

TOWN OF HOPKINTON
Budget Committee Meeting
Wednesday, January 30, 2019
Approved

BUDGET COMMITTEE MEMBERS IN ATTENDANCE

Janet Krzyzaniak, Jonathan Cohen, Ken Traum, Ginni Haines, Debbie Norris, Rich Houston, Candace Youngman, Don Houston, and Aviva Nestler, Vice Chair, School Board Representative for Jim O'Brien. Mark Zankel arrived later in the meeting.

BUDGET COMMITTEE MEMBER ABSENT

Jim O'Brien was absent.

PUBLIC PRESENT

Steve Chamberlin, Superintendent of Schools; Michelle Clark, Business Administrator; Jay Burgess, Chair, Facility Committee; Norm Goupil, Diane Lachance, Mary Kusturin, Max Goddard, Thomas Lipoma, Cheryl Morse, Carolyn Koegler-Miller, and Sabrina Dunlap.

CALL TO ORDER

Janet Krzyzaniak called the Budget Committee Meeting for Wednesday, January 30, 2019, to order at 5:30 pm, at the Hopkinton Town Hall. Jonathan Cohen led the Pledge of Allegiance.

APPROVAL OF JANUARY 23, 2019, DRAFT MINUTES

Ken Traum motioned to approve the January 23, 2019, Draft Meeting Minutes. Jonathan Cohen seconded the motion. Mrs. Krzyzaniak asked for any corrections or changes. There were no changes. A vote was taken to approve the January 23, 2019, minutes. The vote passed with 8 yes and 1 abstention.

Mr. Zankel had not arrived, but he did send Mrs. Krzyzaniak a message to be read to the committee. "Because of my work schedule, I may be 15 minutes late to this evening's meeting. I have reviewed the minutes and find them to be accurate, no changes on my end. I do want to commend Tammy for doing such an exceptional job on these meeting minutes. If I don't arrive in time for discussion, perhaps you could share my appreciation with the group."

Mrs. Krzyzaniak also expressed her thanks to Tammy. She explained that there is no question, when people pick up our minutes, what was said and what was done at the meetings; they are very thorough.

HESS CONTRACT INFORMATION

Aviva Nestler explained that there was good effort put forth to get HESS Representatives to bring forward and ratify their 3-year contract. She explained that the biggest change in this contract is the health insurance and what the School Board was able to agree upon, was to move the Support Staff to a Site-of-Service plan, off from an HMO, similar to the other bargaining units in the District.

HESS CONTRACT INFORMATION, continued

To: Hopkinton School Board From: Steven Chamberlin dated January 30, 2019,

Negotiations – Health Insurance.

Ms. Nestler explained that this memorandum shows that there will be cost savings, because the premiums go down. There are three health insurance cost tables that show the plans - Employer (ER) Share and Employee Share (EE) for current versus ratified, breaking down the share for single, two-person, and family. This memo also shows that there are different costs for: hired after 12/1/12, hired prior to 12/1/12 (10-14 years), and hired prior to 12/1/12 (15+ years). The total health insurance savings for the first year of the contract amounts to \$65,365.92, explaining that there would be a reduction in premiums, but that deductibles would increase.

FAQ HESS Collective Bargaining Agreement, dated January 30, 2019

****Aviva Nestler explained that if this contract is not voted in by the public, these changes would not take place. ****

A few items, from the Agreement that Ms. Nestler pointed out were:

1. Positions in the contract:

- Office Staff (Clerical, Office and Administrative Assistants)
- Food Service Staff (General Worker, Cook, Manager)
- Student Support Staff (Instructional, Student Specific, Behavior, Learning Center, and Speech Language Assistants)
- Library Media Assistants

4. Recent history regarding salary increases for HESS members.

5. Increase supported in the contract.

Ms. Nestler explained that the cost savings, due to the premium is somewhat hidden, and not negative, because part of the contract included some adjustments to salaries. This was not a percent, or flat, increase across the population, but some adjustments, cents-wise; depending on the level/step, and the year of the contract. Explaining that the reasoning for this was because there was a wide disparity in the compensation across the scheme of all the different levels and different steps. She explained that when these rate changes are applied to the actual employees that we have right now, you see in Item 10, the increases.

6. Level IV, was eliminated from the salary schedule.

Instead of renaming Level V, they left it as it is and eliminated Level IV.

8. Health Insurance Costs:

- Year 1 - the District will cover 90% of the premium and 100% of deductible for single; and 2-person, the District will pay 70% of the premium (grandfathered 80%) and 100% of the deductible; for family (3+), the District will pay 70% of the 2 person-premium and the individual would cover the rest, and 100% of the deductible.
- Year 2 and Year 3 – the share of the deductible would reduce to 50%, across all 3 groups.

Ms. Nestler explained, that providing the assistance on the deductible, does help them adjust over to this change, and that this is similar to what was done with the other bargaining units when they were

HESS CONTRACT INFORMATION, continued

moved over to a Site-of-Service plan. She explained that moving to Site-of-Service will provide health insurance savings to the District, for the future.

10. Cost of the transition of this collective bargaining agreement that would be on the warrant:

- Year One: \$22,398.33
- Year Two: \$52,319.80
- Year Three: \$59,582.76

11. Clean-up in the language of the contract:

- The sick days have been increased to accommodate the deduction of personal days from sick days.
- The 200-day employee classification has been eliminated.

QUESTIONS FROM THE BOARD REGARDING THE HESS CONTRACT

Don Houston asked if this involves 54 employees, for a total increase for the first year for these people to be \$22,398.33? *Ms. Nestler agreed.*

Ken Traum asked what the total cost was for these employees? What percent increase does the \$22,398.33 represent? *Michelle Clark replied that the average increase, for the first year, for salaries, for the 11 grandfathered individuals was 3.6%, and the non-grandfathered was 4.63%.*

Mr. Traum asked if there was a buy out available for not taking the health insurance? *Steve Chamberlin explained that the HESS employees get \$1,000 for a few years, and it then increases to \$1,500; the teachers start at \$1,500.*

Jonathan Cohen asked, how much is the deductible? *Michelle Clark replied - Single \$1,000, Two-person \$2,000, and Family \$3,000.*

Mr. Houston asked if the \$65,365.92 savings netted out to the increase, \$22,398.33. *Mr. Chamberlin agreed.*

PUBLIC COMMENT REGARDING THE HESS CONTRACT

Mary Kusturin commented that the costs would change if we lowered the amount paid for the insurance premium, explaining 90% seems like an awful lot. She suggested that the amount we pay should be more in line with the rest of the state's private sector?

BOND FOR THE FACILITIES PROJECT

Steve Chamberlin explained that on January 24, 2019, the School Board facilitated a Bond Hearing. After the presentation and feedback, the School Board voted to send to the Budget Committee a \$9,796,692 bond. He explained that the revised Warrant includes the HESS Contract and the Facility Action (School Board approved 5-0, for both). Mr. Chamberlin explained that they have gotten two bond run estimates from the NH Municipal Bond Bank. The School Board will present this at the Public Hearing on Wednesday, February 6, 2019, for deliberations. Mr. Chamberlin explained that the estimated tax rate for FY21 comes in at - HESS \$0.04 (for the 1st year) and \$1.14 for the Bond Project.

QUESTIONS FROM THE BOARD REGARDING THE BOND PROJECT

Ken Traum asked when is the first payment due? *Mr. Chamberlin explained that there will, most likely, be a January buy. Whatever firm that is used, along with Bond Council, will develop an entire suite of bonds that will work with the life of the assets.*

Ken Traum asked if any of the deferred maintenance would be done before that bond was in place? *Steve Chamberlin explained that there is "bond anticipation notes" that financing could be received to take care of the roofs and the heat recovery unit, that would then get rolled into the full financing of the "suite". They could target the neediest projects by June 2019, if the bond is passed.*

Steve Chamberlin explained that on March 9, 2019, if the voters pass this Bond, a Building Committee made up of community members, Budget Committee, School Board, a financial person, and others, would work to start to develop the plan to implement this bond; this will be an implementation committee.

Don Houston asked, how do we rationalize and understand the Facilities impact to our tax rate and funds to be raised by taxation, along with the Operating Budget - the actual payment for the bond won't start until another whole budget season. We're being asked to approve now, a bond that we won't see the financial impact on this year, knowing that the payments will be for another 20 years, after the payments start. How can we even discuss this? *Mr. Chamberlin explained that there is no plan to have the sale of bonds impact this budget. They've given the best estimate of the tax impact for FY21, which is \$1.15/\$1,000, which is a variable because this is an estimate. He explained that everything involved in the Facility Project is an estimate.*

Don Houston asked how we balance what we know about the cost of this upcoming project, with the increasing School Board Operating Budget, and a bond warrant article for \$9,796,692 for this year. Next year's tax payers will be impacted with that bond due and an Operating Budget coming in at about \$1M more again. *Mr. Chamberlin explained that if you believe that the need warrants the insecurity about knowing future budgets, then you support it; if you believe that the need doesn't support the needs for future budgets, then you don't support it. Stating that 3-4 years ago their budget came in at zero. He doesn't know if next year will come in at zero. He explained that this year they have 4 drivers (out of 5) – enrollment, health insurance, facilities, and special, all four happened at the same time.*

Aviva Nestler explained, that as a School Board member, when they discussed this and try to figure out what needs to be put forward, they're always taking into consideration the overall picture and impact on the town. She explained that a lot of the bond is deferred maintenance, it must be done. Explaining, we're in an unfortunate predicament where the Operating Budget has many drivers, plus the Facility Project.

Don Houston expressed that there isn't anybody who questions the need to take care of the maintenance; that would cost \$4M-\$5M, that must get done. The fact is, if the Budget Committee commits to agree to that bond, we're locking in place that increase in each of those 20 years. He would like to discuss options – How, with that \$10M bond, can other things get done that NEASC is asking for? *Mr. Chamberlin explained that the ability to change this bond is 10%, on the floor to go higher. The Warrant Article, in front of the Budget Committee, is to yes support it or no, not to support it; it's the School Board's Article.*

QUESTIONS FROM THE BOARD REGARDING THE BOND PROJECT, continued

Mr. Houston asked Mr. Chamberlin, do you have to commit to the bond bank exactly what you are going to do with that money being bonded? *Mr. Chamberlin explained that they must tell the lender what they are financing. If a heat recovering unit is being replaced, they need to know the value of that.*

Mr. Houston asked if what's in place right now on the list can be altered, changed, or substituted. *Mr. Chamberlin replied yes, there are lots of conceptual ideas and priorities. He explained that when the Building Committee gets together and decides to work in a certain way, a real price will be gotten. If the price for a project comes in significantly lower, everything can be adjusted or not get spent. Ms. Nestler explained that is why the bond warrant request is written up to \$9,796,692. Jay Burgess explained that the understanding is that everything that has been articulated, we would certainly want to do; if they find that the costs are lower, that may permit, with a transparent process, some additional items that may or may not be done.*

Don Houston shared the following:

- If we borrowed the \$10M, we could free up about \$3M if we went with mobile units, knowing that if we did have plenty of money, this would not be the choice made. That \$3M could be used to do other things.
- Rather than using \$2M for the upgrades of the science labs – do \$1M worth of upgrades.
 - These two changes would free up almost \$4M out of the \$10M that could be reallocated. He is suggesting –
 - A place card for \$1M – for the fire suppression system at Harold Martin – He explained, we cannot lose this facility, we've already lost the Town Garage and almost lost the Library. He doesn't know how we cannot have this in this Facility Project.
 - A place card for \$1M – for some renovations to be done to the science labs.
 - A place card for \$1M – to solve the handicapped accessibility problems at the high school, which is identified in the NEASC letter and will continue to be listed until completed.
 - A place card for \$1M – to solve the problem of the elevator exiting into a classroom. Explaining that there is \$46,000 currently in the plan to put up a temporary-type wall. He suggests correcting it now, along with the hall problem going into the auditorium.
 - He explained, this approach solves more of the NEASC problems, it solves the moral issues, it solves the handicapped accessibility at the high school, and it secures the facility of one of our schools.
 - He is concerned that enough thought hasn't gone into looking ahead 5 years - building 4 classrooms onto Harold Martin and then needing them at the High School instead, as originally planned.

Ken Traum asked, if the Budget Committee supported Mr. Houston's concept, would they have any ability to do anything about it? *Mrs. Krzyzaniak replied, not at this point, we cannot change the bond amount or what its be used for, because this is a School Board bond. Mr. Chamberlin explained that at the Annual School District Meeting the bond amount could be lowered and then the Hopkinton School Board is going to approve contracts and they can adjust the plan.*

QUESTIONS FROM THE BOARD REGARDING THE BOND PROJECT, continued

Aviva Nestler explained that when it comes to the particular items that were looked at to include in this project, there was a lot of thought as to what the priorities should be based on estimated costs and what could be fit into a project that would be palatable, to some degree, to the town. Items that were not included, but were looked at, in this round of the project they couldn't figure out a way for them to be included. She explained that many of the NEASC points are being addressed by this project. She explained that if the Budget Committee doesn't support this bond, many items that can be addressed, many of which are deferred maintenance, will be pushed off. She explained that this project is a significant reduction off from the last proposal, based on a charge. She explained that without the whole new entrance, it becomes difficult to fit accessibility into this project, noting that the accessibility does need to be addressed.

Mrs. Krzyzaniak asked Ms. Nestler, wouldn't you think, as the future went on, it would be harder to get more money bonded for that accessibility? *Ms. Nestler explained that the question is, at this point, there wasn't an easy way to simply carve out accessibility and not address, what the School Board does believe, is an enrollment issue where additional classrooms are needed. Accessibility became redesigned into the new entrance, which when presented, the feedback was that \$8M couldn't be spent on that entrance. The School Board had to make a choice as to what to take out of the project. She explained that there is a temporary fix for the elevator, with the wall division.*

Mr. Burgess explained that one of the reasons the sprinkler system didn't move forward in this project is because they are having a hard time getting a good answer. They need to wait to get a clear figure in order to put it into a plan. He explained that he does agree with some of the elements in Mr. Houston's plans. Of concern to him, is that if we try to and pull apart the plan any more than they have, it would require additional efforts to make sure they haven't missed anything.

Mark Zankel explained that the Budget Committee's job, at this time, is to decide whether to support the bond that is being presented by the School Board. If the bond is approved, then there will be a lot of discussion going forward. He explained that once the cost of the sprinkler system is determined, it may bump something else that was considered, rather than coming back for another bond. His concern is that there is a need for better science classrooms, and we need more than one better science classroom in order to provide the kind of education that the world is mandating for our students.

Don Houston asked if there was a mechanism at the School Board Annual Meeting to discuss this type of approach and can the floor require the school to pick certain pieces of the project, and to follow through and do them? *Mr. Chamberlin replied, no, the School Board has the authority to implement the legislative body's budget, they can transfer, they can decide, they can have the School Board listen, and if there was a fundamental shift in what was promised, the School Board would have a Public Hearing to explain. He explained that the legislative body doesn't bind the School Board, it gives them the money, and elects people to implement that money. If they don't like what they do, they recall them through a different election.*

Mr. Chamberlin answered questions brought up in further discussion: The Article will give the School Board authority to bond up to \$9.8M. When the Building Committee and School Board decide what projects are to be done, they must ask the Bond Bank.

QUESTIONS FROM THE BOARD REGARDING THE BOND PROJECT, continued

- *for the money and tell them what the asset is and what it is worth. He explained that the Article is written, and the money must be used for what is specified in the Article.*
- *The School Board has the authority to change out items, if they fall within the means of the Article, and it fits within the amount of the bond.*
- *For 5 years, the School Board has access to the money. In the 6th year, if they haven't spent some of the money in the bond, the town can vote to take that money back.*
- *The value of the project cannot exceed the \$9.8M, it can be less. If there is money left over it can sit for 5 years – it could sit in the account for years and it could be the contingency fund; ready to bond something else that comes up.*
- *The voters can vote to lower the amount of the bond, that's all that can be bonded. The poll must be open for 1 hour. If a lower amount passes, the School Board would then decide which projects would be done with the amount bonded.*
- *The School Board has had Public Hearings for expending from the Maintenance Trust for full transparency, not because of regulation.*
- *The School Board would like a Clerk of the Works to be assigned for the projects.*

Rich Houston asked if the new addition at Harold Martin, because it is new construction, would have sprinklers? Would they be there but not hooked up? *Mr. Burgess explained that it would be more cost effective to have them installed during construction; they are not included in the plan presented.*

PUBLIC COMMENT –

Norman Goupil asked if there was a way to hire a consultant, for the deferred maintenance, that can determine what is necessary for the schools? *Steve Chamberlin explained that he is comfortable with the advice given from Seamans about the heat recovery units, air conditioning units, and where we are on the replacement cycles on those. He's comfortable with Harriman in what they highlighted. He's comfortable with their 20-year facility director and his experience in schools. The priorities have been outlined within the \$9.8M bond. Ms. Nestler explained that the organizations used to make the assessment of the current state of affairs of the District and have given the School Board what they needed to know. She explained that the bond presented, unfortunately, only covers what deferred maintenance that needs to be done.*

Mr. Goupil asked after this bond is passed, are we going to ask the public for another bond a year or two later? Do you know what the plan is after the next year or two? *Mr. Chamberlin explained, that if the bond passes, they will take care of the emerging facility needs. He explained that they would be catching up on deferred maintenance for a 5-year period.*

Jay Burgess explained that the goal that he saw going into this was that they would present the Town with a project that wouldn't require any other additional expenditures, as far as deferred maintenance, for about 15 years. The cost of deferred maintenance didn't need to be backed out, because they were able to do the Pay for Performance Contract with Seamans. He explained, knowing what he knows about the general building elements, he thinks this will get the district through 10-12 years, with no guarantee. When you do a facilities condition analysis, you would bring in a company, like Harriman, they surveyed the facility and they presented a report.

PUBLIC COMMENT, continued

Don Houston explained that Jay Burgess is a professional, he has been Chair of the Facility Project for several years. He's the main guidance of this whole process, he is a professional, this is what he does.

Maxwell Goddard, a freshman at HMHS, expressed that his thoughts on how the priorities on this bond are very out of order. He expressed, because of the reasons he points out below, the Budget Committee should not support the \$9.8M bond.

- For the science labs to be educationally functional-
 - The emergency eye wash needs to be repaired.
 - The emergency chemical shower needs to be repaired.
 - A new fume hood is needed.

Max feels this should only cost a few thousand dollars, not \$2M. He feels that money would be better spent on a new sprinkler system at Harold Martin School.

- The parking lots at HMHS have gigantic potholes everywhere, especially near the entrances. He feels that the money proposed to build vehicular barriers and a perimeter fence would be much better spent on fixing the parking lots.
- Spending \$7,000.00 to fix the Wi-fi system at HMHS, is not necessary. The Wi-fi works just fine as it is.
- Max is glad that the money is being spent to fix up the bathrooms at HMHS, which are in bad shape. He feels that the \$360,000.00 proposed is way too much.

BOND DISCUSSION, continued

Mr. Chamberlin explained that the discussion at this evening's meeting, about the bond, is for moving the bond to the Public Hearing.

Don Houston shared with the Budget Committee an informational summary sheet that he has prepared, titled Estimated Tax Rates Proposed for 2019, dated 1/29/19.

Mark Zankel asked for clarification on the vote needed tonight. Is the vote tonight for whether to put the bond to Public Hearing? If the Budget Committee does not support the bond amount, does the bond not go to Public Hearing? Don Houston explained that the Budget Committee votes if they are in support of the Bond. If the Budget Committee does not support the Bond, it still goes to the Public Hearing.

Steve Chamberlin explained that on February 6, 2019, at the Public Hearing, the public's input is heard. If the Budget Committee says no, after the Public Hearing, then the School Board has different language that's used in the Warrant Article. Mrs. Krzyzaniak explained that whatever the vote, it doesn't have to be unanimous, the results will be included in the Warrant Article.

Mr. Zankel asked, because it's not going to make a difference, if there was any point in the Budget Committee voting on the Bond at this meeting, if it's going to Public Hearing as written. *Mr. Chamberlin explained that the Bond and HESS Contracts move forward whether or not there is a Budget Committee vote taken.*

Mr. Zankel suggested moving to discussions of the Operating Budgets, because the Budget Committee does have to vote on the Budgets they will be presenting.

BOND DISCUSSION, continued

Mrs. Krzyzaniak asked if the Budget Committee wanted to vote on the HESS Contract or the Bond at this meeting. A vote was taken that the Budget Committee not vote on the HESS Contract or the Bond at this meeting. The vote passed with 10 yes.

REVIEW AND DELIVERATION ON ALL BUDGETS

CONTOOCCOOK VILLAGE PRECINCT BUDGET

Don Houston presented their FY19 Operating Budget for the Contoocook Village Precinct at the January 23, 2019, meeting.

Mark Zankel motioned to approve the FY19 Contoocook Village Precinct Budget as presented at the January 23, 2019, meeting. Jonathan Cohen seconded the motion. There was no further discussion. A vote was taken to accept the Contoocook Village Precinct Operating Budget. The vote passed with 9 yes, 1 abstention.

HOPKINTON VILLAGE PRECINCT BUDGET

Candace Youngman answered the questions raised at the January 23, 2019, Budget Committee Meeting, about the Hopkinton Village Precinct Operating Budget.

- The \$99,000.00 appropriation in a Bond is for water improvements –
 - the system has been issued non-compliance by the State. A mailer has been sent to 96 homes in the precinct that are on the water system.
 - The pressure tanks need to be replaced on the water tanks in the precinct.
 - Engineers will need to look at the tanks, design a plan, and a construction company will need to do the work.
- The previous bond taken out in 2012, for \$23,000.00, is being paid off, with interest of \$471.00. This bond was for water maintenance work on the system. This bond will be completed in 2022.
- The actual appropriations for FY19, goes down and the impact on the tax rate goes down.
- The valuation has gone up and the taxation rate has gone down. The impact will bring the Precinct tax rate down to \$0.43 from \$0.45, if the Operating Budget is approved.
- There are 180 parcels in the Precinct, 96 are water customers.

Mark Zankel asked Ms. Youngman if the \$99,000.00 is going to be bonded. *Ms. Youngman explained that the water commissioners would oversee that money. She explained that the \$99,000.00 was designated, so that a bond hearing wouldn't need to be held. The \$99,000.00 would be like a loan that would allow the commissioners to do the work they need to do. They're not sure when they are going to start doing the work.*

Mr. Zankel asked what the increase on the tax rate would be in FY20, because of the new bond being added. *Ms. Youngman didn't have that answer, but she will ask the Treasurer. She explained that there may be an overlap of a year, with the two bonds. She explained that the project would take place in steps, over time, and there is no start time for the project – the planning is taking place in anticipation for the need of this big project.*

REVIEW AND DELIVERATION ON ALL BUDGETS

HOPKINTON VILLAGE PRECINCT BUDGET, continued

Mrs. Krzyzaniak asked if the entire Precinct pays for the project, or just the people who pay for the water. *Ms. Youngman explained that the entire precinct pays for the expenses of the Precinct that are in the Operating Budget. The water customers pay additional for the water they use.*

Ms. Youngman explained that the bond is for the work to be done, which is being mandated by the State, it needs to be done. The Precinct hasn't put a plan together yet, they need to get the money first.

Candi Youngman and *Don Houston* responded to a question that *Jonathan Cohen* asked - The Precincts are their own legislative entities, they don't need to report to anyone other than the State authorities. The Budget Committee, as representatives for the Town, are responsible for looking at their Operating Budgets.

Don Houston motioned to approve the FY19 Hopkinton Village Precinct Budget as presented at the January 23, 2019, meeting. *Rich Houston* seconded the motion. There was no further discussion. A vote was taken to accept the Hopkinton Village Precinct Operating Budget. The vote passed with 7 yes, 1 no, 2 abstained. *Mark Zankel* explained that he voted no, because he doesn't feel comfortable voting yes for something that he doesn't understand what the future impact would be. He asked if clarification could be provided. *Ms. Youngman explained that she would try to get answers before the Public Hearing.*

TOWN OPERATING BUDGET

Ken Traum explained that the Town of Hopkinton Operating Budget had been presented to the Budget Committee on Wednesday, December 5, 2018. He explained that the Select Board's Proposed Budget is a 3.59% increase, \$0.29/\$1,000 increase on the tax impact. He explained that the major driver was that they did not have as much use of the fund balance.

Mrs. Krzyzaniak asked *Mr. Traum* what the total Operating Budget was. *Mr. Traum explained that the Town of Hopkinton Operating Budget is \$7,282,386.00, not including warrant articles.*

Ms. Youngman asked, if after a Public Hearing and approval is received, the Bates Building is sold; if there are proceeds, which year does that effect the budget? *Mr. Traum* explained, this year's Select Board's Budget reflects a \$30,000.00 savings, due to the move. He explained that if, at Town Meeting, the vote was to give the Select Board authority to sell the Bates Building, and the court order allowed for the sale of the building, the proceeds from the sale would be split 50% going to the Library Trustees, and the other 50% going toward renovations at the Town Hall, and parking at Town Hall, to better accommodate the Town Clerk/Tax Collector's office; any additional funds would go back to the Library. He further explained that once the Bates Building is sold, there would be a slight, couple of thousand in savings to the Town, because they are currently paying for heat and electricity at the building.

Mark Zankel motioned to approve the Town of Hopkinton FY19 Operating Budget as presented on December 5, 2018. *Don Houston* seconded the motion. There being no further discussion, a vote was taken and approved, to approve the Town of Hopkinton Operating Budget; 9 yes, 1 abstention.

SCHOOL OPERATING BUDGET

Aviva Nestler explained that the FY19/20 Hopkinton School District Operating Budget presented on January 21, 2019, is \$784,545.00 more than last year's budget. The Operating Budget is for a \$20,780,647.00 Budget, which is a 3.92% increase, resulting in a \$1.06/\$1,000 tax impact.

REVIEW AND DELIBERATION ON ALL BUDGETS

SCHOOL OPERATING BUDGET

Mr. Chamberlin and Ms. Clark reiterated that decisions made at this meeting, from the Budget Committee, are only on the Operating Budget.

Candi Youngman expressed her concern that the overall tax increase for all the Budgets, if approved, would be \$3.04/\$1,000.00. Ms. Youngman explained that if you live in the Contoocook Precinct, you add an additional \$2.11/\$1,000, and if you live in Hopkinton Village Precinct you would be reduced by \$0.02/\$1,000.

Mark Zankel asked if the Budget Committee could recommend a different amount for the School District's Contingency Fund. Ms. Clark and Mr. Chamberlin explained that this was a yes or no vote, and that it can only be amended at the School District Meeting.

At 7:20 pm, Mrs. Krzyzaniak asked for a short break. The meeting resumed at 7:30 pm.

Ginni Haines asked for clarification of the disparity between the two amounts the School Board is presenting to be raised by taxes. She noted that the amount presented previously was \$964,545.00. At this meeting, the amount to be raised is \$784,545.00. She asked if the difference is the amount in the Contingency Fund. *Michelle Clark explained it was, because previously it included all the Warrant Articles the School Board had at that time, not just the Operating Budget. She explained that the Operating Budget amount has not changed.*

Debbie Norris shared her concerns about the \$9.8M Facility Bond. She explained that she doesn't doubt the needs or wants for the items in the existing Operating Budget. She explained that she was looking through the presented tiers, she proposed that the Operating Budget be used for the things that are needed educationally (salaries, benefits, and curriculum). She explained that some of the smaller maintenance items should be taken out of the Operating Budget.

Ms. Norris explained that for many years the District has set curriculum as a priority and as a result our schools have one of the most successful curriculums in the state. Moving forward and not losing sight of the increased tax burden on our community members, she believes this Operating Budget should include:

- Existing resources, such as the Maintenance Trust Fund, for the smaller jobs (smoke heads, lights, carpet machine, and possibly George Park), explaining that this would free up about \$7,800.00.
- Freeze new full-time staff FTE's, saving about \$300,000.00. She explained that this is the highest proportion in the budget, because of the salary and benefits allocated.
- Prioritize the curriculum. She is suggesting that the curriculum needs to remain flat for this year.
- HMS supplies \$2,000.00 and Lathe repair \$1,000.00, explaining these items were on Tier I.

REVIEW AND DELIBERATION ON ALL BUDGETS

SCHOOL OPERATING BUDGET, continued

Aviva Nestler commented that the tiers were presented, but there were several items that the School Board agreed to move over to the Contingency Fund.

Michelle Clark explained that about \$400,000.00 has already been cut from the originally presented Operational Budget, including HMS supplies and George Park. She explained that the School Board prepares the budget 18-months ahead, there is no increase in staff. She explained that a lot of the FTE's, the School Board has already cut. She believes that there is no new position being proposed for the FY19/20 Budget, explaining that what is shown is what happens in a budget year of catching up, because it is prepared 18-months ahead of time. She explained that they physically have more bodies than what the budget had in there for FTE's, because of the demand.

Ms. Norris expressed confusion about the full time FTE for the 4th grade. *Ms. Clark explained there is an additional 4th grade so there is 1 FTE.*

Ms. Clark was asked what the 2.6% increase in FTE's represented. *She explained that they take the current staff and then add anybody new. She believes the 4th grade is the only one being added. The other FTE's were cut from the Operational Budget and put into the Contingency. She explained that kids move in and kids change, they might not have budgeted in FY18/19 for an Instructional Assistant that was needed for a child. She explained that physically, right now, there are more FTE's in 18/19 than was budgeted for because of kid need.*

Ms. Clark explained the new FTE's for FY19/20 - 1.0 for 4th grade, 0.2 for Literacy, 0.2 for Preschool, and 0.2 for Careers.

Michelle Clark explained that the highlighted green amounts on the December 18, 2018, Tier cuts have already been cut and put into Contingency. When asked about the costs related to the FTE's Michelle Clark explained where in the Tiers to find the amounts.

- Tier III, #1, Preschool (2nd 0.2 FTE) \$ 11,426
- Tier III, #4, District wide staffing (1.0 FTE) \$ 87,808
- Literacy (0.2 FTE) and Careers (0.4 FTE) \$ 30,200

Mr. Chamberlin explained that because the priority is for that 4th grade position which is critical, if the Budget Committee decides to cut staffing, it may not be that position, it might be something else that is least impactful to the students.

Jonathan Cohen asked Mr. Chamberlin - If the Budget Committee asks the School Board to reduce their Operating Budget by 1.6 FTE's, or \$160,000.00, would he then go back to the School Board and make decisions about the allocation of those reductions? *Mr. Chamberlin explained that the School Board could reduce other areas to accommodate what is best for the kids or has the least critical impact, it doesn't necessarily come out of the specified areas requested by the Budget Committee. He explained that the decision needs to be made by April 3 of each year, because that is when contracts are issued.*

REVIEW AND DELIBERATION ON ALL BUDGETS

SCHOOL OPERATING BUDGET, continued

Debbie Norris explained that a necessary question in calculations, is to know that it is not necessarily that we are keeping flat new full staff time coming in but that could affect other staff, and still hire the new. *Aviva Nestler suggested that you risk losing people if you reduce their contracts.*

Debbie Norris agreed that there is always that risk. She explained that at some point, when Operating Budgets continue to rise, you have to look at the potential for adding these 5 students into the existing classes. The current 4th grade class size is 22, she suggests that for 1 year those class sizes increase. After 1 year, if there is the need, an additional class could be added. She feels we need to look at what we can do with this Operating Budget that is feasible and is not going to harm the great job that we have done in this district.

Mrs. Krzyzaniak confirmed that Ms. Norris' proposed reductions were:

• Facilities	\$ 7,800
• 4 th Grade Teacher	\$ 87,808
• 2 other 0.2 positions	\$ 30,200
• Preschool	<u>\$ 11,426</u>
Total	\$137,234

Jonathan Cohen expressed that even though the decision was made not to vote on the bond at this meeting, the bond is a big issue and is weighing on everybody's consideration, and there is maintenance that just must be addressed. He agrees with Ms. Norris' proposal to reduce the budget by \$137,234.00, to represent some belt tightening. He is mindful of the difficult choices the School Board makes when putting together an Operating Budget, but he's also mindful of the various tax increases being looked at.

Candi Youngman expressed that even more needs to be cut. She believes that a reduction of \$137,234.00 wouldn't bring the tax impact down enough; the Operating Budget began with a \$1.06/\$1,000 tax impact, this proposal would only reduce the tax burden by 0.22/\$1,000, to \$0.84/\$1,000.

Mark Zankel shared that he conceptually supports what Ms. Norris has proposed. He explained, that to him, it's not about whether an additional 4th grade teacher is added or not, because he trusts the School Board and Administration. The School Board's Operating Budget is very well justified and explained. His thoughts are driven by a point that Don Houston made earlier, which is thinking about the \$700,000.00 plus a year bond payment that begins in 2020. He supports the full bond as proposed by the School Board, because we need it.

Mr. Zankel agreed with statements made by Don Houston and Rich Houston, that for several years our town and community decided to invest more deeply in the curriculum and quality of the education provided to the students. We prioritized that over investing in the physical infrastructure. The School Board made choices in the budgets that they presented to the Budget Committee and to the Town and the community made choices by supporting those budgets. It's time to shift priorities, the priority now must be to address the physical infrastructure. He feels that the proposed reductions are reasonable, and rationalization for those reductions have been provided.

REVIEW AND DELIBERATION ON ALL BUDGETS

SCHOOL OPERATING BUDGET, continued

Candi Youngman agreed with Debbie Norris' proposal but suggested more reductions. She asked for clarification on Tier II, #10, District Wide Staffing. *Mr. Chamberlin explained this was to keep the flexibility, it would be a general reduction in staff that would be decided based on enrollment. Ms. Nestler explained that this line is unidentified, it's a line item if you had to reduce another \$100,000.00, who would you cut?*

Ms. Nestler explained that any change to the budget presented by the School Board will have an impact, it's going to either affect staff or programing or risk if it involves Special Education. She explained that there is going to be a real tangible impact to any further cuts. She explained that the Budget Committee should be prepared to, very clearly, have valid reasoning for the community, to explain that cut. She explained that there is somewhat of a shift to maintaining and keeping up the integrity of the schools and there has been an investment in the curriculum and programming. She explained that the School Board has heard from no one in the community who has voiced that they are willing to sacrifice in their programming or curriculum in exchange for a facility.

Debbie Norris explained that her proposal to keep the curriculum flat was not a cut. It was, if there are things in this Operating Budget that are added into more curriculum growth.

Candi Youngman asked about the smaller class sizes being held, even if the minimum number of students aren't in the class. *Mr. Chamberlin explained that these classes are drop/add, the contracts are given on April 3rd and if kids drop from the classes in September, they are still going to have the teachers work.*

Mrs. Krzyzaniak explained that this is very difficult for her, as a member of the Budget Committee, to try and nitpick and try to figure out where the cuts come from, it's almost impossible. We are trying to micromanage, and be accused of that, by trying to figure out and check these tiers. She refuses to even look at the tiers now that the School Board has looked at them because she feels like the Budget Committee is micromanaging, the School Board looked at what they thought could be cut. She thinks we have reached a point in our Town that we cannot afford all the increases, from all these items, that the School Board is asking for.

Mrs. Krzyzaniak explained that there are a lot of people in our Town, that have moved in recently, that have children in our school system, and that have children who have not even started into our school system, maybe they can afford these increases; but, there are a lot of people in town that are on fixed incomes and cannot continue to add onto their taxes every year, that's not the way to treat community members who have lived their life here.

Mrs. Krzyzaniak explained that we are being asked to support the School Budget increase of \$900,000.000, along with a \$9.8M bond, and a HESS Contract. We can't nitpick at all the little things. We must pick something, unfortunately it's salaries, because they are the biggest part of the budget. The Budget Committee can just say we are going to cut "x" of dollars and leave the rest of it up to the people that know better where that can be done, not by us.

REVIEW AND DELIBERATION ON ALL BUDGETS

SCHOOL OPERATING BUDGET, continued

Don Houston explained that he started with the thought that he would allow for a 5% increase over last year's School Board Operating Budget of \$20M, that would be \$1M of new money to the school.

Mr. Houston explained that in the last 3 years, the first 2 lines in the Operating Budget for Teachers and those Teachers involved with Special Ed, that has gone up \$2M in 3 years, that's 6.7% a year averaging \$670,000/year. The total Instructional Program has gone up 6.8%, averaging \$696,000/year. General Administration has gone up 9.2%, averaging \$53,000/year. This is the only area we, as the Budget Committee can look at – 90% of the budget is salaries and benefits.

Mr. Houston explained that if we are going to make a substantial way of controlling how much money we have for total town tax impact, we need to look at the place that is most prominent – and that is the salaries and benefits for the School District. He explained that we need to slow this down, understanding that a zero budget would be impossible, he's proposing \$500,000.00 be reduced from the School's Operating Budget. He explained we don't have the funds in Hopkinton to support the student body that we have, we are below the State average in assets. He expressed the need for a better way to deliver education for less money, perhaps by looking outside the traditional approach.

Aviva Nestler expressed appreciation for Mr. Houston's comments but, as she's said before, and the School Board would agree, there is always a way to cut more. She explained that the Budget Committee needs to make a choice, if they are ready to be that committee, to say that it's time, fully understanding that it will have an impact. The Town may or may not be ready for that, that may not be what they want. She explained that the School Board's job is to present forward what they feel is required to provide quality education and the budgets presented support that. If they don't obtain those resources, they will need to make some very tough choices that will have an impact. That is not what the School Board wants to do, they want to provide a good education for these kids and unfortunately, this year, there were areas they already cut, and they do feel cutting more will have an impact or could increase risks. She explained that the Budget Committee can make that decision, but it's a very difficult one that they should weigh carefully.

Don Houston explained that he respected Ms. Nestler's opinion, but he also knows that it is Steve Chamberlin's responsibility and his motivation is to provide every idea for the best education that is possible. It is the Budget Committee's responsibility, and the voters, to fund that. He understands that it is going to be hard to cut \$500,000.00 out of the School's Operating Budget, but that must be done and should be done.

Ginni Haines agreed that she liked the tone of Debbie Norris and Mark Zankel's presentations. She, too, agreed that the Budget Committee shouldn't be micromanaging the School Board's Operating Budget. She explained that the Budget Committee does have a responsibility to get an increase that we are all comfortable with, in order to accept the bond.

Aviva Nestler wanted to make it clear that Steve Chamberlin creates a budget and presents it to the School Board, it's not his budget.

Mrs. Krzyzaniak recognized that members of the community wanted to speak. She explained that it was important that the Budget Committee understand the information in order to make decisions.

REVIEW AND DELIBERATION ON ALL BUDGETS

SCHOOL OPERATING BUDGET, continued

Mrs. Krzyzaniak questioned the need for so many AP courses, perhaps there could be a different way for the students to obtain these courses. She suggested a buy-in from the parents, or a fund set up if parents can't pay, for the children who are attending these courses – they are the ones that are going to “reap the harvest”, because the students are given college credits for the AP courses they've completed. She explained that if she was wrong about this, she stands corrected.

Candace Youngman explained that we only have so much valuation in our Town, the Precincts pay even more. She explained that if we proceed on this School Operating Budget, 22% of Hopkinton will be paying almost \$40/\$1,000. She explained that will be one of the highest tax rates in the State and that is not sustainable; there will be an increase the Operating Budget when we have a Facility Projects that must be done. She suggests a flat School Operating Budget.

Ken Traum asked about Don Houston's handwritten calculations, presented to the Budget Committee – Estimated Tax Rates Proposed for 2019, updated 1/20/19, and asked if that represented a reduction to the School's Operating Budget of \$532,000? *Don Houston explained that he started with \$1M of new money and then backtracked from putting \$568,000, under his scenario of what he would do for Facilities, the remainder of that was left for the Operating Budget (\$432,000). He did explain that his figures implied that the bond payment due would begin in the FY presented, and it isn't included in their budget until next year. He explained that his \$1M, was an increase of 5% over last year's budget. He expressed that by being on the top, in the State, for tax rates is an unfair tax burden; we are living above our means.*

Rich Houston explained that Hopkinton's tax rates are going up, but the towns around us are also going up at the same time. *Ms. Youngman and Don Houston explained that adding the cost of the Facilities Project would increase Hopkinton's tax rate. Ms. Youngman explained that towns that are in our range of valuation are in the \$20/\$1,000 tax rates. Don Houston explained that adding \$1M every year to the School Operating Budget is a problem.*

PUBLIC COMMENT

Cheryl Morse explained that she is just over 1-year new to town, coming from Henniker. She has served on their School Board and their Select Board. She asked why the Office of the Superintendent line has an \$81,000.00 increase this year, will there be an employee added? *Michelle Clark explained that this includes Early Retirement, Administrative Benefits that cover a couple of people, and all the non-union merit and raise pool is put into the Office of Superintendent. She explained that the Principal's Office don't have an increase for the Principals, because it's all in the SAU Budget and when the raises are given, based on their performance, then it goes to their area. She explained that there is no new staff at the SAU office. Mr. Chamberlin explained that it's raises and negotiated benefits.*

Cheryl Morris asked, with the \$606,000.00 budgeted for the SAU Office, how many are full-time and how many are part-time? *Ms. Clark explained that the staff at the SAU Office is broken up under different function codes, they are not all under the 2320-line item.*

Ms. Morris asked how many are on the line item Office of the Superintendent (2320 and 2332)? *Ms. Clark explained that there are 4 people at the SAU office, but these lines also include the operations,*

REVIEW AND DELIBERATION ON ALL BUDGETS

SCHOOL OPERATING BUDGET

Public Comment, continued

supplies for the whole SAU office, contractual benefits for administrators (administrators, directors, herself) that are more than just those administrators in that line item.

Ms. Morris asked about the appropriation of the \$145,000.00 to go into the School Building Repair Fund, is this standard practice within the Hopkinton School District to maintain \$250,000.00? She asked how the \$140,562.00 was added to the existing amount that is in there? *Mr. Chamberlin explained that \$100,000.00 is new money, \$44,000.00 for payment on the Performance Contract to begin taking care of CIP items. He explained that they have \$284,000.00 in the account currently, but they have planned expenditures out of that account for this FY and next FY. Depending on the results of the bond vote, they may be deploying all but \$50,000.00 of that money to take care of some facility issues.*

Ms. Morris explained that the bond is either voted up or voted down. *Mr. Chamberlin explained that they would need to deploy and take care of some of the most urgent needs that are not satisfied with the bond, by using the existing Repair Fund.*

Mr. Chamberlin explained that if the bond passes, the Repair Fund is built for planning and planned expenditures. If the bond doesn't pass, they will need to use the existing funds to take care of the most urgent items. He explained that they have heard from the community that the School Board has underfunded their Capital Improvement Plan, and this is the School Board's attempt, for the first time, to take money raised by the taxpayers, as opposed to the Reserved Fund Balance, to begin to right-sizing the CIP/Maintenance Program.

Ms. Nestler explained the actual amount that we should fund, based on the assets in town, should be closer to \$1M.

Ms. Morris explained that she has heard that the concern within the community, is that there is a loss of confidence regarding maintenance, there should have been a short-term maintenance program as well as a CIP, that is structured with breakthrough numbers versus a long-term CIP with large numbers.

Ms. Morris said that, when it comes to the bond, Max made some great points. A bathroom remodel would cost far less.

Mrs. Krzyzaniak suggested that the Programmatic Budget may need to have some additional information so that the actual costs, per location, are broken down more with more clarification. With that additional information, it would be easier for the Budget Committee and the Community to follow where the funds are going.

Diane Lachance asked Don Houston how much less can our education be delivered to our students, as compared to Bow and Hollis-Brookline? Mr. Houston explained that, on the surface, it appears that the high school can deliver the education for \$2,000.00 less per student. He doesn't know if that is the economy of scale. Mr. Chamberlin explained that it is economy of scale - Hollis-Brookline has 2 towns, Bow has 2-3 towns; Hopkinton has 1 town.

REVIEW AND DELIBERATION ON ALL BUDGETS

SCHOOL OPERATING BUDGET

Public Comment, continued

Ms. Lachance asked if the community should reconsider combining with other districts, in order to save money.

Ms. Lachance suggested that the community didn't understand that the maintenance was being put off in order to plan for a \$9.8M bond for a Facility Project that included deferred maintenance. *Ms. Nestler responded that this is not what happened, she explained that, for years now, there were charges to look at doing a Facility Project; that charge had changed because enrollment had changed. There were certain decisions made, perhaps not to dig into the schools, knowing that other types of construction would need to be done and that wouldn't have been a wise investment; because of those changes in plans, some maintenance was not completed. Ms. Nestler explained there was not a decision to put aside maintenance in favor of programming.*

Ms. Lachance suggested that \$9.8M is a lot to have overlooked or said you are going to put aside. She wonders how many others agree or understand that as they were approving budgets year after year.

Ms. Lachance explained that until there is a Programmatic Budget that includes statistical information for comparisons, instead of a framework of a Programmatic Budget, she will continue to say that the school is not operating as efficiently as they can; it's disappointing that the information is not available.

Thomas Lipoma explained that he and his wife, with a 2-year-old and an 8-month-old, just moved to town, but his wife grew up here; they came back here because of the schools. He explained that he's fully in support of the bond because he knows where the money is going. His primary concern (he understands that there is this big bond and that money needs to come from somewhere) is that if we reduce the bond, that money needs to come from somewhere and there will be more deferred maintenance – creating the need for another bond. He expressed that we have the best schools, schools aren't free, and he's excited to spend more money on the schools.

Cheryl Morris suggested that we should check back with him 20 years from now, like many of the tax payers who have concerns now.

Carolyn Koegler-Miller wanted to respond to the different philosophies that she's heard expressed at this meeting, and her views on them. She explained that her family intends to stay in town to pay for the great education her children are receiving; she has a sophomore in high school and a 7th grader. She wants to make sure that we don't lose site of the fact that it is difficult to live in a property poor town, the per-pupil spending is not out of line. We have a tough choice to make – where do we reach the tipping point where the education really suffers. As a property owner, she is concerned that if the schools reach the point where education decreases, people will flee; who is going to come and live here? A big draw to this town is the schools, we must micromanage them, we have no choice at this point. We need to look at the numbers.

Public Commented ended.

REVIEW AND DELIBERATION ON ALL BUDGETS

SCHOOL OPERATING BUDGET

BUDGET COMMITTEE COMMENT, continued

Janet Krzyzaniak explained that she has been asked about the criteria for bonuses issued within the SAU Office, by multiple members of the community, explaining that Mr. Chamberlin received a \$14,000.00 bonus this year, in addition to his salary. She asked for an explanation on how the Superintendent gets a bonus and if the Principals in the schools get bonuses too, understanding that these staff members are not under union contract, like the other school staff members are. She asked, where does that notion come from, most jobs aren't given bonuses. *Aviva Nestler explained that this question can't be answered today, but she will get the answers.*

Mr. Chamberlin explained the history behind his job. He was hired 10-years ago. The Hopkinton School Board renegotiated the contract with the Superintendent of Schools, they wanted bonuses merit based. They put in his contract, levels of performance-based bonuses, based on his evaluation. For the first few years they paid him below his salary and would either, based on his evaluation, compensate him based on acceptable performance or increase performance. The range was articulated in his service contract and is received every year or two. He explained that his bonus is determined by the Hopkinton School Board, when they evaluate him, which is what's called a 360-degree process- they interview direct reports, colleagues, union officials, they develop an evaluation based on his evaluation itself, and they determine if a merit raise is warranted.

Mr. Chamberlin explained that he oversees his direct reports. He recommends to the School Board their percentage of bonus based on their performance - did they lead a special project; did they accomplish their goals. Based on that information and the pool, he, the School Board Chair and Vice Chair, recommend raises to his direct reports.

Mr. Chamberlin explained that this was established with support of other community bodies, they wanted a merit-based system. This was changed because of changes in the NH Retirement System in which bonuses are not pensionable. They reduced and rolled into his salary a higher based salary versus a merit system. The Hopkinton Superintendent, in relation to experience and degrees, ranks in the middle in the State. He explained that he is the 3rd longest serving Superintendent, in the same district, in the State of NH. This process is also used for all non-union employees in the District. Mr. Chamberlin explained that his contract delineates the range, and based on a defined process, they award a percentage of that range.

Candi Youngman explained that she has gone to several conferences where our Commissioner of Education has spoken about various initiatives he's put forth. Many districts in the state have incorporated some of those initiatives. Those initiatives are ways to approach the educational programming and they are more efficient, saving the district some money, because they involve the community. She feels that the Superintendent and the School Board have the ability and talent, if we give them a number, she is confident that they can still produce a good, quality education for our children.

Mark Zankel agrees with Ms. Youngman. He does believe that any reduction will have a real impact. There is a tipping point beyond which the administration of the school can deliver the same caliber of education that our kids are getting now.

REVIEW AND DELIBERATION ON ALL BUDGETS

SCHOOL OPERATING BUDGET

BUDGET COMMITTEE COMMENT, continued

Mr. Zankel suggested that the Budget Committee take a vote on the budget, as proposed by the School Board first. If that Budget does not pass, then the Budget Committee would vote on a proposed reduction of a certain amount. He also suggested, knowing that it can't be done at this meeting, that if there is an opportunity for an additional reduction, by reducing the Contingency Fund, that could add to further tax impact reduction. He is concerned that there are items in that Contingency Fund that are based on 100% likelihood. He suggests reducing the Contingency Fund from \$200,000.00 to \$150,000.00 or \$100,000.00.

Jonathan Cohen explained that the per student cost, the ranking of 49th in the State; when you put that up against the quality of the schools, that's a great job. He explained that a lost opportunity is a lot less painful, if you miss out on something that you could have gotten; it's a lot less painful than having something and then taking it away. There are so many people in this town that have had their kids to through, or are in our school system, who understand the quality of education. He believes they will not want that education lessened. With the maintenance issues, he will be supporting the \$9M bond. He explained that there must be a balance between the people who are on fixed incomes and those who are not. He does have faith that the School Board and the Superintendent will find a way to continue to deliver an excellent education. He suggested a \$175,000.00 reduction in the Operating Budget and a reduction in the Contingency Fund. He understands that there are a lot of people in town who have voiced their concern about their tax rate, and it is the Budget Committees responsibility to listen to them, but we also need to listen to those who are in strong support of the schools.

Ken Traum explained that he does support the bond request. He explained that a few years ago, the Budget Committee had some realtors come in to a meeting to talk about home sales and whether they had heard that we have great schools. They did say that many people are scared away by the affordability. He is focusing as much on the affordability, as he is on the school budget. Last week it was pointed out that the number of students in 2006/2007 is equal to the number being projected for 2019/2020. He asked Mr. O'Brien to get him the number of FTE's in 2006/2007, they were 187.74 as opposed to what is projected for 2019/2020 which is 195.46. He explained that this is 7.72 positions more, equaling about \$700,000.00. He also noted that in 2006/2007 there were more students in HMHS than are projected for this coming year and his understanding is that at HMHS there are less student per teacher. He is not recommending that the Budget Committee cut back the Operating Budget to the same \$187,000.00 level as in 2006/2007, he is going to support Don Houston's number.

Ginni Haines explained that it was suggested to keep budget increases within 2%-4%. She would be comfortable supporting a 4% increase.

Rich Houston suggested, considering we are going to be doing a 20-year bond, hold the FTE's flat for 5 years. He does believe by doing that, what will happen over the ensuing years, with 190 employees, is that our staff will wear more than one hat. He is also concerned about the Contingency Fund, that also must be reduced. He explained that last year, it was \$100,000.00, he feels that is where it should be. He suggested a reduction of \$225,000.00.

REVIEW AND DELIBERATION ON ALL BUDGETS

SCHOOL OPERATING BUDGET

BUDGET COMMITTEE COMMENT, continued

Debbie Norris explained that she wasn't just stopping at a place with her suggested reductions, there are other options within the \$230,000.00, on maintenance, and on all the items that are within there. Explaining that some of the items are too high to look at, but it's possible to reduce that even more – taking them out of the Operating Budget and putting them into the Maintenance Fund.

Ms. Norris is concerned that a flat budget does not result in status quo. After reviewing the numbers, there are several areas of mandated increases - this includes health care, special ed, salaries – these things we can't control. What this would mean is that a flat budget would force drastic cuts and would disproportionately affect our students. Compared to the limited savings between the cost of living increase and a flat budget, what she is proposing is a 1.9% cost of living increase. She explained that we are at \$784,545.00, divide that by 2. She doesn't support firing teachers right now or cutting classes to save a 1.8%-2.0% increase in the school budget. Fiscal responsibility requires making hard decisions, those hard decisions are not always to cut, but to make informed, reasonable calculations that protect our students and our community. It's a far cry from what's been asked for, but she feels, given the hard-economic times, that we are all finding ourselves in, this option takes into account our responsibilities to the schools and our necessary tightening of the belt, that we are all facing.

Don Houston expressed that he theoretically would love a zero percent increase, he understands that is not reasonable. He wants to stay with his suggestion of a reduction of \$500,000.00. He expressed his disappointment in the decision made last year by the District which had the opportunity to not spend the \$553,000.00 that was freed up from the bond on the budget, they applied it to the program. If that \$553,000.00 was sitting here right now, that would have satisfied the increase he is suggesting.

Mark Zankel motioned to approve the Hopkinton School District FY19/20 Operating Budget, as presented, in the amount of \$20,780,647.00. Jonathan Cohen seconded the motion. There being no further discussion, a vote was taken to approve the Hopkinton School District FY19/29 Operating Budget, as presented, in the amount of \$20,780,647.00. The vote did not pass with 1 Yes, 9 No.

Discussion took place regarding the amount the Budget Committee members would agree to present as the School District FY19/20 Operating Budget.

Michelle Clark explained that the budgets and articles are presented at the Public Hearing, this is where you hear input. After that input, then the Budget Committee can make recommendations on everything presented.

Don Houston motioned to approve a \$421,069.00 reduction in the original Hopkinton School District FY19/20 Operating Budget, making their Operating Budget \$20,359,578.00. Ken Traum seconded the motion. Discussion included:

- Jonathan Cohen explained that he was voting no, because if we don't approve this reduction, he is going to propose a cut by \$225,000.00. He would like the committee to consider that amount because it is a more moderate reduction.
- Aviva Nestler wanted to make it known that she, Mr. Chamberlin, and Michelle Clark appreciate the vote of confidence in their ability to rework numbers, but there is a breaking

REVIEW AND DELIBERATION ON ALL BUDGETS

SCHOOL OPERATING BUDGET

BUDGET COMMITTEE COMMENT, continued

point where you have severe impact. All our talents will not be able to mitigate that impact over a too significant threshold.

- Mr. Cohen wants the committee to note that this is almost a half million dollars coming out of our schools, which is significant. He expressed that it was important for the committee to consider that before casting a vote to this motion. He would strongly urge everyone to vote no.
- Candace Youngman explained that she doesn't agree with Mr. Cohen's proposal, because it's not a sizeable enough amount to make an impact. If the bond passes, the community will be obligated to an increase that is too high and will not be sustainable going forward.
- Mrs. Krzyzaniak explained that, because the School Board doesn't present their budget to the Budget Committee until the second week in January, it pushes the Budget Committee right to the end. The Budget Committee had no idea that the School Board would be asking for a bond, putting all the pressure on the Budget Committee.
 - She respectfully asks for the School Board to start earlier, so that there is an additional week in between their final presentation and the Public Hearing. *Ms. Nestler responded that she would bring that feedback to the School Board.*

A vote was taken to approve a \$421,069.00 reduction in the original Hopkinton School District FY19/20 Operating Budget, making their Operating Budget \$20,359,578.00. The vote passed with 6 yes, 4 no.

PUBLIC COMMENT

Cheryl Morris explained that there would be a better chance of the bond passing, if the School Board announced that there will be a reduction of \$140,000.00 in the budget, if the bond didn't pass, because we won't need that amount added to the Capital Reserve Fund.

Sabrina Dunlap asked for clarification on the process that takes place after the Public Hearing. Mrs. Krzyzaniak explained that the Budget Committee meets directly after the Public Hearing, and yes, the amounts can be changed and voted on again, for final approval.

Carolyn Koegler-Miller asked if the public can ask for an amount to be voted on. *Mrs. Krzyzaniak replied they could.*

UPCOMING BUDGET COMMITTEE MEETINGS

Wednesday, February 6, 2019, 6:30 pm, at the Middle/High School Auditorium: PUBLIC HEARING ON ALL BUDGETS. Final budget deliberations.

MOTION TO ADJOURN

Ken Traum motioned to adjourn at 10:00 pm. Rich Houston seconded the motion. There was no further discussion. The vote passed, 10 yes.

Respectfully submitted,
Tammy Clay