via Warrant Article is included so that necessary repairs can be made to the East Penacook Road Bridge which was built in 1966. Selectman Traum stated that because the bridge leads to the transfer station, the Select Board felt it was important to keep one lane open at a cost of \$40,000 (out of the \$225,000) instead of closing the bridge down altogether. The work will extend the life of the bridge by 10-15 years at which time the bridge could be replaced with funding assistance from the State Bridge Aid program. This much-required work, along with all other considerations, increases the 2015 tax rate by \$0.98.

Arnold Coda rose to state that a 98 cent increase “is a wallop on the tax rate” and asked what the Board’s “Plan B” would be if the Warrant Articles are disapproved. Mr. Traum stated

that the Board has cut as much from the budget as is reasonable in order to fund all of the town's needs and keeping in mind the tax burden for all Hopkinton residents. A downshift from state funding has affected the tax rate as well.

George Langwasser, Vice Chair of the Select Board, stated that the East Penacook Road Bridge presented "no cause for alarm". The bridge surface is starting to deteriorate where the membrane must be replaced. The Select Board felt it made sense to stabilize the bridge now since the road leads to the transfer station and one lane could remain open while the work is being done. If the Warrant Article is defeated, costs will continue to escalate every year that the repair work remains undone. In the future, the Select Board hopes to get on the State Bridge Aid list where the State will pay for 80 percent of the costs. Mr. Traum indicated that a number of other high priority projects have been deferred as well and will need to be addressed going forward.

Mr. Coda asked if it might be prudent to establish a CRF for five years that would lessen the tax impact from year to year. Mr. Traum stated that the Select Board, Budget Committee, and others have discussed financing options and have determined this route to be the most fiscally responsible and that bond financing would come with added interest fees.

Mr. Coda asked about how the Fire Station bond payment reflected on the tax rate. Mr. Traum stated that the Town got financing at a lower rate where the bond will be paid off in 15 years at a slightly lower tax impact. Town Administrator, Neil Cass, stated that this year's cost is 12 cents and 41 cents in 2016. Mr. Coda stated that the budget was a burden to taxpayers and it was not the year to be increasing costs. The Select Board needs to do more figuring to see what changes might be possible and spread out the tax rate impact.

Peter Yunich came forward to ask what the bond interest rate was and suggested going to the State to seek exclusion on interest payments. The interest rate on the bond is 3.21%. Mr. Yunich also stated that paying \$2.22 for oil was too high and could be purchased for as low as \$1.88. Superintendent of Schools, Steve Chamberlin said details are negotiated through the Energy Buying Group. Mr. Yunich stated that taxes are becoming a burden for a majority of townspeople whose principal source of income is Interest & Dividends. Mr. Yunich was informed that a list of cuts made by the Select Board could be found on the Town's website.

Renee Carey asked if the Town has looked into increasing revenue sources and indicated that a \$100 monthly increase in taxes was too high and the Town needs to start decreasing expenses, perhaps through personnel cuts.

Ken Traum indicated that revenues for 2015 are equal to 2014, and of the 16 percent increase, 5% can be attributed to having no surplus above the DRA fund balance minimum guidelines. Mr. Traum reminded attendees that two years ago the voters at Town Meeting voted to use the fund balance excess to reduce the tax rate for 2013. The Select Board

adhered to that preference for the 2014 budget by applying the excess of \$180,000 to reduce taxes for the 2014 budget. This year there is no excess. Another five percent is from the operating budget and six percent for the bridge repair.

Arnold Coda rose again and stated that he supports Mr. Yunich's comments relative to bond interest payments and suggested the Select Board think about it. Ken Traum invited Mr. Yunich and Mr. Coda to attend a Board meeting to discuss the proposal in more detail.

3. Presentation of the School Budget.

David Luneau, Chairman of the School Board, thanked attendees for coming out and introduced a number of school officials in attendance. Mr. Luneau explained that the budget process begins 20 months before the budget is finalized. The process begins with a review of the district goals. The Superintendent works with his team to create a budget in support of the goals and a proposed budget comes to the School Board in December. Early in the year, the School Board, Select Board, Budget Committee and staff work together to develop a sound, fiscally responsible budget.

All in, the School Board's operating budget totals \$18,606,631. Mr. Luneau stated that major drivers in the FY16 budget include: salary increases \$66,662; health insurance increases \$100,907; and school district retirement obligations \$79,201. As with the Town budget, state downshifting of costs has impacted the budget. The largest example is the zero funding of the NH Retirement System, once funded at 35 percent. This year alone, this change has increased the budget by more than \$350,000. Another noteworthy item in the budget is the implementation of fiber optic cabling between schools. This change leverages federal dollars to substantially increase efficiency and performance. The approximate net cost in FY16 is \$6,000 and \$14,000 a year thereafter.

Additionally, the budget includes two transfer requests from the year-end undesignated fund balance available on June 30, 2015 -- \$100,000 to be added to the School Building Repair and Maintenance Trust Fund for boiler replacement and HVAC repairs and \$10,000 to the Vehicles Capital Reserve Fund for planned replacement of district vehicles.

Revenue has a direct impact on the tax rate. The School District presently receives approximately \$1,800,000 in state adequacy aid. This amount is \$141,000 less than last year. By supplementing revenue from existing funds, the total impact of loss of revenue has been reduced to approximately \$23,000.

Hopkinton continues to rank among the top public schools in the State and continues to win the Blue Ribbon Award from the New Hampshire Partners in Education for the District's exemplary Volunteer Program.

Jean Pruitt came forward on behalf of Peaked Hill Condominium owners, many of whom were in attendance, to state that owners were shocked at the increase in their valuation tax and challenged the Town and School Board to revisit the budget and get to a zero-tax-impacted budget.

Curtis Abel stated that he moved to Hopkinton primarily because his family was here and because of the school system. He applauded the school board and asked that the Board keep an “eye on the budget” and an “eye on the quality of education”.

Peter Yuchin stated that it was time the School Board tighten its belt and asked about projected enrollment and the size of the average class. Dick Lord asked what the average cost per pupil totaled if you divided the budget of \$18.6 million by 867 currently enrolled students. Dave Luneau stated that the cost was approximately \$20,000 per student but that number was simplified and not an accurate reflection of the true cost per pupil. Mr. Luneau referenced a chart by the Department of Education noting that Hopkinton’s cost per pupil is not “out of whack” at \$17,193 with the average being \$16,201.

Arnold Coda asked about the impact of the consolidation. Dave Luneau talked about going from two elementary schools, K-3 and Grades 4-5-6, to one elementary school, K-5, and combining Grades 6-7-8 with high school students. It is expected that closing the Maple Street School will open up several opportunities to be fleshed out by a Facilities Advisory Committee which is in the early stages of being formed. Anyone interested in serving on this committee should let Superintendent Chamberlin know of their interest.

Curtis Abel asked about the benefits offered. Mr. Luneau said that changes were made in collective bargaining agreements and for the first time in seven years, a contract proposal will not appear on the warrant at the School District Annual meeting.

Frank Davis rose and provided a number of historical statistics vis-à-vis student/teacher ratio and felt a freeze on support and custodial staff would help to lower the costs of education.

Roger Turcotte from Contoocook reminded attendees that taxpayers overwhelmingly voted in favor of funding several costly initiatives over the years and must accept the burden of those decisions rather than placing the blame on the Board of Selectmen, School Board and Budget Committee.

Steve Waters, a resident of Peaked Hill Condominiums, and a retired educator rose to support his neighbor and colleague and asked that the budget be flatlined. Dick Drescher said he was tired of paying higher taxes, and while the Town has a beautiful Fire Station, it must live within its means.

Kim Martel asked how the school’s Advanced Program factors into the budget. Superintendent Steve Chamberlin stated that the budget process begins with a review of the

district goals, one of which is to ensure High School Plus (+) for all students. High School Plus is defined as students being able to achieve acceptance into a post secondary academic institution or obtain certification in a specialized area. Hopkinton offers an “excellent” curriculum that includes AP, sciences, and world languages that support college acceptance.

While difficult decisions have been made, the guiding principle that drives the Board’s decisions gives students a “Voice and Choice”. Offerings are not “cookie cutter” and one student’s wood class is another’s calculus. The Board aims to offer choices that provide value and are affordable while still meeting the needs of all students in a reasonably sized class. The Superintendent feels that the diverse program offered Hopkinton students is “needs-based” and provides tremendous value to the community and the state. Also, the School District has managed costs by collaborating with other school districts and has established partnerships with Kearsarge, Bow and others to leverage the sports and robotics programs. The Superintendent said that they are now trying to be more collaborative on special education.

Frank Davis stated that when he graduated in 1960 Hopkinton was an industrial town with many job opportunities but today’s culture does not want to bring back industry. Ken Traum said that in response to the Town’s lack of commercial industry, the Select Board recently reinstated the Economic Development Committee in hopes of spurring interest and generating much-needed revenue.

4. Presentation of Contoocook Village Precinct Budget.

Don Houston presented the proposed operating budget of \$441,850 for the Contoocook Village Precinct which includes 600 customers. The balance of \$51,023 will be cashed out for the work remaining to be done at Lynda Kimball’s (the work includes pressurizing a tank to up capacity without compromising water pressure and quality). 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.

5. Presentation of the Hopkinton Village Precinct Budget.

Tom O’Donnell presented the Hopkinton Village Precinct operating budget of \$107,076 reflecting no change in the tax rate. The largest expenses include electricity and salaries.

6. Additional Public Comments on All Budgets

No further issues were raised.

7. Adjournment of Public Hearing

Chairwoman Krzyzaniak adjourned the public hearing at 8:35 p.m., and called the Budget Committee meeting to order at 8:45 p.m.

1. Deliberation by Budget Committee

Richard Horner moved to accept the Hopkinton Village Precinct Budget as presented. Seconded by Don Houston. The motion passed unanimously 10-0.

Steve Lux moved to accept the Contoocook Village Precinct Budget as presented. Seconded by Richard Horner. The motion passed unanimously 10-0.

Dave Luneau moved to accept the School Board budget as presented. Seconded by Michael Vance. The motion passed unanimously 10-0. Richard Horner stated that the School Board had done a very good job in developing a sound, fiscally responsible budget.

Ken Traum moved to accept the Town budget as presented. Seconded by Richard Horner. The motion passed unanimously 10-0.

Chairwoman Krzyzaniak stated that further cuts to the budgets can be proposed at the School District Annual Meeting on March 7th and at the Town Meeting on March 14, 2015. All were encouraged to attend. Both meetings will be held at 9:00 a.m. at the Hopkinton Middle/High School.

2. Approval of Budget Committee Meeting Minutes.

Ken Traum moved to approve, with amendments, the minutes of the Budget Committee meeting of January 21, 2015. Seconded by Dave O’Keeffe. Motion passed 10-0.

3. School Facilities.

Richard Houston again asked that a costs comparison be worked up regarding the closing of the Maple Street School versus keeping it open. Mr. Houston feels the information is important so that taxpayers can be assured that closing the school is a good decision. Dave Luneau stated that the case for school consolidation will be made and he again encouraged those interested to serve on the Facilities Committee. Mr. Luneau wants to avoid a “shadow committee” since issues that arise regarding school facilities are not within the purview of the Budget Committee.

4. Adjournment.

Steve Lux moved to adjourn the meeting at 9:10 p.m. Seconded by Richard Horner. Motion passed unanimously 10-0.

Chairwoman Krzyzaniak thanked Michael Vance and Dave O’Keeffe for their service on the committee and acknowledged the end of their term. David Luneau thanked Chairwoman Krzyzaniak for her “awesome” leadership of the Budget Committee.

Respectfully submitted,

Suzanne Beauchesne