

**TOWN OF HOPKINTON**  
**Budget Committee Meeting**  
**Wednesday, September 12, 2018**  
**\*Draft\***

**BUDGET COMMITTEE MEMBERS IN ATTENDANCE**

Janet Krzyzaniak, Don Houston, Ken Traum, Debbie Norris, Jim O'Brien, Ginni Haines, Rich Houston, and Jonathan Cohen. John Wuellenweber and Mark Zankel arrived at 6 pm.

**PUBLIC PRESENT**

Candice and Gerry Youngman, Cheryl Morse, and Wally Dwinnells.

**CALL TO ORDER**

Janet Krzyzaniak called the Budget Committee Meeting to order at 5:40 pm, at the Hopkinton Town Hall. The meeting began late due to Committee Members arriving late. Mrs. Krzyzaniak led the Pledge of Allegiance. Jim O'Brien was welcomed as the School Board Representative, taking Matt Belanger's place.

**APPROVAL OF JULY 18, 2018, DRAFT MINUTES**

Ken Traum motioned to approve the July 18, 2018, Meeting Minutes. Jonathan Cohen seconded the motion. Mrs. Krzyzaniak asked for any errors, corrections, or changes. There being none, a vote was taken to approve the July 18, 2018, minutes as presented. All Members approved the minutes. (8-0)

**FINANCIALS - TOWN**

Ken Traum presented the Town's Revenue and Expense Summaries through August 31, 2018, explaining that they were through eight months of their fiscal year. On the Revenue side, recognizing that the State revenues and the revenue from recycling come in at the end of the year, the report shows 54.95% collected overall, with Motor Vehicle Permits running higher than budgeted.

On the Expense side, they are running better than budgeted, having spent 66.42% of the budget. Mr. Traum explained that there are some timing issues on the Expense side. Personnel is running slightly higher than budgeted at 71.32%, due to insurance and workers' comp, as they are paid in advance for the year. The Cemetery gets reimbursed for professional services from the Cemetery Trust Fund. Long Term Debt, Principal and Interest, are paid for the year, that's why they're already at 99.72% and 99.76%, respectively. Mr. Traum explained that there are no items to be concerned with.

Cheryl Morse asked if it was possible to get the approximate amount of taxes in arrears for more than six months? Mr. Traum did not have the answer. It was suggested that she email Mr. Cass, Town Administrator. Mrs. Krzyzaniak explained that this question would be for the town, not the Budget Committee. Ms. Morse shared her concern that this amount is a liability for the community.

**FINANCIALS – SCHOOL**

Jim O'Brien stated that he was very excited to be back as a member of the Budget Committee. He apologized for not having a well-prepared presentation since he was chosen as the School Board

## **FINANCIALS – SCHOOL, continued**

Representative on September 6, 2018. He wanted to share updates pertaining to the Facilities Project and what the schools are working on.

Mr. O'Brien presented a Memorandum, dated June 18, 2018, regarding a Financial Statement that was presented to the School Board Members that included the year end information. He also presented the June 30, 2018, Final Audited Financial Statement. He explained that there isn't any information for July or August, because the school doesn't do a July report, and the August report hasn't been completed yet, but will be presented at the School Board Meeting on September 20, 2018. He also had the Detailed Reports and asked if the Budget Committee wanted this Detailed Report. The question was asked if this could be made available in pdf form, so that those who wanted the information could access it.

Mr. O'Brien expressed the need for guidance relating to the Programmatic Budget, which needs to be resolved, in a way that the Budget Committee and community members have requested.

Ken Traum asked Mr. O'Brien if there was any way for the School Board to provide a 2-page monthly summary that shows how the budget compares to actual costs, like the Town Budget. The Committee agreed that this is what they want, monthly, in addition to the Programmatic Budget.

Mr. O'Brien presented the Charge to the Facilities Steering Committee, approved by the School Board on July 31, 2018, and explained that they had four priorities: Address Deferred Maintenance, Improve School Safety and Security, Provide Effective Educational Space, and Improve Accessibility. This also included recommended price points that aligned with community feedback. There are three tiers at price points to meet those needs: Tier I – work to not cost more than \$14M, Tier II – work cost more than \$14M but less than \$17M, and Tier III – work costing more than \$17M. He explained that they have asked the committees to have this information available at their second meeting of the month on Monday, September 20, 2018. They were informed that for the committee to really dive into these tiers, they need additional information from Harriman, so they can break some of the costs out. Mr. O'Brien explained that to get the costs, a supplemental contract in the amount of \$11,000, will go towards the School Budget; this cost will be absorbed from an existing line item. He explained that Harriman, most likely, won't be able to get this information for the September 20, 2018, meeting – it will probably be presented at one of their October meetings. He will make sure that Mrs. Krzyzaniak is informed of the date/time of that meeting, so that Budget Committee members can attend or be a part of that process.

The Budget Committee discussed concerns regarding the Facilities Project timing and working prices. Mrs. Krzyzaniak expressed her concern that in last year's process they experienced "drop dead" dates, that were predicted by the School Board, and those dates were never met. The Budget Committee didn't know until the beginning of January 2018 what the School Board was asking for regarding the Facilities. Last year, they had a starting amount of \$12M, not the \$14M.

Mrs. Krzyzaniak explained that, last year, when the School Board was asked for the information to be broken down so that it could be discussed, they wouldn't provide that information. Mr. O'Brien wasn't sure if there would be enough information or time available to proceed with a bond request in March of 2019.

## **FINANCIALS – SCHOOL, continued**

Jonathan Cohen asked where the \$12M and \$17M figures came from? Mr. O'Brien explained that these figures came from the Steering Committee, from what they recommended to the School Board.

Don Houston explained that information is needed to know what you get with the money, in the tiers, by prioritization of each amount. Mr. O'Brien explained that the charge to the Steering Committee was for \$14M, \$14-\$17M, and more than \$17M, and they've been working on that. Mr. O'Brien explained that this is the beginning of the process, and they'll work through that process. Mr. Houston expressed disappointment that they had worked so hard to get to the \$12M point, last year, and the School Board ignored it, because they were asked for details; he explained that \$12M is where they left off last year and now it's \$14M, that's a lot of inflation. Mr. O'Brien said that he'd bring that back to the School Board.

Debbie Norris wondered what they are basing the \$14M on? What does it include? Without details, why can't the number be changed to \$12M? Mr. O'Brien explained that the information being presented is what the School Board charged the Steering Committee to address, it is not being presented for the Budget Committee to amend.

It was asked if the Budget Committee would be informed, ahead of time, about the timeline of presentation. Mr. O'Brien responded that the Budget Committee would be notified.

Mr. Traum asked if the SAU building was off the table. Mr. O'Brien responded he didn't know the answer.

Rich Houston expressed that enough time for the community is needed to have a say and to know what is being done. He explained that the community needs to have time to have multiple meetings on this bond proposal. His concern is that the citizens had no idea what was going on last year and suddenly, they heard \$30M.

Mark Zankel asked if Mr. O'Brien knew when the School Board would be vetting the tiers, when will the School Board be presenting its proposal to the Budget Committee? Mr. O'Brien explained that the charge was presented on July 31, 2018, and they were totally expecting to get those tiers back by the September 20, 2018, meeting. They were told at their meeting on September 6, 2018, that wasn't going to happen, because they needed an additional contract with Harriman to do some additional number crunching, and that's taking time. These numbers probably won't be available until one of their October meetings. Mr. O'Brien explained that this process hasn't been discussed, in earnest, by the School Board at this point.

Don Houston asked if the four priorities were of equal importance, what specifically do you get in each of these priorities? Mr. O'Brien explained that originally, they were numbered, in order of importance, but the School Board decided to remove the numbers and give priority to them all.

Mr. O'Brien presented a memo regarding the Opening Day Enrollment, dated September 6, 2018, which will be updated on October 1, 2018. The opening day enrollment is up 38 students, across the schools, and he explained that these numbers will fluctuate a little for the October report.

## **FINANCIALS – SCHOOL, continued**

Mr. O'Brien explained that there is a maintenance issue at the middle/high school. The Department of Environmental Services (DES) cited the District for some concerns they had with the inground oil storage tank. The tank is located off the driveway, on the fair side, of the school building. They are concerned with the age of the tank and where it is located. DES says that the tank needs to be replaced. Mr. O'Brien explained that the District entered an Administrative Order, by consent of DES, that the underground tank will be removed and replaced by Fiscal Year 2020. He explained the operating system – there is a large tank underground that feeds a day-tank, and that day-tank runs the appliances that currently use the oil. The day-tank is also old and is not sized appropriately for the equipment, so the day-tank needs to be replaced also. To right size the day-tank it would cost about \$30,000. The new in-ground tank can't be installed in the current location, it's hard to get to, and there are a lot of maintenance issues. The recommendation is to install a new above-ground tank, closer to the school – possibly eliminating the need for a day-tank. He explained that through one of the service agreements the above-ground tank could be hooked up with the new boiler, eliminating the cost of a separate hook-up. The cost of an above-ground tank is \$120,000. The project options are to fix the day-tank for \$30,000, that would solve one problem, or move forward with the larger project at \$120,000 and install the above-ground tank. The in-ground tank would be capped and pulled out next spring. Mr. O'Brien explained that they have the Maintenance Trust Fund that they could take the \$120,000 out of and use it towards the above-ground tank. They have another \$75,000 that is being planned to be removed from the Maintenance Trust Fund for the Performance Contract. That would leave \$75,000 in the Trust Fund. If they removed \$120,000 from the Trust Fund they'd want to replace that money in the budget process. The other option is to just replace the day-tank at \$30,000, that would solve the problem short-term, knowing we'd still need to do something toward the under-ground option. With the potential Facilities Project, this would buy time to be able to figure out what to do long-term.

Mr. O'Brien announced that the School Board has a Public Hearing scheduled for September 20, 2018, at 5:00 p.m., at the Hopkinton Town Hall, to present both options.

Mr. Cohen asked if the \$120,000 included the cost to remove the old tank. Mr. O'Brien said that he believed that would be a separate cost.

Mark Zankel expressed that the full cost of the removal and replacement needs to be presented at the Public Hearing.

Rich Houston asked if the above-ground tank would be in a heated shed. He is concerned the grade of the fuel might not be able to withstand the freezing temperatures without being compromised. Mr. O'Brien said that there were bids out to engineers, but he wasn't sure about the make up of the tanks or the storage facility for the tank.

Ken Traum asked Mr. O'Brien what heating source was being proposed in the Facilities Project. Mr. O'Brien responded he believed it was oil.

Jim O'Brien explained that the Facilities design had a courtyard in the area where the above-ground tank would be placed so there might need to be some changes to the design plan.

### **FINANCIALS – SCHOOL, continued**

Mr. O'Brien announced that there is a change to the School Board Meetings dates. The School Board will meet the 1<sup>st</sup> and 3<sup>rd</sup> Thursdays of the month at 5:30 p.m., at the Town Hall, until the streaming service at the school is in place.

### **FINANCIALS - CONTOOCCOOK VILLAGE PRECINCT**

Don Houston had no presentation.

### **FINANCIALS – HOPKINTON VILLAGE PRECINCT**

John Wuellenweber gave a report to Mrs. Krzyzaniak and explained their budget is right on track. Mrs. Krzyzaniak asked that next time he have a report available for all Committee Members.

### **SCHOOL BOARD GUIDANCE REQUEST**

The School Board wants guidance as to what the Budget Committee would like to see for the upcoming budget season for both the town and school.

Ken Traum reported that the Town has consistently been in the 2%-4%, the average over the last seven years is 3.7%.

Don Houston explained that \$66,000 of taxpayer dollars buys \$1M worth of bond; if you bought \$400,000 worth of it you could get \$6.6M worth of bond. If you double what our expense was in the budget for \$400,000, as we had been in previous years, to \$800,000 that buys \$12M worth of bonding. The tax impact for \$6M is .64/\$1,000, \$12M is \$1.28/\$1,000 – that moves us into the towns with the highest tax rates. Right now, we're in 6<sup>th</sup> place – with just the bond we'd move up to 3<sup>rd</sup> or 4<sup>th</sup> place. The \$12M is just for the Facilities Project, it doesn't include the Town or School increases. He suggested keeping a flat budget for the regular school budget, because of the increase needed for the Facilities Project.

Mark Zankel expressed concern with the impact of a flat budget for the School and what cuts would be needed? He would be more inclined to recommend a range or something close to the CPI (2.5%). He wonders what upcoming drivers might impact the School's Operating Budget. Mr. O'Brien reported that revenue projections for the upcoming year may be less than in the past years. Mr. Houston expressed his disappointment with last year's budget and the School District absorbing the \$550,000, for the bond. Mr. O'Brien clarified that the community voted to approve the budget, and the Budget Committee endorsed it, so it shouldn't be the School Board getting blamed for spending that money.

Mr. Zankel asked what if the approved bond isn't enough? Has the School Board begun discussions about increasing the amount in the annual Operating Budget to address the funding needed for maintenance? He suggested that the reason we have \$10M of deferred maintenance is because we haven't properly addressed the maintenance needs for a long time. Mr. O'Brien said that he'd like to see a similar CIP committee for the Schools, like the Town has, so that they can plan for the maintenance ahead of time. He wants to bring this to the School Board. Mr. Zankel suggested that this be a guidance suggestion to the School Board, by the Budget Committee, so that we're not faced with multi-million-dollar bonds.

### **SCHOOL BOARD GUIDANCE REQUEST, continued**

Don Houston asked if bonding could be done in increments, to get work done that needs to be completed in the next 2 or 3 years, then reassess and get another bond to get more work done.

Don Houston asked if the \$400,000 made a difference in the security issues? Mr. O'Brien explained that they're moving forward, and it's currently still being worked on, in phases.

Jonathan Cohen asked that specific details need to be presented, to be able to identify costs, the need for those costs, and then they can be prioritized.

Before John Wuellenweber had to leave at 7:00 p.m., because of family commitments, he wanted it to be known that he feels that for three schools, \$18M is too much – the schools and grounds are in the same shape as they were 15 years ago, when he moved here. He pointed out that the fence at the high school has been rusty, the exterior of the buildings are in the same condition, and inside the schools have been the same way for the past 15 years, but for some reason the budget has more than doubled. He doesn't have a solution or understand why. He feels there is some mismanagement and that someone needs to do a better job managing the money; \$18M would run a large corporation; \$18M for three buildings – there's got to be a better solution.

Debbie Norris asked that with the price of fuel oil and increasing costs, how can the School District keep a flat budget? She doesn't want to see cuts. She wants to know what can be done now to curb increasing costs? We need to work on how we can we keep the budget increase as low as possible. She asked if there is a definite plan for the bond request? Mr. O'Brien explained that he's not sure what stage the bond is at right now with the School Board.

Rich Houston expressed his concern that 2.5% per year isn't sustainable. The tax rate for the School Operating Budget would be raised by .50/\$1,000 for year 1, add that to the \$1.28/\$1,000 for the \$12M bond, that puts us up to \$36.86/\$1,000 for the first year. Increasing that each year, that would mean we'd hit \$40.00/\$1,000 in 2 or 3 years, and this doesn't include the Town rate. Ginni Haines explained that the School Budget is 3 times the amount of the Town Budget, so the impact is much greater. She agrees that information needs to be presented early enough for the Budget Committee and the community to be able to make informed decisions.

Mark Zankel expressed that the tax base isn't increasing to keep up with the enrollment increases. He urged the School Board to ask what is being put forward or taken out of their budget, and why. He suggested that some of the items are more visible than others.

Mr. O'Brien said that he would take back to the School Board the concern about the increase in the Operating Budget and the impact of the Facilities Project.

The following is a reminder of the Budget Committee's input from the July 18, 2018, meeting, on formatting the Programmatic Budget.

- Don Houston asked that the core classes be broken into major pieces.
- Jonathan Cohen suggested that it fit on one page, organized in a way that is easily readable, and the core classes be broken down, if it can still fit on one page.
- Ken Traum asked if the glossary could contain account numbers, so they can go back to cross reference the information, if more information is needed.

### **SCHOOL BOARD GUIDANCE REQUEST, continued**

- Debbie Norris likes this format, because it makes the information easily readable.
- Liz Durant made it clear that this Programmatic Budget would not replace any of the other budgets or budget information that the Budget Committee receives, it is just an added piece to give clarification.

### **PUBLIC COMMENT**

Candace Youngman, referring to the June 30, 2018, Hopkinton School District, June 30, 2018, Final Audit, General Fund, the total anticipated revenue was \$18,373,212.19. She wonders if all the fund balances add up to this amount, it isn't clear. She's concerned that without a Programmatic Budget you don't have a baseline to see how or where the money is being spent. She feels that there does need to be cuts – this community can't afford a bond in addition to an increased operating budget. She said that there are line items in the budget that can be adjusted or cut, without having to cut a position; we need to have a reasonable Operating Budget; and we need to find ways to economize and get the most for our money. She asked for a Programmatic Budget report for FY2018, now that the figures are done for the year, so that it can be seen where the money was spent and to be able to compare them to the figures that will be presented for the upcoming FY.

Gerry Youngman expressed that the tax issues are not just here in Hopkinton. He explained that much of the budget in schools is primarily wants and not needs. Buildings need to be maintained, safety and security need to be addressed, and accessibility needs to be addressed; all this costs money. When the town assessment of the property is the value, even if the home may sell for even less value, the town comes and says "sorry", this is the assessed value. The municipal and the school budgets have gotten so large that they need to get their revenue. He shared his concern that municipal revenue is a limited source, not an unlimited source.

### **FURTHER BOARD DISCUSSION REGARDING GUIDANCE**

Mr. Traum explained that there is transparency in the Town budget, why can't the School Budget be just as transparent? The Town really tries to hold the line year after year. We don't understand enough about the School Budget.

Mr. Zankel agreed that the School Budget is complicated and hard to understand, he doesn't feel that they are not being transparent. He asked what is the message that the Budget Committee wants to give to each of our boards that are developing budgets? At this point in the process we should give them some initial guidance and then the boards are on notice that if they are going to come in higher than that, they are going to really demonstrate the need. It's just an early message, not a mandate or a cap. He explained that in the end, it's all money on the tax rate.

Mrs. Norris said that we need to not forget that it all comes down to one total tax. Whether it's the school or the town, it's one tax that we all must pay.

### **ANY OTHER BUSINESS TO COME BEFORE THE BOARD**

Jim O'Brien agrees that getting started on a Programmatic Budget would be quite helpful and he will forward to the School Board the suggestions made. Don Houston asked for the additions, referred to above from the July 18, 2018, meeting be incorporated into the draft budget that Liz Durant presented at that meeting. It was suggested that student participation, cost per

**ANY OTHER BUSINESS TO COME BEFORE THE BOARD**

student, a 2-year look-back to see trends that are driving the budget, and more information on the magnitude of the Special Education program could be included.

Candace Youngman would like to see a Programmatic Budget that would be a cross between what we've seen from the ConVal and Hudson School Districts. She understands that this can't be put onto one page, because too many details would be needed.

Don Houston asked for input on the 3-5 year outlook for the Town, that he presented at the July Meeting, as a planning tool. He said that he hadn't heard from anyone. Mr. Traum agreed that it makes sense to have this, but one board cannot commit for another board. Mr. Zankel agrees that this would be a really good idea to have this planning tool, but he feels that we're a year out on this request. He feels we can't ask the School Board to do that right now, they have more important and pressing issues. Mr. Houston expressed that this was what the School Board said a few years ago, they didn't have the time. Mr. O'Brien stated that he will bring it back to the School Board for discussion, but he can't give an answer right now.

**UPCOMING BUDGET COMMITTEE MEETINGS**

- October 10, 2018
- November 14, 2018
- December 12, 2018

**MOTION TO ADJOURN**

Don Houston motioned to adjourn at 8:00 p.m. Ken Traum seconded the motion. There was no further discussion. A vote was taken, and all Committee Members approved. (9-0)

Respectfully submitted,

Tammy Clay