

TOWN OF HOPKINTON BUDGET COMMITTEE
Minutes of the Public Hearing on all the Town Budgets
Town, School, Hopkinton, and Contoocook Village Precincts
Wednesday, February 8, 2017
APPROVED

BUDGET MEMBERS IN ATTENDANCE

Janet Krzyzaniak, Don Houston, Ken Traum, Richard Houston, Deborah Norris, Amy Bogart, Ginni Haines, Mark Zankel, John Wuellenweber, and Bill Chapin, Jr.

WELCOME, INTRODUCTION OF THE PROCESS – Chairperson, Janet Krzyzaniak

The Public Hearing on all the Town Budgets was called to order at 6:30 pm, in the auditorium of the Hopkinton Middle/High School.

Ms. Krzyzaniak welcomed the Select Board; School Board; teachers; Mr. Ayers; Neal Cass, Town Administrator; Steve Chamberlin, Superintendent of Schools; Michelle Clark, Business Administrator; Deb Gallant, Town Finance Director; and members of the community.

Ms. Krzyzaniak explained that the purpose of the Budget Committee was to assist the voters in the prudent appropriation of public funds (RSA 32:1). Throughout the year, the Committee works towards producing its ultimate assignment, which is the budgets presented to the voters at the March Annual Meeting. At Committee Meetings, each month the Town, School, Hopkinton Village Precinct, and Contoocook Village Precinct, present data to the members consisting of the revenues and actual expenditures for the last month and the totals to date. Beginning in December, the four bodies present their proposed budgets, along with details, to the Budget Committee. The Budget Committee reviews all the budgets, analyzes all the budgets as a whole, and balances these requests against a manageable tax load. After thorough deliberation, the Budget Committee recommends each of the budgets to be presented at the Public Hearing tonight. Tonight's Hearing provides the Budget Committee with the opinions of the audience on the different budgets being presented. After deliberation, by the Committee, they will determine the final budgets to be presented at the March Town and School Meetings.

PRESENTATION OF THE TOWN OPERATING BUDGET AND QUESTIONS – Ken Traum

Mr. Traum, Vice Chair of the Select Board and representative of the Select Board for the Budget Committee, welcomed other Select Board Members, Steve Lux and Bob Gerseny, who were also in attendance.

Select Board Goals

- To maintain a level Town Tax Rate for 2017.
- To honor the work done throughout the year by the staff, acknowledging how important the staff is in the running of the town, they do an excellent job.
- To provide seed money to bolster economic development. That's an issue that constantly comes up. What can we do to provide relief, down the road, to property tax payers?

Budget Process to Date

- Department Heads prepared budget requests, keeping in mind the Select Board's Goals.
- Department Heads met with the Town Administrator and Finance Director to review budget requests.
- Department Heads held a "Budget Summit" to present and review all requests and overall impact.
- Department Heads presented their Capital requests to the CIP Committee.
- Select Board met with each Department Head to review requests.
- CIP Committee presented its recommendations to the Select Board.
- Department Heads did an excellent job meeting the established goals, leaving very little work for the Select Board. Thank you to them all for their hard work!
- Select Board discussed requests and made several policy changes that were implemented into the budget:
 - Determined the on-going organizational structure of the Fire Department
 - Changed the employee share of health and dental contribution from 7.5% to 10.0%*They are considering other options. They have until July 1 to see if there are other options that are less expensive.*

Results

- Estimated 2017 amount to be raised by taxes equals \$4,355,400, which is equal to the 2016 amount.
- Estimated 2017 town portion of the tax rate equals \$7.09/thousand, which is equal to the 2016 amount.

Numbers - Revenue

- Estimated Revenue of \$3,026,605
 - Increase of \$64,699 – 2.18%*Increases in Motor Vehicle Fees and Ambulance Revenue account for most of this increase.*

Operating Budget

Total Operating Budget of \$6,990,096

- Increase of \$573,505 – 8.94%

Major Drivers

▪ Road Rehabilitation Bond (1 st payment)	\$249,279
▪ Merit Wage Pool (4%)	87,562
▪ Worker's Compensation (due to no credit)	67,394
▪ Health Insurance	66,682
▪ Economic Development	31,000
▪ NH Retirement	<u>21,172</u>
TOTAL MAJOR DRIVERS	\$523,089

Warrant Articles for CRF/Maintenance Trusts

Total Warrant Articles of \$536,000

- Decrease of \$75,500 – 12.35%

Major Drivers

▪ Road Rehabilitation CRF	-\$250,000
▪ Fire Vehicle Replacement CRF	50,000
▪ Highway Vehicle Replacement CRF	45,000
▪ Town Hall Renovations CRF	45,000
▪ Revaluation CRF	22,000
▪ Town Facilities Maintenance Trust	<u>15,000</u>
TOTAL MAJOR DRIVERS	-\$ 73,000

Individual Warrant Articles

Total Individual Warrant Articles - \$15,000

- Increase of \$15,000 – 100.0%
For the digitalization of Town Property Records

Use of Unreserved Fund Balance

Use of Fund Balance to offset taxes - \$418,091

- Increase of \$418,091 – 100.0%

Unreserved Fund Balance

The Unreserved Fund Balance is money remaining in the budget, after all obligations have been met, that is not committed for other purposes, and can be allocated in the upcoming budget or returned to reduce taxes. The NH Department of Revenue Administration (DRA) recommends an Unreserved Fund Balance retainage of a minimum of 5% of all taxes committed (including school, town, and precincts) for cash flow and emergencies.

• Unreserved Fund Balance 1/1/16	\$1,658,970
• 5% Retainage	<u>1,163,642</u>
AVAILABLE FOR USE 2017	\$ 495,328

Proposed Unreserved Fund Balance use 2017

• Operating Budget	\$ 231,091
• Digitalization Warrant Article	15,000
• Economic Development Committee Studies	22,000
• Town Hall Parking	50,000
• Grader	<u>100,000</u>
TOTAL	\$ 418,091

Estimated Unreserved Fund Balance available for use 2018

• Remaining from Current	\$ 77,237
• Estimated from 2016 Budget	<u>200,000</u>
TOTAL AVAILABLE FOR 2018	\$ 277,237

Summary of Proposed 2017 Budget – Tax Rate Impact

To be raised by taxes:

<u>2016</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Change</u>
\$4,355,400	\$4,355,400	\$ 0	0.00%

Tax Rate:

<u>2016</u>	<u>2017*</u>	<u>\$ Change</u>	<u>% Change</u>
\$7.09	\$7.09	\$ 0	0.00%

*Using 2016 actual property valuation

Questions

Arnold Coda asked for details about the Economic Development Committees request of \$31,000. Mr. Traum explained that the money was to be used for marketing and engineering studies.

Bob Gerseny, the Select Boards Representative to the Economic Development Committee, explained that the Economic Development Committee's purpose is to try to develop business interests in town, creating more valuable property so that there is a greater tax base to spread the tax liability, allowing everybody's taxes to go down. Their committee is taking a more holistic approach by using not only thinking economic development, but also community development. They're talking about business properties, different types of residential properties, recreational properties, and all the resources to go with them. To have a healthy community, you must have all of it. The specific studies they're looking at right now include a marketing study to look at the Route 202/9 intersection, where Dunkin Donuts is. The other 3 corners of that intersection are all Hopkinton property. There is about 60 acres available there that might be able to be converted into commercial property. The property is now current use and generates almost no tax income. This would be a big project that would take several years, 5-10 years at least. Another study would look at what it would take to extend utilities up past the highway on Maple Street. An engineering study would also look at Contoocook Village, to make it more pedestrian friendly, maybe adding more apartments or condos, adding more retail, and making Contoocook a more work/live/play environment. There is also some money in the budget to support retail in creating Contoocook as a destination location, with the Farmer's Market and events held in town. They are bringing to the town, this year, several zoning amendments in the warrant articles that help specifically with those projects. In 2018, the plan is to come back with a much fuller, detailed presentation.

PRESENTATION OF THE SCHOOL BUDGET AND QUESTIONS – Bill Chapin, Jr.

Mr. Chapin welcomed and thanked everybody for attending the meeting.

Hopkinton School District Budget Process

- October – Directors'/Principals' Budget – they tell Steve Chamberlin what they need
- November – Superintendent's Budget – Steve weeds out what needs versus wants and he creates his Budget
- December – Hopkinton School Board Budget – Budget is presented to the School Board and is deliberated upon
- January – Hopkinton Budget Committee Budget

Some of the Major Drivers Include

- Health Insurance - \$401,842
- Salaries increase - 263,809
- Early Retirement - 106,245
- Transportation - 52,571
- Instruction, Behavior, and Related Services - 253,689

FY18 Operating Budget of \$19,622,911

- Increase of \$956,169
- Includes an increase of \$10,000 for Curriculum Development Support
- Includes \$7,000 for joint football program with Hillsboro-Deering School District
- Includes Teamsters (year 2 of a 2-year contract), HESS (year 2 of a 3-year contract) salary increases, and HEA (year 4 of the 4-year contract).
- Includes current non-union and technology support staff positions

HEA Collective Bargaining Agreement

- Agreement covers teachers, school counselors, library/media specialist, nurses
- Tentative agreement has been reached
- Three-year contract (FY18-FY20)
- Transforms approach to health insurance, a savings of \$274,861
- Includes salary increases of 2% each year (Note: This represents a decrease from 2.5% in the current contract.)
- Includes language changes, including an additional day for curriculum development
- Year 1 - (\$274,861) Year 2 - \$247,124 Year 3 - \$241,093

General Contingency Fund

- \$100,000
- Provides support for unanticipated needs
- Reduce risk associated with highly variable budget items (enrollment, benefits, transportation)

Repair and Maintenance Trust Fund

- Add \$50,000 from FY17 end-of-year surplus (last year \$50,000)

Vehicle Capital Reserve Account

- Add \$10,000 from FY17 surplus (last year \$10,000)

Revenue

- Increase of \$430,287
- Utilizes 100% of projected state adequacy aid
- Use of savings (Article X funds) \$200,000
- Use of Health Insurance Capital Funds \$75,000
- Projecting \$485,000 from FY17 surplus

Estimated Tax Impact of \$0.57/1,000*

- Includes Local and State tax rates
- Includes the operating budget
- Includes end-of-year fund balance to reduce taxes
- Includes use of \$200,000 Article X funds to reduce taxes
- Includes 100% Adequacy Aid

*Last year, the estimated tax impact was \$0.32/1,000 and it came in at (\$0.08/1,000)

Hopkinton “Makes the Grade” for an Average Cost

- Cost per pupil remains in line with the average of all districts in NH, with a third of all districts spending more per student (Source: NH DOE 2015-16, [56th of 163 districts])
- 90% of recent graduate’s plan to attend 2 or 4 year colleges
- Best High School in NH – 3 years in a row
- Consistently receives Blue Ribbon awards for volunteerism

Mr. Chapin made a few closing comments.

- The football program includes money for coaches, referees, and transportation. The total cost of the program is close to \$45,000, and we’re getting a great program for \$7,000.
- Thanks to the Budget Committee for the great collaboration. They asked great questions, resulting in great, long meetings.
- Thanks to Steve Chamberlin, Michelle Clark, Brenda Ginent, and the rest of the staff for preparing the budget, and answering 3 weeks of questions from the Budget Committee.
- Thanks to the teachers, they understood we pay high taxes in town because we have a revenue situation. They stepped up and showed great effort to work with the school board to do what they could to create a fair situation.
- Thanks to the community for their input. Input is what makes our community great.

Questions

There were no questions.

PRESENTATION OF CONTOOCCOOK VILLAGE PRECINCT BUDGET – Don Houston

Mr. Houston said that the CVP Budget went down by \$300. Their annual meeting is March 16, 2017, 7 pm, at the Library, everyone is welcome to attend.

Three significant events happened this year

- The passing of Dick Strickford, who was a Commissioner, and whose hard work, dedication, and knowledge will be greatly missed;
- The successful completion of the \$750,000 investment of the Main Street tank was completed. The 600 customers made it through this past summer without any water shut offs.
- The lawsuit with an abutter to the Main Street tank was settled. It can now be operated in perpetuity.

Scheduled Projects for 2017

- Water main improvements to Upper Penacook Road and Woodwells Garrison for approximately \$100,000

- Engineering preliminary work for 4 projects coming up for \$50,000
 - Drain Line for the reservoir they just put in needs to be replaced
 - Upper Main Street system improvements, near where the tank is
 - Hardy Spring Brook ground water supply evaluation, currently 600,000 gallons filled by the lake reservoir. Not knowing what the state requirements for the lake reservoir will be, they are looking at that usage versus a new well.
 - Prioritizing and replacement of the 15 miles of piping (some over 100 years old).

Total proposed budget is	\$493,750
Less amount of estimated revenue & credit	<u>- 219,050</u>
Taxes to be Raised	\$274,700

Questions

There were no questions.

PRESENTATION OF HOPKINTON VILLAGE PRECINCT – John Wuellenweber

Mr. Wuellenweber said that the budget this year is \$17,695. It's gone up a little but this year because of insurance, electric, and water department commissioners. The water department commissioners are pretty much volunteers and they've decided to compensate them a little more. They maintain 2 artesian wells for 110 customers and the wells must be maintained weekly. They got a \$21,000 grant to get a generator that runs on propane. The lighting on Main Street is also provided by the precinct.

Upcoming Expenses

The Firehouse, next to the Cracker Barrel, is owned by the precinct. The roof is leaking and needs to be replaced, along with the sheetrock that was damaged if there is any money is left over.

Questions

There were no questions.

PUBLIC COMMENT/QUESTIONS ON ALL BUDGETS

Candice Youngman asked Mr. Chapin if, when comparing our schools, was that comparison done state-wide or by towns/districts like our own? Mr. Chapin said it was state wide, and it's the figure they've used every year. She said that we should be compared to the districts/towns like our own, not state-wide, because we aren't as rich as the larger cities also grouped into the comparison.

Gerri Youngman said he had concerns with the inconsistencies in the presentation, including the school comparisons. He said that we need to compare our budget to population, school, town, evaluation like us. He said that the supposed savings of @\$275,000 this year, in the School Budget, doesn't really save us money – there is an increase that is being reported as a decrease, if you look at the budget presented. The School District needs to figure out how to run this program at a far less number (\$20 million is way too rich for our town), and not keep going up. He feels that the teachers' contract should not be approved. The School Board should absorb the cost and renegotiate next year so that the teachers know we must reduce the budget because the driving force is payroll or programs. Mr. Chapin responded that the teachers' contract (from 2.5% to 2%) was an agreed upon and voted upon contract by the voters. The teachers did not need to go with that decrease. The \$275,000

decrease is on the contract change from that 4th year. The teachers did not have to do this, they chose to. Running a careful balance is important, people come to this town for the schools, and they enjoy the community. If we stop paying attention to our schools, property values will drop. The Budget Committee is here, they understand the value of the schools, they're here to find the balance between having an adequate educational program at the lowest price possible.

Carolyn Koebler-Miller also commented that it was relevant to look at the cost per student across the state not like communities because we are talking about the cost to educate a student, that doesn't vary between cities and towns. She said she has two children in the school system, owns property in town, and she's concerned about the education of her children, and the valuation of her home. She also feels that there is a great "bang for the buck" in having a Curriculum Director and hopes that it is more closely looked at in next year's budget.

Frank Davis suggested we look at the budget comparisons between a private and public school in Sunapee, focused in an article in the Kearsarge Shopper, be looked at, because we have way too much "fat" in our school system, just like the comparisons of these two schools.

Lance Klingler suggested we needed to look at the per pupil cost, district to district. He says there is no "fat" in our budget, it's looked at item by item and scrutinized. Our taxes are where they are because we don't have the business tax base, million-dollar ski homes, etc.

Don Houston read the following prepared statement

As a member of the Budget Committee, I need to express my concern about being able to fulfill my responsibility to recommend a manageable tax for the town. This task requires both near-term analysis and longer term planning for Municipal and School Budgets.

The outlook must include major items like: Ongoing road improvement, school facility improvements, increasing and changing requests for athletes, revenue generating initiatives, etc.

Managing each budget year, as a one off, is not a viable or responsible approach. We should be striving to project out at least five years. As we all remember, last year at the Town Meeting, one of the major discussion topics related to a massive upgrade to George's Park. At the School District Meeting, the topic of funding a football program was equally debated.

The Capital Improvement Committee has been presented requests of \$200,000 in 2015, and \$100,000 in 2016 for improvements to Field #1 at Houston Park. The football program is leaving Field #4, at Houston Park, in 2018, to a place yet defined. Currently, there is discussion about upgrading the tennis courts, so that a comprehensive development program can be initiated. A request to upgrade the lights at Blood Field is also being debated. The Recreation Department is concerned with scheduling the fields, due to high demand by numerous teams. The Building and Grounds Department is frustrated with not being able to maintain quality fields because of over use.

While sports and fields are only one piece of the puzzle, I think that the magnitude of the above, in both dollars and frustration, warrant a concerted effort in the form of a town-wide master plan approach for field use and development.

I recommend that this task force be initiated soon after the Annual Town Meeting and be committed to deliver a report, in early fall, so that it can be incorporated into the budget preparation for 2018 and beyond.

Adjournment of the Public Hearing 7:30 pm

DELIBERATION BY BUDGET COMMITTEE

Chairperson Janet Krzyzaniak called the Deliberation Meeting to order at 7:45 pm. No deliberation was needed. Budgets were read, motions made and approved, and then signatures were provided for each budget.

SCHOOL BUDGET

Bill Chapin, Jr., propose to move Article II: To see if the School District will vote to approve the cost 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 current staffing levels:

Fiscal Year	Estimated Increase
2017-2018	(\$274,861)
2018-2019	\$247,124
2019-2020	\$241,093

and further to reduce the operating budget (Article #4) by Two hundred seventy-four thousand eight hundred sixty-one dollars (\$274,861) 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 current staffing levels in accordance with the most recent Collective Bargaining Agreement. The Hopkinton School Board recommends this article. The Hopkinton Budget Committee recommends this article.

Mark Zankel seconded. Vote was taken. Unanimous, all approved.

Bill Chapin, Jr., proposed to move Article IV: To see if the School District will vote to raise and appropriate the Budget Committee's recommended amount of Nineteen million, six hundred twenty-two thousand, nine hundred and eleven dollars (\$19,622,911) for the support of schools, for 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 Hopkinton School Board recommends this article. The article does not include appropriations voted in other warrant articles.

Don Houston seconded. Vote was taken. Unanimous, all approved.

Bill Chapin, Jr., proposed to move Article V: To see if the School District will vote to raise and appropriate the sum of One hundred thousand dollars (\$100,000) for the purpose of a General Contingency Fund to meet the cost of unanticipated expenses that may arise during the year to expend said funds or to take any other action in relation thereto. The Hopkinton School Board recommends this article. The Hopkinton Budget Committee recommends this article.

Ken Traum seconded. Vote was taken. Unanimous, all approved.

Bill Chapin, Jr., proposed to move Article VI: To see if the School District will vote to raise and appropriate up to Fifty thousand dollars (\$50,000) to be added to the School Building Repair and Maintenance Trust Fund, established March 6, 1993, and authorized the year end undesignated fund balance (surplus) available on June 30, 2017, or to take any other action in relation thereto. The School Board recommend this article. The Budget Committee recommends this article.

Mark Zankel seconded. Vote was taken. Unanimous, all approved.

Bill Chapin, Jr., proposed to move Article VII: To see if the School District will vote to raise and appropriate up to Ten thousand dollars (\$10,000) to be added to the Replacing School District Vehicles

Capital Reserve Fund, established March 6, 2010, and authorize the School Board to transfer up to Ten thousand dollars (\$10,000) from the year end undesignated fund balance (surplus) available on June 30, 2017, or to take any other action in relation thereto. The School Board recommends this article. The Budget Committee recommends this article.

Ken Traum seconded. Vote was taken. Unanimous, all approved.

Steve Chamberlin explained the posting requirements for the MS27 form (not allowing negative numbers) and why the forms might have different figures than what was agreed upon. He explained, despite this, all numbers are accurate.

TOWN BUDGET

Ken Traum proposed to move Article 3: Operating Budget: To see if the town will vote to raise and appropriate the Budget Committee recommended sum of \$6,990,096 for general municipal operations. This article does not include appropriations contained in special or individual articles, addressed separately. The Select Board recommends this article. The Budget Committee recommends this article.

Bill Chapin, Jr., seconded. Vote was taken. Unanimous, all approved.

Ken Traum proposed to move Article 4: Appropriation to Capital Reserve Funds: To see if the town will vote to raise and appropriate the sum of \$487,000, to be added to previously established Capital Reserve Funds as follows:

New & Replacement Equipment & Vehicles for Public Works & Highways Dept.	\$200,000
Replacement & Equipping of Ambulances	75,000
Police and Fire Radio and Related Equipment Replacement	5,000
Fire Department Vehicle and Equipment Acquisition	50,000
Transfer Station Equipment & Facilities	35,000
Library Replacement Building	10,000
Dam Maintenance and Construction	10,000
Sewer System Equipment and Sludge Removal	30,000
Renovations to the Town Hall	50,000
Revaluation of Property	<u>22,000</u>
TOTAL	\$487,000

The Select Board recommends this article. The Budget Committee recommends this article.

Bill Chapin, Jr., seconded. Vote was taken. Unanimous, all approved.

Ken Traum proposed to move Article 5: Appropriation to Expendable Trust Funds: To see if the town will vote to raise and appropriate the sum of \$49,000, to be added to previously established General Trust Funds as follows:

Town Facilities Maintenance	\$ 30,000
Recreational Facilities Maintenance	7,000
Hopkinton Library Technology	5,000
Library Building Maintenance	<u>7,000</u>
TOTAL	\$ 49,000

The Select Board recommends this article. The Budget Committee recommends this article.

Bill Chapin, Jr., seconded. Vote was taken. Unanimous, all approved.

Ken Traum proposed to move Article 6. Digitalization of Town records. To see if the town will vote to raise and appropriate the sum of \$15,000, for the purpose of digitalizing town assessing and property records.

The Select Board recommends this article. The Budget Committee recommends this article.

Bill Chapin, Jr., seconded. Vote was taken. Unanimous, all approved.

Ken Traum proposed to move Article 7. Authorization to expend from pay-by-bag special revenue fund. To see if the town will vote to raise and appropriate the sum of \$102,710, for the purpose of offsetting the cost of collection and disposal of residential solid waste and such other direct costs as budgeted annually, with said funds to come from the pay-by-bag special revenue fund. No funds to be raised by taxation.

The Select Board recommends this article. The Budget Committee recommends this article.

Bill Chapin, Jr., seconded. Vote was taken. Unanimous, all approved.

Ken Traum proposed to move Article 9. Authorization to expend from Senior Center Rental Special Reserve Fund. To see if the town will vote to raise and appropriate the sum of \$2,227, for the purpose of offsetting operational and maintenance costs of the Slusser Senior Center with said funds to come from the Senior Center Rental Special Revenue Fund. No funds to be raised by taxation.

The Select Board recommends this article. The Budget Committee recommends this article.

Bill Chapin, Jr., seconded. Vote was taken. Unanimous, all approved.

CONTOOCOOK VILLAGE PRECINCT BUDGET

Don Houston proposed raising and appropriating \$243,750, for the Contoocook Village Precinct Operating Budget, as described earlier.

Bill Chapin, Jr., seconded. Vote was taken. Unanimous, all approved.

Don Houston proposed raising and appropriating through a special warrant, \$250,000, as described earlier.

Bill Chapin, Jr., seconded. Vote was taken. Unanimous, all approved.

HOPKINTON VILLAGE PRECINCT BUDGET

John Wuellenweber proposed raising and appropriating \$17,695, for the Hopkinton Village Precinct Operating Budget, as described earlier.

Amy Bogart seconded. Vote was taken. Unanimous, all approved.

APPROVAL OF BUDGET COMMITTEE MEETING MINUTES – JANUARY 25, 2017

Ken Traum moved to approve the meeting minutes from January 25, 2017. Mark Zankel seconded. Unanimous, all approved.

ADJOURN

Ken Traum motioned to adjourn at 8:45 pm. Mark Zankel seconded. Unanimous, all approved.

Respectfully submitted,
Tammy Clay