

TOWN OF HOPKINTON
Budget Committee Meeting
Wednesday, December 4, 2019
Approved

BUDGET COMMITTEE MEMBERS IN ATTENDANCE

Janet Krzyzaniak, Don Houston, Ken Traum, Ginni Haines, Mark Zankel, Jonathan Cohen, Jim O'Brien, Thomas Lipoma, and Rich Houston.

BUDGET COMMITTEE MEMBER ABSENT

Debbie Norris was unable to attend.

PUBLIC PRESENT

Neal Cass, Town Administrator was present for the Town Budget Presentation. Anna Wells, Select Board Member, came in as the Financials were beginning.

CALL TO ORDER

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

APPROVAL OF NOVEMBER 13, 2019, DRAFT MINUTES

Jim O'Brien motioned to approve the November 13, 2019, Meeting Minutes. Mark Zankel seconded the motion. Mrs. Krzyzaniak asked for any discussion or corrections. A vote was taken to approve the November 13, 2019, minutes. There were two abstentions, because they were not present at the meeting. The other Committee Members attending approved the motion. The vote passed.

Janet Krzyzaniak welcomed Tom Lipoma, the new Hopkinton Village Precinct representative.

PRESENTATION OF TOWN BUDGETS TO THE BUDGET COMMITTEE

Ken Traum presented the 2020 Proposed Budget with a slide show presentation. More detailed information can be found in the December 4, 2019 – Select Board 2020 Proposed Budget blue book.

Initial Requests

- Operating Budget up 7.19% \$ 523,551
- Revenue up 3.80% \$ 123,673
- Warrant Articles for CRFs up 173.40% \$ 948,500
- To be raised by taxes up 29.83% \$1,447,685
 - Tax rate up \$1.85

Select Board Major Changes (p. 16)

Operating Budget

- Select Board Expense \$ (3,000)
 - Used to cover unexpected items during the year.
- Town Clerk/Tax Collector Wages \$ (3,189)
 - Board voted last year to keep same salary for 3 year term of office

Select Board Major Changes, continued

Operating Budget

- Town Clerk/Tax Collector Overtime \$ (1,593)
 - For the one full-time employee
- Trustee of Trust Funds Bookkeeper \$ (730)
 - Current person retiring-stipend brought more in line
- Legal Fees \$ (5,000)
 - Based on past experience
- Scanning of planning files \$ (7,200)
 - Good project, but not this year
- Cemetery Sexton \$ (3,300)
 - Increase weekly hours by 6 instead of 11
- Ambulance Training Wages \$ (860)
 - Gave request increase to OT – left this flat
- Deputy Fire Chief Stipend \$ (1,600)
 - Position has been vacant with no plans to fill it
- DPW Engineering \$ (30,000)
 - Proposed to be funded by a road bond
- B&G Ground Maintenance \$ (10,000)
 - Removed bandstand water fill station
- Conservation Commission \$ (4,409)
 - Given usual \$1 – Proposed to increase LUCT to 100% to ConCom
- Fire Station Bond Refinance \$ (2,000)
- Combination of other smaller items and items adjusted with updated Information \$ (167,344)
 - **Total Operating Budget Changes \$ (240,225)**

CRF/Maintenance Trusts, (p. 9)

- Briar Hill Road Culvert \$ (390,000)
 - Proposing a bond to cover this
- Recreation Facility \$ (30,000)
 - Adjusted George Park Water
- Fire Equipment & Vehicles \$ (37,500)
 - Pushed back buying extrication equipment
- Town Hall Renovations \$ (62,500)
 - Pushed off renovations and tied to sale of Bates Building
- Transfer Station Equipment \$ (50,000)
 - Will replace baler with same, not an upgrade
- Sewer Sludge Removal \$ (30,000)
 - Plan to create plan to pass more of cost on to users
- Other appropriation changes that did not change purchase schedule \$ (105,000)
 - **Total CRF/Maintenance Trust Decrease \$ (705,000)**

Total amount of Select Board Cuts \$ 945,225

Select Board Proposal

Revenues

- Estimated Revenues **\$3,379,592**
 - Increase of \$124,673 – 3.80%

- Major Drivers
 - Allocation of LUCT to ConCom (100%) \$ (20,000)
 - PILOT \$ 41,000
 - Motor Vehicle \$ 80,000
 - Flood Control Reimbursement \$ 15,500
 - Municipal Aid \$ 47,891
 - Income to Sewer Fund \$ 60,603
 - Warner Landfill Reimbursement \$ (19,000)
 - Transfer Station Commercial \$ (30,000)
 - Recycling Revenue \$ (25,000)
 - **Total Drivers \$ 150,994**

Operating Budget

- Total Operating Budget **\$7,703,737**
 - increase of \$421,426 (5.79%)

- Major Drivers
 - Town Clerk/Tax Collector Part-Time Wages \$ 21,956
 - Election Administration (4 elections) \$ 14,281
 - Merit Wage Pool (3%) \$ 78,142
 - Health Insurance (6.4% GMI) \$ 121,175
 - Police FT Wages \$ 27,610
 - DPW FT Wages \$ 23,385
 - Sewer Increase (offset by revenue) \$ 55,932
 - **Total – Drivers \$ 342,481**

Warrant Article for CRF/Maintenance Trusts

- Total WA for CRF/Maintenance Trusts **\$ 790,500**
 - Increase of \$243,500 (44.52%)

- Major Drivers
 - Fire Vehicle/Equipment Replacement \$ 127,500
 - Ambulance Replacement \$ 50,000
 - Library Buildings & Grounds \$ 41,000
 - Sewer Equipment/Sludge Removal \$ 30,000
 - **Total \$ 248,500**

Individual Warrant Articles

- Proposed Bond of at least **\$ 420,000**
 - Briar Hill Road Culvert that was moved to Stickney Hill Road \$ 390,000
 - Engineering removed from the budget 30,000
 - No tax impact in 2020 – first payment in 2021

Select Board Proposal, continued

Review of Pending Road Projects

- Projects that should be done now:
 - Chip Seal 18 Roads \$ 392,258
 - Shim & Overlay 17 Roads \$1,286,809
 - Reclaim & Rebuild 20 Roads \$3,954,771
 - Culvert & Bridges* \$2,230,000
 - **Total** **\$7,863,838**

- *Culverts & Bridges, detailed
 - Kearsarge (currently plated) \$ 430,000
 - Briar Hill 2 \$ 390,000
 - Briar Hill 3 \$ 390,000
 - Tyler Bridge (new decking minimum) \$ 530,000
 - Farrington Corner – we install \$ 30,000
 - Bound Tree 1 \$ 130,000
 - Bound Tree 2 \$ 330,000
 - **Total (as shown above)** **\$2,230,000**

Other Items with Impact

- Total Other Items with Impact \$ 28,400
 - A \$250,693 decrease

- Major Drivers
 - Fund Balance \$ 215,000
 - **Total** **\$ 215,000**

Use of Unreserved Fund Balance

- Use of Fund Balance to offset taxes \$ 350,000
 - Increase of \$215,000 (159.3%)

Unreserved Fund Balance

- Unreserved Fund Balance Estimate 12/31/2019 **\$1,708,442**
- 5% Retainage **\$1,300,000**
 - **Estimated available** **\$ 408,442**

Select Board Tax Rate Impact Proposal

To be raised by taxes:

<u>2019</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
\$4,852,560	\$5,141,045	\$ 290,485	5.99%

Tax Rate:

<u>2019</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
\$ 6.25	\$ 6.62	\$ 0.36	5.82%

Budget Committee Discussion took place regarding:

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- The current, 20-year bond, that will end in 2026, and the new proposed bond that will be for at least 10-years.
- The sewer users that will assume some of the responsibility of the cost of sludge removal.
- Should the bond be larger than \$420,000? Should it be larger to cover some of the other road repairs that have been put off? Don Houston explained that Dan Blanchette would need approximately \$600,000 a year, in order to make progress on the road repairs and to maintain the work that has been done, without having to hire out extra crew members.
- The Fire Department request for \$162,000 over the next 4 years for Rescue Equipment.
- If the bond does not take place, there will be a need to add additional money into the 2020 Town Budget, increasing the tax rate.
- The proposed change in the Land Use Change Tax was described. Mr. Traum explained that currently the Conservation Commission receives 35% and the Town gets the balance - from penalties for land coming out of current use. This amount budgeted does fluctuate yearly.

FINANCIALS - TOWN

Ken Traum reported that the Town's Revenues and Expenses through November 30, 2019, have shown no surprises or concerns. He did mention that storms in December could impact the final budget numbers, but that at this point they are anticipating coming in a little below budget.

FINANCIALS - SCHOOL

Jim O'Brien presented information requested by the Budget Committee regarding new positions that have been funded by the FY20 Budget, as follows:

- Harold Martin, Kindergarten – 1.0 Full year, full time teacher – 65 Students – four sections (Contingency Fund/Budget)
- Harold Martin, 2nd Grade – 1.0 Full year, full time teacher – 65 Students – (Contingency Fund)
- Maple Street, 4th Grade – 1.0 Full year, full time teacher – 75 Students – (Budget)
- HHS Science (Physics) – 0.2 – 1/5 Full year, one section. 43 Students requested – needed two sections 20, 43 (Budget)
- HHS Wood Technology – 0.1 – one semester/1 section. New Position – not new funding – allocated funds in the budget – 16 students are in the additional section
- Restructuring School Counseling – 0.2 – one fifth, full year. This supports restructuring the school counseling services into one middle school and two high school, school counselors. This converted a careers teacher to a counselor position.

Mr. O'Brien presented the October 2019 Financial Statement as reported in Michelle Clark's Memorandum dated November 14, 2019.

- General Fund related -
 - They have received less revenue this year due to no Medicaid or amount from expendable trust fund (as they had last year). They have also received less money from the Town, due to timing.
 - Most positions were hired; however, not all have been given an official date of hire and are, therefore not encumbered. There are still 2 full-time custodian positions open.
 - The Anticipated fund balance for 6/30/2020 is expected to be extremely low at \$41,857.67. This is of concern and they will be discussing this at their next meeting.

FINANCIALS – SCHOOL, continued

- Food Service related –
 - This year they have higher sales due to an earlier start date and increase in rates.
 - This year they have higher expenses, due to the earlier start date.
- Bond Project related –
 - They have hired HL Turner to do the Architectural and Engineering. They had an RFQ for a construction management company and received six. The committee will bring four of those six firms in for interviews with the Building Committee on December 17, 2019. Their hope is to have a firm that will want to go into a contract to present to the Board on December 19, 2019.
 - They are currently incurring costs for these services.
- Based on this information, the freeze put into place in July needs to continue until further notice.

Mr. O'Brien suggested that with the hiring of a Construction Manager, that would complete the team. The architectural engineer would then move forward with the drawings and scoping out the project. The construction management team would then come in and work with them on those construction drawings and start to build out, with their estimating teams, to work out guaranteed maximum price numbers. He explained that there is the \$9.7 million bonded, and that hopefully by late winter or early spring with the two teams working together, there will be a firm number for what the true costs will be for the items that are put forward to the town, in March, for the School Bond – possibly lowering the amount of bond or covering more safety and security issues with the current amount. Mr. O'Brien explained that construction would not begin until the summer of 2020, including the current roofing issues. They will go to the bond bank in July 2020.

Mark Zankel asked if it would be appropriate to ask someone from the School Administration to come and talk to the Budget Committee about the class size and the latest thinking about break points and thresholds. His concern is that personnel is a big driver in the school budget and last year, there was a lot of discussion at the Budget Committee Meetings about the contingency funds; two positions were funded with the threshold numbers being right at the border. Anticipating that there will be more conversations like this, he would like to be more informed about those choices and what drives them.

FINANCIALS - CONTOOCCOOK VILLAGE PRECINCT

Don Houston presented the Profit and Loss Budget versus Actual Budget through October 2019. He explained that the project to replace the piping on the Main Street tank, for \$90,000.00, will not take place until 2020. The total reserve, based on the budget, is \$170,000.00. Mr. Houston explained that there are currently 600 users whose meters get read electronically; but there have been 60 or more meters that have not been able to be read, causing a big problem in sending out the bills.

FINANCIALS - HOPKINTON VILLAGE PRECINCT

Thomas Lipoma reported that they are on track with the electric bills.

PUBLIC COMMENT

There was no public comment or questions.

ATTACHMENTS TO WEB SITE

Mrs. Krzyzaniak thought it was important to try to bring to the towns people any attachments to the minutes of anything that is presented and discussed at meetings. After speaking with Town Administrator, Neal Cass, she found that would be almost impossible to include all the attached information and that the information shared should be included in the minutes taken.

Janet Krzyzaniak made a motion to attach the article, or direct link to, the Opinion article referred to at the November 13, 2019, Budget Committee Meeting. Mark Zankel seconded the motion. There was no discussion. One Committee Member abstained. The remainder of the Committee Members approved. The vote passed.

The link to the article Don Houston asked to be shared at the November 13, 2019, Budget Committee Meeting is <https://www.concordmonitor.com/Budget-details-should-serve-as-a-warning-29347712>.

ANY OTHER BUSINESS TO COME BEFORE THE BOARD

Ken Traum asked if the Select Board has not reached a consensus on December 9, 2019, should there be a meeting on December 11, 2019?

UPCOMING BUDGET COMMITTEE MEETINGS

- Wednesday, December 11, 2019, 5:30 pm, Town Hall (Information will need to be received by Tuesday, December 10 in the morning)
 - 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
- Wednesday, January 8, 2020, 5:30 pm, Town Hall
 - School Budget Presentation to the Budget Committee

MOTION TO ADJOURN

Ken Traum motioned to adjourn at 7:30 pm. Jonathan Cohen seconded the motion. There was no further discussion. A vote was taken. All Committee Members approved. The vote passed.

Respectfully submitted,
Tammy Clay