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**TOWN OF FARMINGTON
BUDGET COMMITTEE
MEETING MINUTES
Thursday – January 12, 2012
356 Main Street - Farmington, NH**

Members Present: Arthur Capello, Sam Cataldo, Brian St.Onge, Ann Titus, Mike Morin, Steve Henry, Gail Ellis and Neil Johnson

Members Absent: Cindy Snowdon

Selectman's Rep: Paula Proulx

School Board Rep: Joe Pitre

Public Present: Scott Mooers, Carol O'Connell, Mike O'Neil, Jacquie Capello, Superintendent Dr. Frank Mellaci, Penny Morin, Carolyn Rioux, Butch Lewis, Larry Gordon and Wanda Theivrige

Chairman Arthur Capello opened the meeting at 7:15pm and opened the public hearing.

1. Overview:

Interim School Finance Administrator Carolyn Rioux explained that the new position requests were prioritized. Most importantly the School Board would like to add an Assistant Principal at Valley View, then an IT Technician, then a custodian, followed by a library aide and a Social Worker. However the Social Worker position for the high school has been changed to a part-time position for a total cost of \$21,850, which is a savings of \$37,568.

Carolyn explained that on 12/29/11, the SAU Board voted to reduce the insurance buyback line by \$13,126.68. The final SAU total proposed budget for both districts was also finalized and is \$959,918 of which Farmington's share is \$825,361.94. The adjusted total remains at \$972,039 of which \$835,783.88 is Farmington's share.

Carolyn explained that on 1/5/12, the School Board reviewed and approved the Collective Bargaining Agreement for the teachers and the custodians. The custodians' agreement will span 4 years, 2010-11 through 2013-14 and does not contain any cost items. They agreed to 0% increases through 6/30/14 and also agreed to switch to School Care Insurance if it will save the district money. The custodians did receive an increase this year due to the Evergreen Clause. Joe asked if the custodians could have refused this increase and Carolyn explained no.

The teachers' agreement will span 3 years, 2011-12 through 2012-14. In year 1 (2011-2012) includes one step and no COLA; the majority of this step (\$105,177) was already appropriated in the current fiscal year, therefore, the only new money would be \$53,228. If the agreement passes, the teachers would receive a retroactive adjustment in 2011-12.

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Year 2 (2012-2013) does not include a step, but includes a 2% COLA increase to the existing table – total cost would be \$127,434. Year 3 (2013-14) does not include a COLA increase, but does include 2/3 of 1 step, which reduces the step differential by one-third. It also includes a retirement incentive for “up to” 2 people for a potential cost of \$30,000 plus ER costs. Joe asked how this incentive will save the district money and Dr. Mellaci explained that a new teacher would come in at a lower rate. The total increase for all three years is \$472,445 with the total warrant appropriation being \$391,776.

Carolyn explained that the tuition costs for Middleton were established. The 2012-13 Elementary rate is \$11,143 which is a \$216 increase. The 2012-13 High School rate is \$12,205 which is a \$594 increase. Neil asked why we are requesting \$180,000 and Carolyn explained the request includes year 1 (that wasn't previously appropriated) and year 2 costs.

The proposed budget is \$15,509,708 which is a decrease of \$101,366 and does not include the collective bargaining agreements but does include the new positions. The total proposed budget and additional warrant articles is \$18,325,633 which is an increase of 1.65%.

2. Review of Warrant Articles:

The deliberative session is scheduled for February 4, 2012 at 9am at the FHS gymnasium with a snow date of Thursday, February 9, 2012 at 6pm.

Article 3 (Operating Budget) has a tax impact of \$7.67.

Article 4 (SAU Apportionment) has a tax impact of \$1.76.

Article 5 (SAU Building Purchase) has a no tax impact because the funds will be pulled from the Buildings and Grounds Fund. Carol O'Connell asked if the purchase of this building will impact any of the studies that were done on Space Needs identified through a previous study. Penny Morin replied no. Carol then asked if the School Board looked at the bigger picture to see how those funds could have been used to make more space for the education of students. Carolyn explained that the trust fund is specifically for building maintenance and roof repairs/replacement. Brian asked what the current lease amount is and Carolyn replied \$26,400. Joe then stated that by purchasing the building the town would actually receive rent from the school and Middleton for the building.

Article 6 (Teacher's Contract) has a tax impact of \$0.38. Neil asked why the 2013-14 year estimated costs does not include the \$30,000 for the retirement incentive and Carolyn explained the attorney stated the \$30,000 should not be included because it won't actually be paid out until 2014 but this is still an outstanding decision.

Article 8 (Paraprofessional/Food Service Assoc) has a tax impact of \$0.07.

Article 12 (HWMS Paving) has a no tax impact because these funds will be withdrawn from the Capital Improvements and Renovations for Buildings and Grounds Capital Fund. This fund currently has \$203,777.

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Article 13 (FHS Sealcoat) is to expend \$27,593 from the Capital Improvements and Renovations for Buildings and Grounds Capital Fund and therefore has no tax impact.

Article 14 (Van Replacement) is to raise and appropriate \$24,000 to purchase a replacement van for pupil transportation, \$5,000 of this appropriation will come from the School Bus Capital Reserve Fund. This article has a tax impact of \$0.04.

Article 16 (Special Ed. Trust Fund) has a tax impact of \$0.11 and would put \$50,000 in the trust fund.

Article 17 (Buildings and Grounds Trust Fund) is to raise and appropriate \$50,000 for the trust fund and has no tax impact because it will come from any unassigned fund balance available for transfer by June 30, 2012.

Article 18 is to raise and appropriate \$85,054 to replace the fluorescent fixtures at the HWMS. The total cost for the project is \$120,244 but a \$50,000 PSNH rebate is available therefore reducing the cost to the requested amount. By converting these fixtures an annual energy savings in electricity of approximately \$14,200 per year could be realized. This will have a tax impact of \$0.18.

Article 19 is to undertake a study of the feasibility and suitability of withdrawal from the AREA agreement with Middleton. Arthur asked why this is coming up and Joe stated that the AREA agreement was created in 1971 and is out-dated. Arthur asked why we wouldn't just re-negotiate the AREA agreement. A discussion was held on this article. Penny Morin noted that if we enter into a tuition agreement with Middleton instead of an AREA agreement Middleton would not be responsible to assist with a bond for future expansion/construction at the schools. If Middleton chose to not be part of our school district the Farmington tax rate would increase by nearly \$7 per thousand.

3. Review of Outsourcing:

Mike O'Neil explained he did some research on outsourcing for transportation, custodians and food service. For transportation he received quotes from First Student and Student Transport, Inc. and found the cost would be \$607,110 for outsourcing and the current budget is \$570,740 which is an increase of \$36,370. Mike Morin stated that the current cost does not include the cost of bus replacement. Carolyn replied that the last time the town bought new busses was in 2006 and because the town does not replace busses every 3 years the cost for replacement would not balance out.

For custodial services Mike found that he was unable to obtain any quotes for outsourcing custodial services because all the companies require a 6 month complete study and also include maintenance. Arthur polled the Committee and they would like the school board to continue with the research. Larry Gordon, a custodian for the district, explained that the negotiation committee for the custodians agreed to go to School Care insurance regardless of the district decision which is a savings of \$26,000 for each year.

For the food services Mike found that he was unable to obtain any quote for outsourcing

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food service because the companies take the current school budget and then add an administrative fee. Also, they budget to break even and our current food service program does well. Carolyn O'Connell questioned if the Committee considered the number of employees in these three areas that are from Farmington and go above and beyond because not only do they live in town but also many of them have students in the schools.

4. Review of Revenues:

Carolyn reviewed the revenues. For the General Fund Revenues the estimated revenues are projected at \$16,961,492. Carolyn explained that they estimate on the low side because the school would not want to come in short on revenues. The Special Revenue Fund (Food Service Revenues) is expected to be \$567,100. The expected federal grant revenues are estimated at \$1,050,000. Therefore the total estimated revenues for 2012-13 are \$18,375,633.

At 8:18pm, Chairman Arthur Capello closed the public hearing and recessed the meeting for 5 minutes.

At 8:29pm the Committee reconvened.

5. Review of Budget:

Arthur Capello motioned to cut \$206,955 which is all the new requested positions, 2nd Neil Johnson. Discussion followed where Penny Morin asked if that cut includes the FLA HQT teacher and Arthur replied yes, because he feels there is an alternate plan with the director becoming HQT in special educ. Steve suggested leaving funds in for at least one of the positions. Mike suggested leaving funds for the assistant principal at VVCS. The tax impact is \$0.45 which would bring the tax increase down to \$1.45. *Steve Henry offered a friendly amendment to reduce the cut by \$50,000 and Arthur Capello declined. Motion carried with Mike Morin, Ann Titus and Steve Henry opposed.*

Neil Johnson motioned to reduce line 10-1100-56112-14-33 (supplies, music-gen.ed HW 4-6) by \$500 because the power cords were found, 2nd Arthur Capello. Motion carried with Steve Henry and Mike Morin opposed.

Neil Johnson motioned to reduce line 10-2620-52200-00-96-00001 (FICA, Sick day BB custodians) to \$19.00, 2nd Arthur Capello. Motion carried with Steve Henry and Mike Morin opposed.

Sam commented that since 2003 the budget has increased by \$5 million and he feels we as a community need to be more fiscally responsible. A discussion was held that most of the budget is due to negotiated contracts.

Neil asked why line 10-2130-53308-11-20-00000 (contracted services, Nursing, VV) is \$25,000 and Carolyn explained that this is bringing a student back into town.

The tax impact with tonight's cuts is \$1.65 increase with all the warrants. The total budget figure with the warrants is \$18,380,105 and the general budget is \$16,965,139

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(which has a tax impact of \$7.23).

Arthur Capello motioned to recommend an operating budget of \$16,965,139 which has a tax impact of \$7.23 for Article 3, 2nd Joe Pitre. Motion carried with Sam Cataldo, Steve Henry and Mike Morin opposed.

Arthur Capello motioned to recommend Article 4, 2nd Joe Pitre. Motion carried with Paula Proulx, Gail Ellis and Brian St. Onge opposed.

Joe Pitre motioned to recommend Article 5, 2nd Mike Morin. Discussion followed where Gail asked if there are roofs that need to be repaired and Carolyn explained the FHS roof has a separate account and the HWMS roof doesn't need to be repaired for a few more years. Gail stated that in her opinion she does not feel this is the year to purchase the building because she feels it is a quick decision that won't show a gain for 7 ½ years. Paula stated with this purchase the taxpayers will be paying the \$100,000 on the municipal side and also the payment for the new building. ***Motion carried with Paula Proulx, Gail Ellis and Brian St. Onge opposed and Ann Titus abstaining.***

Joe Pitre motioned to recommend Article 6 with a tax impact of \$0.38, 2nd Ann Titus. Motion carried with Brian St. Onge opposed. Steve Henry abstained because his spouse works for the district, Gail Ellis abstained because she just received the CBA and hasn't read it yet and Arthur Capello abstained because his spouse works for the district).

Sam Cataldo motioned to recommend article 8, 2nd Joe Pitre. Motion carried with Brian St. Onge and Mike Morin opposed. Arthur Capello, Ann Titus, Steve Henry and Gail Ellis abstained.

Joe Pitre motioned to recommend article 10, 2nd Ann Titus. Discussion followed where Steve said considering the fact we are researching alternative outsourcing he is not in favor of entering a multiple year contract. ***Motion carried with Brian St. Onge, Steve Henry and Mike Morin opposed. Arthur Capello and Gail Ellis abstained.***

Sam Cataldo motioned to recommend article 12, 2nd Brian St. Onge. Motion carried with Joe Pitre and Arthur Capello opposed.

Sam Cataldo motioned to recommend article 13, 2nd Ann Titus. Discussion followed where Mike asked if this is to seal the pavement that was put down this year and Penny Morin replied it is to seal what has not been paved this year. ***Motion carried with Joe Pitre and Arthur Capello opposed.***

Joe Pitre motioned to recommend article 14, 2nd Steve Henry. Discussion followed where Carolyn explained that Bonnie Tuller decided that a car would not be feasible because she couldn't separate students and fit the car seats. ***Motion carried with all in favor.***

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Joe Pitre motioned to recommend article 16, 2nd Steve Henry. Discussion followed where Steve asked what the goal amount for this fund is and Carolyn explained it would be ideal to have \$200,000 in this account, which would pay for approximately two out of district placements. ***Motion failed with only Joe Pitre and Steve Henry in favor.*** Carolyn asked why the Committee did not recommend this and Arthur stated from his perspective he feels it should be funded from surplus and not taxation.

Arthur Capello motioned to recommend article 16 if it is amended to fund the article out of the fund balance, 2nd Steve Henry. Motion carried with Brian St.Onge opposed.

Joe Pitre motioned to recommend article 17, 2nd Ann Titus. Motion carried with all in favor.

Arthur Capello motioned to recommend the article for the lighting if the article is amended to have the funds come out of the Capital Improvement and Renovations Fund and be non-lapsing, 2nd Mike Morin. Motion carried with Joe Pitre opposed.

The bottom line number of the budget committee's recommended budget has an increase of \$0.92 on the tax rate.

At 9:45pm, Brian St.Onge motioned to adjourn, 2nd Sam Cataldo. Motion carried.

Respectfully Submitted,

Brandy Sanger
Recording Secretary