

Town of Hopkinton

Budget Committee Meeting Minutes – APPROVED

Wednesday, January 20, 2016

5:30 p.m.

Town Hall

Call to Order:

Chairwoman Janet Krzyzaniak called the meeting to order at 5:30 p.m. and thanked everyone for attending and asked members of the public to direct questions to the Chair during the public comment period.

Attendees: Janet Krzyzaniak, Don Houston, Richard Houston, Ken Traum, Richard Horner, Amy Bogart, Virginia Haines, Deborah Norris, Diana Wieland, and Bill Chapin, Jr., School Board representative.

Also present: School Superintendent Steven Chamberlin, Business Administrator, Michelle Clark, School Board Chairman, David Luneau, and Director of Public Works, Dan Blanchette.

1. Approval of January 13, 2016 Meeting Minutes

Richard Horner moved, second by Don Houston, to approve the January 13, 2016 budget committee meeting minutes, as amended. Motion passed unanimously, 10-0.

2. Presentation of the Hopkinton School Board Budget - Continued

Bill Chapin, Jr., School Board representative on the Budget Committee, opened the discussion stating that since the beginning “they have rolled up their sleeves” and tried to be as conservative as possible. He wanted the Budget Committee members to keep in mind as they go through the budget that for the last three or four years they have dealt with fixed costs such as agreed-upon salaries that are set to go up every year, a downshift in health and retirement costs from the state to the town, and state revenues have gone down. Mr. Chapin said that the actual tax impact over the last several years reflects the hard work done on preparing and presenting as transparent and conservative a budget as possible.

Superintendent of Schools, Steve Chamberlin, distributed and went through a memorandum responding to questions posed by Budget Committee members at its January 13th meeting. The information provided includes:

Adequacy Aid: The preliminary adequacy grant is \$1,950,946.82; the number used in the district projection is \$1,853,399.48, the state recommended 95%; the FY16 value is \$1,927,091.42. Utilizing the full, preliminary adequacy grant would change the reduction of \$73,692 to an increase of \$23,855.40, a \$97,547.49 swing.

Health Insurance: The documents provided include the monthly and annual cost of health insurance for various employment groups.

NH Retirement Rates: The information sheet provided includes retirement rates and district obligations.

Also included was the missing page 24, Media and Technology Services. The number of current faculty members (classification from the HEA agreement) states: The term Professional Staff includes, but is not limited to, all staff employed under an individual teacher contract including: teachers, librarians, nurses, guidance counselors/School to Career/ELO Coordinator, reading specialists/literacy specialists/numeracy specialists, and special education professional staff. The number of full time equivalents equals 97.6 and the number of people amounts to 101.

Ken Traum asked if historically the adequacy aid number provided by the state was as projected. Superintendent Chamberlin responded: “yes, for the last couple of years”. Prior to the last two years, aid was based on the previous year’s enrollment which was fixed so the district could budget accordingly. Mr. Traum asked if the additional 10 students could drive the number up. Superintendent Chamberlin said a number of factors are considered; for example, if 4th grade reading goes up, aid goes down. Richard Horner referenced a memorandum sent out about legislation that could impact adequacy funding of \$90,000 for full day kindergarten. Mr. Chapin said that if legislation is passed, the state adequacy for kindergarten would change from receiving 50% to 100% adequacy aid to offset kindergarten cost. Superintendent Chamberlin said that revenue was not in the budget and is a matter that State Representative and School Board Chair, Dave Luneau, has provided leadership on for a long time and is doing a great job moving the issue along. Mr. Luneau said the matter had a ways to go.

Richard Houston asked why there was an increase in the Office of the Superintendent of \$35,000 and an increase in the Business/Fiscal Services of \$34,000. Business Administrator Clark said that the increase in the Superintendent’s office was attributed to the pool of raises and early retirement incentives which had to be budgeted for next year. The fiscal office increase was caused by the purchase of a financial system. Mr.

Houston asked about the third Principal position being eliminated. Superintendent Chamberlin said that going forward K-6 will share an Assistant Principal and a Principal. The new Assistant Principal position will be posted and a savings of \$15,000 to \$20,000 is expected to be realized. Mr. Houston asked what the savings might be if the third Principal position was eliminated altogether. Savings would amount to about \$110,000.

If the consolidation of schools goes through, Mr. Houston suggested eliminating the Principal position. Superintendent Chamberlin said that a school with 400 to 500 students should include two administrators and he would not recommend eliminating a Principal position. Health insurance is also a factor on savings as well. Mr. Houston asked why tier two has the least recommended cuts. Superintendent Chamberlin confirmed that items #1 and #2 on the tier 2 listing reflects no loss of revenue.

Amy Bogart asked about the Curriculum Development Support expense. Superintendent Chamberlin said they have contracted with an expert and former superintendent to lead curriculum development at a cost of \$500 per month. Research shows that a seamless curriculum from one grade to another is the most effective. The "I Can" statement model is 80 percent complete and they would like to continue that model to develop two more curriculums.

Richard Horner asked about the Food Service Operational Fund of \$49,999 listed on Tier 0. Superintendent Chamberlin said that each year they know the amount of food sold does not cover the operation, so they budget to cover for the food service deficit. Administrator Clark continually monitors the program.

Chairwoman Krzyzaniak asked about a listing of courses that was recently distributed showing no enrollment recorded and asked about the process if kids sign up for any of the courses. Superintendent Chamberlin said that a list of courses is developed based on the past that is pretty predictable in the lower grades but at the high school level a tenet is followed called "Voice & Choice". Students begin signing up for courses now. Teacher contracts are offered by April 15th. Courses are filled with FTEs already budgeted for in March, and the Board does not vote to expend until enrollment is determined.

Richard Houston asked about the level of staffing noted on page 11 and recalled a decrease of 2.7 last year that did not materialize. Superintendent Chamberlin said that the only addition to staff over the last few years was in instructional assistance. The FTE count went from 189.12 to 185.67 and they only budget for what they know. One variable includes a student that develops complex needs. Mr. Houston's main concern was how can staff be decreased so that tax rates can be stabilized and how can he know if the 3.45 decrease goes to zero next year. Don Houston asked if the FTE number

185.67 listed for 2016-17 was district-wide and how it compared to the 97.6 figure provided earlier this evening. The 185.67 number includes the whole district including part time personnel.

Amy Bogart asked how transportation was charged and was informed by route/per bus. Superintendent Chamberlin said that buses are full with 50/60 percent ridership and if every child wanted to ride the bus, the school district would have to hire more buses. Ms. Bogart also asked about professional services supplies, and other service costs listed on Page 7 of the budget. She was told that AV supplies are mainly for the library. Michelle Clark will remove microfilm from the list. Ms. Bogart also wanted to know how Telecommunications expenses differ from Communications. Ms. Clark said that travel is necessary for attending seminars or conferences and is adjusted for the IRS level and that \$8,000 for professional development expenses is included in the teachers' contract. Administrator Clark will follow-up on the communications expenses.

In response to Ginny Haines, Administrator Clark referenced a number of "district-wide expenses" on pages 11, 35, 26, 27 under food service, federal projects, SAU, and Director of Facilities, to name a few. Ms. Haines asked if there was an option to freeze bonuses to non-union employees. The Superintendent said, "yes, and there were no obligations regarding the 2.5% pool". Ms. Haines stated that she is in a position to hear a lot of conversation about the tax burden and the overwhelming sentiment is: with the enrollment declining and projected to continue declining, why isn't the school budget at least flat? She continued saying that most people understand the school comprises the vast majority of the town budget, and most people believe the school has the resources to find more flexibility. She thanked the School Board for their work and said that all must work towards a fair and manageable tax rate.

Superintendent Chamberlin stated that electric/energy bid requests have been issued and the district will know tomorrow the actual costs and he will keep the Committee members informed. The Superintendent also announced that the Hopkinton School and the Teamsters negotiating team had come to an agreement last Friday. Once the School Board votes on the contract provisions, he will bring it before the Budget Committee. Matthew Cairns, School Board member, stated that a copy of the Teamsters agreement will be provided to Budget Committee members on Monday.

Chairwoman Krzyzaniak indicated that the public hearing on the budget will be held on February 3rd. There was some question on whether the Budget Committee could suggest specific cuts to the School Board budget. Michelle Clarke said that suggested reductions must be made by function. Don Houston said that the Budget Committee cannot dictate where cuts should be made but can provide their thinking on where cuts might be made.

3. Presentation of CVP Budget – taken up later.

4. Public Comments

Dick Lord asked what the school population is this year compared to last year. Superintendent Chamberlin said they were up 10 students from last year K-12.

Arnold Coda referred to last week's Budget Committee meeting where Kent Symonds was asked to withdraw his comment "they don't care". Mr. Coda feels that Mr. Symonds was civil, didn't use foul language, and is entitled to state his opinion without rebuke. Mr. Coda then asked if five higher ranked personnel, including the Superintendent, would be receiving raises and whether that amount is included in the budget. Superintendent Chamberlin said that there is a 2.5% pool in the budget for non-union personnel that are eligible for raises connected to performance. Mr. Coda asked if administration might consider freezing those increases. Superintendent Chamberlin said the Board approves or disapproves recommendations for increases. Mr. Coda asked that the School Board consider not granting up to a \$14,000 bonus as contracted. Finally, Mr. Coda said he is opposed to budgeting \$7,000 for the football program and suggested the program continue as a volunteer, self-funded program. He also asked if liability insurance would increase. The Superintendent said there is no increase in liability insurance.

Bill Chapin, Jr. asked Ken Traum about pay increases for municipal employees. Mr. Traum said that pay increases are based on "merit" and staff can receive anywhere from zero to 5/6 percent with an average of no higher than 3%.

Amy Bogart asked if there was still a \$60 per sport fee assessed. Superintendent Chamberlin said there was still a fee that was capped for families and helps defray the costs of referees, coaches, equipment, and the like. Mr. Chapin felt that joining with another school for the football program was a good value. Mr. Coda said that with a declining student population, fewer students will be available to play various sports. Mr. Coda also said that he is looking for a flat budget from the School Board.

Jessica Scheinman rose and said that a lot of people are committed to providing their children with a quality education. Her family moved to Hopkinton for that reason and she felt the School Board has done a great job in keeping any increase to a real minimum and urged the Budget Committee to adopt the School Board budget as presented. She said she knows many parents who feel as she does.

Allita Paine said she agreed with Ginny Haines' comments made earlier.

Jodie Russell referred to page 14 and questioned expenditures for business books when the course may not be run, depending on enrollment. Ms. Russell also asked about the \$750,000 budgeted for federal and state grants listed on page 35 that had previously been mentioned as a placeholder with zero impact on the tax rate because a like amount is expensed. Ms. Russell then asked what department would be affected by tier #29. Superintendent Chamberlin said he cannot disclose names and that the personnel listed in tier #29 would impact regular education and the work would be shifted or eliminated. Ms. Russell referred to page 48 and noted that the student population has decreased by 128 (13%) in the last five years; yet, the cost per pupil increased by \$4,215. She is concerned with all the choices through “Voice & Choice” and suggested not providing as many choices to get control of the budget.

Mr. Chapin repeated that if there are not enough students to fill classes, those classes will not be run. Administration does have flexibility wherein teachers are broad enough to teach a number of courses if necessary. Superintendent Chamberlin said that classes are adjusted based on enrollment. In response to a question from Chair Krzyzaniak, Superintendent Chamberlin said the current high school enrollment is 418 this year, 401 last year, and is project to be 424 next year.

Mr. Lord asked where the money goes if a budgeted class does not run. Mr. Chapin said additional teachers are not hired solely for elective courses. Superintendent Chamberlin said that by April 15th, they will have a better idea of how many classes will run, and they will be obligated by contract to pay teachers for the upcoming year. Superintendent Chamberlin described the timeline and process on determining whether a course runs or not based on enrollment. Ken Traum asked if the schools knew in April what courses would or would not be offered, could there be savings from requiring fewer teachers. Superintendent Chamberlin repeated how the process works. Jodie Russell said the enrollment at the high school is not the same; it has 106 fewer students than ten years ago. Superintendent Chamberlin said that over the last five years in the middle school, “we’ve reduced every single area; we’ve done it through attrition, volunteers, and restructuring of the middle school”.

Arnold Coda said that everyone knows that the School District is looking to consolidate the schools and that is going to cost in capital expenditures. He is concerned that historically the budget is not looked at beyond one year because the costs of decisions can be substantial between now and two, three years down the road. For that reason, he argues in favor of keeping the budget flat. Mr. Coda said that he worked in higher education administration and learned that budgeting has to be a continuing job, and not just viewed one year at a time.

Chairwoman Krzyzaniak closed public comments.

Mr. Chapin stated that the School Board has been tasked with keeping increases as low as possible without disrupting the quality of education and he feels any further cuts will be disruptive to the quality of education offered in Hopkinton.

Richard Houston referred to the FAQs relative to pressures that impact the development of the school district budget, and asked when the Superintendent would anticipate Hopkinton not having the highest school based tax rate in the state. Superintendent Chamberlin said next year, and he knows of no other districts controlling costs as Hopkinton is; i.e., a three cent increase two years in a row. Superintendent Chamberlin said he has been in Hopkinton for 17 years and he is humbled by the support of the community and pleased to be in the business of changing lives.

Don Houston offered a different perspective saying that 53 schools offer a comparable program. Hopkinton's rate is 21.15. The closest is Claremont at 12 cents less; Haverhill is next, with 619 students, at 18.20. Mr. Houston said "to get us even with them, we would have to take \$1.8 million out of our budget".

Superintendent Chamberlin said the marching orders he's been given by the School Board for 17 years is "excellence". Don Houston said "we compare ourselves to Bow that is much larger and everything is perfect there but we'd have to drop \$2.8 million to get to their tax rate". Mr. Houston said that Hopkinton does not have the tax base to support the schools and is living beyond its means and the problem must be solved. Superintendent Chamberlin said that if energy comes in, zero increase could be seen. He said this is the most conservative budget he's ever seen in his 17 years in Hopkinton and "we'll deliver for the kids".

Diana Wieland asked for clarification on how much was to be raised by taxes, \$29,000 or \$195,000. Superintendent Chamberlin said the projected impact of the town's vote is a 32 cent increase. Ken Traum confirmed that there would be no impact on operating expenses in this current year if another \$100,000 was taken from Title X funds.

Don Houston stated that he wants a zero budget to solve the tax problem. He recommended taking 50% from grant funds \$48,774; taking another \$100,000 from Title X funds, leaving a balance of \$87,000 and taking #29 off the tier list for a total of \$196,774.

Richard Houston said all reductions are on teachers and he would prefer reducing from the SAU, tier 2, #1, for \$49,464 instead of #29 which reduces a program. Superintendent Chamberlin said that reduction of teachers is based on enrollment and there is no commensurate reduction in work vis-à-vis regulations.

Deborah Norris said that the town has always prided itself on its education and must asked itself how further cuts might impact the quality of education. She said she sits on the Budget Committee because she cares and has had a child whose life was impacted by the education provided in Hopkinton.

Bill Chapin, Jr. asked Michelle Clark the impact of Don Houston's suggestion. Administrator Clark said she was concerned about the Title X funds because it was established to stabilize the tax rate over time and not used up in one year. Going forward there may not be monies to add to the fund. On adequacy, the state will tell the School Board what it's going to get. Don Houston said he had talked with Ron Leclare at the NH Department of Education and learned that the 95% is not mandated. Administrator Clark agreed that it is not mandated and stressed the need to ensure that voters get accurate information regarding the potential increase in tax rate.

Richard Houston said that adequacy doesn't concern him but he would like to save \$110,000 by not filling the eliminated Principal position. Mr. Chapin said one administrator running two buildings, having 60 direct report teachers, and dealing with various issues is not advised. Richard Houston suggested that managing could be done remotely.

Ken Traum agreed with Superintendent Chamberlin that energy savings may be significant, and he agrees with Arnold Coda on not funding the football program. Don Houston said the town would be reliving history if "we pay for football", and talked about similar actions leading up to full funding of the lacrosse program.

Chairwoman Krzyzaniak said she was opposed to funding the football program when it was initially proposed. She feels strongly that the School Board budget needs to be cut further because "we cannot afford a Cadillac budget on a Chevy income". Senior citizens cannot afford taxes and young people cannot afford to move into town. She said she came to Hopkinton when she was six years old, that she and her husband paid for their children's education and she appreciates the education they received but "we must reduce sports if we don't want to touch education". Mr. Chapin pointed out that Ski Jumping has been cut.

Amy Bogart thought a number of small cuts could be made without impacting the quality of education. Ginny Haines ask that the School Board bring in a zero budget. Bill Chapin said that school administration and the School Board have worked hard on this and have presented a bare bones budget and that further cuts will impact the education that Hopkinton children receive. Mr. Chapin reminded Committee members that they represent families as well as retirees in the community. Chairwoman Krzyzaniak said that everyone on the committee has always been supportive of the school community and these budget decisions are difficult for everyone.

Richard Houston moved, second by Richard Horner, to recommend further reductions in the School Board budget as follows: \$49,464 from tier 2, #1 SAU personnel; \$100,000 from Title X; and 50% of grant funds, \$48,774. **[Note: this motion was withdrawn and later amended.]**

Deborah Norris said she was concerned about taking funds from the Title X account because it could result in spikes to the tax rate. Don Houston said that next year will be a whole new ball game and the problem must be solved this year. Mr. Chapin doesn't foresee being able to recoup those dollars and disagrees with Mr. Houston's rationale.

Ken Traum asked how savings from energy might be recognized and he would like to include cutting the football program. Richard Houston does not feel it is the Budget Committee's role to decide what sport kids play.

Richard Houston moved, second by Richard Horner, to amend their motion to recommend further reductions in the School Board budget as follows: \$49,464 from tier 2, #1 SAU personnel; \$100,000 from Title X; and 50% of grant funds, \$48,774, and that any savings garnered from any source shall be returned to the Title X account. The motion passed, 9-1 (Bill Chapin, Jr. opposed)

Ken Traum moved, second by Diana Wieland, to NOT fund the football program at \$7,000, The motion passed, 6-4 (Amy Bogart, Deborah Norris, Richard Houston, and Bill Chapin, Jr. opposed)

Don Houston moved, second by Ken Traum, to approve Article III, the HESS collective bargaining agreement, as presented. Motion passed unanimously, 10-0.

Richard Horner moved, second by Don Houston, to approve Article VIII, to raise and appropriate \$10,000 to be added to the Vehicles Capital Reserve Fund. Motion passed, 9-1 (Amy Bogart opposed).

Richard Horner moved, second by Don Houston, to approve Article VII, to raise and appropriate \$50,000 to be added to the Maintenance Trust Fund. Motion passed unanimously, 10-0.

Ken Traum, speaking for himself and not the Select Board, indicated that the Select Board had not yet taken a position on a Bond Article proposed by Don Houston. The idea calls for getting a 10-year \$2.2 million bond to start addressing the \$4 million worth of public works. The Road Committee met and fully supports the proposal. Town Administrator, Neil Cass, supports it, and the Select Board expects to take a position on the matter at its next Board meeting. A 4% interest rate would amount to

\$484,000 of interest to be paid over the life of the loan. Prior to this proposal being presented, the Select Board had approved including a separate warrant article for \$600,000 to begin to address the public works to be done. If passed, a \$600,000 warrant article would increase the tax rate by more than 10%. Bonding would provide economies of scale that could be gained in engineering costs, asphalt prices, avoiding future inflation and less deterioration over the years. Payments would begin in 2017 and break down as \$220,000 principal, \$88,000 in interest for a payment of \$309,000. Don Houston distributed a list of projected costs reflecting a \$0.19 increase in the tax rate.

Dan Blanchette, Director of Public Works, said he was very much in favor of seeking a bond and discussed the work needing to be done and how it might be prioritized. He said that the focus will be on higher travelled roads. Mr. Blanchette stated that state bridge aid would not be available until 2024 and work on Stickney Hill, for example, has to be done soon since it is red listed. He said there are four crossings on Briar Hill needing attention and named a number of other locations requiring work.

Ginny Haines asked about the process and who decides whether to move forward and asked that downtown sidewalks be kept up. Ken Traum said that the Select Board decides and that Penacook Road is the #1 priority. Also, Kearsarge is in this year's operating budget.

Richard Horner moved, second by Richard Houston, to move the proposal to the Select Board for consideration. Motion passed unanimously, 10-0.

Presentation of CVP Budget: Don Houston said that the CVP operating budget is up \$17,200 from last year mainly to cover expenses of a legal suit. A special warrant of \$250,000 will be offered. Bottom line is \$17,225 to be raised by taxes which amounts to a 13 cent, or 6.5% increase. In response to Ken Traum, Mr. Houston said there would be no water usage rate increase. The work being done by Linda Kimball's place will allow for 300,000 gallons more available during heavy draw periods and keep water pressure up during periods of extra drawdown. It also allows during periods of breakage to shut down the Fire Station side of town while still supplying the other side of town and vice versa. It will keep hydrant pressure up during high demand and reduce water restrictions. The \$250,000 warrant is to fund a CIP reserve to cover major unanticipated repairs and to build a fund for the future upgrade of the tank/treatment facility on Bound Tree Road.

Richard Houston moved, second by Ken Traum, to accept the CVP budget as presented. Motion passed unanimously, 10-0.

5. Next Meeting: Wednesday, January 27, 2016

6. Other Business

In response to Arnold Coda, Ken Traum said the tax rate increase on the \$600,000 warrant article would be more than 10 percent. Bonding \$2.2 million would increase the budget by \$113,221 and increase the tax rate by 2.69%.

Amy Bogart asked why the Committee is content with a 19 cent increase given the hard line on the School Board. Richard Horner said for too long monies were taken from roads and went to the schools. Don Houston said that during the 5-year period 2009-2014, \$500,000, on average, was added to the school budget while the highway budget was continuously reduced to control the tax rate.

Ginny Haines stated that what she has seen is that there are always special projects like the Fire Station. Having just beaten on the schools, she urged a little caution in moving forward. Bill Chapin, Jr. pointed out that 75% of residents voted in favor of the fire station bond two years ago, and perhaps the committee underestimates the town's willingness to spend. Chairwoman Krzyzaniak stated that there was a need for a new Fire Station but not necessarily the Taj Mahal of fire stations.

Bill Chapin, Jr. moved, second by Amy Bogart, to accept the town's operating budget of \$6,416,591 as presented. Motion passed unanimously, 10-0.

Richard Horner moved, second by Richard Houston, to accept all Warrant Articles as follows and totaling \$361,500: Police/Fire Radio Replacement CRF \$2,000; Highway Vehicles Replacement CRF \$165,000; Police Vehicles Replacement CRF \$30,000; Town Hall Renovations CRF \$20,000; Transfer Station Equipment/Fac. CRF \$35,000; Library Building System CRF \$10,000; Ambulance CRF \$70,000; Dam Maintenance CRF \$10,000; Sewer Equipment/Sludge Removal CRF \$12,000; Library Technology Trust Fund \$5,000; Library Buildings & Grounds Trust Fund \$5,000; Town Facilities Maintenance Trust Fund \$15,000; Recreation Facilities Trust Fund \$7,500. Motion passed unanimously, 10-0.

Richard Horner moved, second by Amy Bogart, to NOT approve new track costing \$3,246,000. Motion passed unanimously, 10-0.

Richard Houston noted that Caterpillar will be closing its Hopkinton location and moving to Londonderry on February 12th and closing a second location in Warner on February 22nd.

7. Motion to Adjourn

Don Houston moved, second by Diane Wieland, to adjourn the meeting at 9:25 p.m.
The motion passed unanimously, 10-0.

Respectfully submitted,

Suzanne Beauchesne