

**TOWN OF NORTH HAMPTON, NEW HAMPSHIRE
MUNICIPAL BUDGET COMMITTEE MEETING**

November6, 2017 7:00 PM

NORTH HAMPTON TOWN HALL

MEMBERS PRESENT:Chairman Jonathan Pinette, Vice-Chairman and School Board Rep James Sununu, George Chauncey, Laurel Pohl, Frank Ferraro, Charles Gallant, Select Board Rep Larry Miller, Little Boar's Head Rep BrianGoode

EXCUSED: John Anthony Simmons

ALSO PRESENT: CIP Committee Chairman Nancy Monaghan, School Business Administrator Matt Ferreira, School Finance Manager Nancy Tuttle, School Principal Dr. Erik M. Anderson, School Assistant Principal Tracy Griffenhagen

AGENDA

Chairman Jonathan Pinettewelcomed everyone to the November6, 2017 North Hampton Budget Committee Meeting and called the meeting to order at 7:05pm, followed by the Pledge of Allegiance.

OLD BUSINESS— None

NEW BUSINESS

Approval of the Minutes of the Budget Committee Meeting of October2, 2017

Discussion: Mr. Ferraro recommendedthat everything in the Budget Committee Meeting minutes of October 2, 2017,after a quorum was no longer present, be deleted. Mr. Miller asked what the suggestion from NHMA had been. Vice-Chair Sununu said basically they needed to say who was present and that a meeting was called. He said once a quorum was not present it was no longer a meeting and therefore not an official record, and said he agreed with Mr. Ferraro. Chairman Pinette stated that he was also in agreement.

Motion:To delete everything from the meeting minutes of October 2, 2017 after the statement on page 2: "Mr. Simmons, Mr. Chauncey, and Mr. Ferraro then unseated themselves from the meeting," as there was no longer a quorum.

Motioned:Mr. Ferraro

Seconded:Vice-Chair Sununu

Vote:Minutes of October 2, 2017 approved as amended (6-0, with 2 abstentions)

Approval of the Minutes of the Budget Committee Meeting of October 16, 2017

Vice-Chair Sununu made a motion to approve the minutes of the Budget Committee Meeting of October 16, 2017, which was seconded by Mr. Gallant.

Chairman Pinette polled the Committee and the minutes of the Budget Committee Meeting of October 16, 2017 were approved by a vote of 8-0.

Capital Improvements Plan (CIP) Update for FY2018/2019

Nancy Monaghan, Chairman of the CIP Committee, provided the Capital Improvement Plan for FY2018/19, and stated that the CIP Committee recommended 11 projects for the 2019 fiscal year. She said in addition to the annual Road Maintenance Fund there were 2 projects, the first of which was a new Dump Truck and Snowplow for the Department of Public Works (DPW). She said it was proposed as a 7-year lease/purchase keeping the existing plow for backup. She stated that Ms. Pohl, as the Budget Committee CIP representative, had suggested developing a Capital Reserve Fund for DPW Vehicles with a yearly Warrant Article of \$35,000.

CIP Chairman Monaghan said the other large project for next year was for construction of a natural gas line from Lafayette Road to the School, and the installation at the School of 2 new gas boilers. She said Citizen-approved Warrant Articles had contributed \$150,000 to the School's Energy Fund so that the amount in 2019 would be \$222,000 of the taxable \$372,000 cost of the project. She said the Fire Department requested 1 vehicle this year to replace the Fire Department Command vehicle.

CIP Chairman Monaghan stated that the Police Department had also requested 1 new cruiser. She said in 2016 Chief Maddocks looked at another formula for rotating police vehicles in and out, and the formula specified that Town purchases for new vehicles be supplemented with an additional 5-year warranty at \$140 per car, extending the original 3-year warranty. She said 2 cruisers were purchased near the end of the 2017 year, and that with less mileage on all cruisers due to the number of open positions in the department, the CIP Committee recommended trying the rotation of 1 vehicle per year and review the schedule in the future.

CIP Chairman Monaghan said there were 2 projects scheduled for the Town. She said the first was to purchase a new van for the Recreation Department, which was used to transport senior citizens. She said the second project was a new septic system for the Town Hall which had been approved as a Secondary Emergency Shelter, with the School being primary. She said the project was estimated to cost \$22,000.

CIP Chairman Monaghan said the Library project was to replace its ancient boiler for approximately \$13,000. She said they had requested a \$3.5 million new building which was not recommended by the committee. She said with regard to Town, the CIP Committee made it a top priority to construct and/or renovate the Town's aging buildings, though the Select Board had decided not to pursue a building plan this year. She said so far this year the Town had spent \$152,000 on building upgrades, primarily at the Library, and that the Town faced another \$727,000 in upgrades in the next few years. She said Ms. Pohl had again suggested the Town consider a Capital Reserve Fund with yearly contributions for Building Projects which was included in the CIP report.

CIP Chairman Monaghan said that looking ahead to the next 5 years, nearly half of the project expenses for Fire Department vehicles would be paid for by the department's Revolving Fund. She also stated that 2 CIP Committee members, Laurel Pohl and Kathleen Kilgore, had refused to sign the report. She said this unusual action in no way affected the work of the CIP Committee or this report. She said the Committee had unanimously approved every project in the report and stood behind their work.

Discussion: Mr. Gallant asked if \$372,000 was the total for the replacement the boiler at the School to convert to natural gas, and asked what the cost would be to stay with an oil boiler. School Finance Manager Nancy Tuttle said that was the total but that they also had \$150,000 from the Energy Fund. School Business Administrator Matt Ferreira said the cost to replace it with oil would be approximately \$206,000. He said they did have a cost analysis and had determined the cost would pay for itself over a 10-year range. Vice-Chair Sununu said the \$206,000 did not include any potential costs for replacement-upgrade of the aging storage tank. Mr. Goode asked about the estimated life of the current system and Vice-Chair Sununu it had reached the end of its estimated useful life.

Mr. Pohl stated that if anyone was interested in why she did not sign the CIP report, she had 3 pages of reasons which she could provide. Chairman Pinette asked that a copy be printed for the Budget Committee. Mr. Ferraro asked if by accepting the report they were accepting the recommendations as well. Vice-Chair Sununu said the CIP Report was just a reference document.

Motion:To accept the CIP Report

Motioned:Mr. Miller

Seconded:Vice-Chair Sununu

Vote:Approved (8-0)

NORTH HAMPTON SCHOOL DISTRICT FY2018/19 PROPOSED BUDGET

School Business Administrator Matt Ferreira said he would be happy to answer any questions about the previous presentation of the Default Budget for those unable to participate. He explained that if there was a Fund Balance at the end of the year, it was returned to the Town to offset the assessment fee for the following year to reduce the amount of taxes collected.

Mr. Ferraro asked about the Committee receiving an electronic spreadsheet in Excel format to make it easier for committee members to compare numbers. Mr. Miller also asked that the School present the Default Budget again as they had just eliminated that presentation from the October 2nd meeting minutes. Chairman Pinette asked that questions be saved for after the presentation.

School Business Administrator Ferreira stated that the Total School Budget was \$8,750,053 which reflected an increase of 0.04% or \$3,304 over FY2017/18. He said the Proposed Operating Budget was approximately \$115,668 less than the Default Budget of \$8,865,721. He said that was driven by significant proposed increases to the budget, and said the biggest was Professional Services & Special Education at \$90,500. He said this was due to 2 positions for which funds were transferred from Grants into the Operating Budget for a School Psychologist and a BCBA, required by State Law. He said they would be able to use the grant monies in other places in the Budget.

School Business Administrator Ferreira said a salary of \$74,049 was added for a Director/Manager of Improvement which would replace 2 half-time curriculum positions. He said they were also seeing an increase of \$27,706 for Software Licensing & Support, as they were starting a 1-to-1 computer initiative

to provide MacBook Airs for each student in grades 6-8. He said there was also an increase for an additional Education Associate position of \$19,000 based on IED student needs as part of the Special Education process.

School Business Administrator Ferreira said they were seeing an \$18,946 increase in Salaries/Certified Staff under Regular Education due to a new CBA passed last year for a 1.75% salary increase. He said because CBAs had failed 3 times in the last 7 years, they would be seeing 2 steps in the FY2018/19 schoolyear. He said there was a new Interventionist position this year with funding from a removed Guidance Counselor position. He said 2 FTEs were also being reduced in this budget and approximately \$14,000 was moved to another account. As far as SAU Services of \$18,085, he said they had not yet received the Guaranteed Maximum Rate (GMR) for Health Insurance of 7.3% and had budgeted for a 15% increase. He said as a result the budget would actually go down approximately \$4,800, and the increase was a result of hiring the new School Superintendent. He said that Technology/Equipment was seeing an increase of \$14,871 which was related to the 1-to-1 initiative.

School Business Administrator Ferreira then reviewed the reductions proposed. He said the FY2017/18 Budget included a \$150,000 settlement payment which would not be included this year, and would reduce Legal by \$148,500. He said they were also seeing a \$61,250 decrease for Special Education-Certified Staff to address decreased student enrollments, and the restructuring mentioned earlier to establish the Interventionist position resulted in a decrease of \$50,425. He said they expected a \$36,000 drop in Health Insurance due to plan changes and reduction in staff. He said there was a reduction of \$29,422 in Technology-Certified Staff due to an unanticipated 1-time retirement buyout, and finally there was a decrease of \$11,165 in Admissions-Student Activities due to lower student participation.

School Business Administrator Ferreira said that with reference to potential Warrant Articles, the School Board had not formally voted. He said there would be SESP CBA Negotiations for paraprofessionals that would be a Warrant Article, and there was also the CIP Expendable Trust Fund, and there were Warrant Articles for Energy Improvements, Natural Gas Conversion, Special Education, Building, Technology and Health.

Education Update

Dr. Erik M. Anderson, North Hampton School Principal, said he would like to go over a brief SAU21 education update. He said as Principal he wanted to keep North Hampton at the leading edge of education in New Hampshire and wanted to share his vision to nurture new leaders and create new opportunities for students. He said he followed 3 guideline questions in developing the proposed budget: (1) how to support continuous strong teaching and learning, (2) how to allocate resources to do that most effectively, and (3) to look at additional resources needed to be a highly effective school in the State of New Hampshire.

Principal Anderson said the guidelines led to 3 priorities: (1) establish a 1-to-1 computer laptop program for grades 6-8, (2) redistribute budget resources to ensure an engaged, focused curriculum and system of research, and (3) begin the transition to a Learning Commons model. He said significant research had been done on the benefits of a 1-to-1 program, which included out-performing others, demonstrated higher-order reasoning and critical analysis, and leading to more project-based activities and more engaged learning. He said the Learning Commons was the School Library which was the heart of teaching and learning and would become a dynamic hub for innovation and a collaborative space for students and teachers.

Principal Anderson stated that the present School Improvement Plan had 3 goals: (1) improve structured curricular alignment and assessment screening, (2) introduce STEAM technology by June 2018, and (3) improve social emotional learning to support student needs. Lastly, he addressed School Enrollment and classroom configuration, and said the current enrollment in grades K-8 was 354 with 336 anticipated next year.

Discussion: Chairman Pinette stated that on page 15 the number of teachers for grades 1-6 was basically down 1 person. Principal Anderson said that with present staffing and certifications, it was likely that a 3rd Grade teacher would teach 1st Grade next year. Vice-Chair Sununu said grade sizes had fluctuated, and Principal Anderson said they were down 1 teacher in Regular Education and down a Special Education Case Manager. Mr. Ferraro said there were 23 teachers listed for FY2017/18, but that 1 teacher was on a leave-of-absence which left only 22 teachers. Vice-Chair Sununu said they were obligated for all 23 positions, as that teacher had the contractual right to be re-nominated. School Finance Manager Tuttle said they also added a Kindergarten teacher.

Vice-Chair Sununu said Kindergarten enrollment was higher than expected with 3 classrooms, and said they ended up with 7 Middle School classrooms instead of 8 and budgeted for 22 teachers. Mr. Ferraro asked if the students that were assigned laptops would be able to take them home, and who would be responsible for damages. Principal Anderson said they would have them 24/7 and there would be insurance policies covered by the students. Ms. Pohl asked what the assumed life and lifecycle was for each laptop. Principal Anderson said they would probably go through 2 cycles and said they expected the proven lifespan of the MacBook Air and MacBook Pro to be 6-7 years.

Mr. Ferraro asked if the salaries listed in the table on page 3 were fully loaded with all benefits. School Business Administrator Ferreira said they were, and Mr. Ferraro said the increase would then be \$90,500. Vice-Chair Sununu pointed out that they were contracted services. Mr. Ferraro asked if there would be an increase in the Benefits line, and Vice-Chair Sununu said there would be \$72,000 for the Manager/Director salary with a corresponding increase in benefits depending on which plan was chosen. Mr. Ferraro said it was his experience that Benefits were approximately 40-50% of salary. School Business Administrator Ferreira said they factored 7% for FICA, 17% for retirement, and budgeted for a family health plan.

Mr. Ferraro asked for the total effect of the 1.75% salary increase under Certified Staff-Regular percent-wise. School Business Administrator Ferreira said it was roughly 3% across the board, and Vice-Chair Sununu said it depended on the step of the staff members. School Finance Manager Tuttle said the actual steps and tracks and how they worked could be seen in the Salary Schedule. School Business Administrator Ferreira said there were 13 steps based roughly on length of tenure and said that track represented the experience level.

Ms. Pohl asked about the number of FTEs budgeted and School Business Administrator Ferreira said the costs were estimated to be \$142,000 in 2017/18, but that it varied with staffing changes. School Finance Manager Tuttle said Benefits would be paying 2% more for next year and they had to pay 2% more of Health Insurance though total costs would be less. Ms. Pohl said on page 2 of the Budget Book there was a reduction of 2 Elementary-level teachers. School Finance Manager Tuttle said the budget reduced by 1 in that account and 1 in Special Education, and said originally there were 3 budgeted positions. School Business Administrator Ferreira said they were reducing 2 staff members, 1 regular and 1

specialeducation. He said Administration recommended 3 reductions but that the School Board had decided to reduce by 2 staff members only.

Ms. Pohl said the first line of the table mentioned changing the source of the funding from Grants to Budget, and asked if this meant a reduction in Grant Revenue. School Business Administrator Ferreira said they estimated the amount they would receive from the Grant and Assistant Principal Tracy Griffenhagen had established where it could be used in other parts of the budget. Assistant Principal Griffenhagen said Special Education was a moving target and unanticipated costs could arise, and said the budget for the School Psychologist and BCBA reflected that. She said the money had to come from the budget as they could not use their IDEA Grant for other contracted services. She said they could use the Grant for curriculum to support or other needed personnel to support the needs of an identified program.

North Hampton School District Budget FY2018/19

Vice-Chair Sununu said in the past they looked at each section separately and answered specific questions for each.

Regular Education

School Business Administrator Ferreira said there were page numbers on the spreadsheet which corresponded with the Budget Book, and said they added a new column for 3-Year Expended Average. He said they also added an acronym glossary at the beginning of the Budget Book.

Special Education

Mr. Ferraro asked if negotiations were going on now for Salary - Education Associates/Aides/Monitors, and School Business Administrator Ferreira said they were and any salary would be a separate Warrant Article. Mr. Ferraro said the default figure should be current-year numbers and not what was anticipated. School Finance Manager Tuttle said the default for Special Education was IEP mandated and they would be required to hire another Spec Ed Aide at \$22,000. Vice-Chair Sununu said the addition was based on an already identified need not an anticipated need. School Finance Manager Tuttle said it was a legal contract obligation to provide for IEP students.

Student Activities

Mr. Ferraro said under Equipment for Band Programs they expended zero in 2016/17, \$1,607 in 2017/18, and were expending zero for 2018/19. He said the purchase in 2016/17 was a one-time purchase which should decrease the default to \$1.00. School Business Administrator Ferreira said he tended to agree. Mr. Ferraro said under Dues & Fees the \$4,500 was being transferred to Officials and the \$800 transferred from Supplies was listed for 2018/19 was not in the budget last year. He said Registration Fees for conferences were a new expense and not a transfer in or out.

Guidance

Mr. Ferraro again questioned the default and asked if Salaries were under contract. School Business Administrator Ferreira said they were under CBA, and Vice-Chair Sununu said the Interventionist salary was included in the default. Mr. Ferraro said it was a hefty increase from the 2017 budget, and Vice-Chair Sununu said they had hired the Interventionist at a higher salary than budgeted.

Health

Mr. Ferraro asked if the Nurse was covered by contract, and said the the difference between last year and the current year for Salary-Certified Staff was 9.5%. School Business Administrator Ferreira said the nurse was contracted, and the difference in salaries was an example of the 2-step process mentioned earlier. Mr. Ferraro said last year they made a purchase under Health-Software which should become a one-time purchase and decrease the default. Mr. Miller asked about software updates, fees and licensing, and School Finance Manager Tuttle said the annual fee was now included in the package and the default was not decreased. Mr. Ferraro said if the money stream ended the default should be reduced. School Business Administrator Ferreira said he would get an opinion from DRA on that.

Speech Services

Mr. Ferraro asked if Certified Staff were also under CBA and School Business Administrator Ferreira said that they were.

Improvement of Instruction - No questions

Educational Media

Ms. Pohl asked Dr. Anderson why North Hampton was an Apple computer school as she had never seen it used in engineering. Vice-Chair Sununu said it was very common in education, and Dr. Anderson said they had a commitment to Apple as their platform.

Technology

Mr. Ferraro asked if the 43.33% increase in Information Access Fees from last year and next year was due to Comcast. School Business Administrator Ferreira said part was due to Comcast but it included both phone and internet, and said a new phone system was installed in 2016/17 to comply with E-911 requirements which also increased annual fees. Vice-Chair Sununu they also discovered they had under-budgeted for 2017/18 and there were some unanticipated fees.

Mr. Ferraro said under Technology-Software he would again argue that it was a one-time purchase, but that the \$7,000 associated with it was not included. School Business Administrator Ferreira said it had dropped from \$7,000 to \$3,000, and Mr. Ferraro still felt the default should be \$7,000. Chairman Pinette explained that Licensing was in lines 77-78 and that these funds allowed for the purchase of new software, period. School Business Administrator Ferreira said he would look at the specifics and take it to the School Board to look at the actual purchases.

Mr. Good said he had a question on Technology Equipment and asked if the purchase of the 70 MacBook Airs was just for the 6th Grade. Vice-Chair Sununu said they were for 6th Grade plus a few more as they were repurposing existing computers to cover all Middle School students. He said there were approximately 110 total, with 70 new and 40 repurposed. Mr. Goode asked where the 70 new computers were going. Principal Anderson said it covered all next year's 6th Grade and half of next year's 7th Grade, and said all teachers would have the same technology. Mr. Goode asked for an estimate of the total number of computers that would be at the School, and Principal Anderson said approximately 300 for overall units right now and said he would provide the number of units per grade.

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Mr. Gallant asked for the estimated cost to maintain the computers after purchase. Principal Anderson said they would contract out for a consultant to help with maintenance, and said they had \$32,000 in the budget for their Computer Technician. Vice-Chair Sununu said he anticipated that the Middle School would be looking at the number of incoming students each year reduced by what could be adequately repurposed.

Board of Education - No questions

SAU Services - No questions

School Administration - No questions

Buildings

Mr. Ferraro asked why Electricity for the School Board on line 114 was less than half the amount for Administration. School Finance Manager Tuttle said it was a typo and was the same number as Supplies on the previous line at \$53,472. Mr. Goode asked about Heating Fuels for 2016 and 2017, and said last year they spent \$36,360 on Oil and were looking at replacing that boiler with natural gas and they were looking at a 20-year payback. Vice-Chair Sununu said gas prices could be half that annual cost, and said the boiler needed to be replaced no matter what and the incremental cost was the cost of the gas line. Mr. Ferraro asked if a cost analysis of this had been done, and School Business Administrator Ferreira said they did have that analysis and would share it with the Budget Committee and added that the boilers were 21 years old.

SAU Services - No questions

Grounds - No questions

Vehicle Expenses - No questions

Transportation - No questions

Debt Service - No questions

Employee Benefits

Mr. Ferraro asked if the School was working to reduce the number of Health Plans offered. School Business Administrator Ferreira said they currently had 12 plans and tried to work with employees to minimize Healthcare costs. He said they had a Health Insurance Committee to look at ways to save money which could lead to potential plan changes. Vice-Chair Sununu explained that there were separate negotiations for union and non-union staff, and said 3 distinct groups had access to very distinct groups of plans which had to be negotiated separately. Mr. Ferraro said though Blue Cross was a high-cost plan employees were paying 31%. He said with high-deductible plans employees were usually offered a Health Savings Account (HSA), and said people were taking the plan but not paying into an HSA. He said that the 89% employees paid would go above 90% with the HSA, which was a high cost for the Town.

Mr. Ferraro asked about the difference between Administration Proposed versus School Board Proposed for FICA and the \$13,000 difference for Retirement. Vice-Chair Sununu said the \$13,000 was 17.36% of

the School Board added back and was the contribution times the salary. Mr. Ferraro said he did not come up with \$705,202 for the default under Retirement. Vice-Chair Sununu said the default reflected 3 additional positions. Mr. Goode asked about the 2 Special Ed teachers in the default, and School Finance Manager Tuttle said deductions did not come off default in the Salary line.

Inter-Fund Transfers – No questions

Food Service – No questions

Total Operating Budget proposed \$8,901,483 with a Default Budget of \$9,002,553, for an increase of \$3,304 or 0.04%

Warrant Articles

Vice-Chair Sununu state that the School Board had not yet approved the Warrant Articles.

Questions: Ms. Pohl asked that when the School brought in the Warrant Articles they also bring the purposes for expenditures of the Trust Funds. Mr. Goode asked if the School had ever been used as an Emergency Shelter, and School Finance Manager Tuttle said they had used it as a warming shelter. Mr. Ferraro thanked the School District, the SAU, and the School Board. School Business Administrator Ferreira said after the Board added the SAU Budget there would be a reduction of 0.01% or approximately \$1,280 less than last year.

Chairman Pinette thanked the School District for their presentation and asked that all requested documents be sent to him for distribution. School Finance Manager Tuttle listed the requested documents as the computer inventory, the Natural Gas analysis, to look at the HSA account, and to provide the purposes for expenditures of the Trust Funds.

Discussion: Mr. Ferraro said he would still like to get the Excel spreadsheet. School Business Administrator Ferreira stated that the School Board would approve any Default Budget but said he would make recommendations. Vice-Chair Sununu said requests made through Board Members typically went through the Chair, who then met with the Department Heads and decided how they would move forward. Mr. Ferraro said RSA stated that the Governing Body should provide the Budget Committee with what they deemed pertinent. He reiterated that Mr. Apple already agreed to provide the Excel spreadsheet and that there were no objections from the Board at that Joint Meeting, and Ms. Pohl agreed with that statement.

Motion: Mr. Ferraro made a motion that the Budget Committee request the School Board to provide a spreadsheet in and electronic Excel file of the School Budget.

Seconded: Ms. Pohl

Ms. Pohl said it would make it easier for Committee members to manipulate and provide analysis. Chairman Pinette said if the actual spreadsheet in Excel format was sent out to the Committee, the spreadsheets could be changed and sent out again. He said the concern of SAU and the Town was that once they were distributed there could be some confusion for the public. Mr. Goode said the PDF file could be put into Excel, and Mr. Ferraro said he did not have the software to convert the file, and that Mr. Apple had already agreed.

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Chairman Pinette suggested tabling the issue for the next meeting and said he would meet again with SAU and the Town Manager.

Mr. Ferraro withdrew his motion and Ms. Pohl withdrew her second.

ANY OTHER ITEM THAT MAY LEGALLY COME BEFORE THE COMMITTEE

Mr. Ferraro asked if there was a revised date for release of the Town books. Chairman Pinette said it was scheduled for Monday November 13th. He said the next Budget Committee meeting was scheduled for November 20, 2017 which would be the first review of the Town Proposed FY2018/19 Budget as well as the Library Presentation.

Mr. Pohl asked about the School coming back to present the Default Budget. Vice-Chair Sununu said the School would be back in a few weeks to present a final wrap-up and they could review those numbers again at that time. He said in the meantime, any questions could be forwarded to Chairman Pinette to keep the process moving.

PUBLIC COMMENT– None

ADJOURNMENT

Vice-Chair Sununumade a motion to adjourn the meeting which was seconded by Mr. Miller.

The motion to adjourn was approved by a vote of 8-0, and the Budget Committee Meeting was adjourned at 9:12 pm.

NEXT MEETING: November 20, 2017

Respectfully submitted,

Patricia Denmark, Recording Secretary