

Town of Farmington
Budget Committee Meeting
Wednesday, January 25, 2017

Committee Members Present:

Stephen Henry, Chairman
Sylvia Arcouette, Vice Chairman
Jodi Connolly, Committee Secretary
Neil Johnson, Selectmen's Rep.
Angie Cardinal, School Board Rep.
Elizabeth Johnson
Sam Cataldo
Tim Brown
Heidi Mitchell

Others Present:

Arthur Capello, Town Administrator
Ruth Ellen Vaughn, Superintendent SAU 61
Laurie Verville, SAU Business Administrator
Linda McElhinney

1). Call to Order:

Chairman Henry called the meeting to order at 7 p.m.

2). Pledge of Allegiance:

All present stood for the Pledge of Allegiance.

3). Public Comment: None.

4). Review of Minutes:

January 13, 2017 - Some members said they did not receive the minutes in time to review them before the meeting.

Motion: (N. Johnson, second Arcouette) to table the minutes passed unanimously.

Ms. Cardinal asked if the minutes of Dec. 28, 2016 were reviewed and accepted by the committee.

Chairman Henry said he would check into the matter.

5). Town Reports:

Remittance Report:

Page 10 (Fireworks/Recreation Dept., \$3,985) Mr. Johnson asked how the fireworks budget already contains about \$4,000.

Mr. Capello said about \$1,500 is from the car raffle held during Hay Day.

Mr. Johnson asked if the Town has started receiving the cable franchise fees from TDS.

Mr. Capello said no fees have been received as of yet and that he expects they will be received on a quarterly basis as with the fees from the MetroCast cable franchise.

Parks and Recreation Report:

Mr. Capello said the next budget will show the dept. becoming more self funded with the Workers' Compensation costs being taken out of the operating budget and included in the Rec. Revolving Fund because the expense is for the summer staff. This will show up as a large decrease in the budget's Unemployment line he said.

Actual & Anticipated Revenues- General Fund Report:

Page 1, Property Tax Warrants, Line 01-3110-10, Current Year Budgeted – 0) Ms. Cardinal

asked if there is a budgeted value for this line.

Mr. Capello said this line won't be filled in until the tax rate is set as it is based on what is needed to be raised and appropriated through taxes. Revenues on this sheet are used to offset the tax rate and this line is the property tax rate he said.

Ms. Cardinal asked if the budgeted value could be forecast by taking the value of the Town multiplied by the tax rate.

Mr. Capello said the values are too fluid with people moving in and out and changing property values to be forecast in that manner.

Actual Budgeted Expenditures and Encumbrances Report:

Mr. Capello said there is no Expenditure Report at this time as there is no official budget until it is approved in March at Town Meeting. He said the books are not yet closed for 2016 and once they are closed the committee will receive a year end Expenditure Report.

Meeting Dates:

Mr. Capello said the last day for submission of petitioned warrant articles is Feb. 7 and requested the Town budget Public Hearing be held after that date.

Mr. Henry said there must be at least one Public Hearing on the Town budget by Feb. 17 and the last day to post the hearing date is Feb. 10.

After a brief discussion the committee chose the following dates and meeting times:

Feb. 9 – Presentation of proposed 2017 Town budget to the Bud Com at 7 p.m.

Feb. 15 – Public Hearing on proposed Town budget at 7 p.m.

Feb. 17 – Snow date for Public Hearing if needed at 7 p.m.

Mr. Henry said the library has requested to present their budget to the committee and that he planned to include their presentation on the same date as the Town budget presentation.

Mr. Capello added there is about \$180,000 left in the 2016 budget and there are still bills coming in which need to be paid from that budget.

Mr. Henry asked if the \$180,000 balance includes the insurance reimbursement for the funds embezzled by the former Fire Chief.

Mr. Capello said the \$180,000 is strictly from the operating budget and the insurance money is being held in a separate fund until the Selectmen decide how it will be expended.

6). Review of Amended Warrant Articles -

Mrs. Vaughn said the state Dept. of Revenue Administration (DRA) has advised that with special warrant articles the committee can vote to recommend or not recommend the articles and the changes recommended by the Bud Com will be recorded on the MS-27. The original language of the article put forth by the School Board must go forward to the Deliberative Session with the committee's vote on the original language. She said at the previous meeting Article 11 (seeking approval to establish a heating system Capital Reserve Fund and fund it with \$100,000) was reduced to \$25,000 and the committee then voted on the amended article. The committee must now vote on the original language of the article and their recommended amount of \$25,000 will be included on the MS-27.

Mrs. Vaughn said the DRA also asked them to split the article (formerly Article 9) that combined a request to rescind Article 31 from 2006 requiring live broadcast of board meetings with authorization to expend \$15,995 to replace the broadcast server for the school local access channel should the request fail to gain voter approval. She said at the previous meeting

members said they would prefer to see this article split into 2 articles and then voted to recommend amending the amount to be spent on a new server to \$1. The article has now been split into Articles 9 and 10 on the amended warrant which requires the committee to vote to recommend or not recommend them with the full cost amount recommended by the School Board (\$15,995) she said.

Mr. Brown asked if they needed to table the vote on the amended articles until the Deliberative Session due to the requirement for a Public Hearing on warrant articles.

Mr. Johnson said they would not need to hold another Public Hearing to vote to recommend or not recommend the original warrant articles.

Mrs. Vaughn agreed noting the cost content of the proposed articles has not changed from the amounts presented at the previous Public Hearing on the school district budget and warrant articles.

Ms. Connolly asked if the amendments would affect the total budget amount shown in Article 3.

Mrs. Vaughn said the Bud Com has the ability to change the recommended bottom line of the budget which they did at the last meeting so it does not need to be revisited.

Ms. Connolly said the committee did not make any changes to Article 4 (Custodians' contract) or Article 6 (Teachers' contract) and asked why no Bud Com vote appears on the warrant for either article.

Mrs. Vaughn said this is because the committee voted to table the vote on these 2 articles to allow time to receive/read copies of the contract agreements. She added that the committee can only recommend/not recommend the cost values of the 2 articles and cannot amend the language of the agreements.

Mr. Johnson said the articles include the tax impact for the first year of both proposed contracts but there is no estimated tax impact for 2018 or 2019 which must be included according to state law.

Mrs. Vaughn said the DRA has advised them to show the estimated cost impact but not to include the estimated tax impact for multi-year contracts.

Ms. Verville said they are required to include the tax impact for year one of a contract but not for years 2 and 3 as there are too many other variables.

Mrs. Vaughn said some of the variables would include the school district assessment, town valuation and what the tax rate might be.

Mr. Johnson asked if DRA advised school districts to indicate that the estimated tax impact shown on the warrant article is only for the first year of the contract.

Ms. Verville said the SAU provided the content of article to DRA and that they accepted the language shown.

Mrs. Vaughn added the article language is based on DRA's template for warrant articles.

Mr. Brown noted that one of the articles is of an advisory nature (Article 9) regarding whether to require live streaming of board meetings and does not call for any appropriation of money so the committee could vote on it at this meeting without a public hearing. He said the article (Article 10) contains a request for an appropriation of funds and according to the RSA all discussions about appropriations shall be held at the "final" or Public Hearing. He said due to the appropriation in Article 10 the committee should discuss it and vote on it at the next Public Hearing.

Mr. Johnson said they are not discussing the article but only voting to recommend or not

recommend it.

Mrs. Vaughn said the amount in the article has not changed and is the same amount as in the original article.

Mr. Brown said to be safe the committee should consider scheduling the discussion for the next public Hearing in case a challenge was brought to the DRA because the article was split into 2 articles with no notice to the public.

Mr. Henry suggested the discussion and vote could take place at the Bud Com meeting already scheduled for Feb. 4 right before the start of the Deliberative Session.

Mrs. Vaughn advised the warrant has to be posted by Monday, Jan. 30.

Ms. Verville said the posting must include the Bud Com recommendations and the MS-27.

Ms. Cardinal said the committee was planning on voting on Articles 4 and 6 the morning of the Deliberative Session but they can't wait until then if the warrant is required to have all of Bud Com's recommendations on all of the articles.

Mrs. Vaughn said the voting must take place at this meeting so the results can be included when the article is posted.

Mr. Henry said the committee can change their recommendations if they choose to do so.

Ms. Verville agreed and noted the committee changed some of their recommendations following last year's Deliberative Session.

Mr. Henry said the new Article 9 which does not include a cost item would not have a Bud Com recommendation because there is no cost involved in the article.

Ms. Verville said DRA advised the committee must still make a recommendation on the article.

Mr. Johnson suggested that this is because Article 9 is tied to Article 10 because Article 10 is dependent on the results of the vote on Article 9.

Article 4- Custodians' Collective Bargaining Agreement:

Motion: (Cardinal, second Arcouette) to recommend Article 4 as written.

Mrs. Vaughn told the members they can't change the wording of the article and can only vote to recommend or not recommend it.

Mr. Henry asked if the budget includes the increases in the current contract.

Ms. Verville said the budget includes any scheduled increases under the current contract and the amount in the warrant article is "new money".

Mr. Henry added that if the new contract is not approved the custodians would stay their present salary levels and asked if they would still move up in the step salary scale.

Ms. Verville said they would continue to move up steps as they currently do.

Mr. Johnson said the custodians should not move up a step if the new contract is not approved by voters because there is no "Evergreen" clause in the contract.

Mr. Henry said they would stay where they are currently and the amount for the first year of the contract should be higher on the warrant article and should not be included in the operating budget.

Ms. Cardinal said that previously if a contract warrant article failed the special meeting was conducted.

Mr. Johnson and Mr. Henry said that has not always been the case such as 3 years ago with the teachers' contract.

Ms. Cardinal then asked how the "decision makers" decide which parts of the contract to honor.

Mr. Capello said that is the purview of the School Board and when no contract is in place the

School Board can still give school district employees increases if they choose to do so. He added that Selectmen can give Police Officers an increase if the Police contract warrant article fails or live by the contract that is currently in place.

Ms. Cardinal said they could do that if the money is budgeted and that is why the custodians' increases are included in the budget.

Mr. Brown said the increases would have to be negotiated.

Mr. Capello disagreed and said once the contract expires there is no agreement and the board would not need to negotiate salary increases.

Mr. Brown said there would be no contract but there would still be "representation" and the board could not change working conditions without negotiations.

Ms. Cardinal said the plan has to include something somewhere so the board would use the current salary schedule and based on the years of experience determine that there would be a move in step level and that is what they budgeted for.

Mr. Johnson asked if the increases for the new contract are included in the default budget.

Ms. Verville said the new increases are included in the default budget.

Mr. Johnson said the increases can't be included in the default budget as that budget should only contain contracted and one-time expenses from the previous year's budget. If the warrant article for the custodians' new contract fails it is not a contracted expense and any increases would be voluntary by the board and should not be included in the default budget he said.

Ms. Verville said she will look into how the issue was handled 3 years ago when the teachers' contract warrant article failed and whether those costs can be included in the default budget.

Mr. Henry asked if it was the School Board's intention to continue under the present contract, based on the budget presented to the committee, if the contract warrant articles fail.

Ms. Cardinal said that is the board's intention.

Chairman Henry then called for the vote to recommend Article 4 as written.

Vote: The motion passed 7-2.

Article 6 – Farmington Teachers' Association Collective Bargaining Agreement:

Mr. Henry recused himself and passed the gavel to Vice Chairman Arcouette to conduct the discussion and vote on this article. Ms. Arcouette read the article for the viewing audience and then called for a motion on the article.

Motion: (Cardinal, second Mitchell) to recommend Article 6 as written.

Vote: The motion failed 3-5-1 (Henry abstained).

Article 9- Rescind Warrant Article 31 Passed in 2006:

Mr. Henry took over control of the meeting and read the article aloud for the viewing audience.

Motion: (Arcouette, second Cardinal) to recommend Article 9 as written.

Ms. Connolly said she still did not like the way the article is worded and did not feel it is in the best interest of the taxpayers.

Mr. Henry said the committee cannot change the wording of the article. He said the committee had a lengthy discussion on this article at the previous meeting and stated that approval of this article would remove board meetings, sports and other school events from TV. He said the article is also not in the best interest of the schools and that they should be trying to involve the public in what is going on in the schools and not try to hide what is going on there.

Mrs. Vaughn said she understood the point Mr. Henry was making but suggested he use different language as they are not trying to hide anything with this article.

Ms. Connolly suggested they could have changed the wording of the article when it was split from 1 to 2 articles following the discussion at the previous meeting.

Mr. Brown said perception is everything and as servants to the taxpayers it is a good idea to get as much information out to the taxpayers by as many means as possible. He said this imperative to getting the public involved with the proposed 10 year plan for the school district. He added that the members don't like this article and are being honest about the perception it gives to the public. He cited the plan for the new Public Safety Building which involved the public and resulted in record number of voters coming out to vote on the issue. By removing the televised broadcasts especially for elderly people whose only means of seeing what is going on is television it is not a smart move for the administration and School Board and will create a negative perception and more of an upward battle to get to where they want go. He then suggested that every means of communication available including live internet streaming, TV broadcasts and social media be included in the 10 year plan to get information out to the public. Ms. Cardinal pointed out that the phrase "to meet the requirement" was added to the article when the previous version of Article 9 was split into 2 articles to counteract the phrase "allow for" (live internet streaming) that caused "heartburn" for some members at the previous hearing. This implies a commitment to provide live streaming via the internet of board meetings she said. Ms. Connolly said the article still doesn't give the public any solid details.

Mr. Henry said because this article's purpose is to rescind the 2006 article there would no longer be a requirement to broadcast the meetings and the added language is meaningless if Article 9 is approved.

Mr. Cataldo asked how many homes are currently receiving live streaming on the internet.

Ms. Cardinal said they know how many views have been logged on You Tube and the records show 43 views as of the previous day. There is no way for the board to track TV watching she said.

Mr. Capello said that following the last meeting, he asked MetroCast for the number of subscribers in town that do not have internet access and they would not release that information as it is considered a "trade secret".

Mr. Henry said that information would not be helpful as there are other competitors for internet access available to residents.

Ms. Arcouette added that the satellite providers don't have access to the school or town cable channels.

Mr. Johnson said transmission of the town and school channels are negotiated with the cable companies and there is no negotiation with the satellite companies.

Mr. Henry said the town has access to the cable franchise fees which can be used for the purchase or maintenance of TV broadcasting equipment and asked if the school district has access to those funds.

Mr. Capello said that a Town warrant article would be needed to change the purpose of the fund that was set up solely to fund the Town cable TV programming and equipment.

Vote – The motion to recommend Article 9 failed 2-7.

Article 10- Purchase Television Equipment if Warrant Article 9 Fails:

Motion: (Cardinal, second Arcouette) to recommend Article 10 as written.

Mr. Henry asked if the committee's previous recommendation will go on the MS-27 as the articles have changed.

Mrs. Vaughn suggested that if the committee wishes to make sure their recommendation was recorded as part of the minutes that they could take the vote again to make it their official vote. Mr. Henry said the committee previously changed the amount in the article to \$1 which would require the School Board to purchase the broadcast server (\$15,995) out of the operating budget.

Mrs. Vaughn said the Bud Com's recommendation to reduce the amount in the article to \$1 is already on the MS-27. She explained that the warrant article would state that the Bud Com does not recommend the article and the MS-27 would also state the committee doesn't recommend it. Some members then reviewed the MS-27 for clarification of the format.

Vote: The motion to recommend Article 10 as written failed 2-7.

Motion: (N. Johnson, second Connolly) to recommend the cost amount in Article 10 be changed to \$1.

Vote: The motion passed 7-2.

Article 11 – Purchase Fence at Valley View Community School:

Mr. Henry suggested the committee also confirm their vote on this article as the articles were re-numbered on the warrant.

Mr. Henry read the article aloud and then asked for a motion.

Motion: (Cardinal, second Mitchell) to recommend Article 11 as written.

Vote: The motion passed 9-0.

Article 12 – Establish Heating System Capital Reserve Fund and Fund from Unassigned Fund Balance:

Motion: (Cardinal, second N. Johnson) to recommend Article 12 as written.

Mr. Henry asked if the article should include which budget year the funds in the unassigned fund balance would come from.

Mrs. Vaughn said the only unassigned funds that could be used would come from the current year's budget which ends June 30.

Mr. Brown asked for clarification on which recommended amount the committee would be voting on as the committee previously recommended changing the article amount from \$100,000 to \$25,000.

Mr. Henry said the vote is on the article as written which asks to appropriate \$100,000 for the heating system fund.

Mr. Brown then asked if the committee should vote no on the motion and then amend the article to seek a \$25,000 appropriation for the fund.

Ms. Verville said if the committee recommended \$25,000 be placed in the fund it will be included on the MS-27.

Mr. Henry noted that warrant article would show whether or not the committee recommended the article but would not show voters the reduced amount recommended by the committee.

Mr. Johnson advised the members need to vote on the wording as presented because that is what will go forward to the Deliberative Session.

Mrs. Vaughn said the committee could speak to the warrant article at the Deliberative Session to clarify their recommendation if they chose to do so.

Vote: The motion failed 4-5.

Motion: (Brown, second Connolly) to recommend a \$25,000 appropriation for Article 12.

Vote: The motion passed 6-3.

Mr. Capello asked if the Deliberative Session will be broadcast on cable TV or on You Tube. Mrs. Vaughn said the broadcast server has been returned from the repair facility and is hooked up and operational.

Ms. Verville then requested that in the interest of transparency to note the following changes that will be made to the MS-27 for the record:

Page 4, Regular Programming, Account Code 1100, Budget Committee appropriations not recommended \$55,816;

Account Code 1200, Budget Committee does not recommend \$21,822;

Account Code 2000, Student Support Services, Budget Committee does not recommend \$10,867;

Account Code 2200, Instructional Staff Services, Budget Committee does not recommend \$2,083;

Account Code 2600, Plant Operations and Maintenance, the Budget Committee does recommend \$18,888.

Mrs. Vaughn said these changes reflect the budget cuts suggested by Mr. Johnson at the previous meeting.

Mr. Henry clarified that Mr. Johnson made a motion to cut a particular number from the bottom line of the budget and gave his personal suggestions for where he would cut to come up with this number. The committee did not vote on the individual account codes and only voted on the flat dollar amount he suggested. He asked the members if they were comfortable with the MS-27 going forward with Mr. Johnson's recommended cuts listed as read by Ms. Verville or if they wished to make any adjustments to the recommendations.

Mr. Brown said the motion under consideration at the time was to make a lump sum cut to the bottom line. He said the committee can advise where they would like to see cuts made but that decision is up to the School Board.

Mrs. Vaughn agreed and said even if the committee's recommendations are included on the MS-27 the School Board still has the authority to move money around within the bottom line total. She added that if the members wished to recommend that certain lines be cut it needs to be made known to the public.

Mr. Brown suggested a motion be made to incorporate those line items into the committee's recommended decrease in the school budget to allow the DRA paperwork to go forward.

Motion: (Brown, second Connolly) to accept the line item cuts as suggested by Mr. Johnson.

Mr. Henry asked if it mattered to put the recommended line item cuts on the MS-27 as the School Board can move funds around.

Mrs. Vaughn said the recommendations are not binding operationally but the administration has to make the lines add up correctly to match the bottom line number recommended by the Budget Committee for DRA purposes.

Ms. Connolly said once the document goes out to the public, it shows the public that these are areas the committee feels can be cut to back up the recommendations.

Vote: The motion to accept the line items as they are reflected in the MS-27 passed 9-0.

7). School Reports:

All Funds Revenue Report- Ms. Verville said revenues are tracking right on target and there are no issues with the revenues received.

Mrs. Vaughn said a grant application for drug and alcohol counselors has been submitted but the status of the application is unknown at this time.

YTD Expenditure Report, General Fund - Ms. Verville said the district is also tracking very well on the General Fund expenditures and the staff meets regularly to access if the funds are being spent to the best of their ability for the schools. She said there are still some text books and software contracts that need to be addressed when the licensing comes up for renewal.

Mrs. Vaughn said there a few projects that will need to be moved to the “front burner” such as the compressor for the walk-in freezer and the circulator pump at the high school. She said they will be able to address the issues within the current budget without putting the budget in a difficult place. The compressor is estimated to cost about \$1,000 and a quote for the compressor has not been received yet.

Mr. Brown said the district has \$168,000 in the 2% surplus emergency fund and asked if they had considered trying to use the process to access those funds.

Mrs. Vaughn said that either one or both of the issues will need to be addressed in the next few weeks and there is not enough time to go through the process to obtain money from the emergency fund. She said they could not spend other funds and then ask to be reimbursed from the emergency fund. She did not think the new administration (in Concord) would see this as catastrophic enough to use the emergency funds as long as there are some available funds in the operating budget.

Mr. Brown said the total in the fund is close to the cap on the amount of funds that can be set aside in the fund and suggested they use the process to obtain those funds for something that is an emergency instead of going back to the taxpayers to fund it. He said if we can find \$95,000 for the janitors’ contract, create 2 new positions within the budget and find \$17,000 for this purpose then we are over budgeted and that is where we have the opportunity to go to the well and give the money back to the taxpayer.

Mr. Johnson said the fund gets replenished every year and the amount in the fund is always at the level of the 2.5% cap of the district evaluation.

Ms. Cardinal said she will take the request back to the School Board and they will become well versed in the process for use of the emergency funds.

Mr. Henry expressed concern about the inability for the district to reimburse itself from the fund in the event of an emergency. He gave the example of a vehicle driving through the front door and the door would need to be fixed right away.

Mrs. Vaughn said the issue is if the emergency can be covered within the operating budget. If the issue would put the budget into a hole then they could probably reimburse the costs from the emergency funds. She added that the latitude allowed in using the funds is open to interpretation by the state administration and that so far no school district has been able to use these funds.

Mr. Brown suggested the SAU ask the state Dept. of Education what the parameters are for the use of emergency funds including a description of the process required and a definition of “emergency”.

Ms. Connolly suggested the district move funds around to find the money to pay for replacement of the compressor and circulator pump and still apply for the approval to use the emergency funds. If the approval is given the emergency funds can be used to reimburse the budget and if not the matter is still taken care of as they planned to do.

Mrs. Vaughn said they will ask if the district can do that.

Mr. Brown said if a furnace went it would have to be fixed or maintained within 24 hours and the emergency fund is where they would go for the money.

Mrs. Vaughn said there is also a Capital Reserve Fund for that type of expense so the issue would have to go before the voters whether the Capital Reserve Fund or the 2.5% emergency funds are used to take care of the matter.

Mr. Johnson said there are a lot of steps to use the emergency money that include getting permission from the Dept. of Education and the DRA, Bud Com and School Board meetings and a Special Meeting would need to be held to obtain voter approval to expend the funds.

8). Next Meeting: Saturday, February 4 at 8:30 a.m. at the high school gymnasium prior to the Deliberative Session. Mr. Henry said the meeting will be recessed during the session and then reconvene following the session to review the warrant articles for recommendation.

9). Other Business:

Ms. Cardinal said the previous School Board Rep. had requested a copy of the Economic Development Committee's report. She asked if the committee is currently meeting and if she could get a copy of the report directly from them.

Mr. Capello said the Town does not have an Economic Developer but does have an Economic Development Committee that meets on a monthly basis on the second Wednesday of month.

10). Public Comment: None.

11). Adjournment:

Motion: (Arcouette, second Connolly) to adjourn the meeting passed unanimously at 8:22 p.m.

Respectively submitted

Kathleen Magoon

Recording Secretary

Stephen Henry, Chairman

