Town of Farmington
Budget Committee Meeting- Public Hearing
Friday, January 15, 2016

**Committee Members Present:**Ann Titus, Chairman
Sylvia Arcouette, Vice Chairman
Neil Johnson, Selectmen’s Rep.
Stan Freeda, School Board Rep.
Jodi Connolly
Sam Cataldo
Stephen Henry

**Others Present:**Laurie Verville, SAU Business Administrator
School Board Members Kathy King, Penny Morin, Joe Pitre
Residents Angie Cardinal, Laura Vittorioso, Lynn Olden, Debbie Pate

**1). Call to Order/Pledge of Allegiance:**Chairman Titus called the meeting to order at 7:03 p.m. All present stood for the Pledge of Allegiance.

**2). School District/SAU Budgets Public Hearing:**
Chairman Titus said the public comment portion of the hearing would be open for 30 minutes followed by a presentation by SAU Business Administrator Laurie Verville, member discussion of the budgets and warrant articles and then the members will vote. There will be no public comment at the end of the hearing she said.
*Angie Cardinal* said the $350,000 in health insurance savings promised in this budget isn’t going to happen. There are additional cuts the School Board will have to make if the bottom line remains the same. The $1.5 million in cuts included in this budget shows that some of the cuts won’t happen on the lines as documented. She added it is in the hands of the Budget Committee to decide if the Farmington School District can absorb the additional change that was supposed to be in the form of a policy change and up to the Farmington School Board and the SAU office as to where those reductions will have to come from as it can’t happen on the health insurance change. She asked the committee to consider adding additional dollars to the bottom line as opposed to just holding to the number that was initially proposed.
Stephen Henry asked if there is a “magic deadline” that has passed so the health insurance can’t change.
Ms. Verville said there is no magic deadline. Legal counsel advised the change would be through a Memorandum of Understanding for the last year of the teachers’ collective bargaining agreement if the parties agreed to the offer that was provided on Nov. 20.
*Laura Vittorioso* said she has been a Farmington resident for 12 1/2 years and a member of the local PTA for 5 years. She said the Farmington/Middleton PTA unanimously voted to recommend to the Bud Com to increase the tax rate rather than to make further cuts to the school budget. The group feels the school budget has already been cut significantly due to the withdrawal of Middleton students and further cuts to cover insurance costs would be detrimental to the schools and the children of Farmington. This recommendation will increase the tax rate by approx. $1.02 but the importance of a positive educational experience for our children far outweighs this tax increase at this time. To me it is worth $1.02 or $1.50 per whatever my house is worth for my children to have an education here she said.
There were no other speakers. Chairman Titus said she would keep the public comment portion open for the remainder of the 30 minutes and invited Ms. Verville to begin her presentation.
Ms. Verville said the purpose of her presentation was to give an update since the Dec. 5 meeting. Legal counsel has advised the Farmington School Board they should be including the SAU operating budget as part of school district operating budget in warrant article 3. Counsel said since Middleton is leaving and the SAU will become a single district SAU, it is appropriate as one line in the district operating budget. All of the details will be on the website with SAU budget shown as one line. The School Board reduced the bottom line by $89,785 representing the difference between the SAU budget last year and the SAU budget going forward. It has yet to be determined how the cut will be applied. We already cut enough positions related to the decreased enrollment of Middleton students departing from the district. She pointed out that almost every line of the 800 line budget has had a decrease and only about 2% of the lines, mostly required by law, have had an increase.
Neil Johnson asked what line the $89,785 will be taken from. He said the committee can’t approve a budget not knowing where that money is being taken from. You are asked this board and the public to trust you are going to take this cut from a line we’re going to approve yet you’re not telling us what it’s coming from he said.
Ms. Verville said the administration combed over the budget but can’t see where the cut can be made from so the School Board will have to make that decision.
Mr. Johnson said he was tired of hearing about it’s a bottom line budget. He said that residents will base their decisions on how much is spent and what line it’s coming out of. He added the School Board did not do their job in assigning where that money is coming from and there are other lines where this has happened. It’s not going to get by me and a few other members on this board he said.
School Board Chairman Kathy King said when the board voted to cut the increase in the SAU budget for this year ($89,785) they did not specify which line would be reduced so it was taken out of the bottom line. The motion was from Joe Pitre to cut that amount which was the amount the SAU budget was going up for the next year she said.
Mr. Johnson said he was at the meeting and understood what happened but said the School Board is “passing the buck”.
Jodi Connolly asked if the $89,785 could be put it onto the SAU line so it comes out of SAU budget.
Ms. Verville said that is a directive that has to come from the School Board. They have to identify what line it would come from in that budget she said.
Mr. Henry said Mrs. King twice stated that the $89,000 represented an increase in the SAU budget. He said his understanding is the SAU budget actually decreased and the$89,000 represents the tax impact that would be shifted to Farmington from Middleton so it is not a budget increase it’s a tax impact change.
Mrs. King replied that was the actual amount of the line for the SAU budget but the board did not vote to cut that line specifically.
Mr. Henry added he thought the tax impact from Middleton’s withdrawal was about $117,000, not $89,000 and asked where the difference is between the two amounts.
Ms. Verville said Middleton’s share in the current budget is $118,000. The SAU office lease was renegotiated to $1,800 a month, the reduction in health insurance buy backs and other areas were cut from the budget resulting in the $89,000 figure she said.
Ms. Verville said administrators discussed health insurance costs with IPG Consultants who are familiar with the collective bargaining process and have a lot of experience finding comparable employee benefits and premiums that fit into the Northeast region. They came up with a consumer driven health plan and provided the information to the teachers in November as they are the largest part of the population in the current plan (110 teachers).The response to the offer was received last Monday. The new plan is comparable as the new percentages of payment would make it pretty attractive and there is no additional cost to employees. She added they are hoping that prior to the Deliberative Session there can be more discussion and the parties will take a much closer look at it. There are total of 164 employees including the SAU office staff that would be affected by the change she said.
Mr. Johnson asked if the change has been approved by the teachers. Ms. Verville said it has not been approved but said she did know if an actual vote was taken by the teachers.
Mr. Johnson then asked who turned down the offer. School Board member Penny Morin said the offer did not go to the teachers and it was turned down by negotiating team. She said some union members told her they had not seen the offer. She said the biggest change in the plan was an increase from a $1,000 deductable to a $2,000 deductable. She said there was also a health savings account in the Choice plan but the offer never left the negotiating table. She added the offer letter went out to the Uniserve Director on Nov. 20 and the first time they sat down to negotiate was Monday.
Mr. Johnson asked regardless of what happened with the teachers’ union, if the $30,000 saving for the SAU office staff insurance still be realized.
Ms. Verville said the $30,000 is included in the $324,000 total insurance savings and that savings would not be realized as the overall cost impact is based on a consensus of 164 people. The larger pool is what helps to drive down premium costs. She said the new Yellow Plan has a choice fund which has a combined medical and prescription coverage with a deductable of $1,000 to $2,000 maximum. It also has a national network where the current HMO Green Plan has only the Signa network with separate deductions for medical and prescription expenses. To launch the new plan the employee needs to complete a confidential health assessment through the insurance company which launches the Choice Fund. The district would continue to make a contribution to the coverage she said.
Mr. Johnson said one option is to add the $320,000 back into the budget and asked what would happen if the amount is not added back in.
Ms. Verville said if it is added back to the budget there would be a tax impact of an additional 73 cents on the tax rate. If it is not added back services to students will be impacted she said.
Mr. Henry asked if the current plan is considered a “Cadillac” plan under “Obama Care”.
Ms. Verville said the existing plan is considered a Cadillac plan with potential for the Cadillac tax in 2018. She said the proposed new insurance plan is not a Cadillac plan at this point.
Mr. Henry said his impression was that the new plan would have less of a Cadillac tax impact but it would still be considered a Cadillac plan. He asked if something had changed in the plan from the original presentation.
Ms. Verville said there were no changes since then but noted the Cadillac threshold is $10,500 and cited an HMO single person plan costs the employer $7,915 so it doesn’t exceed the cap.
*Lynn Olden* said it was her understanding from the notification last spring that School Care would be bought out by Blue Cross. The numbers shown reflect School Care coverage and the staff has no idea what coverage is going to cost once Blue Cross takes over. She said Blue Cross has actually already taken over even though it is still called School Care until the end of this school year. She added she was not sure the proposal was valid if we don’t have any new numbers from Blue Cross.
Ms. Verville said there is discussion nationwide about Signa and Anthem merging but it has not been anything definite. The numbers that have been provided are a “guaranteed maximum rate” provided by School Care through an RFP (Request for Proposals). If School Care has provided the annual premium for the single employee of $1,288 a year that amount can’t change for 2016-17. She added she does not know if something is going to happen to change the merger/buyout but she does know it is School Care’s plan to continue as they have picked up other school districts that are converting plans and they are quite solvent. They understand the whole budget process and the need for hard and fast numbers she said.
Mr. Henry questioned the yearly payment amount for employees. Ms. Verville said $1,200 is the employee’s share for HMO coverage. She concluded her presentation and Chairman Titus asked if she would take some questions from the committee.
Mr. Johnson said there was a Vice Principal position cut and asked where it was cut from the budget.
Ms. Verville directed members to page 23, line 495 of the operating budget. She said the discussion with the School Board was to cut an Asst. Principal position so it was cut from Valley View Community School. It was a numeric decision so documents could be prepared and sent to the committee. She said $1.00 was left in the line to keep it open.
Mr. Johnson asked if this is another unassigned line cut. Ms. Verville said the administration is concerned about having the position cut and considered sharing an Asst. Principal position between two schools. Continuity is lost when the Assistant Principals who are working with students, parents, teachers and guidance try to share coverage with someone else from another building she said.
Mr. Henry said it did not sound like the administration would make a recommendation about cutting the position so it will be up to the School Board to decide. He also expressed concern about approving the budget proposal without knowing where the cut will be made.
There were no further questions from committee members. Chairman Titus asked if there any more comments from the public.
*Debbie Pate* told the committee that with the Asst. Principal going from school to school she could guarantee it would not work. Last year with the Para cuts, they went from room to room and didn’t get to know the students and build relationships with them. You don’t feel like you’re a part of what’s going on and at the end of the day you don’t feel you finished your job she said.
*Lynn Olden* said if the board does away with the Valley View Asst. Principal position they are taking away some valuable hands that deal with many of the emotional children we have in school every day. If we don’t have that position available to us, you will probably have children running out of the building and being unsafe or hurting themselves in other ways. She said that with the Para position cuts we don’t have enough hands to help protect our kids, to help teach them, to guide them and do whatever we need to do up there. She added her position is split with another nurse and proposed they could get along without the third nurse if there was a different kind of setup. If you do away with the Asst. Principal at Valley View I’m really afraid of what the children are going to be putting up with or dealing without she said.
Vice Chairman Sylvia Arcouette asked how many children are in each school. Ms. Verville said that as of Jan. 1 the total enrollment at Valley View is 395, Henry Wilson is 410 and the high school is 298. The projected enrollment for next year at Valley view will be reduced to 262 students (350 students including kindergarten), 363 students at Henry Wilson and approx. the same number at the high school as the Middleton students have already withdrawn from there.
Mr. Henry said if the Bud Com votes to add the money back in for the Asst. Principal it doesn’t compel the School Board to use it for the position. It’s a better argument made at their meetings because they are the ones who control how the money is spent he said.
School Board Rep. Stan Freeda said there needs to be a conversation about what it is we want our schools to be and what it is we want our town to be and it shouldn’t just be based on the bottom line of what our tax rate is. He said he is not opposed or in favor of cutting a position but a 400 student population is about the size where an Asst. Principal is needed. The board decided maybe we can do without one instead of cutting all three. He said it’s unfair to say that the board didn’t make any decisions when they asked the administration to make those decisions since they are “on the ground”. He said the board would prefer some of the disciplinary problems could be taken care of by a paraprofessional or a lower paid position and save some money that way.
*Laura Vittorioso* said she didn’t want her taxes to go up either but the bottom line is that the children and the schools are worth it. She stressed that we need to support the schools and asked the Budget Committee to increase the budget by $320,000 for the insurance increase.
Chairman Titus closed the public hearing at 7:53 p.m. and asked the members if they wished to go over the budget line by line.
Mr. Johnson suggested they first tackle the additional $320,000 in proposed savings that were not realized when the new health plan was not accepted. He said the school taxes have gone up 120% since 2004 and the town taxes have gone up 12% in that same amount of time. He said taxes would increase by $1.59 without the warrant articles and that adding another 73 cents for health care brings it to $2.32. That is unmanageable and the taxpayers can’t take it he said.
Mr. Freeda said it is unfair to compare how much the school portion of the tax rate has gone up to how much the town portion has gone up as the school has liabilities that it legally must comply with that the town doesn’t have. He said the town could go without snow plowing but the school district can’t just not provide education for children that’s required. He said residents need to decide whether we want to live on the cheap right now and let everything go to pot or whether we want to try to build something. We need to pay these things because we can’t cut anything more and hopefully we will get over this hump with Middleton leaving and go from there on a positive note he said.
Chairman Titus said plowing roads is a safety issue and that there are liabilities on the town side. She said throwing money at a problem doesn’t fix the problem. We are all for education here and we are trying to make the right decision she said.
Ms. Connolly said she is a former teacher and she empathizes with the teachers but now works in private industry and hasn’t had a raise in 5 years and her health insurance has a $4,000 deductible. She suggested those who moan and groan about a $2,000 deductible should leave the schools and go work in private industry and see what it is like.
Mr. Henry noted there is still an option on the table (the new health care plan) that will keep things on a pretty even keel and that option has not expired.
Ms. Connolly asked if the tax rate will go up $1.86 without the $320,000 under consideration. Chairman Titus said the increase is $1.59 without the proposed warrant articles.
Mr. Henry questioned the size of van in the warrant article saying he thought it was a bigger vehicle. Ms. Verville said the amounts listed are correct but the vehicle is actually a 47 passenger bus. She said the Transportation Dept. looked at the routes, population and geography and determined the district didn’t need to over buy with a 72 passenger bus which would cost approx. another $10,000 a year to lease.
 Mr. Johnson said even with the health insurance not being added to the budget we are still looking at $1.59 tax increase. He said the Asst. Principal at Valley View (page 23, line 495- $62,000) already shows a reduction to $1.00 and asked Ms. Verville if it was her decision and not the school board’s to take it from there. She said she had to take it from a line so she took it from there. He asked the committee if the position should be removed from the elementary school or one of the other schools.
Mr. Henry said it is not up to the Budget Committee to decide that.
Chairman Titus said the members can change the numbers in the line item.
Mr. Henry said they could only “zero out” the line by removing the $1.00 currently in the line and close the line. He suggested the School Board may decide to split the position or make it part time and split the salary between two lines so the committee should not close the line.
Chairman Titus said she didn’t want to cut teachers or any more paras and asked if the members wished to consider cutting/reducing sports line items.
Mr. Henry repeated those types of decisions are up to the school board.
Members then said the School Board did a good job trying to minimize the impact of Middleton’s withdrawal and recognized the team effort from the board and administrators in coming up with the budget that was presented.
Sam Cataldo noted that high school has fewer students than the middle school yet no cut was made to the Asst. Principal at the high school.
Ms. Verville said that the high school budget was cut last year when the Middleton students left the school. Having a 2 pronged withdrawal has helped us through this process she said.
Mr. Cataldo then asked how many teachers has the district has lost.
Ms. Verville said there was a reduction of 8.5 teachers (and 5 paras) as follows: 4 teachers at Valley View, 3 teachers at Henry Wilson, 1 district-wide teacher and one-half teacher at the high school. The high school staff was already impacted for 2015-16 and some of that reduction was through attrition she said.
Mr. Johnson said when the budget was put together the rates for heating oil and propane were higher than they are now (page 31, line 681).
Ms. Verville said right now the bid rate is $1.85 a gallon and last year the rate was $2.40 a gallon so she used a “middle of the road” figure of $2.15 a gallon to calculate costs and budgeted for an increase in rates. She said the district uses a bid process and she crafted the bid to get either a lower price for paying cash up front or a pay-as-you-go plan with a locked in price. The district is considered a small account so there was not much difference in savings between the two plans. The contract runs through June 30 and the process would start again on July 1 she said.
Mr. Johnson said home heating oil is running at about $1.59 a gallon now but was not proposing the line be cut to reflect that price. He said it is predicted oil prices will go down more and suggested the cost be cut to $1.80 gallon for the next year.
Vice Chairman Arcouette asked if the school district is contracted together with the town for heating fuel and propane.
Ms. Verville said she spoke with the Town Administrator about the price the town pays and she contacted the company to see if the district could be included with the town contract. The company agreed so the district is paying the same rate as the town which $1.64 a gallon for propane. She added if you cut the line too close and there is a price increase or some other unforeseen problem there is nowhere else to go. Mr. Johnson said they could use the 2.5% contingency fund. Ms. Verville that process would involve having a “serious need”, a budget hearing and permission from the Education Commissioner to use those funds. Ms. Connolly added there is no guarantee oil prices will go down any further.
Chairman Titus asked when the lease would be up at the SAU Office. Ms. Verville said it will expire on July 31, 2017. Mrs. Titus then asked if there is a clause letting them out of the lease if they find another place for the office. Ms. Verville said there would have to be a “reasonable enough notice” which may be as much as 6 months, to the landlord. The contract has already been renegotiated down to $1,800 a month which is a bargain for that amount of sq. footage she said.
Mr. Henry said he and Mr. Johnson are on the SAU Space Needs Committee and are not looking at any major savings in moving for a couple of years due to the costs associated in remodeling the chosen space to fit the SAU’s needs. He said he did not want to cut the $21,000 in rental fees out of the budget because if they found a place sooner than expected they could use some of those funds for the renovations.
**Motion:** (Johnson, second Titus) to reduce lines 681 through 685 Heating Oil and base it on $1.95 a gallon, down 20 cents a gallon, a total of $12,650 in savings total for those lines.
Discussion included there is no guarantee there will be a price reduction next year, if the district budgets the fuel at $2.15 a gallon and it costs $2.00 they save 15 cents a gallon which will bring down the bottom line anyway, where will the savings go, no signs of wasteful spending or spending just because it is there and process to access the funds in the 2.5% contingency account.
 The motion failed by a vote of 3-4.
Ms. Arcouette said at the Dec. 5 meeting there was discussion about how the heating system was being looked into because of uneven heating problems that have been going on for years and asked if the problem was being taken care of.
Ms. Verville said the facilities team is currently working on the problems and is working daily to address the issues.
Mr. Johnson said he would still like an idea where the $89,000 to be cut is coming from. Members said they realized it will come from the SAU budget but wanted to know what line or lines would be reduced.
Mrs. Morin said the board voted to cut $89,000 to make it equal the amount that Middleton will not be contributing. There was a suggestion made but nobody said where to take it and there was no vote taken to determine where it will come from she said.
Mrs. King said Superintendent Steve Welford suggested the amount be taken from the bottom line. Mrs. Morin then pressed the board for suggestions on where to cut the amount. Mrs. King said she made a suggestion but the board did not vote on the suggestion and just left it at taking that amount of money out of the budget.
Mr. Henry suggested a motion could be made at the Deliberative Session after more information becomes available. He added the SAU/School Board would be meeting on Tuesday.
Mrs. Morin said the budget would be on the agenda because they have to make more cuts. When Mr. Henry questioned the cuts as the budget has already been presented to the Budget Committee, Mrs. Morin said they have to find the $320,000 in insurance savings that will not be realized somewhere else in the budget. She said they would be looking at cutting $410,000 (the $89,000 not received from Middleton in the SAU budget plus the $320,000 not realized from insurance savings) but she did not think anything else in the budget could be cut.
Mr. Henry said the money is already cut from the budget so the school board would basically be moving lines around at this point. Mrs. Morin said they have to go through the budget to find the money removed but can’t change the bottom line as presented to the committee.
**Motion:** (Freeda, ) to add $350,000 to the bottom line to cover the health care and some of the $89,000 that no one can find.
The motion failed due to the lack of second.
**Warrant Articles:**
***Article Three***- to raise and appropriate $15,756,816 for the operating budget .
**Motion:** (Connolly, second Cataldo) to approve Article 3 passed 5-2.
***Article Four***- to approve the Paraprofessional collective bargaining agreement for 2016-17($94,753) and 2017-18 ($20,501).
**Motion:** (Arcouette, second Freeda) to accept Article 4
Discussion included the total number of paras (47 currently, 42 next year),how many hours they worked (5.75 hours daily), the number of hours worked is not included in the agreement, cost breakdown of the contract, problem solving method of negotiating, changes/corrections to the step levels, proposed first year raise is 50 cents, second year raise is 25 cents, amounts reflect an approx. 3% raise for the top of the wage scale and about 5% for those at the bottom, a $500 increase to longevity payments, an employees with a break in service will not lose the number of years previously worked when they return, contract awards steps to paras that voters previously rejected, the tax impact is 22 cents, the district is getting grieved by the union because some members are not paid equally for comparable experience with a new hire, how many people have left due to the pay scale and how much trouble is it to replace them.
The motion passed 4-2-1 (Titus abstained).
***Article 6***- to authorize the School Board to enter into a four year lease agreement for $80,320 to lease a school bus for pupil transportation and to raise $20,080 for the first year of the lease. The lease has an escape clause.
**Motion:** (Arcouette, second Titus) to approve Article 6
Discussion: tax impact is 5 cents, stop leasing and start building Capital Reserve funds to purchase needed items, current Capital Reserve has $6,600, the plan is to lease to own the bus.
The motion passed unanimously.
***Article 7-*** to raise and appropriate up to $50,000 to be placed in the Outdoor Athletic Facilities Capital Reserve Fund to come from the June 30, 2016 unassigned fund balance. No amount to be raised from taxation.
**Motion:** (Henry, second Johnson) to move for discussion
Discussion: the School Board discussed the article but did not vote on it, the board may take action at their next meeting, the Buildings and Grounds Fund ($26,800) would give the board more flexibility as to how the money is spent, this fund could be used for roof repair if needed, the wording in article can’t be changed and the Budget Committee can post a meeting before the Deliberative Session to vote on the matter.
**Motion:** (Johnson, second Connolly) to table Article 7 passed unanimously.
Chairman Titus said she will post notice of a meeting to be held on Jan. 30 at 8:45 a.m.
Ms. Verville said to properly warn the voters by the statutory deadline the warrants and related documents have to be signed and posted by Jan.25.
Mr. Johnson asked if the School Board intended to take this action and put the funds in the Outdoor Facilities Fund.
Mrs. King said that was the recommendation by the administration and the board discussed it but took no action.
Mr. Freeda asked if the committee could give a conditional approval stating if the article appears with the Buildings and Grounds Fund we approve; if it appears with the Outdoor Facilities Fund we don’t approve it. Mr. Johnson suggested the committee could vote to not recommend the article and then if there was a clarification with the changes made to the warrant article, the committee could hold a meeting and vote to change its recommendation.
**Motion:** (Henry, second Johnson) to un-table Article 7 passed unanimously.
**Motion:** (Henry, second Connolly) to recommend Article 7 as written failed 0-7.
***Article 8***-to require that the annual budget and all special warrant articles having a tax impact shall contain a notation stating the estimated tax impact of the article.
**Motion:** (Connolly, second Titus) to recommend Article 8 passed unanimously.
 **Adjournment**:
**Motion:** (Titus, second Connolly) to adjourn the meeting passed 7-0 at 9:05 p.m.

Respectively submitted
Kathleen Magoon
Recording Secretary