

TOWN OF HOPKINTON
Budget Committee Meeting
Wednesday, January 24, 2018
Approved, as amended

BUDGET COMMITTEE MEMBERS IN ATTENDANCE

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

BUDGET COMMITTEE MEMBER ABSENT

Mark Zankel

PUBLIC PRESENT

Steve Chamberlin, SAU #66, Superintendent of Schools; Michelle Clark, HSD Business Administrator; Steve Lux, Selectman; Elizabeth Durant, School Board Chairperson; Residents and Property Owners – Dick Lord, Mary Kursturin, Cheryl Morse, Theresa Pearson, Ian Tewksbury, Mike Martin, Candace Youngman, Sue Strickford, Stacy Price, and Esther Price. News representatives from The Villager and Concord Monitor.

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.

FOLLOW UP PRESENTATION OF THE PROPOSED FACILITIES PROJECT AND SCHOOL BUDGET –

Matt Belanger announced that the School Board has rescinded the Facilities Project for the upcoming March 2018 vote, based on feedback from the Budget Committee and the public. They want to take the time to listen and recalibrate the plan, based on that feedback. He explained that this is not giving up, it's an opportunity to get feedback. They received enough information to withdraw the current proposal and refocus. Some of the components that were in the proposal will be addressed, and Steve Chamberlin will explain that, because it does impact the operating budget. Mr. Belanger thanked everyone involved for their time and effort that was put into the project. He hopes that in the next few weeks and months there will be more community support and a collaborative discussion about what the facility project might look like for a vote in March of 2019.

Steve Chamberlin spoke about what impact rescinding the 2018 Facilities Project would have on Safety and Security. He explained that an alternative plan was already prepared, in case the Project was not supported at this time, and that plan has been put into action. The District has applied for \$701,000 worth of grants from the State: Public Infrastructure, of which we were awarded just under \$460,000. On 1/23/18, they were notified that the application for \$400,000 in safety and security work was approved. That work would be considered an improvement, not best practice; best practice would include a significant renovation and redesign.

FOLLOW UP PRESENTATION OF THE PROPOSED FACILITIES PROJECT AND SCHOOL BUDGET, cont.

The State Funds are an 80/20 match, 80% is supported by the State and 20% is supported by the district. This Grant allows controlled access for what will work in Hopkinton and what works financially.

The School Board voted on 1/23/18 to increase their proposed Operating Budget by \$397,000; making the total Operating Budget \$20,000,471. This will be offset by an increase in revenue of \$317,000. The realized tax impact will be .13/1,000, for the \$79,400. Out of the \$79,400 of realized tax impact, we get \$400,000 worth of safety and security increases at all schools, that would include a suite of options that could include controlled access video, key pad, fob, or swipe system. There are no personnel added to the budget for this monitoring.

Mr. Belanger provided the Budget Committee with printed packets titled Hopkinton School District 2018-2019 Budget Information, Final-adjusted after 1/23/18 School Board Meeting. This information can be found on the School District website at www.hopkintonschools.org. He added that the School Board voted on 1/23/18, that the budget as presented tonight to the Budget Committee, is the budget they are moving forward on. They felt it is as fiscally responsible as they can provide, especially given the increases associated with this grant. They did not feel comfortable with cutting anything beyond what they've cut already.

Mr. Chamberlin explained what impact delaying the Facilities Project would have on NEASC accreditation. He explained that Chris Kelley, Principal, HMHS, will have to submit a special progress report at the end of the year stating what work has been done, and what efforts are being made towards meeting the items that were identified that needed to be addressed. He hopes that the performance contract, safety and security, air quality, soundproofing, and information to the community will support continuation of the warning status. There are 72 schools in New England that are on warning status and 3 schools, none in NH, that are on probation. The number of schools in NH were not provided to him.

Mr. Chamberlin said that Michelle Clark went through and revised the appropriate pages in the printed packets provided, based on the increase to the operating budget of \$397,000, and explained:

- 1) Page 2, Proposed Budget Summary, Column FY2018-19 Total, shows a total expense of \$20,000,471. This means, on the expense side, an increase of 3.37%.
- 2) Page 3, Revenue, Major Increases. The first line indicates the State: Public Infrastructure Grants in the amount of \$317,600.
- 3) Page 4, Revenue Sources. This was .54, .36 of that is for the purchase of the Boys & Girls Club building. The new entry, on this page, is Public Infrastructure Grants \$317,600. The net impact of the \$79,400 is .13. This is where the grant revenue expense gets placed into the tax rate, making the tax rate .67/1,000.
- 4) Page 5, Operational Budget and HEA article, Major Increases. This shows the Security and Access Projects, for all 3 schools, in the amount of \$397,000.
- 5) Page 6, Summary of Budget Components, shows the entire project entered in the equipment component as \$674,113, up 270.03%.
- 6) Page 9, is a Summary by Operational Expenses, Facilities and Transportation, shows an increase of \$545,893.
- 7) Page 30, Buildings and Transportation, under Property/Equipment proposed, includes the \$397,000 increase.

FOLLOW UP PRESENTATION OF THE PROPOSED FACILITIES PROJECT AND SCHOOL BUDGET, cont.

- 8) Page 31, shows the major purchases in property/equipment, including the Districtwide Security and Access Project in the amount of \$397,000.
- 9) Pages 36-39 Warrant Article Summary changes are explained.

Mr. Chamberlin said that even though the article for the Facility Project was rescinded, the School Board believes they can make significant improvements on safety and security. The School Board has high hopes that they can maintain a warning of accreditation.

The School Board did maintain support for the purchase of the Boys & Girls Club property.

Questions, Comments, and Discussion from the Budget Committee

The .67/1,000 School Budget increase is broken down by .36 for purchase of the Boys & Girls Club property, .15 for the general operating fund, and .16 for the contingency fund.

Mr. Chamberlin explained that the plan for the SAU building being relocated to the current Boys & Girls Club property, if approved, would include a handicapped accessible, 3,000 sq. ft. building with core office space for 5 leadership positions; private workspaces for 2-3 individuals; semi-private workspace for 4 support positions; a conference room; and storage. He said that Mr. Stone believes that long-term best interest for the school district, is to put the server closet there, central to schools, and everything would be done with fiber. This would be the most cost effective for long term.

What is the long-term plan for the Maple Street Campus/SAU building?

Mr. Chamberlin explained that the SAU building would most likely be razed, making space for much needed parking or new entry/exit flow. The boiler would go to another location, there is life still left in it. He said, Chris, at the Boys & Girls Club, has recently brought up the possibility of reinvesting the funds into Maple Street; partnering to develop high-quality club space for after school, that could be used, during the day, as high-quality literacy space.

Mr. Chamberlin was asked to explain Article VI.

He explained that Article VI is for \$200,000 to purchase 195 Park Avenue (aka the Boys & Girls Club property) and the costs associated with that purchase. An additional \$25,000 is for the architect and engineering design of a renovation and expansion of that property. In March of 2019, the School Board would come back with whatever the estimated cost is to expand and renovate the property and then the residents votes to accept the plan. If they don't accept, they hope to conduct an exit ticket to see what the community thinks and why.

You found a great opportunity to reduce the initially proposed cost of the SAU expansion by almost half, have you investigated the other areas of the project to see if there is an opportunity for that to happen there?

Mr. Chamberlin explained that it is much easier to reduce costs in adult support place than in student instructional space. If the Boys & Girls Club property had not come on the market at just the right time, this savings wouldn't even be available; they've been looking for years for locations and have found nothing that would work like this opportunity does.

It was suggested that when the Facility Project committees reconvene, that professionals in the field of construction be involved in them, because they know how to economize in their field of expertise.

Further Questions, Comments, and Discussion from the Budget Committee

Isn't there a way to trim the budget by at least 1%?

Mr. Belanger explained that the budget presented is what the School Board feels is fiscally responsible, without impacting students. Cutting this budget would mean cutting staff or programs. They would be happy to look at how to trim or cut, given more time, and taking into consideration increasing enrollment patterns or optimizing administration services, to keep future cost down.

Mr. Chamberlin suggested that in addition to pressuring the School Board and other influencing entities in town that contribute to the increasing tax rate, that equal pressure also be given to our State Representatives. The loss of state funding in the areas of building aid, health insurance, and retirement, both on the State and Federal level, has made his job and the budget process increasingly difficult.

Discussion took place about the \$880,000 increase in expenses for this year. The concern is that if we did not have the bond go away this year, the tax rate would have been even more astronomical than it is. Instead of reducing the tax bill by \$400,000, more expenses were put into running the schools. Last week the School Board was asked to come back with a flat tax rate increase, and you've said you're not willing to do that. The .88 relative to the loss of the money will show up in the budget next year, this year the costs are hidden in the basic budget. Why or how can we possibly look forward to next year's budget with another \$800,000 increase? Next year, instead of the .67 increase it would be \$1.11, because of the .44 hidden in the budget this year.

Mr. Chamberlin explained that they are trying to build an in-house program to keep the kids in district that require extraordinary, complex needs, to save money. We have many students with mental illness and physical disabilities, that can't currently be taught in our schools. He also says that increased enrollment increases operational costs. He suggested, that perhaps, moving forward with the plan for the SAU building needs to be put off, saving .36.

It was pointed out that the major increases are shown on the spreadsheet, payroll and added special education have a 60% increase for this budget. If more students move in, with these extraordinary needs, how are we going to solve that increase. We are going to go bankrupt. We are putting forth more effort than 99% of the towns as far as our burden on our tax rate. If our tax rate is pushing further and further apart from our surrounding towns, it's going to make it even harder for families to want to move in.

Mr. Belanger said this is a town issue, families are moving here for the schools. If the schools aren't as good, people aren't going to want to move here. The tax base needs to be increased somehow, without that happening, every increase is on the tax payer. He says that cutting funding to our schools is not the right answer.

We need to understand that there are a lot of families in town that can't pay or keep up with the taxes rising every year. It was asked if there are any other funds available that could be used to help bring the tax costs down.

Michelle Clark explained what funds were being used, how they were being used, and why they're not using the full amounts, in the funds, that are available. She explained that the School Board recommends the percentage of funds to be used and that she would check the MS-27 forms to see if the Budget Committee had any say in the change of that percentage. The funds, with their amounts and balances, can be found in the budget package. She explained that the School Board is all about stabilizing the tax rate, as much as humanly possible.

Further Questions, Comments, and Discussion from the Budget Committee, cont.

Mr. Chamberlin was asked if the AP courses are credits towards college?

He explained that sometimes they are. He said that what happens now is that if you score 4 or 5, the college waived the pre-requisite. They don't give you college credits, they just say start from here.

Mr. Belanger explained, that if AP courses are transferred in, in some colleges, you can be given credit for it, and you don't have to pay for the credits for that class, saving the family money.

Is this an area to cut? Are students or parents taking advantage of this? Maybe the parents should be paying for the class for their child, not the entire town.

Mr. Chamberlin explained that having appropriate, challenging courses, in all area of the continuum, for our students, is incredibly important. If we took that level of challenge off our books, it would have a significant impact on the culture of our school. Mr. Belanger explained that high school credits are received for these courses and he's not sure if it's allowed to charge students for high school courses. Mr. Chamberlin said that he believes it is the school's responsibility to challenge every single student in school. He further explained that there is a fee to take the actual AP test, the school does not pay for that, and there are scholarships available for those who are unable to pay that fee.

Public questions, comments, and discussion

Dick Lord suggested polling the taxpayers to see what they think is a reasonable amount to spend on updating the schools. When an amount is agreed upon, then a project can be formed based on that amount.

Mary Kursturin shared her family's concern about not being able to stay in town, because of the increasing taxes. She's concerned about Hopkinton's student teacher ratio being too low at 10:1, the State average is 12:1. She would really like to see something happen to have a flat budget this year.

Michael Martin suggested getting feedback from the public, about what to do at the schools. He also suggested, with the next round of talks, that getting second opinions from architects would be helpful in the decision making. He hopes that the Budget Committee sends a message, that work on the buildings is necessary – the roofs are a good starting point. Work hasn't been done for 20 years, it's time for another bond. He hopes the \$553,000 in the budget goes towards facilities, and not for staffing. He disagrees with the budget, he has less interest in an increase, he feels that if the School Board adopted a zero-based budget increase, they too would send some message that it's time for the bond to be addressed and not the operating budget.

A budget committee member clarified that the \$553,000, mentioned above, includes the \$173,000 state aid that we no longer have, and that there would only be \$380,000.

Tammy Clay shared that she wanted to make it known that the increasing tax impact doesn't only affect those on fixed incomes, it affects everyone. She moved here 20 years ago, not because of the schools or the taxes. She visited Hopkinton many times growing up, it is close to where she grew up, and it had the small-town atmosphere her family was looking for. The tax increases over the past 10 years have made it hard to stay in town. She explained that this is where her children grew up, went to school, went on to great colleges because of the education they received, and want to come back to, with their families, to share where they grew up and celebrate holidays. If the taxes continue to increase, that family home will have to be sold to some other large family who can afford to stay here. That's not the vision we or any other family in our situation should be put in. With the taxes so

Public questions, comments, and discussion, cont.

high, and our income not going up as fast as the tax increases, we've had to choose to put off maintenance in our home. I, personally, have my hands in many areas of this town and now I feel like I'm being pushed out.

Mr. Belanger explained that this problem must be solved together by finding new ways to save money and get money coming into town; this is a national problem and a state-wide problem. He said that it is expensive and important to educate kids, but it is also important to have a diverse community.

Esther Price shared that she thinks with a graduating class of 62, that she thinks this budget is outrageous. She suggests that more effort needs to be put into getting an industry into town.

Mr. Traum responded that the Economic Development Committee came before the Town and asked for rezoning of a couple of commercial/industrial areas and that there should be some advances in that area.

Candace Youngman asked for clarification on the chart that showed the increase in salaries and benefits and if these areas take up 76% of the budget, this is where cuts need to be made. She also feels the class size of 10:1 needs to be changed, increasing that number wouldn't have an impact on the education of our students.

Mr. Chamberlin explained that the 10:1 ratio is a total of all the teachers involved (regular teaching staff, special education, literacy, numeracy, etc.) divided by the total number of students. Our classes do not have only 10 students in them, they are closer to 17-18 per class.

A reminder to get in touch with our State Representatives should go out to the public, because until there are changes at State and Federal level, everything will be put on the back of the tax payers.

The School Budget portion of the meeting ended at 7:30 pm.

HOPKINTON VILLAGE PRECINCT – BUDGET PRESENTATION

John Wuellenweber presented the proposed Hopkinton Village Precinct 2018-19 Budget. He went over the MS-737 forms he handed out to the Budget Committee, pointing out that the numbers are almost identical to last year. He explained that their biggest expense is lighting the Main Street lights, at \$10,150; this is a flat rate, even if the bulbs are not on, they get charged. He said the money is still in the budget to repair the roof in the old fire house, he's trying to get someone to help with the repair. The Water Department supplies water to 110 homes and the homeowners pay for the water. The Budget Summary shows the estimated amount of taxes to be raised is \$17,439, for Hopkinton Precinct residents only, which is down from last year by \$256. Mr. Wuellenweber further explained that the Water Department plans to do some major upgrades and expansions this year, because the water lines are quite old.

Mrs. Youngman asked, who pays for and controls the lights in the Kimball Cabin area? She's concerned because the pond lights are always left on and there is a light on in one of the cabins and in the parking area by the cabin.

HOPKINTON VILLAGE PRECINCT – BUDGET PRESENTATION, cont.

The pond lights are controlled by an on/off “throw” switch on the pole on the side of the path/road leading to the cabin. If you see it on and nobody is at the pond, feel free to shut it off. The lights in the cabin and in the parking area are for security and the control for that is inside one of the cabins. It is believed that these expenses are in the Recreation Department’s budget.

CONTOOCCOOK VILLAGE PRECINCT – BUDGET PRESENTATION

Don Houston presented the proposed Contoocook Village Precinct 2018-19 Budget. The packet provided includes a Profit & Loss Budget Performance, dated December 2017, that shows that they will come in just under budget. On the Profit & Loss Budget vs Actual, dated January through September 2017, 2018 Budget, it shows that the tax rate last year was \$2.11, this year the proposed is \$2.10, down .01. The very back page shows that the Operating Budget is handled by the fees of selling the water and the new constructions and project work is handled by the warrant of \$250,000. The new amount to be raised by taxes is \$273,356, down \$1,344 from last year.

Project work to Indian Ridge (\$100,000+) for the new water line on Indian Ridge, and at the lower part where it meets the intersection, has been done. The pumps and refurbishing of the tank (\$550,000) done over the past two years prior to this, has been done. Most of the work being done now is tuning up the tank on Bound Tree Road and getting it much more automated with the controls and cameras, so they don’t have to visit the location every day. The can be done in the next couple of years, so it can be run more efficiently.

This next year coming up there is \$20-30,000 worth of new project work. The \$250,000 being raised will be in a Capital Investment program. There is \$100,000 left from this last year, plus \$250,000 from this year will be built up because they know there will be major expenses coming, with redoing the tank and a chlorination system; that could cost close to \$3M.

The legal issues that have been paid consisting of a settlement of around \$58,000 for the judgement, \$23,000 for legal fees, \$6,000 for engineering fees. There is still about \$40,000 that will need to be spent to dig up and relocate the overflow drainage pipe.

BUDGET COMMITTEE – FURTHER DISCUSSION OF REVIEW OF ALL BUDGETS

Mr. Traum asked for time at next week’s meeting, because there might be some change regarding Economic Development.

The Budget Committee continued discussion about whether to support the .67/1,000 School District Budget or have the School District come back with the flat School Operating Budget tax rate, as requested last week.

Do we know what significant increases will be coming up to the operating budget, a few years from now looking forward, so that we can plan for that in advance?

Steve Lux explained that the idea of attrition has been brought up for years. He said he graduated with one of the largest graduating classes; enrollment has gone down, and attrition isn’t happening. Mr. Belanger explained that because our district does not continue paying for health insurance for our retired/retiring teachers, it’s too expensive for them to pay for it on their own, so they’re staying employed longer.

BUDGET COMMITTEE – FURTHER DISCUSSION OF REVIEW OF ALL BUDGETS, cont.

It was explained that the actual breakdown of the tax impact numbers, for the School District, is as follows: (per 1,000)

- .02 for the Operating Budget
- .13 for the Access Grant
- .16 for the Contingency (separate warrant article)
- .36 for the Property purchase (separate warrant article)
- .67 Total

Mr. Belanger handed out printed information packets that included the Revised Tiers – Proposed Cuts, dated January 2, and described what impact these cuts would mean in different areas. He explained that the yellow items in this packet are items that have been removed already, and the orange items were moved to contingency. He suggests that the maintenance needs were possibly not taken care of recently because of the Facilities Project proposal that has been going on for 5 years, explaining that that would have made the needed maintenance not worth the money being spent, when overall the project would be taking care of it all.

Don Houston made a motion to recommend a .13 increase to the overall School District tax rate (Boys and Girls Club Property aside). Rich Houston seconded the motion. There was no further discussion. An informal vote was taken - 2 no/7 yes.

APPROVAL OF WEDNESDAY, JANUARY 17, 2018, DRAFT MINUTES

Ken Traum motioned to approve the Wednesday, January 17, 2018, minutes. Amy Bogart seconded the motion. There was no corrections or discussion. A vote was taken, all approved the Wednesday, January 17, 2018, minutes.

FURTHER PUBLIC COMMENT

Candace Youngman suggested that salaries and benefits needed to be looked at closer, they can't continue to increase.

ANY OTHER BUSINESS TO COME BEFORE THE BOARD

There was no other business to come before the Board.

UPCOMING BUDGET COMMITTEE MEETINGS - 2018

- 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

Ken Traum motioned to adjourn at 9:00 pm. Amy Bogart seconded the motion. There was no discussion. A vote was taken, and all approved to adjourn.

Respectfully submitted,
Tammy Clay

