

Town of Farmington
Budget Committee
Wednesday, January 14, 2015

Board Members Present:

Ann Titus, Chairman
Jodi Connolly
Gerry McCarthy
Joe Pitre, School Board Rep.
Brian St. Onge, Selectmen's Rep.
Neil Johnson
Steve Henry

Board Members Absent:

Sam Cataldo
Gail Young
Joshua Carlson

Others Present:

Steve Welford, Superintendent of Schools
Laurie Verville, Business Administrator
Keith Trefethen, Town Administrator

1 Call to Order/Pledge of Allegiance:

Chairman Titus called the meeting to order at 6:30 p.m. All present stood for the Pledge of Allegiance.

2. Public Hearing for 2015 School District Budget:

Chairman Titus opened the public hearing at 6:35 p.m. and asked Superintendent Steve Welford if he wished to make an opening statement. He told the committee that this was basically the same budget presented to them on December 6 except that the SAU apportionment has been reduced by about \$12,000. The anticipated revenues and mechanisms to reduce the budget to meet the requirements of the first year of the Middleton School District withdrawal remain exactly as presented in December. He then asked the board members if there were any questions.

Selectman Brian St. Onge asked Welford to explain how much was cut out of the school budget. He said that he thought administrators had done a good job reducing the budget and added that during the previous seven or eight years that he has been a Budget Committee member he has never felt there was a good school budget presented that was pared down to just the essentials. He complimented school administrators for weeding out the non-essentials and covering a \$1 million revenue shortfall.

Welford said that a team of nine or ten administrators put the budget proposal together and it was a collaborative group effort. These administrators are not only good at running their schools, but are good at the financial aspects of making sure their schools operate smoothly he said. The process began last summer when the School Board hosted community meetings to obtain suggestions on how to address the revenue shortfall. Middleton students in grades 7-12 are scheduled to leave the Farmington School District at the end of this school year, but some Middleton seniors may stay to graduate here, so there may be some changes in revenue there he said. Next year is the second half of the withdrawal, when students from pre-kindergarten to grade six leave the district. This will result in another \$1.5 million revenue reduction next year

on top of the \$1 million cut out of this year's budget he said.

Welford said they received some good suggestions from the community, some of which were used to achieve the reductions in this budget. He said the thing they are most proud of is the reductions were made without putting anyone out of work. The easy way to make \$1.4 million in cuts would have been to cut \$1.4 million worth of staff, which would affect the quality of education and the services provided to students. This will not be possible next year due to the decrease in enrollment at the elementary level which means the district will need fewer teachers.

Welford said the SAU has a \$63,000 cut in its \$1million budget. The reduction in the general fund budget is about 7.3 %, while the reduction in the SAU budget is 7.8 %. Due to increased enrollments, the district will receive an additional \$186,000 in state aid next year which a 2.6 % increase in aid. He added that budget has a lot of moving parts which were put together in a way that met the goal of protecting the integrity of the programs and doesn't hurt kids.

Neil Johnson said the anticipated tax impact, assuming all the warrant articles are approved, would be \$1.96 and asked if it would be correct to say the increase is due to the town revaluation. Welford said he thinks that is accurate since there is no increase in the operating budget. Johnson said he thinks it is important for residents to be aware that the budget is less than last year, the SAU apportionment is less than last year and yet the tax impact is up by about \$2 which normally wouldn't make sense except for the loss in the town evaluation. He also complimented administrators for cutting the budget without impacting educational quality or instituting major layoffs.

Gerry McCarthy noted that the recommended budget would result in a \$1.96 tax increase, while the default budget would result in \$3.41 tax rate increase, which is \$1.45 higher.

Chairman Titus then asked for public comment. Hearing none, she asked the committee to move to the review of the School District warrant articles.

Article 3- This article asks voters to approve the \$16,317,923 operating budget. If the article is defeated, the \$16,956,135 default budget takes effect or the School Board may hold one special meeting to take up the issue of a revised operating budget only.

Welford asked the committee to turn to the handout provided to review how the proposed budget was achieved. For fiscal year 2015/2016, the general fund is \$14,553,923. Grants/Special funds (\$1,764,000) are added to that amount bringing the total to \$16,317,923. The largest portion of the special funds comes from federal grants totaling \$1,228,000. Food service and preschool tuition add \$525,000 and \$11,000 respectively to the amount of revenues received. He explained that these revenues must be spent for the purpose that they were received, such as food service revenues to run the food service program. These funds are taken in and then paid back out again but must be shown in the budget. He added that people will look at the bottom line and think it is a \$16 million budget, but it is actually \$14.5 million plus the federal grants and special funds which must be added to the general fund.

Neil Johnson asked if there is anything being done to inform the public that the default budget is actually more than the recommended budget and will result in a higher tax rate increase.

Welford said this is a unique circumstance where the default budget will be significantly higher and will occur again next year. People need to understand why it is significantly higher he said. It

is because the default budget is last year's budget with the contractual obligations and warrant articles built in. The default does not have the cuts that were made in the recommended budget and is \$650,000 higher. There has been a lot of conversation about the Middleton School District withdrawal and the effect on the budget, so hopefully people have been paying attention and understand why the budget is lower he said. He added that the people voted for the recommended budget last year for the first time in memory, so he said he has faith that the voters will be thoughtful in their approach to this budget too.

Selectman Arthur Capello asked how much is in the School Bus Capital Reserve Fund and if the School Board has moved away from leasing buses to buying them outright. Welford said the fund contains about \$6,596.59. He said board intends to keep on leasing buses as the purchase price is between \$70,000 - \$80,000 per vehicle and it is more cost effective to continue to lease them. The municipal interest rate is so low that it doesn't make sense to expend the money to buy. Capello said he has had a change in philosophy regarding the Capital Reserve Fund to where leasing big equipment is the better way to go. Welford said he expected to see a lease agreement proposed for one or two buses on next year's warrant.

Article 4- To see if the district will adopt an SAU budget of \$863,913 of which \$745,106 is assigned to the school budget. If the article does not receive a majority vote, the adjusted budget of \$789,327 will be adopted.

Neil Johnson stated this article is not something the Budget Committee can vote on. There was no discussion.

Article 5- Asks voters to approve raising \$25,000 to purchase a new seven passenger van for pupil transportation to replace the existing 2006 van. Welford said the district has three vans, one with reasonable mileage, one with about 100,000 miles and the third one with 290,000 miles. The third vehicle is currently used as a back-up van. The new vehicle would be rotated in; the 100,000 mile vehicle would become the spare and they will get rid of the vehicle with 290,000 miles he said.

Article 6 - Asks if voters will approve raising \$50,000 to be put in the School Bus Capital Reserve Fund. The money will come from the June 30, 2015 unassigned fund balance and will not be raised through taxation. There was no discussion.

Article 7 - To see if voters will designate the School Board as agents to expend funds from the Special Education Unanticipated Cost Trust Fund.

Jodi Connolly asked who the agents are to expend money from this fund now. Welford said the voters give approval to spend money from this fund and explained that this warrant article is included because of the cuts to the out of district placement portion of the special education budget. One or two special education students could move to the district and throw the budget into a deficit situation. The school board said since this fund already exists, it would be helpful to be able to withdraw funds to make up for any shortfall should the situation arise instead of waiting until the following year to address it. The balance in the fund is currently \$200,818 he said. He added that one special education student could cost the district \$100,000.

Article 8 - Asks if the voters will approve the formation of a planning committee to study the feasibility and prepare a plan for withdrawal from SAU 61.

Gerry McCarthy asked why the Farmington School District is seeking to pull out of SAU 61 when the Middleton School District has already announced they are leaving the SAU. Welford said Middleton has a withdrawal plan put together to withdraw from SAU 61 that will go before their voters in March. The Farmington School Board said they would like that withdrawal to occur under any circumstances. This article is an insurance policy that says that if Middleton does not withdraw from the district Farmington wants to pursue withdrawing from the district anyway. Chairman Titus closed the public hearing at 7:11 p.m. She then asked for a motion regarding the articles that seek to raise and appropriate funds.

Article 3

Motion: (Johnson, second Connolly) to ask the Budget Committee to recommend Article 3 as written passed 6-0. Joe Pitre noted that he was voting yes on behalf of the School Board but not for himself.

Article 5

Motion: (Johnson, second Connolly) to ask the Budget Committee to recommend Article 5 as written passed 6-0.

Article 6:

Motion: (Johnson, second Connolly) to ask the Budget Committee to recommend Article 6 as written passed 6-0.

Chairman Titus asked Welford if he wished to make a closing statement.

Gerry McCarthy asked when Middleton was withdrawing their students. Welford said the students in grades seven through twelve will withdraw effective July 1, 2015. Pre-kindergarten through grade six will withdraw effective July 1, 2016.

Selectman Capello asked if the new school in Middleton is not ready on time will they be forced to leave Farmington. The issue will be on the Farmington School Board agenda Welford said. He said the point of the matter is timing. At what point does Middleton have to notify Farmington that their kids are not staying to allow enough time to prepare a budget and take the necessary actions such making budget cuts or laying off staff he asked.

Welford said there needs to be a drop dead date where the state Board of Education says this is not working(their school is not ready) and the Middleton kids will stay in Farmington. The Board of Education can order Farmington to keep the Middleton students because the state Constitution demands that every child receive a free and appropriate education. They can't be told to go elsewhere as there is nowhere for them to go. The Governor Wentworth Elementary School has promised space to another district and the only other option would be to have their students scattered all over the state to where ever there is any room for them he said.

McCarthy then asked what the Superintendent would recommend for a date for Farmington to be notified of Middleton's intentions for the coming school year. He said he would like to be notified by December 1, 2015 but doubted that Middleton would agree to that date as it is six months before their new school is scheduled to be completed in May 2016. The groundbreaking for the project is scheduled for April 2015. He speculated that the Commissioner of Education will have to become involved in the matter as it is an unusual situation where a town building a new school does not have an old school or a place to be in their own town. He added that you

can usually tell how a project is going to go by the way it starts. If there are lot of delays and problems, it is probably not going to end on time. He added that the construction industry in New Hampshire is on the upswing and it may be difficult to find a contractor or subcontractor to complete a small building designed for 140 students. He then thanked the committee for their time, energy and help in making the process productive.

Motion: (Connolly, second Johnson) to adjourn the public hearing on the school district budget passed 6-0 at 7:20 p.m.

Chairman Titus called for a 10 minute recess at 7:20 p.m. The meeting reconvened at 7:30 p.m.

1. Town 2015-2016 Budget Presentation with Town Administrator and Department Heads:

Chairman Titus reopened the meeting to questions and clarifications about the town budget proposal. Town Administrator Keith Trefethen came forward to address the board.

Brian St. Onge said he had no further questions.

Jodi Connolly asked several questions about line items that were budgeted at lower amounts than the actual amount spent this year and less than what was budgeted the previous year.

Trefethen responded as follows:

Election Ballots-the town clerk requested less money for ballots as there are not as many elections scheduled this year

Health and Finance- one full time position has been eliminated leaving one full time employee and one part time employee

Personnel Administration (personal liabilities)-there are less pay outs expected this year for employees who quit or retire.

Legal Services-Neil Johnson asked if there are any contracts coming up for negotiation that would affect the legal services line. Trefethen said the two contracts that are under negotiation are just about complete and there are no more contract negotiations scheduled. Most of the expenses in this line will be for the usual type of meetings and consultations with the town's attorney.

Printing and Ads-Johnson asked why \$2,000 is budgeted in the Planning Board's printing and ads line when the actual expense for that line is about \$1400 or \$1500. Trefethen said the board reduced the line from their original request of \$2,500 to \$2,000. Selectman Arthur Capello explained that the board has to budget for legal notices and ads for certain situations such as when there is a subdivision application before them.

Strafford Regional Planning-Joe Pitre asked if the town is now a member of the Strafford Regional Planning Commission and wanted to know what the \$200 in the line is for. Trefethen said that the town is not a member, but the funds are used to pay for printing services provided by them.

Police Department-Connolly asked if the \$700,000 (up from \$600,000) in the Police Department line includes the new contract with the department. Trefethen said the new money for the contract will come from a warrant article if approved. He said the increase is based on the rates of pay, shift differentials and who is working a particular shift. Selectman Capello said the \$600,000 is a false number due to some personnel issues with the department this year. Two officers that were placed on administrative leave have been returned to duty. There may be

outstanding issues that may affect that number he said.

Part time Officers-Chairman Titus asked if the town employs part time police officers. Trefethen said they have been trying to hire part time officers to fill gaps in coverage but not many officers were available due to the amount of special detail work available in the area.

Office Supplies-Connolly asked why police office supplies line shows \$7,000 budgeted when the town spends about \$4,000 for office supplies. Trefethen said he did not have the break down with him to specifically answer her question but said he would provide the information to her.

Licenses and Agreements-Connolly noted the town has not spent anywhere near the \$9,000 requested and asked why such large amount was requested in that line. Trefethen said they are anticipating a large increase in the IMC license for the regional computerized dispatch system scheduled to come online this year.

New Equipment-Connolly asked why there are two separate lines for ammunition and new equipment. She asked if ammunition is considered equipment and what new equipment is needed. Trefethen said ammunition is not considered equipment. He said some of the equipment needed is listed on the budget request- Tazers, a new radar unit, a new computer server and four desks.

NH Retirement for Police-Connolly asked why there is such a large increase in this line. She asked if the town is anticipating some retirements this year. (State Rep.)Joe Pitre said it is due to the mandated increase in the amount paid by the town to the retirement system that is required by the state. The mandate is a "fix" for the retirement system because it is behind in funding the amount needed. He said that even with the increase the plan is only 60 % funded.

Fire Department- Connolly asked why there is nothing listed for prior years for per diem coverage and asked if the request represents new positions. Trefethen said that previously, all fire coverage was lumped into one coverage amount in one line. He noted that there are increases included in the request and the coverage is broken out to represent full time and per diem coverage for fire and EMS services.

Physicals- Connolly asked if fire department employees' insurance covers physicals. This line represents physicals that the town requires so the town is required to pay for them Trefethen said.

Software- She asked what software is being added. This line is for software and hardware units to be added to the ambulances to record EMS services Trefethen said.

Protective Clothing and Equipment Expense lines- Connolly asked for an explanation of the difference between these two lines. The protective clothing line shows a \$22,000 request and the equipment expense line shows a request for \$11,000. Trefethen said protective clothing is the gear worn by firemen when attacking a fire. Equipment expense can be anything from valves to tools or anything on the trucks for firefighter use.

Medical supplies – Trefethen said this line is for patient supplies in the ambulances.

Chemicals- Neil Johnson asked what this line represents. Trefethen said the department does not have any foam and needs to purchase some.

Grants-Connolly asked if the department has applied for an AmeriCorps Grant or if there any other grants available. Trefethen said he thought that the AmeriCorps has been discontinued

and that he is not aware of any other grant programs for the department.

Building Inspection- Connolly asked about the CEO/Health Officer lines in this section. Trefethen said this position holds the titles of building Inspector, health officer and code enforcement officer. She noted that last year the salary line was \$15,000 and asked if line now reflects an increase in hours to full time. Trefethen said this year the full amount of his salary was put in the salary line.

Neil Johnson said that last year some of the salary for this position was paid out of other departments and now has been consolidated into one line.

Brian St. Onge said the salary request has been included in a special warrant article that seeks approval to take the salary money out of special fund created for that purpose.

Steve Henry asked if there is enough revenue coming in to cover this position. Trefethen said there is not enough revenues to fund this position by revenues alone.

Henry asked if the position still needs to be full time. Trefethen said the position needs to be full time due to having tasks required by all three positions.

Connolly asked if the regulations have fines that bring in money. Trefethen said that a fees and fines structure does exist and explained that when people violate an ordinance, the town cites them. When the violator refuses to address the issue or pay the fine, then the town has the expense of taking them to court and getting a court order to demand payment. It happens quite often he said. Selectman Capello added that another problem is with judges who suspend fines and the town never recovers the full cost of the violation.

Emergency Management- Civil Defense (\$3600) - Connolly asked what these funds are used for. Trefethen said the money is needed to update emergency plans, pay for shelter supplies and service for emergency radios. The biggest cost item is river maintenance for levy system that has existed since the 1950's. The work includes cutting vegetation and removal of shoaling he said.

Forest Fire Protection- Neil Johnson asked why nothing had been spent from this line. Trefethen said the funds are budgeted in case there is a need for clothing or gear for forest firefighters.

Highway (personnel)-Johnson said this line shows a \$40,000 increase and asked if the town is planning to hire an additional employee. Trefethen said there are no plans to hire another person and this line reflects the COLA increase for all personnel.

Steve Henry asked if the Public Works Director has an assistant. Trefethen said there is no assistant director, but the director does have the assistance of a foreman at the highway garage and operators at the waste water treatment plant and the landfill.

Waste Oil Furnace- Joe Pitre asked if the highway garage is heated by a waste oil furnace. Trefethen said the highway garages are heated with regular heating fuel. Members discussed how some towns have been able to save money by using the waste oil they collect to heat town facilities. Discussion also included selling the waste oil collected, regulations, maintenance and costs associated with installation of a waste oil furnace.

Calcium chloride- Connolly asked about the difference between calcium chloride and salt and their uses. Trefethen explained that calcium chloride is a liquid that is used for dust control. The salt line reflects the cost for road salt he said.

Parts and Repairs-Chairman Titus said she heard that two town trucks are down and asked with the money in the budget are the trucks going to be ready to roll. Trefethen said that the trucks

broke down during the last storm and he expects the trucks will be ready for the next storm. Repave roads-Connolly asked about the \$95,000 increase in this line. Trefethen said that last year the Selectmen recommended taking \$100,000 from a special revenue fund, but there is not enough money in the fund to do that again this year. He said Selectmen think it is worth continuing the road improvement work so they recommended funding the line with the proposed increase. He added that there are a lot of internal roads than need real attention to surfacing and drainage issues.

Steve Henry asked if there is a plan or a map that the public can see that would show the road work planned for this year or maybe a 5 or 10 year plan. Trefethen said that presently such a plan does not exist. Prior to the departure of the last Public Works Director, UNH was contacted and asked to provide an analysis of the roads. He speculated that the request fell through when the town lost the department head. He added that because there is a technical piece to attempting to identify roads that need work and try to put together a plan, at some point Selectmen will have to get assistance from another source. Steve said that the previous Public Works Director said that if the road base is not good and you pave over it again, you will be right back doing it again in a few years.

Joe Pitre asked how many miles of roads are there in town. Trefethen replied that there are a total of 62 miles of which 43 miles are paved.

Solid Waste Disposal- (repairs and parts) Neil Johnson said that the town has not spent over \$800 in the past and asked why \$2,000 is budgeted in this line. Trefethen said this is budgeted as more of a "just in case" item.

Shelter of Animals- Johnson asked why \$3,000 was budgeted when the town has not spent over \$1700 in recent years. Trefethen said the increase is to cover an increase in the number of stray and abandoned animals needing shelter at the Cocheco Animal Shelter off Route 11.

Welfare Rents- Johnson then questioned the \$35,000 budgeted in this line item when the town has not spent over 26,000. Trefethen said the Welfare Director has been doing a good job of very gingerly ratcheting down costs in this area. The budget for this line started at \$50,000 and is now down to \$35,000. He said he will continue to monitor it.

500 Boys & Girls Club- Chairman Titus asked if it is too late for the club to write a letter to request funds. Trefethen said he thinks they can ask for money right up to public hearing on the town budget on January 27.

Longevity Parks and Recreation- Neil Johnson asked if this is a new line item. Trefethen explained that some Parks and Rec. employees have finally qualified for longevity. Town policy requires that if employees are here for so many years they get longevity amounts he said.

Coast Bus Company-Steve Henry said he must keep his tradition of asking about the bus company every year. He asked if the company's funding request would go down with the lower fuel costs they are experiencing. Trefethen said the company representative did not mention any anticipated reduction.

Chairman Titus said the bus company sent a representative to the Board of Selectmen and asked if the Budget Committee would like to have the representative make a presentation to the committee. Members decided they had no further questions for the company.

Revenue questions:

Building Permits- Trefethen said \$28,000 is anticipated in this line. In past years it was in the special fund.

School Resource Officer- This line reflects the amount the school district reimbursed to the town. The town also received a grant to help fund the position.

Projected Revenue –Neil Johnson asked why this line is estimated at \$67,000 when last year the town received about \$71,000 in revenues. Trefethen said he tries to be conservative when estimating anticipated revenues. He added that Selectmen can use any unexpended revenues to buy down the tax rate.

Farmington Children's Center- Neil Johnson asked if a new lease has been signed with the center. Trefethen said they have not signed a new lease yet. The lease expires in June and the grant expires the following year. Brian St. Onge said Selectmen voted to extend the lease to cover the school year.

Warrants:

The committee members had no further questions on the warrant articles.

Steve Henry asked about the anticipated ambulance revenue. Trefethen said the ambulance revenues are included in the Income from Departments line. The line shows \$230,000 in anticipated income which is about a \$30,000 increase he said.

Brian St. Onge said he had a closing comment. He said if anyone on the committee or anyone at home is interested in each line item of the budget proposal, they were all discussed when the department heads came to the Board of Selectmen meetings. He said they went through every line item in their budgets. All of these questions were answered in a lot more detail than were answered here. These meetings lasted a long time as you can see on TV or you can come down here (to the Municipal Building) he said.

Chairman Titus thanked the Town Administrator for attending the meeting. Trefethen said if the members have any other questions they can e-mail him for answers.

2. Next Meeting: A Public Hearing on the Town budget will be held Tuesday, January 27, 2015 at 6:30 p.m. in the Selectmen's chambers in the Municipal Building.

3. Adjournment:

Motion: (Johnson, second Connolly) to adjourn the meeting passed 6-0 at 8:20 p.m.

Respectively submitted,
Kathleen Magoon
Recording Secretary