

TOWN OF HOPKINTON
Budget Committee Meeting
Wednesday, January 29, 2020
Approved

BUDGET COMMITTEE MEMBERS IN ATTENDANCE

Janet Krzyzaniak, Don Houston, Ken Traum, Ginni Haines, Debbie Norris, Bill Chapin, Mark Zankel, Jonathan Cohen, Thomas Lipoma, and Rich Houston.

PUBLIC PRESENT

Steve Chamberlin, Superintendent of Schools; Anna Wells, Jean Brogan, Judi Case, Ralph Case, Rita Blanchard, and Cheryl Morse.

CALL TO ORDER

Janet Krzyzaniak called the Budget Committee Meeting to order at 5:30 pm, at the Hopkinton Town Hall. Rich Houston led the Pledge of Allegiance.

APPROVAL OF JANUARY 22, 2020, DRAFT MINUTES

Ken Traum motioned to approve the January 22, 2020, Meeting Minutes. Debbie Norris seconded the motion. Janet Krzyzaniak asked for any corrections or discussion. Additional audio transcribed information was added to the first draft of the minutes to include more detailed information.

A vote was taken to approve the January 22, 2020, minutes with the additional information.

The vote passed 10-0.

PRESENTATION, DISCUSSION, AND VOTES OF THE BUDGETS BY THE BUDGET COMMITTEE

HOPKINTON VILLAGE PRECINCT

Tom Lipoma explained that the Hopkinton Village Precinct total appropriations are \$108,277. The amount to be raised by taxes is \$17,791. Don Houston motioned to approve \$17,791 to be raised by taxation for the Hopkinton Village Precinct. Ken Traum seconded the motion. Janet Krzyzaniak asked for any questions or discussion.

A vote was taken to approve \$17,791 to be raised by taxation for the Hopkinton Village Precinct.

The vote passed 10-0.

CONTOOCCOOK VILLAGE PRECINCT

Don Houston explained that the only new information he has to share is that they have interviewed for filling the superintendent's job for both the Water and for Sewer. They have made an offer. It has not been finalized yet. Mr. Houston explained that the Budget numbers for the Contoocook Village Precinct are the same as he presented a few weeks ago. The Budget numbers presented may be reduced sometime between now and the Annual Town Meeting in March. Mr. Houston explained that the Contoocook Village Precinct total appropriations are \$513,860. The taxes to be raised is \$304,810. Mark Zankel motioned to approve \$304,810 to be raised by taxation for the Contoocook Village Precinct. Jonathan Cohen seconded the motion. Janet Krzyzaniak asked for any questions or discussion.

A vote was taken to approve \$304,810 to be raised by taxation for the Contoocook Village Precinct.

The vote passed 10-0.

PRESENTATION, DISCUSSION, AND VOTES OF THE BUDGETS BY THE BUDGET COMMITTEE, cont.
TOWN

Ken Traum explained that the numbers for the Town Budget were submitted several months ago and the Budget Committee has been updated on the change in how they were looking to fund the Road and Culvert issues, which means ensuring a Road Bond for \$2.2M and another \$100,000 added to the Capital Reserve Funds for Road and Culvert work. The total to be raised by taxes for the Hopkinton Town Budget is \$5,243,045, which equates to a \$6.75 tax impact, or a \$0.49/\$1,000 increase over the last approved rate, or 7.87% increase. He explained that these numbers do not include the Road Bond that would take effect next year. Mr. Traum explained that if the 10-year Road Bond is approved, the payment would \$200,00-\$250,000/year, depending on the interest rate. Mr. Traum described the Revenues and Expenses of the Select Board for the 2020 Tax Rate. These details can be found on the Town Web Site at www.hopkinton-nh.gov. Ken Traum motioned to approve \$5,243,045 to be raised by taxation for the Hopkinton Town Budget. Don Houston seconded the motion. Janet Krzyzaniak asked for any questions or discussion.

Ken Traum explained that the biggest drivers to the budget were the addition of over \$300,000 into the Capital Reserve Funds this year, in addition to the 3% merit increases and insurance costs.

A vote was taken to approve \$5,243,045 to be raised by taxation for the Hopkinton Town Budget. The vote passed 10-0.

Ken Traum motioned to approve the 10-year Road & Culvert Bond for \$2.2M, interest to be determined. Jonathan Cohen seconded the motion. Janet Krzyzaniak asked for any questions or discussion. The question was asked if there were any additional bonds coming to cover the additional road work that needs to be done. Ken Traum explained that the Select Board is trying to be aware of what the taxpayers can afford. Mr. Traum was asked why not increase the CIP by \$600,000 to cover the annual road work that Dan Blanchette's group can do. He explained that that would mean over a 10% increase on the tax rate, and that is just not affordable. Mr. Traum was asked how many seasons of work will the \$2.2M Bond provide the highway crew with. Mr. Traum explained that this would take care of the culverts that should be done now and within the next year, and most of this would be contracted out.

A vote taken to approve the 10-year Road & Culvert Bond for \$2.2M, interest to be determined. The vote passed 10-0.

SCHOOL

Bill Chapin presented the School Board Articles individually for approval.

Bill Chapin made a motion to approve Article II – to raise and appropriate \$21,416,331 for the support of schools, the payment of salaries for the school district officials and agents, and for the payment of the statutory obligations of the district, or to take any other action in relation thereto. Rich Houston seconded the motion. Janet Krzyzaniak asked for any questions or discussion.

Ginni Haines asked - With the one-time payment received from the State, what factored into the decision to put that as an offset to the Operating Budget instead of targeting that to a one-time project or maintenance (sprinklers)?

Mr. Chapin explained that the one-time payment was not to offset maintenance, it was to offset education. It was received from the State to assist with public education. It was revenue that was

PRESENTATION, DISCUSSION, AND VOTES OF THE BUDGETS BY THE BUDGET COMMITTEE

SCHOOL, continued

needed, and it was put into the Operating Budget. They are not anticipating any State funding next year.

Don Houston read a prepared statement. "Once again, we find ourselves facing a dilemma. What is a meaningful tax rate that we can recommend? The budgets for both the Town and the School are going up and exceed our suggested 4% increase. Last year, we had a need to pass a large School Bond and we got that done. This year we need significant funds for roads, culverts, and bridges. That's a lot of work in front of us that we haven't funded. The proposed budgets will add \$2.11/\$1,000 to our tax rate this year and the following year an estimated \$3.14/\$1,000. Together these amount to \$5.25/\$1,000, an 18% increase in the two years ahead. In my opinion, this is not manageable or sustainable. Each year, we struggle to separate wants and needs within the School Budget. To me there is nothing I would not want. I have three grandchildren in the school system, and I like the great quality of education they are receiving. My concern is that paying for these costs is beyond our ability at this time, for this town. We are in a unique bind. Our property tax value per student is \$740,000; well below the State Average of \$1.2M. There are only two sides of this equation, mainly revenues and expenses. Since we have little to no solution to the revenue, we must adjust our expenses. As painful as it will be, I believe that we must further reduce the increase to the School Budget. This will undoubtedly require changes within our current programs. I have complete confidence that the School Board and Steve and his team can handle that challenge. I am going to rely on my understanding of what happened at UNH as an example of how that may happen. Back in 2012, UNH was faced with a monumental budget situation. \$31M was cut from their budget. One of the suggestions was to remove 200 positions, 7% of their workforce. Instead they did a number of other things. I'm just showing this as an example of what maybe Steve and the group have got to go through to rearrange to satisfy what I'm suggesting. They instituted a hiring freeze, cut benefits to the staff, offered retirement incentive plans, and increased tuition. The UNH leadership stated, 'we need to be smarter about what we do, consolidate operations, and not do the things that are no longer relevant'. It would mean, in our situation, changing what we do. That's going to be tough."

"I'm recommending reducing the amount proposed to the budget by 2.7%, that's \$423,000 additional reductions to the \$300,000 already done. This is slightly less than 2.0% of the total budget of \$22M. This reduction still provides for a 6.0% increase over last years tax dollars to be raised, that's \$862,000 of new money. This \$862,000 covers the new partial bond payment of \$219,000, the Teachers Contract of \$307,669, and the Teamsters Contract of \$12,437. That's a total of \$539,106. That leaves \$323,000 left for other things they need to do."

Mr. Houston referred to his Estimated Budget Forecasts dated 1/22/20 that shows that with the 6.0% increase over last year in the School Budget, that changes the amount of the tax rate by \$0.55/\$1,000. He explained that this would get the budget down into a more manageable tax rate, and it would help the following year not to have a really large increase of \$5.25/\$1,000 or 18% increase. Mr. Houston stated, "Every year we postpone the addressing of this inevitable situation. We don't have enough money in this town. If all the money is used for the schools, we won't have enough to address the roads. The little pot of money that we do have needs to be shared."

Tom Lipoma asked if the bond should be considered as its own separate issue, because the voters agreed to that increase for the bond last year.

PRESENTATION, DISCUSSION, AND VOTES OF THE BUDGETS BY THE BUDGET COMMITTEE

SCHOOL, continued

Bill Chapin explained that the bond isn't coming at the expense of an operating offset. He doesn't think that anybody voted on the bond thinking it was coming out of the operating offset.

Don Houston explained that the total amount being asked for is \$15,663M, an increase of almost 9.0% over last year. He is concerned that two-years ago \$550,000 of no bond payment was just absorbed into the normal operations of the School Operating Budget and that it's being done again with the \$640,000 that the State's given us on a one-time basis.

Bill Chapin asked if the main drivers in this budget are understood. He explained that in our category of schools our cost per student is about average.

Don Houston explained that he isn't suggesting that we're doing anything wrong. It's just the question of what we can afford. He suggests that if we don't address it, no one else is going to address it, until the State starts sending more money.

Mark Zankel explained that he doesn't feel that he can approve the additional reductions that Don Houston is recommending, after hearing the School's presentation. He feels that the budget that the School presented was a difficult but responsible budget. The voters should decide if they don't think that's prudent. Mr. Zankel asked Steve Chamberlin to share what cuts like that would look like.

Steve Chamberlin explained that UNH is not regulated. The public-school system in NH is regulated by Federal Law, by State Law, and by minimum standards. He explained that they are 81% salaries and benefits, a \$423,000 reduction would be equivalent to 4+ teachers. There isn't anything that can be eliminated except for staff.

Jonathan Cohen stated he supports the budget with the \$300,000 reductions that have already taken place. The concern that he has is that if 4+ teachers were cut, what effect would that have? Our schools give the students an opportunity to receive a quality, far better than average, education, which allows them to do a lot with their lives. He wouldn't want to see a situation where folks who have means can send their kids to other schools, have private tutors, and do private club sports.

Debbie Norris suggested that it would be important to create a visual. If we were to cut 4+ staff, when we have these constrictions that we must follow, how would that occur? Mrs. Norris asked Mr. Chamberlin, If you are cutting personnel, but you still need to fall within these other guidelines, what exactly would the school community be looking at, where would that occur?

Bill Chapin explained that a lot of the choice classes would go away at the high school and class sizes would increase.

Steve Chamberlin explained that Harold Martin class sizes are regulated by minimum standards so the cuts would be literacy, or .5 numeracy teacher, not support; Maple Street has similar minimum standards, so cuts would be .5 support position; HMHS would have a reduction of foreign languages and English, math, and social study class sizes would be larger – 27 students/class versus 18, except for those classes mandated by State regulations. He explained that the School Board did ask him to do an exercise, which is posted on the School District web site www.hopkintonschools.org, that

PRESENTATION, DISCUSSION, AND VOTES OF THE BUDGETS BY THE BUDGET COMMITTEE

SCHOOL, continued

shows what it would look like if they eliminated one teacher at Harold Martin, one teacher at Maple Street, one teacher at the Middle School, one teacher at the High School, and one Special Ed teacher and how it would be done with the minimum standards.

Ken Traum explained that from the Town's side, he shares the concern about affordability. As far as the School is concerned, he doesn't see where realistic cuts can be made to the budget, as Mr. Houston is proposing, without impacting education.

Debbie Norris said that as Steve Chamberlin was explaining, the effects would trickle up because we have guidelines we have to follow more so with the younger. By the time they are getting almost to where they are going to be embarking to go to college, resources are withdrawn or there are larger classes – how are the students going to cope; especially with larger math class sizes. What if they can't afford a tutor? Public education equals equal education.

Janet Krzyzaniak explained that she can't vote to approve budget as presented. She explained that she's had a lot of people contact her about how much their taxes went up this year and it looks like they're going to keep climbing and climbing. She explained that there must be other ways to provide some of the education, such as on-line classes. She is hoping that if we can't stop this huge increase, constantly, every year, there are a lot of people in our town who aren't going to make it.

Don Houston is concerned that there is a certain segment in town that is not insignificant that just cannot afford the tax rate we have. We have many public employees, fire department, police department, and highway department that work in the town but can't afford to live in this town. He explained that he's even heard, secondhand, that there are teachers saying they would love to live in Hopkinton, but we are spending too much money and our tax rate is too high, I can't afford to live in Hopkinton. He is concerned that the working class that makes less than \$120,000/year is a struggle with our taxes. At some point, that needs to be addressed or the whole chemistry of our town is going to change. We are going to lose the elderly who are on fixed incomes, we are going to limit the young people who move here, the kids that we give this great education to are going to have a hard time moving back into Hopkinton. We can't continue to have multiple years, back-to-back of more than \$1M increase in the School Budget, and we are going to have more money required from the Town side. How do we keep escalating this each year?

Bill Chapin explained that there are just as many people in town, who come to this town, for an above average public education. There is a segment of them in town too, just as there are those who can't seem to afford the taxes here. He knows it's a balancing act. He has trust in Steve Chamberlin and Michelle Clark, that they are using every dollar that they get to the best of their ability to have an above education in this public-school system at an average cost. He explained that if we begin to lose the public-school system, then the property values will decline. He sees it as our obligation to be able to support an adequate public-school system.

Don Houston stated that he doesn't feel that a 4% cut in 100 teachers, or 4 positions, if that's where the cut was decided to be, would make a difference in the overall education provided. He feels this is a scare tactic. Mr. Houston feels that Hopkinton will become elite, well-incomed people, and we are going to lose support for our working-class people.

PRESENTATION, DISCUSSION, AND VOTES OF THE BUDGETS BY THE BUDGET COMMITTEE
SCHOOL, continued

Mr. Chapin suggested going in to see some of these teachers sometime, see some of them in practice, and see what they have to deal with.

PUBLIC COMMENT - Article II only

Jean Brogan, Meadows Drive – There are a lot of people struggling right now in the Meadows. We keep getting rental property increases every month and some people's taxes tripled. You've gotten a lot of abatements, but a lot of seniors are getting pushed out. Kids that graduate here and go on are not going to be able to afford to come back. She explained that she had some unique situations last year, some road bumps, but she can't afford to be in this town much longer and she likes it here. Her children are disappointed, but she's already told them they have to move. She was hoping to stay and be able to buy a home, but she can't pay these taxes. She has two seniors in high school. She asked if the teachers pay for their healthcare.

Steve Chamberlin explained that in the current contract they do not, but with the new contract they would pay 3% of the premium for the first year, 5% the second year, and 7% for the third year. They also have a \$3,000 deductible, with the school paying the first \$1,500. If they do not use the first \$1,500 it goes back to the school the year after.

Cheryl Morse, Park Avenue – Being that this is the first year that the taxpayers are going to be hit for the full principal payment on the bond, does someone have the figure on what that amount per thousand will be?

Mr. Chapin and Mr. Chamberlin explained that \$219,000 is the first half of a payment. The full principal amount of \$880,000 begins year in two (2021).

Cheryl Morse – What is the current enrollment for this year? Was there an increase in numbers?

Mr. Chamberlin explained that the current number is 990, which is an increase of 34 students from last year. The anticipated number for next year is 1,024.

Cheryl Morse – This is the best time to ask the entire school program, what is the best we can do to ease this on the taxpayers? You want people to continue to support the schools, you want them to be knowing that its expensive and they know they are getting their money's worth, but when you see 5% or 6% increases every year you have to question if it's being done wisely.

Rita Blanchard, Barton Corner – How many students at each school are here on tuition? How much does the tuition cost? Does that go into the general fund? How many students are attending who have parents that have bought property but have not moved here?

There are less than 10 students district wide, most of them are at the high school. Tuition is \$15,000/student. Mr. Chamberlin explained that they have a special program for teachers that reduces that tuition depending on the years they've been teaching here. Mr. Chamberlin explained that residency must be proven with multiple pieces of information (license, utility bills, rental agreement, etc.). If there are two divorced parents, the child could live in another town with one of the parents but attend Hopkinton Schools if it's in the parenting plan.

PRESENTATION, DISCUSSION, AND VOTES OF THE BUDGETS BY THE BUDGET COMMITTEE

SCHOOL, continued

PUBLIC COMMENT - Article II only

Rita Blanchard – How many AP courses do we have right now? How many students, on average, are there in those classes?

Mr. Chamberlin responded that there are 7ish. Mr. Chamberlin did not know the class size but explained that the minimum number to run a class is 12. With the drop/add and needing to have contracts by April 15; once we tell a teacher they are going to work full time by April 15, they have to work full-time. The student schedules don't become committed until the second week in September. He explained that there is only one class under 12 this year.

Ralph Case, Briar Hill – Regarding the schools, he's heard three different statements about what our goal is: adequate education, above average education, and better than average with an average cost. What is the goal for our schools? What are we aiming for? What are our measurements of how we are doing those goals?

Mr. Chapin explained that there are standards and every year they try to perform at a higher than average standard regarding the education they provide, and they try to do that at an average cost. He explained that they are looking for the students to succeed in life, they are looking for safe schools, and they talk about care and the caring proposition that makes Hopkinton unique with regards to other districts. The School Board gets together every year, at the end of summer, to discuss priorities going forward in terms of where we would like to have the district be and we try to execute those things as best we can.

Ralph Case – What about the discussion about potentially cutting teaching positions, which would increase the student/teacher ratio?

Mr. Chapin explained that if you get class sizes that are too small, they can be detrimental. They do try to get into an area where they have 18-24, but they can't exceed State standards.

Mr. Chamberlin explained that they have four Board goals: they assure student learning, best practice in all areas, raise the bar/close the gap, and ensure high school competency. When a student graduates from Hopkin High School, we want to be sure they have the competency, skills, and knowledge to either get into a post-secondary, get into a specialized area, or join the military. They track performance on State testing, AP testing, SAT testing, college acceptance, and post high school.

Ralph Case – Do any of those goals have an element of cost effectiveness?

Mr. Chamberlin explained that they are impacted by the cost. Legally they should have best practice. We believe every student in our schools should be challenged. We believe we should have a 4th or 5th level of language because we start foreign language in the 8th grade. We don't like how much we are going to spend per student is accomplished by this goal, but we do track performance.

Mark Zankel encouraged everyone to look at the memo from Steve Chamberlin, dated December 12, 2019, that shows the comparison of our class sizes to the class sizes in other districts. This is available on the School District web site.

PRESENTATION, DISCUSSION, AND VOTES OF THE BUDGETS BY THE BUDGET COMMITTEE

SCHOOL, continued

PUBLIC COMMENT - Article II only

Judi Case, Briar Hill – We moved here a year ago December. We knew what we were getting into with the tax base here, we didn't consider the fact that there would be a revaluation that bumped our taxes up tremendously. I am retired, my husband is not. This fall we had my daughter and her three of her four sons move in with us, because of a family situation. While I can sit here and represent a retiree on a pension and the worries that I have with my taxes raising as fast as they are, I also now have children in the school system. One of my grandsons is special needs. I can say, even though I didn't raise children here, and my children did not go through the school system, currently, I do have a grandchild in each school.

I think that we do have to ask the tough questions. I appreciate Don (Houston's) heartfelt statement, you are representing an incredibly growing portion of this town. I hear that there are no wants in the budget. On the one hand I can understand that because my grandson is going to get some special assistance in the classroom when he needs it.

Have we considered other alternatives? The emotional impact of cutting 4 teachers, what's that going to look like? What if we set the emotions aside and we say what are some of the other creative alternatives we can do? If we do reduce teachers, understanding that we want to keep the level high and we want the haves and have nots to have everything. We come from a place where community involvement steps in, there are so many alternatives, that we could and should be looking at, such as: volunteers with training in the classroom, library assistants, volunteers that can have some training and fill a slot. What about portables? Do we have to build a big addition onto a school, especially when we see that our growth in enrollment is slow? Can we start looking at things through a different lens? Getting parent involvement, training for teacher's assistants to tutor, getting students to tutor students, partnering with companies, on-line classes, or an open campus for juniors and seniors. I don't want my taxes to keep skyrocketing.

I'm concerned now that I have four more mouths to feed on a retired person's budget and my taxes have already gone up. It's unconscionable how much they are going to go up in the next three years. At some point, we have to say everybody's to take a cut, not just the School Budget, but the Town Budget too. I was not familiar with the modeling where you can defer and defer and defer expenses. When we have a bond that says, oh my gosh now we have deferred so much we have six culverts and millions of dollars to get this work done, then we have to rethink what's happening. What are we doing under our current maintenance?

I can tell you from people and reading the social media, and the threads that are going around, people are starting to form Community Action Groups. There are a lot of people in the community who are not happy. Give us all the data. When you start putting all this together, the School Budget is not just "X"; it's that, plus the bonds, plus the warrant articles. The Town Budget is a little more straightforward once you pull all the facts together. It all needs to be comprehensive. There is going to be very emotionally challenging conversation. I just think that if you can do some more reductions and let people know what you're thinking. I am asking and other people are asking, and they do not approve this budget. Rethink how you are approaching putting the budgets together. Let's get some forums that go throughout the year to inform taxpayers how the budgets are being put together. We, in the community, want to hear and give feedback; we want to be engaged.

PRESENTATION, DISCUSSION, AND VOTES OF THE BUDGETS BY THE BUDGET COMMITTEE
SCHOOL, continued

Mrs. Krzyzaniak closed public comment on Article II.

A vote was taken to approve Article II - to raise and appropriate \$21,416,331 for the support of schools, the payment of salaries for the school district officials and agents, and for the payment of the statutory obligations of the district, or to take any other action in relation thereto.
The vote passed with 7 in favor-3 not in favor.

Bill Chapin made a motion to approve Article III - the cost of items included in the collective bargaining agreement reached between the Hopkinton School Board and the Hopkinton Educational Association (HEA), which calls for the following changes in salaries and benefits at the current staffing level:

Fiscal Year	Estimated Increase
2020-2021	\$307,669
2021-2022	\$315,149
2022-2023	\$309,000

And to further raise and appropriate the sum of \$307,699 for the upcoming fiscal year, such sum representing the costs attributable to the increase in salaries and benefits required by the new agreement over those that would be paid at current staffing levels. Jonathan Cohen seconded the motion. Janet Krzyzaniak asked for any questions or discussion.

A vote was taken to approve Article III - the cost of items included in the collective bargaining agreement reached between the Hopkinton School Board and the Hopkinton Educational Association (HEA), which calls for the following changes in salaries and benefits at the current staffing level:

Fiscal Year	Estimated Increase
2020-2021	\$307,669
2021-2022	\$315,149
2022-2023	\$309,000

And to further raise and appropriate the sum of \$307,699 for the upcoming fiscal year, such sum representing the costs attributable to the increase in salaries and benefits required by the new agreement over those that would be paid at current staffing levels. Jonathan Cohen seconded the motion.

The vote passed 10-0.

Bill Chapin made a motion to approve Article V – the cost items included in the collective bargaining agreement reached between the Hopkinton School Board and the Teamsters Local No. 633 of NH which calls for the following changes in salaries and benefits at the current staffing level:

Fiscal Year	Estimated Increase
2020-2021	\$12,437
2021-2022	\$10,751
2022-2023	\$13,896
2023-2024	\$ 9,175
2024-2025	\$12,192

**PRESENTATION, DISCUSSION, AND VOTES OF THE BUDGETS BY THE BUDGET COMMITTEE
SCHOOL, continued**

And to further raise and appropriate the sum of \$12,437 for the upcoming fiscal year, such sum representing the costs attributable to the decrease in salaries and benefits required by the new agreement over those that would be paid at the current staffing levels. Mark Zankel seconded the motion. Janet Krzyzaniak asked for any questions or discussion.

A vote was taken approve Article V – the cost items included in the collective bargaining agreement reached between the Hopkinton School Board and the Teamsters Local No. 633 of NH which calls for the following changes in salaries and benefits at the current staffing level:

Fiscal Year	Estimated Increase
2020-2021	\$12,437
2021-2022	\$10,751
2022-2023	\$13,896
2023-2024	\$ 9,175
2024-2025	\$12,192

And to further raise and appropriate the sum of \$12,437 for the upcoming fiscal year, such sum representing the costs attributable to the decrease in salaries and benefits required by the new agreement over those that would be paid at the current staffing levels.

The vote passed 10-0.

Bill Chapin made a motion to approve Article VII – to raise and appropriate the sum of \$150,000 for the purpose of a General Contingency Fund to meet the cost of unanticipated expenses that may arise during the year and to expend such funds or to take any other action in relation thereto. Jonathan Cohen seconded the motion. Janet Krzyzaniak asked for any questions or discussion.

Rich Houston is concerned that the Contingency Funds add close to two FTE's, if we want to talk about some reductions, and we have listened to some of the people that said that we've reached a hard ceiling on creating a growing budget – the Contingency Fund adds to future hires. One way we could soften the blow of the tax increases is essentially a hiring freeze, this could be done here with the Contingency Fund. This could make the School Board make the decision – do we want to keep teachers in the class, do we want to hire this 2nd grade teacher, or do we want to cut a sport? He and nobody wants to take a teacher out of the classroom. He suggested reducing this Contingency Fund by \$100,000. He thinks there are other options available other than pulling a math teacher out of the 6th grade.

There was discussion regarding the Budget Committee's ability to change the amount in the Warrant Article and the need to have money in a Contingency Fund for the unknown expenses. **Mark Zankel asked for clarification on whether or not the Budget Committee can change the amount in the Warrant Article be made available before the upcoming Public Hearing.**

Bill Chapin explained that they can't have a hiring freeze. If they have enough students to increase a class, they need to hire a teacher for that class. He explained that Steve has to ask the School Board for approval before spending money in this fund. Mr. Chapin also explained that they have three areas of concern – 1) 5th grade advancing to 6th grade and having the science and social studies be merged into one, they are going from four sections into three, 2) 2nd grade going into 3rd, same class size but because it's an older group we can get away with having three sections instead of four, but if we have two or three more students we will be in a situation where we have to go back to a fourth,

PRESENTATION, DISCUSSION, AND VOTES OF THE BUDGETS BY THE BUDGET COMMITTEE

SCHOOL, continued

3) kindergarten, with 80-85 students projected. He explained that Steve Chamberlin has to ask the School Board for approval before spending money in this fund

A vote was taken to approve Article VII – to raise and appropriate the sum of \$150,000 for the purpose of a General Contingency Fund to meet the cost of unanticipated expenses that may arise during the year and to expend such funds or to take any other action in relation thereto.

The vote passed 10-0.

Bill Chapin made a motion to approve Article VIII – to raise and appropriate \$142,500 to be added to the School District Building Repair and Maintenance Trust Fund, established March 6, 1993, and renamed at the March 9, 2019, School District meeting. Jonathan Cohen seconded the motion. Janet Krzyzaniak asked for any questions or discussion.

Bill Chapin explained that this amount is because of the concern about the AC units in the gym at the high school, in case they need maintenance. Mr. Chamberlin will need approval to use these funds at a public School Board meeting.

A vote was taken to approve Article VIII – to raise and appropriate \$142,500 to be added to the School District Building Repair and Maintenance Trust Fund, established March 6, 1993, and renamed at the March 9, 2019, School District meeting.

The vote passed 10-0.

Bill Chapin made a motion to approve Article IX – to raise and appropriate \$40,000 to be added to the Special Education Expendable Trust Fund, established March 19, 2005, and renamed at the March 10, 2018, School District Meeting. Mark Zankel seconded the motion. Janet Krzyzaniak asked for any questions or discussion.

A vote was taken to approve Article IX – to raise and appropriate \$40,000 to be added to the Special Education Expendable Trust Fund, established March 19, 2005, and renamed at the March 10, 2018, School District Meeting.

The vote passed 10-0.

Bill Chapin made a motion to approve Article X – to raise and appropriate \$15,000 to be added to the Replacing School District Vehicles Capital Reserve Fund, established March 6, 2010. Jonathan Cohen seconded the motion. Janet Krzyzaniak asked for any questions or discussion.

A vote was taken to approve Article X – to raise and appropriate \$15,000 to be added to the Replacing School District Vehicles Capital Reserve Fund, established March 6, 2010. Jonathan Cohen seconded the motion.

The vote passed 10-0.

PUBLIC COMMENT

Anna Wells, Hatfield Road – An overall comment about dollars and cents in town, in that the presentations on the budgets are talking mostly about the expenditures and not the revenues. We do have a robust Economic Development Committee who is using a lot of tools available to them to try to diversify the tax base in town. She encourages those interested in looking at that side of the equation to get involved in that side of things. This is where the creative juices flow. Look at the activities they are carrying out. They have a couple of great State programs they are implementing – one is an economic revitalization zone program which helps businesses reduce their business taxes,

PUBLIC COMMENT, continued

at the State level, as they grow their business. It doesn't change the revenue side to the town, it only increases it, as their business grows. There are TIF districts set up in town to encourage businesses to come and to invest in their businesses and the town will then, in turn, take the TIF money and invest it in infrastructure in that area. Those funds are growing year over year with very little activity even happening in those districts. There is money there that is growing and can eventually be spent on helping those businesses flourish and grow and attract new businesses. You will see in the budget that we are asking for \$10,000 for half of a town position for an Economic Development Director.

Anna Wells – Regarding the idea of ongoing, throughout the year, information available. She wanted to say it is. Every meeting, of every committee in town, is open to the public. Agendas and minutes are online. It may be hard to make them, but when else would you get this information? I would encourage people not to drop it after March. Keep coming to meetings, be proactive, and get involved. That's the only way the equation is going to balance. It's not only about reducing expenditures; it's about increasing revenues as well.

Bill Chapin – Want to comment on the Select Board looking into tax abatements. He is 100% in favor of revisiting what our numbers are in that regard.

Ken Traum replied that this is a subset of Don Houston's concerns. The Select Board is looking to increase the abatement levels to low income seniors and the disabled community. They have heard that message and are concerned with some of the parts of the community that have been impacted.

Ginni Haines explained that you don't have to be low income to understand, or maybe you don't understand, what is coming in the next couple of years. It's going to be overwhelming to everybody. People don't understand what's ahead of them. In order to survive, we have to have a diverse community. We are going to have those who don't need help, a middle class, those who need help and those who need everything.

Mr. Traum explained that Anna Wells has done a terrific job in trying to spur economic development to really help on the revenue side. He explained that they have in the budget a part-time Economic Development position, to be paid half out of the TIF District funds and half out of the General Fund. They are also looking to augment other TIF activity and other economic development in town.

ANY OTHER BUSINESS TO COME BEFORE THE BOARD

Don Houston asked for permission to attach the three documents that he handed out, as support material that he presented to the Budget Committee – 1) Estimated Budget Forecast dated 1/22/2020, 2) Hopkinton Budget Committee Discussion Material dated 1/20/2020, and 3) Status of Hopkinton Roads dated 1/20/20. This material is included with the January 22, 2020, minutes. Mark Zankel seconded the request.

A vote was taken to attach the three documents that Don Houston handed out, as support material that he presented to the Budget Committee – 1) Estimated Budget Forecast dated 1/22/2020, 2) Hopkinton Budget Committee Discussion Material dated 1/20/2020, and 3) Status of Hopkinton Roads dated 1/20/20. This material is included with the January 22, 2020, minutes. The vote passed 10-0.

ANY OTHER BUSINESS TO COME BEFORE THE BOARD, continued

Tom Lipoma presented a Potential 10-year Budget draft, that the Budget Committee ask to be included in the minutes, explaining that the numbers in this presentation do account for one-time warrant articles and all the numbers are derived from the total amount of taxes raised every year, through 2018. He explained that this shows what we would be facing in the next 10 years.

- What are the current issues?
 - Schools are at limit of budget cuts
 - Infrastructure (roads) need serious investment
 - Tax rate on median income households becoming unsustainable
- Average Yearly % Change (average breakdown of how much these increase every year)
 - 3.31% - Town Valuation
 - This has wild swings
 - Is consistent with industry reports if not low.
 - 3.14% - Town/School Budget
 - This comes from the amount raised by taxes, not total budget
 - 2.32% - ECI
 - Employment Cost Index
 - Captures increases in things like healthcare
 - 2.11% - Mean Income
 - From 2013-2017
 - 1.49% - CPI
 - Social Security Cost of Living Adjustments trend with this
 - Average increase of state aid: 1.1%, not even tracking with inflation.
- Tax Rate Increase is Deceiving (breakdown of how these numbers impact each other)
 - 3.31% - Town Valuation
 - 3.14% - Town/School Budget
 - Over the long term, if we do nothing, the Tax Rate will stay even if not decrease
 - Property values have large swings
 - 2008-2013
- It's getting more expensive to employ (it costs more to keep steady with the staff that we have)
 - 2.32% - ECI
 - 1.49% - CPI
 - Factors like health insurance are driving up employment cost
 - For budgets like the school, where a vast majority of the cost is salaries, the budget must increase faster than inflation
- Budget changes are outpacing COLA
 - 3.14% - Town/School Budgets
 - 1.80% - COLA
 - Median Income has increased at 0.99%
 - Mean Income has increased at 2.11%
 - Taxes are significantly outpacing Median Income
- Tax Rate vs Effective Tax
 - Tax Rate
 - \$/1,000s property value
 - Total taxes raised could increase every year by 3%-4% and t there would be no change in the tax rate
 - Effective Tax
 - % of income that goes to all taxes (income, property, sales)
 - 9.94% NH state average (18th lowest in the nation)

ANY OTHER BUSINESS TO COME BEFORE THE BOARD

Tom Lipoma's Potential 10-year-Budget draft, continued

- Hopkinton Average
 - 8.86% Mean Income (\$114k/household)
 - 11.7% Median Income (\$85k/household)
- Issue in the Effective Tax
 - If we do nothing and maintain spending increases (3.14%)
 - Tax rate stays flat
 - Effective tax on Median Income raises to 16.3% by 2030
- Issues with Bonds
 - In 2018
 - \$200,000 Municipal tax load increase
 - \$170,000 paid in interest on municipal debt
 - As we increase long term bonds, the amount we are spending on interest will outpace the required budget increases.
 - To maintain tax load, there is no room for capital improvement funds, leading to more bonds in the future.

Mr. Lipoma explained that If we didn't have to pay any interest, we wouldn't have to worry at all about tax increases. We're effectively paying what we are doing in budget increases in interest. We are doubling our budget increases by paying interest on bonds. It creates a cyclical problem - we put more money into the bonds, there is less money to put into Capital Improvement programs, and then we get into a cycle where we lower the budgets, and defer maintenance, and then you need more bonds – over and over again.

- How do we solve this?
 - Stabilize budget growth and allow for long term planning
 - Transfer long term bonds into long term CIP funds
 - Improve the Tax abatement program
- Stabilize Budget Growth
 - Allow for school/town to have long term planning
 - Account for expected long term investments
 - School:
 - Fixed Budget Increase (instead of just saying here's the flat percentage, it would have to be tied to some sort of index)
 - Budget = Last year budget * ECI* (# students/\$1,000) - (state aid)
 - This needs to include special education (16% of budget, minor changes have major impact)
 - Increase/add Capital Improvement Fund by \$X,XXX
 - Town:
 - Fixed Budget Increase (either match inflation or match ECI)
 - Budget = last year budget * CP
 - Increase road budget by \$600K - >1M as bonds expire
- Transfer Long Term Bonds into Budget
 - Convert interest payments into normal budget increases
 - Allow long term future improvement planning
 - School:
 - Increase Capital Improvement fund by \$100K

ANY OTHER BUSINESS TO COME BEFORE THE BOARD

Tom Lipoma's Potential 10-year-Budget draft, continued

- As school bond phases out, move interest savings into capital improvement
 - Town:
 - Increase road budget by \$600K
 - Increase to \$1M by 2024 to pay for larger infrastructure improvements
- Improve Tax Abatement
 - Update to increase minimums for changes in property value and inflation over time
 - Add sliding scale increases so a larger portion of people on fixed incomes can use it
 - Current program
 - 65 years or older
 - \$30K single income, \$40K joint income
 - \$60-\$100K property value abatement (depending on age)
- Effect on Tax Rate (there is a slide in this presentation that shows a model over 30 years, the effective tax percentage and \$/\$1,000 tax with: no action tax rate, no action effective tax, plan tax rate, and plan median effective tax.
- Next Steps
 - Re-work model to be more accurate
 - Get buy-in from the School Board to fix budget
 - Get buy-in from Select Board
 - Determine adequate Road/Deferred Maintenance Budget
 - Improve tax Abatement Program

Rich Houston asked when we start phasing out the interest savings in the School's CIP?

Tom Lipoma explained you would start by remodeling to have exact numbers. You would start by increasing the CIP by about \$100,000 initially and then as the interest payments, with a decreasing interest payment bond, you would move money from the interest into the CIP. He explained that there is a lot more in the budget that is going to make a major impact in 2021 and 2022, and that this is going to be a long-term process.

Bill Chapin explained that on the school side, the problem is that they should have been doing this 20 years ago – then they would have money for an improvement plan and then they could have budgeted accordingly for what they had and what they needed. Now they need this forward money now, it can't be spent \$100,000/year.

Mr. Lipoma explained that with this plan in place, at the end of the school bond, the school could potentially have \$2M in reserve for whatever comes next. This would give the school and town much more flexibility to do with it what they want instead of putting them into bonds or warrant articles and having the taxpayers having to approve spending more tax dollars.

Bill Chapin explained that the problem over the past 20 years, has been the State and their fluctuation on how they fund towns and schools. In the past, the State would approve building aid and then 10-15 years ago the Governor said we are going to go away from building aid, but we may

ANY OTHER BUSINESS TO COME BEFORE THE BOARD, continued

bring it back. That was the worst thing he could have said. He said that in the plan, you always have to assume the worst. If we ever get any changes at the state level, funding needs would change.

Mr. Traum stated this change also affected the towns roads and bridges.

Chair Janet Krzyzaniak asked if anyone would be willing to write the Budget Committee Town Report. Mark Zankel agreed to write the Budget Committee Report for the Town Report.

Mrs. Krzyzaniak explained that because the Budget Committee's budgets are the same as the Budgets presented, it is not necessary to meet before the Public Hearing at 6:00 pm, in the HMHS auditorium, on Wednesday, February 12, 2020.

MOTION TO ADJOURN

Don Houston motioned to adjourn at 8:30 pm. Bill Chapin seconded the motion. There was no further discussion. A vote was taken. All Committee Members approved. The vote passed.

UPCOMING BUDGET COMMITTEE MEETINGS

- Thursday, February 13, 2020, 6:00 pm, HMHS Auditorium
 - Snow day for Public Hearing on all Budgets, if needed
- Friday, February 14, 2020, time TBD
 - Final Budget Committee Deliberations, if needed

UPCOMING TOWN MEETINGS

- Saturday, March 14, 9:00 am, HMHS
 - School District Meeting
- Saturday, March 21, 9:00 am, HMHS
 - Town Meeting

Respectfully submitted,
Tammy Clay