

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

**DECEMBER 4, 2017 7:00 PM
NORTH HAMPTON TOWN HALL**

MEMBERS PRESENT: Chairman Jonathan Pinette, Vice-Chairman & School Board Rep James Sununu, John Anthony Simmons, Frank Ferraro, Charles Gallant, Laurel Pohl, George Chauncey, Select Board Rep Larry Miller, Little Boar's Head Rep Brian Goode

ALSO PRESENT: School Business Administrator Matt Ferreira, Assistant Superintendent Ronna Cardarette, School Principal Erik Anderson, Assistant Principal Tracey Griffenhagen

AGENDA

Chairman Jonathan Pinette welcomed everyone to the December 4, 2017 Budget Committee Meeting and called the meeting to order at 7:05 pm, followed by the Pledge of Allegiance.

OLD BUSINESS– None

NEW BUSINESS

Approval of the Minutes of the November 20, 2017 Joint Budget Committee/Select Board Meeting

Mr. Gallant made a motion to approve the minutes of the November 20, 2017 Joint Budget Committee/Select Board Meeting which was seconded by Mr. Miller.

Chairman Pinette polled the Budget Committee and the minutes of November 20, 2017 were approved by a vote of 7-0 with 2 abstentions.

SECOND REVIEW OF SCHOOL BOARD PROPOSED FY2018/19 BUDGET

Chairman Pinette stated that this was the final meeting with regard to the School Budget and they would go through it page by page. Mr. Simmons asked that they start with what the changes were.

Changes to Proposed Budget

School Business Administrator Matt Ferreira said there were 2 changes, one on page 114-Electricity to correct a typo in the School Board Proposed amount to \$53,472. He said the second change was on page 129-Special Ed/Transportation to provide for a student not budgeted which affected the current year 2017/18, and was also reflected in the 2018/19 Budget and the figure revised to \$24,200. Mr. Ferraro asked how much the current year would be overspent and where the funds would be coming from.

School Business Administrator Ferreira said by approximately \$15,000, which would either be transferred from another line item or be withdrawn from the Special Education Expendable Trust Fund. Mr. Simmons asked how much money was in the trust fund, and School Business Administrator Ferreira said it currently had a balance of \$155,000 with a target balance was \$300,000. He said there were two Warrant Articles for SPED, one to raise and appropriate \$75,000 and one for Unreserved Fund Balance of \$75,000 for a total of \$150,000.

Mr. Ferraro said he would like to have the language of the warrant articles and School Business Administrator Ferreira said the information was already sent out. Ms. Pohl asked what exactly the \$150,000 would be expended for, and School Business Administrator Ferreira said possibly for out-of-district tuition or unanticipated Special Education costs. Mr. Simmons asked about the bus contract and School Business Administrator Ferreira said there were a few bus providers offering Special Education transportation and they tried to save money by sharing rides.

Mr. Ferraro said there were a number of questions and answers going back and forth and he still had questions on those. Vice-Chair Sununu recommended they address those first and then review the budget line by line.

Review of Questions

Mr. Ferraro said he had a question on the first grouping on the sheet for transfers in and out on Salaries, and asked why they were able to transfer out \$97,000. School Business Administrator Ferreira said that partially it was staffing changes and they also budgeted in anticipated track changes. Vice-Chair Sununu said there was a retirement during the budget year after the budget was already developed, and there was a very significant delta between money going out and coming in. School Business Administrator Ferreira pointed out that the Salary Schedule showed quite a range from top to bottom in salaries.

Mr. Ferraro also asked about Access Fees and the \$11,000 transferred in for the Report Card Program. School Business Administrator Ferreira said that new Software was purchased that was not budgeted. Vice-Chair Sununu said the School approved a number of transfers toward the end of the 2017 year and line items were adjusted from surpluses to overspent. School Business Administrator Ferreira said another reason for the increase was the conversion to Comcast when updating for 911 Compliance. Vice-Chair Sununu further explained the School Board decided to purchase a more comprehensive software package and authorized the transfer.

Mr. Ferraro asked about the unbudgeted telephone expenses of \$3,500 in Telephones and \$5,000 for Phone System Expenses. Vice-Chair Sununu stated that the entire physical phone system was replaced and not just the phone lines, and said the \$3,500 covered increased costs for the telephone service itself. He said they had estimated \$30,000 in the budget but the contract came in at \$40,000. Mr. Ferraro said he assumed the instructors in Regular Education line 105-Salaries-Ed Assocs/Aides/Monitors would be covered by a CBA, and asked about the same line 105 in Special Education. School Business Administrator Ferreira said that line 105 in Regular Education was for UNH students and the salaries inline 105 Special Education would be under the new CBA. He said the increase was due to hiring an additional TA based on student needs.

Mr. Goode said it had been mentioned that line 102-Improvements of Instruction-Salary/District Manager was a new position and asked if was benefitted. School Business Administrator Ferreira said it was benefitted as well as the Regular Education position that was eliminated. Mr. Goode asked if there

was a reduction on page 71, line 103-Technology-Salary Certified Staff, and School Business Administrator Ferreira said there was a reduction for the current 2017/18 year due to retirements and a further reduction due to a retirement stipend of approximately \$29,000 that was paid out. He said in 2016/17 they budgeted \$163,000 for 2 positions, one of which was retirement, and only budgeted for one position for FY2018/19 but also had to budget for the retirement stipend. Mr. Simmons asked who was being budgeted for now, and Vice-Chair Sununu said it was for a Technology Director.

Review of School FY2018/19 Budget by Function

School Business Administrator Ferreira stated that for Regular Education the Board proposed \$2,454,802. Mr. Ferraro said he still felt that based on the numbers they should reduce the number of staff for 1st grade classes to 2 instructors rather than 3. Vice-Chair Sununu said they received projects for increased enrollment and were anticipating the need for more staff. Mr. Ferraro said there had been a steady decline in school population and could not see retaining staff based on projections. Vice-Chair Sununu said the projects had proven to be extremely accurate in the past.

School Business Administrator Ferreira said \$1,554,540 was budgeted for Special Education, and Student Activities was budgeted at \$100,119. Mr. Simmons asked why there was a doubling of Speakers under Student Activities. School Business Administrator Ferreira said \$1,000 was for regular presentations and they were also looking to add a Socio-Emotional Learning Program for another \$1,000. Mr. Simmons asked if a list of speakers and topics could be provided. Assistant Superintendent Ronna Cardarette said it was also based on timely topics and they needed to add to the baseline this year.

School Business Administrator Ferreira said Guidance came in at \$81,114. Mr. Miller asked why it was less this year. Vice-Chair Sununu said the position was no longer categorized as guidance, and said guidance was moved to Staff in Regular Education. School Business Administrator Ferreira said the position was now an Interventionist. He said they were also in the 2nd year of the CBA contract and Certified Staff salary increases would be abnormally high to catch up with salary steps plus a \$1.75% cost of living increase.

School Business Administrator Ferreira said Health was budgeted for \$62,252. Ms. Pohl asked if the decrease in Software & Equipment was due to reclassification. School Business Administrator Ferreira it was due to the Software purchase mentioned earlier which also offered a functionality for Nurses and the old software was no longer needed. Ms. Pohl asked which line it was in now, and School Business Administrator Ferreira said it was listed under Software Licenses.

School Business Administrator Ferreira said Speech Services came in at \$114,747, Improvements of Instruction at \$107,500 and Educational Media at \$131,246. He said Technology was budgeted at \$293,992. Mr. Goode said Software License/Support listed 210 users and asked how the cost per user was factored in. Vice-Chair Sununu said currently they did not have offsite backup and also needed a Backup & Disaster Recovery System Plan in place. Ms. Pohl asked about the service agreement on the backup, and Vice-Chair Sununu said as long as students were online they would be backed up. School Business Administrator Ferreira said the hardware was not covered but they did have AppleCare+ for accidental damage.

School Business Administrator Ferreira said Board of Education was budgeted at \$34,857. Mr. Simmons asked about the Legal line item increase, and School Business Administrator Ferreira said they were

contractually obligated for many line items, and this figure was based on the 3-Year Expended Average for legal of \$5,942. He said SAU Services was budgeted for \$228,167. Ms. Pohl asked about the percent increase, and School Business Administrator Ferreira said for this item they liked to look at historical expenditures, and said there was a 2.25% increase for salaries and they were hiring for a new School Superintendent. Vice-Chair Sununu said it varied yearly based on population and tax base for SAU 21 School Districts, and School Business Administrator Ferreira said the formula was property values, assessments, and enrollments.

School Business Administrator Ferreira said School Administration was budgeted at \$269,107. He said Buildings came in at \$482,978. Mr. Simmons said the big-ticket item was the Natural Gas Conversion. Vice-Chair Sununu said it was also the first year they were cycling their painting into the budget and no longer including it in the Long-Term Maintenance warrant article. Mr. Simmons asked what line the painting went into and School Business Administrator Ferreira said it was listed in Repairs & Maintenance as Annual Interior Painting for \$18,000. Vice-Chair Sununu said it was based on the Facilities Manager looking at what the particular needs were.

School Business Administrator Ferreira stated that \$37,450 was budgeted for Grounds. Ms. Pohl asked about the increase for Grounds Repair. School Business Administrator Ferreira said it was a combination of fertilizers, tree trimming, and fields and also included asphalt and curb repairs, irrigation, and playgrounds. He said Vehicles came in at \$2,200, and Transportation at \$413,990. Mr. Simmons mentioned that field trips were down and School Business Administrator Ferreira said it was looked at by class and changed slightly from year to year.

School Business Administrator Ferreira said Debt Service came in at \$134,103. Mr. Goode asked if it was primarily a payment on a Bond Issue, and Vice-Chair Sununu said it was a \$1 million bond for the 2012 renovations. School Business Administrator Ferreira said Employee Benefits was budgeted at \$2,051,057. Ms. Pohl said benefits dropped almost 2%, and School Business Administrator Ferreira said this was based on the actual plans of current employees with no changes assumed for 2018/19. Mr. Ferraro said he assumed it included SESA employee benefits, and School Business Administrator Ferreira said it did but only 2 had fulltime benefits as the others worked less 35 hours/week.

School Business Administrator Ferreira said the Interfund Transfer of \$12,500 was to Food Service, and said Food Service was budgeted at \$188,992. Ms. Pohl asked why the 2 were separated. School Business Administrator Ferreira said Food Service was ideally self-sufficient, but that historically in North Hampton they come in \$10,000-\$15,000 under budget. Mr. Simmons asked about the \$52,000 budgeted for milk. School Business Administrator Ferreira said it was for milk and food and covered all the food minus USDA commodities.

Warrant Articles

School Business Administrator Ferreira said proposed Warrant Articles included the SESPA CBA to be raised and appropriate \$29,282, which had been ratified. He said the 2-year agreement was by design as the Cadillac Tax was coming in 2020, assuming nothing changed. He said this was something they would need to monitor moving forward, and would be looking at changing one or two health plans and replacing them with more cost options. He said they were also looking to do the same with Teacher CBAs. He said as far as SESA salary they were offering a 2.5% cost-of-living increase in year 1 and 2.75% in year 2, as they only offered benefits at 35 hours instead of 30. He said the penalty for that was around \$150,000 but that the cost would be about \$1.6 million if benefits were offered at 30 hours.

School Business Administrator Ferreira said they were concerned about keeping current SESPA employees and attracting new ones and said they were also adding 2 additional sick days, 2 personal days, and 2 holidays. He said the total year 1 cost was \$29,282 which was on the Warrant Article and in year 2 it would be put in the operating budget. Mr. Ferraro said the current agreements had step increases but there was no mention of COLA, and School Business Administrator Ferreira said the figures were included in the Salary Schedule. Mr. Goode asked how someone moved from step to step, and School Business Administrator Ferreira said it was based on tenure moving up each year until step 10. Mr. Goode said it was really a 5% increase, and School Business Administrator Ferreira said it covered cost-of-living, inflation, and the salary steps and said there were no merit-based increases.

The next Warrant Article was for the Special Education Expendable Trust Fund which had 2 separate warrant articles: one to raise and appropriate \$75,000, and one to use unreserved fund balance of \$75,000 for a total of \$150,000. He said the current fund balance was at \$155,000 and adding \$75,000 would bring them to the \$200,000 range, with their target being \$300,000. Mr. Goode asked why not take the funds from the budget rather than the Trust Fund. Vice-Chair Sununu said last year they made a number of line-item transfers and still needed \$150,000 in unanticipated SPED expenses. Mr. Miller pointed out that legally they were required to provide those services.

Vice-Chair Sununu explained that a transfer was for immediate use of something already expended during the year, and that this fund was for future uses. He said they could not transfer into the Trust Fund without public approval and needed the warrant article to do that. Mr. Goode said they were anticipating spending \$75,000, and School Business Administrator Ferreira said they were looking at approximately \$80,000 for SPED with transportation, and said encumbrances were included. He said from an administrative standpoint they were very careful not to approve any unbudgeted expenses.

School Business Administrator Ferreira said the warrant article for the Long-Term Maintenance Fund was to raise and appropriate \$27,500, and said this was where the school painting was previously listed. He said they budgeted \$7,500 for a security system and \$20,000 for Library/Music Roof upgrades for a total of \$27,500.

School Business Administrator Ferreira said the next warrant article was the Natural Gas Conversion at \$225,000, and said an Expendable Trust Fund was set up for the project which currently had \$150,000 raised from previous years. He said the project would be completed by the summer of 2018 and they were looking at an 8-year payback. Mr. Simmons asked if this was the final payment. School Business Administrator Ferreira said this was the balance to be paid with a cost to bring the gas lines from Route 1 to the school of approximately \$110,000, and said they would be bidding out for the full installation which included removal of the oil tanks and replacing the boilers. Mr. Miller asked if the cost included funds for site mitigation for the removal of the oil tanks. School Business Administrator Ferreira said it was not a contingency but the site had been inspected and they did not anticipate any issues.

School Business Administrator Ferreira said the next warrant article was the Building Maintenance Expendable Trust Fund of \$25,000 to be taken from unreserved fund balance. Vice-Chair Sununu said this was for unforeseen costs and could be used for the oil tank removal. School Business Administrator Ferreira said the balance in the fund was \$125,000 with a target for the fund of \$150,000. Mr. Simmons said he was looking for another document that explained it more, and School Business Administrator Ferreira said it was self-explanatory and was for unexpected issues that arise.

The Budget Committee recessed at 9:38 pm. The meeting was resumed at 9:48 pm.

School Year-End Review for 2016/17

School Business Administrator Ferreira said they ended 2017 with an Unreserved Fund Balance of \$123,443, which would be returned to the Town to offset 2017/18 assessments. He said General Fund unexpended funds totaled \$176,575, with the major contributors being Regular Ed Certified Custodial Staff, Special Ed Certified Staff and Associates, Health Insurance, FICA, and Heating Fuel. He said the total Revenue Surplus was \$28,779 with major contributors being Pre-School Tuition and Donations.

School Business Administrator Ferreira said Expendable Trust Fund balances as of September 2017 were: SPED \$155,123, Building Maintenance \$125,191, Health Care \$118,806, Energy Improvements \$150,308, and Technology \$15,071. He said they withdrew \$75,000 from the SPED Transportation Fund in 2016/17 to offset the deficit, as they budgeted \$136,400 for out-of-district tuition in 2016/17 with actual expenditures coming in at \$278,213.

School Business Administrator Ferreira said the March 2017 Ballot approved warrant articles for the SPED Expendable Trust Fund to raise and appropriate \$90,000 with \$60,000 from unreserved fund balance, Building Maintenance Expendable Trust Fund \$15,000 (unreserved fund balance), Health Care Expendable Trust Fund \$25,000 (unreserved fund balance), Energy Improvements Expendable Trust Fund \$45,000 (raise and appropriate), Long-Term Maintenance \$78,000 which was fully expended, and Library/Music Roof Replacement \$125,000 with \$119,400 expended to date.

School Business Administrator Ferreira said they also carried over \$4,335 of approved General Fund encumbrances to 2017/18. He said the budget for School Nutrition ended the year with a deficit of \$11,882. He said there were also 2 minor Control Recommendations from the audit which were reviewed and corrected.

School Default Budget for 2018/19

School Business Administrator Ferreira said he had highlighted some of the variances in the Default Budget for FY 2018/19 and had kept transfers in the original accounts per the request of the Budget Committee, but added that it did not change the bottom line. He reviewed the totals for each of the Default Budget variances line-by-line and gave the budgeted amount and percentage of change for each. Mr. Miller asked for an explanation for the \$150,000 reduction for page 23-Legal. Vice-Chair Sununu said the \$155,000 included a one-time legal settlement of \$150,000. School Business Administrator Ferreira explained that the Default Budget was last year's budget plus/minus contractual obligations or one-time expenses. Mr. Simmons asked for a clarification between % change and % variance, and School Business Administrator Ferreira said they were both the same. He said the total Default Budget for FY2018/19 was \$8,902,941.

Mr. Miller said the number on the spreadsheet for the Default was \$8,765,643 and asked if it would be changed. School Business Administrator Ferreira said that figure was probably out-of-date and said part of it was Special Education Transportation. Vice-Chair Sununu said most of the difference was \$12,000 in SAU Services.

Motion: Mr. Miller

Motioned: To approve the Proposed 2018/19 Budget for the School at \$8,765,643.

Seconded: Mr. Chauncey

Discussion: Ms. Pohl said she would like a little more time to absorb all the information before voting. Chairman Pinette said the next meeting would be December 18, 2017 for the second review of the Town Budget, and any unfinished business would be December 26th. Vice-Chair Sununu said the Public Hearing was scheduled for January 9-15, 2018. Mr. Simmons asked if they could hold the vote after the meeting on December 18th, and Chairman Pinette said the Townreview would be very involved. School Business Administrator Ferreira said they could re-vote at the Public Hearing, and Vice-Chair Sununu said a re-vote could be taken at any meeting. Mr. Simmons said he would also like more time to assimilate the information. Chairman Pinette said he would be calling a vote.

Vote: Not approved (4-5)

ANY OTHER ITEM THAT MAY LEGALLY COME BEFORE THE COMMITTEE

PERIOD OF PUBLIC COMMENT– None

ADJOURNMENT

Mr. Simmons made a motion to adjourn the meeting which was seconded by Mr. Goode. The motion to adjourn the meeting was approved by a vote of 9-0.

The Budget Committee Meeting was adjourned at 10:22 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary