

Town of Farmington
Budget Committee Public Hearing Minutes
Friday, January 13, 2017

Budget Committee Members Present:

Stephen Henry, Chairman
Neil Johnson, Selectmen's Rep.
Angie Cardinal, School Board Rep.
Elizabeth Johnson
Jodi Connolly
Tim Brown
Heidi Mitchell

Budget Committee Members Absent:

Sylvia Arcouette, Vice Chairman, excused
Sam Cataldo

Others Present:

Ruth Ellen Vaughn, Superintendent SAU 61
Laurie Verville, SAU Business Administrator
Arthur Capello, Town Administrator
Diana DeNitto, Director of Student Services
Farmington School Board members Penny
Morin, Stan Freeda
Resident Michael Morin

1). Call to Order:

Chairman Henry called the meeting to order at 6:30 p.m.

2). Pledge of Allegiance:

All present stood for the Pledge of Allegiance.

3). Open Public Hearing:

Chairman Henry opened the Public Hearing for the School District budget at 6:30 p.m. He asked Mrs. Vaughn to present information on any changes made to the proposed budget and warrant articles that were presented to the committee at the December meeting. Mrs. Vaughn provided copies of the revised warrant and budget to the committee and began a review of the proposed changes.

Article 3- School District Operating Budget- Mrs. Vaughn said that the budget amount presented to Bud Com in December (\$16,217,851) has not changed. She said what has changed is the inclusion of the money returned to the Town which decreased the tax rate impact (by \$1.39), a decrease in revenues received (approx. 55 cents on the tax rate) and that an article to raise and appropriate funds for the Paraprofessionals' contract that was approved by voters last year was not approved by the Dept. of Revenue Administration (DRA). She said that the first year and second year funding of the contract must be raised from this operating budget which has impacted the bottom line. These factors created a deficit with a tax impact of \$2.13 plus the general fund budget impact of \$1.01 which results in a total estimated tax impact of \$3.14 she said.

Mr. Henry asked what the tax impact of the Para's contract is.

Mrs. Vaughn said the tax impact of the contract is 22 cents.

Mrs. Verville said that the estimated local education tax rate was \$14.60 but the tax rate was revised to \$13.31 after the return of the fund balance to the Town so the district is starting out with a disparity in the estimated tax rate.

Mr. Brown asked if the figure for the \$16 million budget is correct because this fiscal year the

budget is at about \$14,599,224.

Mrs. Verville said that figure is the general fund piece of the budget but it does not include food service costs (\$475,000), federal funds (\$1.1 million) and pre-school funding (\$11,000) which must also be factored into the budget.

Mr. Brown asked how much of the \$16,217,851 is generated through taxation.

Mrs. Verville said that \$7,308,697 of that number is raised through local taxation.

Mr. Capello asked if the budget number includes the operating costs for the FAMEE program.

Mrs. Vaughn said the FAMEE costs are included in the budget figure and added there will still be some grant funding of the program next year.

Mrs. Verville said that about \$20,000 to fund the insurance costs for the program will come from the operating budget and that the grant portion is \$220,500.

Mr. Johnson asked for the definition of "if this budget fails".

Mr. Henry said then the default budget (\$16,245,411) goes into place and that he didn't see where the special meeting comes in.

Mrs. Vaughn said the default budget is higher and this would give the governing body the opportunity to come back with a budget that is lower should they choose to do so.

Mr. Henry clarified that the governing body in this case is the Farmington School Board.

Mr. Capello said this portion of the article prevents the School Board from having to go to court to get permission to hold a special meeting.

Mr. Henry said he suspected that if the article is defeated as written that the School Board would not hold a special meeting as they would end up with more money than they were asking for with the default budget.

Mrs., Vaughn noted that the money would be allocated differently with the default budget.

Mr. Henry said the default budget would have restrictions on how it could be spent based on how it was spent the previous year. If they (School Board) call a special meeting they risk having less money to work with he said.

Article 4- School Custodians Collective Bargaining Agreement calls for the following increases in salaries and benefits: 2017-2018 (\$18,888 increase), 2018-2019 (\$24,588 increase) 2019-2020 (\$24,181 increase) plus \$18,888 for the current fiscal year. The tax impact is 4 cents.

Mr. Johnson asked what the cost factors are in the contract.

Mrs. Vaughn said they include salary and benefits increases.

Mrs. Verville said the salary increases are 1.7% for each year of agreement and that the custodians will change to the same health insurance coverage as the other district employees (Yellow Plan). She said the agreement also calls for a change in the longevity stipends for years of service between 6 and 10 years and between 10 and 15 years.

Mr. Henry asked if people were leaving because they were not getting longevity payments.

Mrs. Vaughn said they found people were leaving because the salary schedule and longevity were not competitive.

Article 5- Call Special Meeting- would allow the governing body to call a special meeting if Article 4 fails.

Mrs. Vaughn said only the cost items from the article could be addressed at a special meeting and the negotiated language in the contract could not be revisited.

Article 6- Teachers' Association Collective Bargaining Agreement calls for the following increases in salaries and benefits: 2017-2018 (\$90,588), 2018-2019 (\$257,935) and 2019-2020

(\$227,101). The tax impact is 20 cents.

Mrs. Vaughn said the changes include correcting the wage schedule to place personnel at the correct step in relation to their years of experience, more competitive salaries after 5 years, addition of a disciplinary clause that outlines how disciplinary actions would be carried out, increased longevity stipends and clarifies language regarding study halls, stipends and grievance procedures.

Mr. Henry then recused himself from the discussion of this article and asked Ms. Connolly to take over the meeting in the absence of the Vice Chairman.

Mr. Brown asked if the contract has been ratified by both sides and if the Bud Com could have a copy of the contract agreement before voting to recommend or not recommend the warrant article.

Mrs. Vaughn said the contract has been ratified by both sides and agreed to provide a copy of the contract to the committee.

Mrs. Cardinal said the increase for the first few steps is 1.5%, the mid-steps will receive a 2.5% increase and the upper steps will receive a 3% increase.

Mr. Johnson asked if the increase is the same for all 3 years of the contract resulting in the higher level steps receiving a 9% increase.

Mrs. Vaughn said the increase is 3% each year.

Mr. Freeda said the teachers get the step level increase (3%) and every year there after they get a 1.5 % wage increase.

Mrs. Vaughn added that the steps max out at 20 and a clause was added to award any teacher with 20 years or more experience with an additional \$1,000.

Mr. Johnson said that he recalled the longevity portion of the teachers' agreement being changed recently.

Mrs. Vaughn said the Para's longevity was recently modified but the teacher longevity has not been changed for several years. She said the longevity portion of the teachers' agreement now mirrors the longevity portion of the Custodians' agreement.

Mrs. Verville said Mr. Johnson had previously asked about the current teacher staffing level in the school district. There are 47 teachers who would receive 1.5% increase, 28 teachers who would receive a 2.5% increase and another 28 teachers at the high end of the step schedule who would receive a 3% increase she said.

Article 7- Call Special Meeting to authorize the governing body to hold a special meeting if Article 6 is defeated to discuss the cost items only of Article 6.

Article 8- Remove and replace roof J at the Henry Wilson Memorial School at a cost of \$35,000 with the funds to be taken from the Builds/Grounds Capital Reserve Fund. No tax impact.

Mrs. Vaughn said this is the lowest part of the roof outside the library located over the locker rooms and boiler area and needs to be done as soon as possible.

Mr. Henry asked if the article should include "up to" \$35,000.

Mr. Johnson said the DRA has said that it is understood that the request is up to the amount stated and it does not have to be included in the article.

Mrs. Vaughn said they do not have to withdraw all \$35,000 if the work costs less than \$35,000.

Article 9- Rescind Article 31 from 2006 and/or purchase television equipment (\$15,995 to replace the broadcast server for the local access channel).

Mrs. Vaughn said the 2006 warrant article required the live broadcast of board meetings on the

local cable TV access channel and they asking to live stream the meetings on the Internet instead. If the article fails the board would be authorized to replace the current 10 year old server which is "limping along" to be able to continue to broadcast over the local access channel. If the article passes there is no tax impact. If it fails the tax impact would be 3 cents. Mrs. Vaughn said the live streaming is being done currently and that this article is on the warrant due to the 2006 requirement to provide live broadcasts over the public access channel. Mr. Henry said the article states that it allows for live streaming but does not require it. Mr. Johnson said it doesn't preclude the live streaming either so he said he did not understand the need for this article.

Mrs. Cardinal said that the article was worded this way so as not to be restricted in the future. The 2006 article required the live broadcast on TV as no one foresaw the ability to broadcast the meetings over the Internet 10 years ago and at a much lower cost. She suggested that requiring the meetings to be broadcast a certain way would find the board in the same type of predicament 10 years from now when something else comes along.

Ms. Connolly said the issue could be addressed again if some sort of new technology becomes available.

Mr. Johnson said the way the article is written it is possible that there would be no transmission of any meeting.

Mrs. Vaughn said that was not the intent of the warrant article.

Mr. Henry noted that this article will exist as it is until it is changed and the makeup of the School Board could change every year.

Article 10- Purchase and install a fence around the perimeter of the Valley View Community School and to withdraw \$12,000 from the Building/Grounds CRF to pay for the fence. No tax impact if approved.

Mrs. Vaughn said the fence would be installed around the playground and the back woods area behind the school to keep animals out of the school yard and keep the kids in the playground area.

There were no questions from the committee on this article.

Article 11- Establish a heating system replacement Capital Reserve Fund and to transfer up to \$100,000 to the fund from the June 30th fund balance.

Mrs. Vaughn said she was strongly advised to consider setting up a CRF by the Bud Com during previous discussions regarding the heating systems in the Farmington schools.

Mr. Johnson asked for an estimate to replace the systems.

Mrs. Vaughn said she received an earlier estimate of about \$250,000 for the system at the Henry Wilson School and noted that some portions of the system have been upgraded already so it may not need to be replaced from the ground up. She estimated the repairs/replacement would cost at least \$150,000. She added that they recognize that there could be issues with any of the schools' heating systems so the article was written to allow the expenditure at any of the schools.

Mr. Henry said that Henry Wilson and Valley View Schools have had issues with their heating systems.

Mr. Johnson asked why they were not planning to use the funds in the existing trust funds set up for this purpose.

Mrs. Vaughn said she provided the School District Capital Improvement Plan to the CIP

Committee and the plan includes roof work at the schools which will use the funds in the trust funds “and then some” she said.

Mr. Henry said that every year issues regarding heating systems come up but no major plan has come forward to do anything about the heating inefficiencies. He asked if Article 8 is approved would the board have to wait until the next fiscal year to access the \$35,000 for the roof work.

Ms. Verville said the money could be accessed after July 1.

Mrs. Vaughn said they can’t access the money until the next fiscal year begins so she may have to “shuffle some things around” to obtain funding to replace the Henry Wilson roof as quickly as possible.

Mr. Johnson questioned if the School Board are the agents to expend the funds.

Mrs. Vaughn said that is why the article also seeks authorization for the School Board to spend the money if approved.

Article 12- Transact any other business that legally comes before the meeting.

Mrs. Vaughn said there were no petitioned warrant articles submitted.

Chairman Henry then opened the hearing to public comment at 7:10 p.m.

Mr. Morin asked what the total revenues were for this proposed budget.

Ms. Verville said the revenue total is \$8,909,154 which includes Catastrophic Aid, food service, grants, state education property tax and Adequacy Aid.

Mr. Morin asked if that number includes the \$1.1 million from the state in local property taxes.

Ms. Verville said that is included in the revenue total.

Mr. Morin asked why the food service and federal money received was not presented to the Bud Com during the previous presentation of the proposed School District budget. He said the Town has been led to believe for the last 6 weeks that budget was going to be \$14.6 million and now it is at \$16.2 million which happens to be very close to the \$600,000 returned to the town back in October of this year.

Mr. Morin said the Budget Committee needs to realize that money wasn’t from the 2016-17 budget but from the 2015-16 budget. He said we are talking about money that was raised and appropriated almost 2 years ago in March 2015. Two years ago the budget was \$16.2 million, last year it was \$15.2 million and now you want to go back to \$16.2 million but we have 200 less kids this year than we did 2 years ago when we had Middleton in with us. He said he found it “hard to swallow” such an increase that doesn’t include the teachers’ contract, the custodians’ contract and that it is lot of money over the next 3 years.

Mr. Capello asked if the budget includes any new positions, increases in hours for existing positions and any positions that were grant funded that the Town is now responsible for.

Mrs. DeNitto said a pre-school Special Education teacher will come off a grant and go into the regular budget and 3 Para’s will be covered by the IDEA grant.

Mrs. Vaughn said the positions being added back into the budget include 1 technology teacher who will be half time at Henry Wilson and half time at Valley View and the Para’s are being restored to 30 hours.

Mr. Capello asked if there any new Para’s being added this year.

Mrs. Vaughn said there are the 3 new Para’s Mrs. DeNitto spoke about.

Mr. Capello said that the School Board had vowed not to accept any grants that required the Town to take over a position after the grant expired yet here we are taking over a position after the grant is up.

Mrs. Vaughn said the School Board is not required to do that and noted that the IDEA grant isn't "up" as the district is still receiving IDEA money.

Mr. Henry said the IDEA grant is perpetual grant that is funded yearly.

Ms. Connolly noted the grant does not include the cost of the teacher.

Ms. DeNitto said the IDEA grant funds are federal funds received based on the total number of Middleton and Farmington Spec. Ed students. The grant operates off the previous yearly total number of students so in the next fiscal year the Middleton students will be removed from the total. Then the amount of funds received will be less so some people will be moved around so that they can still use the grant funds to support the programs she said.

Ms. Connolly asked how many Spec Ed students left the district.

Ms. DeNitto estimated Middleton had 30 Spec. Ed students that left the Farmington district.

Ms. Connolly said it should cost the district less money to educate fewer students.

Ms. DeNitto said the needs of the remaining students have not been reduced.

Mrs. Morin said that just because there are fewer kids in a program doesn't mean the district can stop offering the program as there is still a need for the program. She cited the example of the Life Skills Program where if 3 kids from Middleton leave the program they still have to staff that program (for the remaining students).

Mr. Brown said the warrant article contains this year's request for an appropriation and asked what the appropriation for the current fiscal year is.

Mrs. Cardinal said voters approved \$15,921,649 in March.

Mr. Brown asked what the difference is between the requested appropriation this year and what was budgeted last year.

Mrs. Cardinal said the difference is \$296,202.

Mr. Brown then asked how much revenue the district has lost.

Ms. Verville said the loss is about \$241,000.

Mr. Brown asked if the change in the state education formula will impact the district by \$241,000 instead of the \$600,000 previously estimated.

Ms. Verville said at a previous meeting State Rep./School Board member Joe Pitre mentioned the difference between the 2017-2018 budget versus the 2015-2016 budget and explained that there is an on-going cumulative decrease in state adequate education revenues which would be very close to \$600,000.

Mr. Brown said the proposed budget contains an increase of approx. \$296,000 plus a loss of revenue of \$241,000 totaling more than a half million dollars which is about a \$1 increase on the tax rate.

Mr. Henry said the proposed \$3.14 tax increase is based on an adjusted number due to the money that was returned to the Town to offset the tax rate in October. The previous budget was approved based on a tax rate which was then modified to come up with this number he said.

Mr. Brown said the Town brought the tax rate down using unspent general funds. He said the unspent funds on the school side can be used for emergencies or to reduce taxation and asked if there has been any discussion about using some of the surplus funds to reduce taxation.

Mrs. Vaughn said they are looking to see where the budget will be at the end of year.

Mr. Brown said he was referring to the 2% surplus that the voters voted to retain. He said they can declare an emergency and go through the complicated process to use the funds or place an article on the warrant to authorize the use the money to reduce taxation as per the RSA.

Mrs. Vaughn said there has been no discussion about taking either action.

Mr. Henry said the school is allowed to retain up to 2.5% of the budget and Town is not restricted in the amount that can be retained but there is a guideline recommending the amount to be retained.

Mr. Johnson said the DRA recommends retaining 8% to 18% of the budget and the Town is currently at 8.3%.

Mr. Morin said the amount retained by Town is at the lowest rate it has been in several years.

Mr. Johnson said that is incorrect and that the Town has been at 8% over recent years.

Mr. Morin said the percentage retained was typically about 12% in previous years.

Mr. Brown said that at the school budget presentation a 10 year timeline was discussed and asked when that 10 year plan would be ready for presentation.

Mrs. Vaughn said her goal is to have the plan ready by the end of the school year. She said she plans to set up a committee to develop the plan and to obtain public input during the process.

Mr. Brown asked if during the next budgetary process if the committee would have a 10 plan.

Mrs. Vaughn said that is her goal.

4). Close Public Hearing:

Mr. Henry then called for any additional public comments. Hearing none, he closed the public comment portion of the hearing at 7:24 p.m.

5). Bud Com Final Budget Preparation for Deliberative Session:

Mr. Henry then asked the members to review the articles and vote to recommend or not recommend each article. He noted the committee has not had the opportunity to read the proposed contract agreements and suggested they could call a meeting before the Deliberative Session to vote on those articles.

Mr. Johnson recommended a Bud Com meeting be scheduled for that day and to recess that meeting so the committee can continue the meeting after the session to revisit any changes to the warrant articles during the Deliberative Session if needed.

Mr. Brown said if they set a date for another meeting it has to go through the 7 day posting process and suggested they recess this meeting and continue it before the Deliberative Session.

Mr. Henry said there are 3 weeks until the Deliberative Session (Feb. 4) so there is plenty of time to post another meeting. He said the session begins at 9 a.m. and in past years the committee has held a meeting at 8:30 a.m.

Mr. Capello asked the committee to recess this meeting to avoid having the Town pay the costs to post the meeting on Feb. 4th.

Mr. Henry noted the committee has a regularly scheduled meeting on Jan. 25.

Mr. Capello explained the posting and public hearing formats and what can be done at each meeting in terms of noticing the public.

Article 3- School Operating Budget- Consensus of the members was to move Article 3 to the end of the review.

Article 4- Custodians Collective Bargaining Agreement-

Motion: (Brown, second N. Johnson) to table Article 4 passed unanimously.

Article 5- Conduct Special Meeting- Mr. Johnson said this article does not have a financial impact so it does not require a Bud Com recommendation.

Mr. Brown said there is a cost impact in the cost to hold a special town meeting.

Motion: (Brown, second Cardinal) to recommend Article 5 as written passed 5-2.

Article 6- Teachers' Association Collective Bargaining Agreement-

Motion: (N. Johnson, second E. Johnson) to table Article 6 passed 6-0-1(Henry abstained).

Article 7- Conduct Special Meeting-

Motion: (Brown, second E. Johnson) to recommend as written passed 5-1-1(N.Johnson opposed, Henry abstained).

Article 8- Remove and Replace Roof J at Henry Wilson School-

Motion: (Brown, second N. Johnson) to recommend as written passed unanimously.

Article 9- Rescind Article 31 and/or Purchase Television Equipment-

Motion: (Connolly, second E. Johnson) to recommend Article 9

Motion: (Brown, no second) to change the word "allow" to "require"

Mr. Capello said the committee can change the dollar amount but can't change the intent of the article.

Motion: (N. Johnson, second Connolly) to change the amount from \$15,599 to \$1.00

Mr. Brown said the way the article is written it is asking to change the intent of a live broadcast to internet streaming. He asked what the request for appropriation of \$15,599 is for if the article fails.

Mr. Johnson said the money would be used to purchase a broadcast server to be able to broadcast over the cable TV channel.

Mr. Henry said if Mr. Johnson's motion passes and the dollar amount is changed to \$1 and the warrant article fails the School Board will have to fund the purchase of the server from their operating budget. He asked Mr. Johnson if that was the intent of his amendment.

Mr. Johnson said the intent is not only to pay for the server out of the operating budget but also to ensure they continue to broadcast on the cable TV access channel. If they want to live stream on the Internet they have that ability he said.

Ms. Cardinal said changing the amount to \$1 doesn't achieve Mr. Johnson's intent because if the article passes it would only allow streaming on the Internet.

Mr. Henry said if the article fails they would still be required to broadcast the meetings and would have to pay for the server out of the general fund. If it passes there is no guarantee the public will be able to watch what the School Board is doing.

Mr. Henry said he was concerned about the "cost" to the public if they stop broadcasting the school meeting and said he was not referring to a dollar cost.

Ms. Connolly said she did not like the way the article is written.

Mr. Henry said he did not like that they want to take it off TV so less people will know what is going on.

Ms. Cardinal said that is not the intent of the article. The intent was to provide a more cost efficient already existing method of broadcasting the meetings and events through live streaming on the Internet. She said Internet streaming has been consistent for at least 1 year, archived on You Tube and it is not consistently archived when broadcast on TV. This was an attempt to find how many folks would be affected by switching to online only instead of spending \$16,000 which can be used for other purposes. It will not cost any additional money to continue streaming and archiving on the Internet. We could have removed it from the budget if it was not

for Article 31 but this was a way to put it to a vote of the people and find out what they think. She added if there is someone who doesn't have access to the Internet then let's help them to get access or show them how to connect at the library and watch the meetings there.

Mr. Johnson said there is nothing precluding the school board from Internet streaming currently.

Mr. Henry said they are not looking to take Internet streaming away.

Ms. Connolly said there are people who are house bound and don't have Internet access.

Mr. Johnson said the way the article is worded takes away the responsibility of the School Board to broadcast the meetings.

Mr. Henry asked for the results of a school district survey to see how many students have high speed Internet access at home.

Mrs. Vaughn said there is about 5% of the student population that do not have home Internet access. There is a team going to a workshop about increasing community broadband access which includes no cost and grant funded options to make the access more available to students' families she said.

Mr. Henry said that would not impact the rest of the tax base.

Mrs. Vaughn said there are possibilities to expand the access and that is why the team is going to the workshop to get the information.

Mr. Brown said a significant percentage of the population don't have access to the Internet.

Ms. Cardinal interrupted Mr. Brown to ask what that percentage is.

Mr. Brown said he did not have the total number but said he has lived and worked in Farmington since 2002 and that he knows that there is a large portion of elderly people who don't use the Internet.

Ms. Connolly said we can't force people to get the Internet but most people have television.

Ms. Cardinal said she was not trying to force anyone to do anything but they have to do cost benefit analysis and asked if it is worth \$16,000 to the taxpayers.

Mr. Brown said to the taxpayers that set their salaries and their budgets the answer is "Absolutely".

Ms. Connolly said the committee must be fiscally responsible to the taxpayers.

Ms. Cardinal said they are asking the taxpayers to vote on whether or not they think \$16,000 is worth it.

Vote: to amend the value to \$1 passed 5-2 (Cardinal, Mitchell opposed).

Ms. Cardinal then said the committee is lying to taxpayers by saying it will cost \$1 for the server.

Ms. Connolly said they are saying to find another way to pay for it.

Mr. Capello asked if the server is not purchased would it mean the sports and other events would no longer be broadcast.

Ms. Cardinal said everything will still be broadcast on the Internet but Article 31 requires the district to somehow fund broadcasting them on TV as well.

Mr. Henry called for an end to the discussion.

Ms. Cardinal then suggested the article be re-worded to replace "allow for" with "replace with".

Mr. Henry said that changes the intent of the article. He added that Ms. Cardinal is committed to open and transparent government and he sees that as putting the broadcasts on as many platforms as possible. He said that is the best way to achieve transparency so he was surprised to see that she is opposed to the amendments proposed.

Ms. Cardinal said that her philosophy is to allow the voters to decide things for themselves as

much as possible within reason. She said if not for the article from 2006 the server would have been cut from the school budget and they would have chosen to stream the meetings and make the message communicated in a more cost effective way to all the folks that want to get the message. You have to weigh the cost benefits of reaching people through television or other means she said.

Mrs. Johnson asked what the “other means” are.

Ms. Cardinal said she would work with an individual said this would create a hardship for them to get the information that they would like when they would like it. She said there are so few individuals that this would create a hardship for that she wanted to put it out for the voters to decide.

Mr. Henry then asked Ms. Cardinal for the number of individuals who would have a hardship if the article passes.

Ms. Cardinal said it was reported that 5% of the homes in the district don't have high speed Internet but there are public points and mobile devices where they can access the Internet.

Mr. Brown said that comes out to about 45 homes that don't have Internet access. He said there approx. 900 students in the district and over 6,000 residents in Town and asked how those numbers carry forward.

Mr. Johnson said they couldn't extrapolate anything from the 5% figure as the homes without students are the ones more likely not to have Internet access.

Mr. Brown said that number is probably bigger than 5%.

Ms. Cardinal said this article would allow the voters to represent that.

Mr. Johnson said he understood what the school board was trying to do but combining the 2 issues into a single warrant article has made it difficult to implement. He said if it was broken into 2 articles it would have been an entirely different discussion. He said that the “first blush” from reading the article gives the interpretation there won't be anything broadcast. If there was one article asking voters if they wished to do one or the other and then a second article to decide how to pay for it, it would have led to an entirely different discussion.

Mr. Henry said that it was his understanding that the 2006 article came about because it was a struggle to get the School Board to broadcast their meetings. He said the voters decided to put this on the warrant after repeatedly attending meetings and asking the school board to broadcast their meetings and they refused to do so. Now the current school board wants to go back to maybe we will do it.

Mr. Johnson added that the board is saying if you want us to do it we are going to charge you \$16,000.

Mr. Henry called for the vote on the article.

Motion: (Brown, second N. Johnson) to recommend Article 9 as amended passed unanimously.

Article 10- Purchase Fence at Valley View Community School-

Motion: (Connolly, second E. Johnson) to recommend Article 10 as written

Mr. Henry said the School Board was not sold on the fence as they put it out on the warrant instead of including it in the operating budget.

Ms. Cardinal said the board had a “healthy debate” about whether to fund the fence from the operating budget or take the cost from the Building/Grounds CRF and the result is the warrant article.

Vote: The motion passed unanimously.

Article 11- Establish Heating System CRF and Fund from Unassigned Fund Balance:

Motion: (N. Johnson, second Connolly) to recommend Article 11

Mr. Henry said this is a fund he asked for previously because it is something that needs to be saved for but said he was not expecting a number that big. He noted that it is not funded through taxation but through the undesignated fund balance.

Motion: (N. Johnson, second Connolly) to change the \$100,000 to \$25,000

Mr. Johnson said there is no plan and no quotes for the systems, they have been having equipment problems for years and have muddled through it. He said until there is a plan he was not in favor of putting up to \$100,000 in a savings fund. He added there is money in the trust funds that can be used if something happens between now and when they come up with a plan. Mr. Henry noted the article is not asking to purchase something without a plan. He suggested \$50,000 be set aside for the heating systems as there is potential to pay \$150,000 just to replace the system at Henry Wilson School alone. He said he was not concerned that \$100,000 wouldn't be needed but that the work would probably cost more. He said he was not convinced there would be a plan 1 year from now based on past history.

Mr. Brown asked about school district Capital Improvements Plan and asked what the goal was to complete the plan.

Mrs. Vaughn said the CIP plan was approved by the School Board and is being included in the plan that is moving forward with the Town CIP.

Mr. Johnson said the CIP plan includes items valued at \$20,000 or more and asked what the value is for the school district items to be included in the plan.

Mr. Brown asked if there is a vision as to when the capital improvements will be completed on the school side.

Mrs. Vaughn said the Henry Wilson boiler is slated to be replaced in 2018 (\$200,000) and there are things that need to be done at the other buildings. There is a \$700,000 CRF that is earmarked for the high school roof. She said new quotes received show it will cost close the total \$700,000 in the fund.

Mr. Henry said he would like to see bid spec level plans that include the fuel source, the way the buildings will be zoned and how it will be controlled. He said we know what the cost is but we don't know what we are buying yet and this is a way to put money aside without being forced to buy something that may not be the right choice.

Ms. Cardinal asked what sort of documentation the committee is looking for to support the school district when it comes time to purchase the equipment.

Mr. Johnson said they are setting up a fund without any idea what should be in the fund or what you are buying and are saying that \$100,000 is a "good number". He said he would like to know what is on the list of things to be done and what it is expected to cost.

Mr. Henry asked how much of the trust funds are earmarked for a particular purpose.

Mr. Johnson said the only fund that is earmarked for a specific purpose is the \$736,000 earmarked for the high school construction, renovation and repairs.

Mrs. Vaughn then read from the Capital Improvements Plan presented to the CIP Committee the previous evening which includes nuclear scanning of the roof, roof/window/boiler replacements at the Henry Wilson School, roof repairs/replacement at the high school, upgrades to security/communications district wide and a second access road to the school campus. The plan details the approx. project costs, available funding sources and the when the

project might be completed.

Mr. Brown asked what the unassigned fund balance is expected to be at the fiscal year end. Mrs. Vaughn said she did not expect that the balance will be the full \$100,000 requested in Article 11 but in the event that it is she would like to be able to place all of the \$100,000 in the heating systems fund knowing that it is going to be a large expenditure in a short amount of time.

Mr. Brown asked if she expected the fund balance to be less than \$100,000.

Mrs. Vaughn said that is correct.

Mr. Johnson asked for the reason for creating a new fund instead of using the existing funds.

Mrs. Vaughn said it was because she heard the committee say they wanted a separate fund for the heating issue and not just to include the funds elsewhere.

Mr. Johnson said the opinion of 2 people does not mean the committee requested something be done.

Mrs. Vaughn said she took the discussion at the table at that time to mean the committee wanted the fund set up for heating issues.

Mr. Henry then called for the vote on Mr. Johnson's amendment.

Vote: The motion passed 4-3.

Mr. Henry called for the vote to recommend Article 11 as amended

Vote: the motion passed unanimously.

Recess- Motion: (Brown, second N. Johnson) to take a five minute recess passed unanimously at 8:15 p.m. The meeting reconvened at 8:25 p.m.

Article 3- School Operating Budget- Mr. Henry called for a motion on Article 3.

Motion: (N. Johnson, second Cardinal) to recommend Article 3;

Mr. Henry said the budget currently totals \$16,217,851 with a tax impact of \$3.14.

Mr. Brown asked for the current 2% fund balance.

Ms. Verville said the current fund balance is \$164,000.

Motion: (Brown, second N. Johnson) to reduce the \$16,217,851 budget by \$164,000.

Mr. Johnson asked if the deadline for warrant articles has passed.

Mr. Brown said the School Board can submit articles right up to the Deliberative Session.

Mr. Morin said the last day to submit warrant articles is Jan. 26.

Mr. Brown said he was hoping the School Board would look at using some of the surplus funds to reduce the tax impact. There is \$164,000 that can only be spent by declaring a catastrophic emergency which must go through a complicated process or to use the money to offset taxation. It is foolish when we have \$164,000 sitting in an account when it could be used to reduce taxation and appropriate \$500,000 that will cost us \$1 on the tax rate

Mr. Henry said the Town currently has approx. 8% of the annual budget in reserve. He said 2.5 % of this budget if approved would be \$405,000. They currently have \$164,000 as a contingency fund for emergencies he said.

Mr. Johnson asked where the \$405,000 figure comes from.

Mr. Henry said it is 2.5% of the proposed budget.

Ms. Verville said it is 2.5% of the district net assessment which is calculated after the revenues total is received.

Mr. Henry asked what the total amount is that can be included in the fund.

Ms. Verville said the total allowed in the account would be about \$170,000.

Ms. Cardinal said cutting the \$164,000 off the bottom line of the budget may force the district to reduce programs offered and personnel hours.

Mr. Brown said the intent of his motion was that there are other trust funds and savings that can use if needed. The district is looking at a significant cut in state aid and if the School Board has the ability to create a warrant article to reduce taxation by \$164,000 at the Deliberative Session then he will reconsider his motion and add that back into the budget he said.

Mr. Jonson said he hesitated to support the motion because the Bud Com at the time asked the School Board to have a savings account for unforeseen circumstances. He said most of the trust funds are designated for specific purposes and he is concerned that something is going to come up that the district won't have the funds to take care of. He said \$150,000 is 33 cents on the tax rate. He said he would rather keep the money in the fund and cut someplace else.

Ms. Cardinal said there need to be a majority vote of the voters present at Deliberative Session to put the \$164,000 back in the budget.

Mr. Henry called for the vote on Mr. Brown's motion to reduce the bottom line budget by \$164,000 with the intent that the School Board so chose could move money from the 2.5% fund to cover that amount.

Mr. Johnson said we are cutting the bottom line of the budget and the money doesn't have to come out of the 2.5% emergency fund. It could come from anywhere and that would be the School Board's decision.

Mr. Capello said in order to use the money in the fund, the School Board would need to hold a meeting, produce a warrant article, the Bud Com would have to continue this public hearing and vote to recommend or not recommend the article.

Mr. Henry said Mr. Brown's intent is to have the School Board create a warrant article we would vote to recommend or not recommend it to expend \$164,000 from the fund balance to offset taxation and then he would support a motion on the floor at Deliberative Session to put the \$164,000 back into the operating budget.

Mrs. Vaughn said the last day to post a warrant is Jan. 30 so any continuation of the Bud Com hearing would need to be held prior to that date to allow time for the posting.

Vote: The motion failed 1-6.

Mr. Johnson began a review of the General Fund Expenditure Report and asked why \$1 is kept in Line 1, ELO Coordinator Salaries.

Ms. Verville said it is to keep the account active and as a budget history.

Motion: (N. Johnson, second Connolly) to cut Line 2 of the proposed operating budget, Reg. Ed. Teacher Salaries, Valley View by \$47,465.55 to \$895,703.45 to the same as was budgeted for the 2016-2017 fiscal year

Mr. Henry said the salary line includes the proposed raises and benefits in the new collective bargaining agreement so if it were reduced the district would have to reduce staffing.

Mr. Capello said Mr. Johnson is suggesting where he would cut the budget and where the money would come from would be up to the School Board.

Mr. Johnson that the effect would be more than the \$47,465 he proposed cutting as other lines such as FICA, health, dental, etc. would be impacted as well.

Mr. Brown asked when the current teachers' contract expires.

Mr. Johnson said it expire next year.

Mr. Brown said the contractual obligations for next year should be included in the warrant article

and not in the operating budget. He said the existing salary amounts don't go to zero when the contract expires but remains at status quo until a new agreement is approved.

Mrs. Vaughn said her understanding is the contracted amounts would move forward but will check to make certain.

Mr. Henry asked if the \$47,000 increase includes the increase in the warrant article for the new contract.

Ms. Verville said it does not include the new contract increases. The budget carries forward the increases at the current steps and the warrant article includes increases over and above that amount she said.

Ms. Cardinal said if the board does not allow for track and step changes in the proposed budget they tie their hands when it comes to Article 7 and run a very high risk of a strike.

Mr. Henry said the district runs zero risk of a strike because it is illegal for teachers to strike in NH.

Mr. Johnson said there is also a clause in the contract that prohibits strikes.

Ms. Verville said the increases are not double counted in this budget.

Mr. Henry said there is an increase in this line based on the current contract and the other number (in the warrant article) is the amount of increases over and above the current rates.

Ms. Cardinal asked if any of these questions were asked when the school district budget was presented to the committee in Dec. as this the same budget that was presented then.

Mr. Johnson said it was presented and there were few questions asked during the presentation. He added there was a new page added to the presentation that night.

Ms. Cardinal said the public minutes from Nov. show the School Board went through the budget and made additional cuts from the proposal and said she wanted to make it clear this budget has already been scrubbed, asked for justification and then additional cuts were made.

Mr. Henry called for a vote on Mr. Johnson's motion.

Mr. Brown asked if the suggested cuts should be made line by line or if the total amount of the cuts should just be cut from the bottom line of the budget. He said he would like to know the total amount money Mr. Johnson was proposing be cut from the proposed operating budget.

Mr. Johnson said he was proposing cutting a total of \$366,962 from the budget. He said this would be a minimum amount as he had no way to figure out the additional reductions from FICA, insurances and other factors.

Amendment : Mr. Johnson then amended his motion to cut the bottom line proposed budget by a minimum of \$366,962 . The amendment was seconded by Ms. Connolly.

Mr. Johnson then gave his suggestions for cuts to the following lines to make up the total \$366,962 in cuts to the bottom line: Line 3, Salaries, Reg. Ed., Teachers Henry Wilson, (\$32,161), Line 4, Salaries, Reg. Ed. Teachers, FHS (\$39,290), Line 54, Supplies, Gen. Reg. Ed. FHS (\$1,000), Line 73, Supplies, Tech Ed Henry Wilson, gr. 7-8(\$500), Line 91, Textbooks, Gen. Ed. FHS (\$1,500), Line 125, Salaries, Paras, Spec. Ed., Valley View (\$43,000), Line 126, Salaries, Paras, Spec. Ed. Henry Wilson (\$22,259), Line 127, Salaries, Paras, Spec. Ed., FHS (\$17,103), Line 369, Psychological Contract Services (\$9,600), Line 414, Staff Development, Course Reimbursement (\$6,800), Line 798, Salaries, Spec. Ed Bus Driver (\$18,531), Line 882,883, Equipment - cut entirely from budget and fund from the trust fund (\$10,574, \$25,500)

Mr. Brown asked for the combined total amount of increases and the loss of revenue in the

SAU's recommended budget.

Mrs. Verville said the total is \$631,955.

Mr. Brown said if the motion for \$366,962 is subtracted from \$631,955 then how much money must be generated through taxation.

Ms. Verville said \$264,993 must be raised by taxes.

Mr. Brown said that is roughly 50 cents on the tax rate.

Mr. Henry said the School Board is going to do what they are going to do and said he did not agree with the cuts to the teachers' salary lines. He said he did not support bringing in a therapeutic counselor into the schools for therapy for individual students.

Mr. Johnson asked if the child's parents have insurance would the insurance pay for the counseling sessions and if it is possible to bill private insurance for these services.

Mrs. DeNitto said it happens in rare instances.

Mr. Henry said if the child went to a therapy center during non-school hours the insurance they are required to have by law would cover the services. He added it must be important if the students needing these services are taken out of class for it.

Ms. DeNitto said they try to schedule the therapy during something that is not of importance to the student's core instruction such as recess or study hall.

Mr. Henry said it had not occurred to him to take the computers(Lines 882 & 883) out of the capital reserve fund but that is what it is there for. He said there are some positions that are added to the budget such as SAU secretary (\$60,000) which the School Board told the committee was not needed any more. He took issue with creating a new position instead of taking a portion of that money and pay people who already work there for more hours. He added he sees some room to do things differently although his reductions may not be as big as Mr. Johnson's.

Ms. Connolly said keeping the paras under 30 hours a week saved a substantial amount to the Town. We need to be fiscally responsible to the taxpayers of this Town she said.

Mr. Henry asked what the cost was for increasing the paras' hours from 28.5 to 30 hours.

Ms. Verville said the amount was just under \$120,000.

Mr. Henry said the increase is 1 hour 15 minutes more each week.

Mr. Johnson said this amounts to 15 minutes a day longer for each Para.

Ms. Connolly suggested they look at scheduling and stagger the paras' hours instead of having them increase their hours if coverage is an issue.

Ms. Cardinal said there was a lot deliberation among the School Board members regarding the issue of Para coverage before they voted. She said they tried to stagger hours for 1 year but the coverage issues outweighed the savings by not increasing their hours. The lack of consistency for students and gaps in coverage impacted students and could impact the budget with potential penalties for not providing for the requirements in the student's IEP she said. She added the paras are going to the districts where they can get the hours they want and it is a component in how to attract the talent they want to the district

Mr. Brown said that even with the cuts proposed by the Bud Com the town is still looking at a \$264,000 increase to the budget, which is a little over 50 cents increase on the tax rate plus a significant increase with the teachers' contract if the warrant article passes. He suggested bringing out of district Spec. Ed students back to the district and bring money back to the Town. He said the committee should come up with a number they can live with and let the School

Board and Superintendent do what they do within the parameters sent back to them and the taxpayers will have input at the Deliberative Session. He then asked the Chairman to move the question and to vote on the motion.

Mr. Henry said this is a budget that has had a number of things added such as the FAMEE program, a Principal position went from half time to full time, the stipend Athletic Director position was expanded to a half time position and psychiatric services were added all without coming before this committee.

Mr. Johnson noted the FAMEE grant has been reduced by \$6,500 to \$220,000 with the potential of costing the school district \$77,000. That is 1/3 of the grant that didn't exist a year ago he said.

Mr. Henry said the School Board will do what they decide and will probably take the cuts from general education which is why we need to watch the School Board on TV.

Ms. Cardinal said Mr. Henry does not know what the School Board will do and there was serious deliberation about the impact of the budget.

Mr. Henry said the school board is not taking the cuts from Spec. Ed so that only leaves general education (for the reductions).

Mr., Henry then called for the vote on Mr. Johnson's motion to reduce the bottom line by \$366,962.

Vote: The motion passed 4-3.

Ms. Verville said the new bottom line for Article 3 is \$15,850,889.

Ms. Cardinal asked which RSA allows the Bud Com to change the cost items in a warrant article that has been approved and submitted by the governing body such as Article 9 and Article 11.

Mr. Morin said the Budget Committee is governed by RSA 32.

Mr. Capello said it is the Bud Com's budget going forward.

Mr. Henry then called for the vote on Article 3 as amended to read \$15,850,889 proposed budget with an estimated tax impact of \$2.31 and \$3.20 for the default budget.

Vote: the motion passed 5-2.

6). Any Other Business: None.

7). Adjournment :

Motion: (N. Johnson, second Connolly) to adjourn the meeting passed unanimously at 9:30 p.m.

Respectively submitted

Kathleen Magoon

Recording Secretary

Stephen Henry, Chairman

