

TOWN OF HOPKINTON
Budget Committee Meeting
Wednesday, January 17, 2018
Approved

BUDGET COMMITTEE MEMBERS IN ATTENDANCE

Janet Krzyzaniak, Don Houston, Ken Traum, Rich Houston, Debbie Norris, Amy Bogart, Ginni Haines, Mark Zankel, Matt Belanger, John Wuellenweber

PUBLIC PRESENT

Steve Chamberlin, SAU #66, Superintendent of Schools; Brenda Vincent, HSD Secretary; Steve Lux, Selectman; Elizabeth Durant, School Board Chairperson; Residents and Property Owners – Dick Lord, Arnold Coda, Mary Kursturin, Art Cunningham, John Chandler, Ken Sauer, Cheryl Morse, Anne Carew, Marge Salathe, Jeanne Prewitt, Chas Foley, John Caron, Susan Afflerbach, Robert Peter Gerseny, Kim Houston Martel, Marcus Peterson, JoAnn Peterson, Wayne Poor, Betty Poor, Ian Tewksbury, Mike Martin, Elizabeth Hall, Jessica Scheiman, Caroyln Koegler Miller, Mel Myler, Susan Myler, Candace Youngman, Diane Jackson, Ben Wilson, Elizabeth Colpitz, Rob Dapice; Student – Carley Kanter.

CALL TO ORDER

Janet Krzyzaniak called the Budget Committee Meeting to order at 5:30 pm, at the Hopkinton Town Hall. The pledge of allegiance to the flag followed.

PRESENTATION OF SCHOOL BUDGET BY MATT BELANGER, REPRESENTATIVE TO THE BUDGET COMMITTEE

Matt Belanger provided printed packets of information to those in attendance that included the Hopkinton School District Budget Committee Review FY19, dated January 17, 2018. Also, included in the packet, in response to questions brought up at the January 10, 2018 Budget Committee Meeting; a memo dated January 12, 2018, from Steve Chamberlin, that included the recipients of the HSD NH Excellence in Education Awards; a breakdown Report of Special Education expenses and revenues that the School Board adopted for the 2018-2019 Budget; and a memo dated January 17, 2018, from Steve Chamberlin, that included comparable school districts. This information can be found on the School District website at www.hopkintonschools.org.

Mr. Belanger's presentation included: Background to the Facilities Project; a Scope Summary, results of the Harriman Report, and the Facilities Project Warrant Summary. He highly recommended that residents look at the Harriman Report, available on the school district website, because it is extremely detailed and very informative. This report includes breakdowns of locations, in all three schools, that need attention and the estimated costs associated with them.

Further information that was added to support Mr. Belanger's presentation:

Scope 1 includes areas identified by NEASC that need to be addressed, as per their notice, that was received by the School District.

PRESENTATION OF SCHOOL BUDGET BY MATT BELANGER, REPRESENTATIVE TO THE BUDGET COMMITTEE, continued

- 1) Of the \$22,415,748, about 1/3 of it is for deferred maintenance, at all three schools. A grant has been received, in the amount of \$63,000, from the State, that would go towards this. Mr. Belanger emphasized that the Safety Committee felt very strongly that we really need to look at ensuring safety and safe entrances to our schools.
- 2) The unobscured elevator access would allow for those students who need to use the elevator to access the levels without entering through a classroom or the library.

Scope 2 includes what the School Board felt was needed to invest in enhancing the learning opportunities for students by providing new technology and new STEM opportunities. Mr. Belanger explained that the comprehensive NEASC safety and security requirements enhances buildings and the space. The Harriman Report shows the location where the new science labs and classrooms would be.

Scope 3 allows for the 6th graders to engage in curriculum that they otherwise would not be able to. He explained that this is as much of an academic programming opportunity for the 6th grade, as a financial decision.

Based on the NESDEC report, presented last week, the enrollment is anticipated to continue to climb to 1,300 students in the next few years. Classroom space is needed. It will be more cost effective to move the 6th grade to HMHS than to build classroom space onto Harold Martin, for \$4.2M. Adding the 4 classrooms to HMHS is about half that cost, at \$2.2M.

Mr. Belanger noted that the School Board decided that Scope 4, the new gymnasium and performing arts auditorium, for an additional \$7M+, which would have been a great opportunity to have, but at this point they felt it wasn't something they felt comfortable recommending.

The Harriman Report is available on the School District website. In addition to the subjects listed on the slide, the report includes floor plans, drawings, parking spaces, and traffic patterns. This report is broken down in a very transparent way. Mr. Belanger stated that the Facilities Analysis provides the foundation for why we are here today. This analysis highlights when projects were done, the age of the roofs, and the state of our facilities; it really will help you to understand how \$23M gets safe, secure school buildings.

Facilities Project Warrant Summary

- 1) The Facilities Project, is a single warrant item for \$29,831,948, that has an estimated tax impact in FY20 of \$3.22/\$1,000.
- 2) Purchase of 195 Park Avenue and to have an architectural design plan done to renovate and add to the current square footage, so that it can be used as the new SAU Building. This replaces the suggestion to add onto Harold Martin School for \$1.7M for Administrative Offices. An initial estimate to renovate and expand the current space to 3,000 sq. ft. is approximately \$420,000.

Only the purchase price and architecture design for 195 Park Avenue are included in the FY19 Operating Budget proposal. This is a one-year purchase, not a bond.

PRESENTATION OF SCHOOL BUDGET BY MATT BELANGER, REPRESENTATIVE TO THE BUDGET COMMITTEE, continued

- 3) Establishing a building renovation and/or expansion capital reserve fund, to stabilize the tax rate, would occur if item 1 fails.

Mr. Belanger emphasized that our schools don't have a spending problem, the budgets presented have been fiscally responsible, and he acknowledged that education is expensive. The cost per student in Hopkinton is well within the state average, we are well behind our neighboring schools, and we are in the middle of the road when considering schools our size. The Board recognizes that education is expensive, but also recognizes that education is important, and that money must be spent to educate our students.

Questions, Comments, and Discussion from the Budget Committee

Was the School Board able to come up with the tiered perspective that was requested at last week's meeting?

The School Board talked about it at their last meeting. They felt they'd be more comfortable going through the process to get the Budget Committees recommendations, before considering the tiers. At this point, they may have to consider cutting out buildings rather than items, without impacting the overall budget. NEASC only accredits the high school, and the School Board may have to consider only addressing the high school, at this point.

Questions, Comments, and Discussion from the Public

Cheryl Morse asked what the amount for dollar per thousand in Hopkinton?

\$617,000 was the amount given for an answer.

Is the \$200,000, for the SAU purchase, included in the proposed Operating Budget?

No, it will be a separate warrant article.

Ken Sauer wanted to know why the School District wants to purchase the Boys & Girls Club building?

The 5-year Facility Study showed that they needed to make the administrative offices safer and to provide a better facility for the academic leadership in town. The current SAU building, would eventually go away, providing necessary parking spaces at Maple Street School. Some of the items within the building would be repurposed at the new location. It was explained that because it is not a bond, it is a one-year purchase, they wanted to include it to show what the FY19 tax impact would be.

Chas Foley wanted to know what happens to the Boys & Girls Club?

When the Boys & Girls Club was held at the Park Street site, enrollment was down. They moved to Maple Street, and enrollment went up. The building was put on the market and the School Board approached them regarding the purchase.

Mary Kursterin shared a list of many items included in the proposal that were not necessary. She expressed that she knows that education is expensive. She said that at last week's meeting, some school board members discussed that the increased budget of a \$30M bond, is just part of doing business. There are more and more community members showing up at meetings expressing how difficult it is to keep up with the increasing taxes and that a lot of them will have to move out of town. At what point do you finally have enough money?

Questions, Comments, and Discussion from the Public, continued

It was explained that technology enhances learning. Whiteboards and iPads make effective learning environments, according to studies and research.

Elizabeth Colpitz shared that technology is only as good as the teachers that run them. There are studies and research that promote both ways of learning (with and without technology). Were modulars considered at the sites, as options for the influx of the student population?

The NESCEC report shows that there will be a continued increase in the number of students, and that over the past 3 years there has been an increase of 103 students. Approximately 14 years ago, the idea of modulars were brought to the town, and the town did not support the idea of modular classrooms in our community. The District hired a firm to do a Facilities Study about a long-term fix, and they recommended not to do modulars.

What are the added academic opportunities for the 6th grade moving to the High School?
They would have access to fine arts, world languages, and an opportunity for acceleration.

Arnold Coda handed out a packet of information he put together, to the Budget Committee. He shared that he served 9 years as the School District Treasurer, and that in that time, he had an inside view on how the taxpayer's money was being spent. He explained that this problem has existed since 2002, and that it has increased since then. We are at a point now where we have a lot of deferred school and town needs. He feels that school/town officials are not thinking down the road. He suggests looking at a single campus school setting, funded with private and/or federal funding or grants so that the cost would be minimized to the taxpayers; doing that would free up the current schools for other town needs. The Town Hall, Tax Collectors Office, and Historical Society are all outgrowing their current locations.

Mr. Coda found that the unpaid real estate taxes in Hopkinton totals \$821,274.54, if you add to that interest and unpaid penalties to that, it amounts to \$910,887.82. He wonders why would anyone in town not pay their real estate taxes, knowing that they'd be charged 12% interest? The answer, to him, is clear – they cannot afford to pay their taxes on time. The list of delinquent tax payers is available, as public information, at the Town Clerk/Tax Collector's office.

He wonders why the School Board has been asked to hold Public Forums on multiple occasions, and still there have been none. Mr. Coda feels that because of the monetary size of this project, Public Forums should have been held to inform and educate a greater number in this town about what are buildings are like, and what condition they are in. He feels that, with this proposal, the School Board has not offered any alternative options. They have clearly put this Budget Committee and, ultimately if this continues, the voters in this town, between a rock and a hard place.

The School Board is considering holding a Public Forum before the February 7, 2018 Public Hearing, so that more people can understand the project. He explained that the single campus facility cost would be too costly. He also explained that the state used to provide 30% assistance for building, now they provide nothing.

Questions, Comments, and Discussion from the Public, continued

Kim Martel asked what the Operating Budget increase was going to be for the regular school budget. This will be a 1.3% increase, net \$255,000 overall budget. The Operating Budget increase, would be .18/\$1,000.

What is the increase before the bond wasn't coming off?

It was explained that it was \$570,000 but \$170,000 was the revenue, so the net is \$400,000. If the bond didn't come off it, would be an increase of \$655,000, but because the bond came off, it's an increase of .18/1,000.

Does that mean we have one-year reprieve and then a significant higher operating cost that come full circle?

If the bond vote passes, then in FY20 the first payment would be due.

JoAnn Peterson wondered if the NEASC recommendations, needed to maintain accreditation, were clearly identified in the document that defends the Proposed Budget?

The items that need addressing are bulleted out in the NEASC letter and in the Harriman Report, both found on the school's website. We have been on warning for a few years. We need to show that we are making progress or an effort to address the identified gaps in order to not be put on probation.

Do we have a Capital Reserve Fund?

We have a Tax Rate Stabilization Fund. Remaining money from the Operating Budget is returned to stabilize tax increases.

Mike Martin wondered what the interest was going to be on the Facilities Project.

This is approximately \$1.5M (20-year bond, at 3.04%), the Amortization Table information isn't available tonight.

Mr. Martin went on to say that with Hopkinton having the 6th highest tax rate, and this bond being so big, additional questions should be asked:

- 1) Should we keep our high school?
The cost per pupil in Bow is about \$2,700 less per pupil than in Hopkinton, we could save that money plus not need to fix the building.*
- 2) As our tax rate goes higher, does our property value go down? We need to look at comparable properties in surrounding towns.*
- 3) If we kept our per student at the state average, we would have roughly \$2.7M to cover the debt schedule.*
- 4) This town needs to keep its tax rate level for a period until other towns catch up and go ahead. To keep on adding to the school tax rate will only lower our property values and people won't want to move here.*
- 5) Our school buildings do need to be kept operational. Do our buildings meet the State guidelines for number of square feet per student? The buildings need to be sized according to their charts to qualify for building aid. Do we have too much space per student?*

Questions, Comments, and Discussion from the Public, continued

Ian Tewksbury asked for clarification on how long have we been on warning for building security and safety, and facilities?

We've been on warning for 5 years, for 2 standards. The first standard is for Community Support for Education, which is considered facilities; and the second is curriculum, which we should be off warning by the end of the year, because progress has been made in that area.

He asked if we do nothing this year, or next year, as far as addressing the facilities, how does going on probation from a warning work?

Going on probation won't make a difference in our overall accreditation. Probation is typically two years. When the warning status started, NEASC was told about the bond coming off and that it would be very difficult for this community to support two bonds. NEASC understood that and they have been working with the school, through communications from the Principal, of progress being made.

When NEASC gave their presentation at the School Board Meeting, about a months ago, that question was asked – What is the most important thing in the NEASC Report to get done? The answer was the safety, security, and maintenance part of the schools must be number one and everything else falls after that. If progress is being made to address these issues, they will make sure our accreditation stays.

The question was asked - What would not having a high school or being on probation do to our property values?

Mr. Tewksbury went on to explain that one thing that has affected the Operating Budget is that the State of NH no longer pays 30% toward all of teacher's retirement. That expense now falls on local taxpayers.

Liz Durant, because tonight's attendance was one of the largest since last fall, wanted to quickly clarify the process and approach the School Board took to arrive at the Facilities Project recommendation. The Warrant Article that the School Board has proposed is the culmination of a lot of work, and of a lot of people. A lot of things were considered, a lot of experts were consulted, sub-committees went and visited all over the state to look at what other schools have done. They talked to experts in the field. They contracted experts to sit down and take all those recommendations, needs, and educational gains, and put it into a project that the School Board asked for. She reminded everyone that individual reports from the sub-committees with two years of research are also available on the School District web site.

Carolyn Koegler Miller asked if any items were pulled out when comparing the cost per pupil number.

Mr. Belanger explained that the only numbers excluded are the bond debt, food service, and transportation.

Kim Martel asked if the money that the School Board passed for boilers and triage, was that part of the Harriman Report, that had to happen, been stripped out of this proposal?

The \$560,000 has been taken out of the contract.

Questions, Comments, and Discussion from the Public, continued

She encouraged the School Board to give serious consideration as to what this proposal would look like that would keep the tax rate flat. She said she would hate to get to the School Board Meeting and have the proposal be looked at as all or nothing. There is support for the things that need to be done; she would hate for the town to feel they have no option, and to end up making the wrong decision, because some things clearly need to be done.

As the School Board went through the Operating Budget, they made significant cuts. The Superintendent did propose what a flat budget would look like, and it meant significant cuts to programs and staff.

Rob Dapice voiced his concern about the underlying assumption that this scope of work and its associated costs is necessary to provide a first-class education for the next 20-30 years. These facilities need work and if the enrollment continues to grow, these schools need more space. If this bond doesn't pass, it will come back, and perhaps the scope will be reduced, but the borrowing and construction costs may increase. He questions, with the magnitude of the bond vote, whether the SAU structure that we have is sustainable.

Cheryl Morse asked if the bell curve of the populace, that supports the tax structure, has been considered? Balancing the needs of the entire population is important to the community. She knows of families, who are renters, who moved here just to get their children into the school district. What would 60-70% of the proposal look like keeping the NEASC improvements, all the fire and safety needs, and then possibly the down payment to technology? Do we need to replace the teachers room or the meeting space? She asked if the Town has any bonds maturing, because that would mean another impact?

There are no significant bonds maturing.

Jessica Scheiman asked the School Board to come back with a tiered approach; she feels that a disservice is being done to the town and students without this.

Further Questions, Comments, and Discussion from the Budget Committee

The public was thanked for attending this meeting and for contributing new input and feedback that will be taken into consideration in the budget process.

What kind of specifics, from the Budget Committee, is the School Board looking for, that would be of the most benefit?

The School Board discussed at their last meeting that they would present to the Budget Committee what they felt was most appropriate, academically, and then the Budget Committee would tell the School Board whether they supported the proposal or not.

It's important to separate out the gratitude to those who put the time and effort put into creating this proposal, but it is also important to recognize what scope and effect that the bond is going to have on the whole community.

Has federal funding been considered for the safety and security issues?

There may be some state funding available, applications are in and they are waiting for responses.

Further Questions, Comments, and Discussion from the Budget Committee, continued

Don Houston shared his concern about the effect of this total bond if this is added to our tax rate, along with the additional costs of the operating budget, that will continue to increase. Our town is growing slower than every town around us and our tax rate is higher. This will be compounded by adding on another \$5 proposed increase in FY20. It is the Budget Committees job to come up with a manageable tax rate. The \$30M addition is too much of a burden, because it's not manageable. The Facilities Committee recommended \$22M and the School Board recommended \$30M. He handed out his suggestion for tiers for the School Board to consider, that included safety, security, and maintenance to all three schools that totaled just over \$12M. The tax impact would be \$1.28/thousand versus the proposed \$3.22/thousand.

Discussion followed regarding this suggestion.

Amy Bogart made a motion to accept the proposed Facilities Project in the amount of \$29,832,948. Debbie Norris seconded the motion. Discussion followed about the proposed amount being too high for our community and the fact that the proposal wasn't provided early enough. A vote was taken. The motion was 9-1 to not approve the proposed Facilities Project amount of \$29,832,948.

Comments that followed included the need for our SAU administration to have appropriate office space to attract and retain quality staff, the suggested recommendation should be taken in to consideration. There are deferred maintenance, safety, and security issues that need to be funded so a significant bond is needed for this year. There needs a couple of tiers to be considered so it can be seen what is missing as you go from one tier to another, for the benefit of our schools and for the community.

Mr. Chamberlin said that next week the School Board will come back to answers questions about the Operating Budget and Special Education costs.

Steve Lux asked why deferred maintenance at HMHS had \$86,000 for replacing damaged ceiling tiles? At \$4-5/tile, that's 17,000 tiles at that facility, which amounts to 100,000 square feet of damaged tiles – that's a lot for one location. An explanation needs to be provided, is this the only discrepancy? If this is really the case, why weren't those tiles being replaced as needed?

The School Budget portion of the meeting ended at 8:00 pm.

APPROVAL OF WEDNESDAY, JANUARY 10, 2018, DRAFT MINUTES

Amy Bogart motioned to approve the Wednesday, January 10, 2018, minutes. Ken Traum seconded the motion. There was no corrections or discussion. A vote was taken, all approved the Wednesday, January 10, 2018, minutes.

PUBLIC COMMENT

Arnold Coda asked why 3,000 square feet of renovations and additions to 195 Park Street would cost \$420,000 in addition to the purchase price?

Repurpose will be done to 1,200 sq. ft. at \$80/sq. ft., then the rest would be added at a commercial rate of \$180/sq. ft.

ANY OTHER BUSINESS TO COME BEFORE THE BOARD

Mrs. Krzyzaniak asked Mark Zankel if he'd be willing to write an article for the Town Report before the next meeting. He said he would do that.

Further discussion and questions by the Budget Committee included:

- 1) *Was clarity received about the ability to amend the bond, as written, on the floor?*
An amendment can be made, not based on a percentage, but 2/3 vote was needed.
- 2) A Final vote will be taken by the Budget Committee on January 31st, on the School Board Operating Budget and the Facilities Project.
- 3) *Did the School Board take a one-time cut off the budget, in the amount of \$553,000?*
The budget will go up the full \$553,000 in the following years, it's not fair for the public to not understand that one time cut. The real School Operating Budget proposed this year went up \$1M. This is the highest increase in the expense side of the Operating Budget, add to the highest bond ever presented; this getting out of control. Who's going to want to move here?
- 4) Areas that need to be cut need to be up to the School Board, they are the experts in the field. It's the Budget Committees suggestion that the School Board show them what the Operating Budget would look like with a zero increase.
- 5) *With the increase in school enrollment meaning increased need for teachers, how will that be done with a flat budget?*
Cuts will need to be made, it's the School Board's decision where those cuts need to be made.
- 6) The next, regularly scheduled School Board meeting is scheduled for February 6. They meet the first and third Mondays of the month.
It was suggested by the Budget Committee, that the numbers given to the Budget Committee were given so late, that an additional meeting of the School Board would be important.
- 7) *If the School Board doesn't get the bond approval they're looking for, will they replace that \$1 Capital Reserve Fund with a specific amount into the article, to be established, to come back with another plan?*
This is the plan.
- 8) *What does that do to the NEASC, by not doing anything?*
It shows good faith that steps are being taken financially. A percentage of the vote will show the public support.

Don Houston thinks that the entire Budget Committee would agree that there is significant work that needs to be done, the dollar amount is the problem. We also have an obligation to our town to support our schools and deal with the safety issues that have been culminating for 18 years.

The Budget Committee is asking for the School Board to come back with a flat School Operating Budget tax rate. With the bond coming in, having a flat tax operating budget, makes the most sense.

Michelle Clark will be at the Budget Committee Meeting next week to explain the overall increases.

Mark Zankel will not be here next week but wanted to be on record that, personally, he wants to see the School Board tell us what it would take to have a flat tax rate. He's not in support of asking the School Board to come back with a flat budget, given the circumstances driving the budget increases.

UPCOMING BUDGET COMMITTEE MEETINGS - 2018

Wednesday, January 24	5:30 pm at the Town Hall Follow-up of School Budget. HVP & CVP presentation to the Budget Committee. Presentation to Budget Committee, Review of all Budgets and Q&A
Wednesday, January 31	5:30 pm at the Town Hall Budget Committee Deliberations
Wednesday, February 7	6:30 pm at the High School Public Hearing on all Budgets, Final Budget deliberations
Wednesday, February 14	5:30 pm at the Town Hall Final Budget Committee Deliberations Public Hearing on School Petition Warrant Articles

MOTION TO ADJOURN

Don Houston motioned to adjourn at 8:45 pm. Debbie Norris seconded the motion. There was no discussion. A vote was taken, and all approved to adjourn.

Respectfully submitted,
Tammy Clay