

TOWN OF HOPKINTON
Budget Committee Meeting
Wednesday, November 13, 2019
Approved

BUDGET COMMITTEE MEMBERS IN ATTENDANCE

Janet Krzyzaniak, Ken Traum, Debbie Norris, Jonathan Cohen, Candace Youngman, and Rich Houston. Jim O'Brien and Mark Zankel arrived late.

BUDGET COMMITTEE MEMBERS ABSENT

Don Houston and Ginni Haines were unable to attend.

PUBLIC PRESENT

Norm Goupil was present at the meeting.

CALL TO ORDER

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

APPROVAL OF OCTOBER 9, 2019, DRAFT MINUTES

Ken Traum motioned to approve the October 9, 2019, Meeting Minutes. Jonathan Cohen seconded the motion. Mrs. Krzyzaniak asked for any corrections. A vote was taken to approve the October 9, 2019, minutes. All Committee Members approved. The vote passed.

FINANCIALS – TOWN

Ken Traum presented the Town's Revenue and Expense Summaries through October 31, 2019.

- On the Revenue side, Mr. Traum pointed out that 3120 Land Use Change Tax, 3185 Timber Tax, 3189 Payment in Lieu of Taxes, 3190 Interest & Penalty Taxes, and 3220 Motor Vehicle Permits are all in excess of the anticipated revenues for the year. He explained that they have received \$49,391 of new aid from the State which was unanticipated revenues.
 - Mr. Traum was asked to explain the revenue shortfall in 3404 Transfer Station Income. He explained that they are still anticipating receiving more payments from Warner and that recycling revenue is running low.
- On the Expense side, Mr. Traum noted that the only item, 4195 Cemeteries, appears to be out of line because reimbursement comes in at the end of the year through the cemetery trust reserve funds. He explained that 4196 Insurance also appears a little high but that there is revenue offset for the claims. Mr. Traum explained that they expect to spend all the funds from the Road/Culvert Bond. They are still waiting on the State for approval to move forward on the Stickney Hill culvert, hoping that it will be made driveable for the winter.

Mr. Traum presented an update on the solar array at the Transfer Station. He explained that at last March's Town Meeting, the Select Board was given the authority to enter into a land lease option and lease agreement for a solar array at the Transfer Station. After months of negotiations and consultations with counsel, the Select Boards of Hopkinton and Webster have entered into a land lease option and lease agreement for a solar farm at the jointly owned Transfer Station with

Hopkinton Solar LLC, an affiliate of Granite Apollo. The revenues to be received from this agreement will be split between the two towns, approximately 75%/25% (75% to Hopkinton). Each town has entered into separate PILOT (payment in lieu of taxes) agreements. A couple of weeks ago the Hopkinton Select Board approved the PILOT agreement following a public hearing. The only cost incurred for this process was about \$1,000-2,000 in legal fees.

The specific design of the solar farm has evolved as most of the array will be built on private land in Webster, adjacent to the Transfer Station, and the power generated there will be connected to the Eversource grid going through the Transfer Station's property. This plan will only impact 39 of the 133 acres at the Transfer Station.

The lease option and lease agreement:

- The option period, or the companies right of first refusal to develop. They are paying the town's \$2,500 for the right to try to sell this agreement to somebody who will develop the solar farm. This option is for up to three years, commencing with the execution date. Hopkinton would receive 75% of the \$2,500. During the three-year period, the company would be seeking approval from the State Site Evaluation Committee, they will be lining up a buyer/developer, and they will do any other studies necessary. There is an option for an extension. If the option is exercised, they will enter a construction term, which would run from the lease commencement date for the shorter of two years or the commercial operation date.
- During the construction period - they will be building the array. The towns would receive \$66,500 annually, Hopkinton would receive approximately \$50,000 of that.
- The primary term would last 25 years with options for up to three, five- year extensions. The first 5 years, the towns would receive \$171,000/year, the next five years \$185,000/year, then \$198,000/year, and so forth. The initial 5 years Hopkinton would receive \$128,000 annually.

The PILOT agreement:

- Each town would enter into their own PILOT agreement based on the projected megawatts to be generated in that town and each town would receive 100% of the prospective PILOT payments. The initial assumption is that Hopkinton would have 7 megawatts generated at the Transfer Station.
- During the construction period, Hopkinton would receive \$10,500 annually.
- During the primary term then would go up to \$21,000 for the first year and then increase by 2.5% per year.

Webster has a larger area than originally planned because they have adjacent, undeveloped, land that they could build on, that would provide a bigger array than the one at the Transfer Station. There would be more joint presentations with Webster to further explain what's happening and to get the Conservation Committees involved.

FINANCIALS - CONTOOCCOOK VILLAGE PRECINCT

Don Houston was not present.

FINANCIALS - HOPKINTON VILLAGE PRECINCT

Candace Youngman did not have a report to share.

FINANCIALS - SCHOOLS

Jim O’Brien presented the September 2019 Hopkinton School District Financial Report and a memo from Michelle Clark, dated October 9, 2019. Mr. O’Brien explained that the Adequacy and Special Education Aid and Medicaid reimbursement change has resulted in a loss of funding coming in for Medicaid reimbursement. The biggest impact on the Budget is in the Personnel lines. Mr. O’Brien explained that the District did a lot of hiring over the summer, with the benefits associated with them; these numbers still need to be finalized and they may be a little higher than budgeted. He explained that all but \$12,000 has been used from the Contingency Fund on needs that have been identified early in the process. The Medicaid reimbursement is being challenged by many school districts.

Mr. O’Brien presented a report titled Revenues revised 10/15/19, using a new valuation report. He highlighted the areas of change:

- Interest Earnings \$ 3,000.00
- Special Education Aid \$154,297.41
- State Adequate Education Grant \$119,758.40
- Kindergarten Aid (\$ 71,243.81)
- Medicaid Reimbursement (\$183,000.00)

Mr. O’Brien presented the School District’s Programmatic Budget with the additional line, Department Totals-Student count. He explained that their vendor has been asked to provide a quote for what it would cost to provide an accurate monthly number count. Conversation suggested that the cost estimate would be a one-time amount to re-write the program could be around \$10,000. This being a substantial amount, if the Budget Committee wants to have this information, they need to help them budget for it.

Mr. O’Brien explained there is a budget freeze on all purchase orders and expenditures. They need to go through the Superintendent or Michelle to get approval. They started off the FY in a budget freeze, because of the reduction in the budget brought forward at the School District meeting.

DISCUSSION AS TO HOW THE HOPKINTON BUDGET COMMITTEE FEELS THE STATE AID COMING TO HOPKINTON SHOULD BE USED

Janet Krzyzaniak handed out an article that Don Houston asked her to share from the Opinion page of the Concord Monitor, dated October 15, 2019. She read from the third paragraph, “Using one-time revenue to pay for current operations to build out new programming or to add new staff expenses is a recipe for setting up property taxpayers for massive increases when, as expected, until the new spigot of funding gets shut off.” She explained that she felt very strongly that we need to do it differently than what we did in the past, when the Budget Committee allowed the \$550,000 being paid for a bond to be spent by the School Board in their Budget. That increased their School Budget every year from then on. The \$550,000 wasn’t being saved for the new bond. She feels that the Budget Committee needs to give the Town and School some guidance as to what we are expecting.

Ken Traum explained that the Town will be getting approximately \$49,000 this year and next year.

A couple of committee members suggested that additional revenue should be put into an account for needs that aren’t necessarily planned for but, will need to be paid for at some point in the future.

DISCUSSION AS TO HOW THE HOPKINTON BUDGET COMMITTEE WILL PRESENT THE APPROVED BUDGET AT THE PUBLIC HEARING AND AT THE DISTRICT AND TOWN ANNUAL MEETINGS

Janet Krzyzaniak explained that last year there were last minute decisions on when the Budget Committee could present the budget at the School Board meeting. This year it needs to be thought about ahead of time and decide if it should be done differently. Should we do some other format, other than a Power Point? We need to plan and develop a clear understanding of the roles and procedures with both the School and the Town. Who legally decides the format of how and when HBC presents?

It was suggested that there is time for the moderator and the committee chairs to meet and work out how the presentations will take place - to include the sequencing and changes to the slides. Mr. O'Brien said that the Town invites the moderator to a meeting to go over what will be presented.

PUBLIC COMMENT

Norm Goupil wished everyone a Happy Thanksgiving.

ANY OTHER BUSINESS TO COME BEFORE THE BOARD

Rebecca Forestall, Director of Student Services, will be asked to give a brief presentation about the Special Education funding to the Budget Committee.

Candace Youngman asked what the Town is going to do regarding recycling with revenues down.

Ken Traum explained that in the next budget year they have reduced the anticipated revenues for recycling. It's still less expensive to recycle as opposed to incineration. Because we have clean (sorted) recyclables versus single stream, our recyclables are more valuable.

Wednesday, February 12, 2020 – 6pm – Hopkinton High School - Public Hearing on all Budgets

Saturday, March 14, 2020 – 9am – Hopkinton High School - School District Meeting

Saturday, March 21, 2020 – 9am – Hopkinton High School - Town Meeting

UPCOMING BUDGET COMMITTEE MEETINGS

- Wednesday, December 4, 2019, 5:30 pm, Town Hall
 - Presentation of Town Budgets to the Budget Committee
 - (overview and review of significant changes)
- Wednesday, December 11, 2019, 5:30 pm, Town Hall
 - Budget Committee Meeting
 - (follow-up presentation and meeting with Department Heads, if requested)
- Wednesday, December 18, 2019, 5:30 pm, Town Hall
 - HVP and CVP Presentation to the Budget Committee

MOTION TO ADJOURN

Ken Traum motioned to adjourn at 6:50 pm. Mark Zankel seconded the motion. There was no further discussion. A vote was taken. All Committee Members approved. Motion passed.

Respectfully submitted,
Tammy Clay