Town of Farmington
Budget Committee Meeting Minutes
Wednesday, November 16, 2016

**Committee Members Present:** **Committee Members Absent:**
Stephen Henry, Chairman Stan Freeda, School Board Rep.
Sylvia Arcouette, Vice Chairman Alex Morin
Neil Johnson, Selectmen’s Rep.
Elizabeth Johnson
Jodi Connolly
Angie Cardinal, Alt. School Board Rep.
Tim Brown
Sam Cataldo

**Others Present:**  **Others Absent:**
Laurie Verville, SAU Business Administrator Arthur Capello, Town Administrator

**1). Call to Order:**
Chairman Henry called the meeting to order at 7 p.m.

**2). Pledge of Allegiance:**All present stood for the Pledge of Allegiance.

**3). Public Comment (10 Minutes):**A). Resignation - Chairman Henry said that he had received a letter from Alex Morin informing him that Mr. Morin has resigned from the committee because he is moving to Vermont.
Motion: (Connolly, second N. Johnson) to accept Mr. Morin’s resignation passed 7-0-1 (Cardinal abstained).
B). Wage Increases - Mr. Johnson said resident Linda McElhinney came to the meeting last month and questioned the salary differences from what was approved by voters at Town Meeting. He said he responded to her by e-mail on Nov. 3 and wanted to tell the committee that what he had supposed at that meeting was in fact what had happened. Selectmen set the budget at one number for salaries and then put aside approx. $20,000 for potential wage increases for Town employees. Once the budget was approved, Selectmen decided who would get raises and at what percentage for each employee. The percentage increases were moved into the salary lines of those individuals and the wage adjustment line decreased but since it wasn’t expended from the wage adjustment line it shows 100 percent left in that line. He said the amount was transferred to the salary lines and expended from the salary lines as each check is cut for each individual. That is why the percentage in the wage adjustment line isn’t updated although the amount has changed. This way there are no double expenditures he said.
Mr. Henry asked if the Town has adopted a merit percentage system instead a flat percentage across the board for wage increases.
Mr. Johnson said the Town has adopted a merit system for percentage increases.

**4). Review Minutes:**October 26, 2016 – Page 2, item 6, School District General Fund budget, bottom of the page- add the following: “Mr. Henry clarified that Café Services was the School District’s food service provider throughout the 2015-16 school year so the additional costs incurred were employee benefits and salaries prior to switching to Chartwells and as a result of the labor hearing. They had originally budgeted for cafeteria staff not as employees but as a contracted service and they ended up being employees for that school year he said.”
Motion: (Johnson, second Connolly) to approve the minutes as amended passed unanimously.

**5). Review School Reports:**Chairman Henry questioned why the liability insurance from the previous budget was overspent by “quite a bit”.
Ms. Verville said they received a proposal from the NH Primex risk pool program and provided the information to the School Board. The premiums came in much higher than expected and were not budgeted for so the board approved payment of $62,000 from last year’s budget toward this year’s premium. When we looked the workers’ comp., unemployment and property liability we come out within the budget she said.
***All Funds- Revenue Report*** *–* Ms. Verville said the report has been updated to reflect the district’s current appropriation now that the tax rate has been set.
Page 1, Line 15, Adequacy Aid- The district is receiving less aid money in part because of Middleton’s withdrawal from the district. This year’s revised budget is $6,093,603 as opposed to last year’s $6,375,406 in actual revenues received. The other part of the reduction concerns the reconfiguration of the stabilization formula in July when the court system looked at how the formula is calculated which has an effect on all the schools in the county she said.
Mr. Johnson asked how much the aid has been reduced.
Mr. Verville said the actual aid received is reduced by about $275,000.
She then highlighted the following revenue sources:
Page 3, Federal Revenues, Line 48 and Line 49, Fresh Fruits and Veg. Program Valley View and Henry Wilson – The program is in place but no revenues have been collected yet.
Line 51, ERATE- Restricted- The district now records this as a special revenue. Approx. $26,841 has been received from the Universal Fee Fund for telecommunications collected nationwide that goes toward equipment such as routers and servers and is not used for staffing.
Mr. Henry asked why the district only received $4,600 from this revenue program last year.
Ms. Verville said there was a lag in receiving the funds last year and the remaining funding from last year shows up in this year’s budget. The district will see some more money in April and again next June. The line looks inflated because of the timing but it is a restricted fund balance she said.
Mr. Henry asked if the funds could be used to purchase classroom computers.
Ms. Verville said the funds could be used for that purpose.
Page 4, School Lunch Programs- Ms. Verville said no revenues have been collected for these programs but that does not mean that sales are not up or that the program is not working well. It’s a matter of getting the reports submitted to the Bureau of Nutrition she said.
Mr. Henry asked how the monies are looking with the new food service company.
She said Sept. was a little slow but Oct. was a little better with increased meal counts. They plan to start comparing this year to last year but the only accurate comparison will be at the high school level because there were more students at the elementary level last year.
Mr. Henry asked if the cost for food service management is a flat fee.
Ms. Verville said it is flat fee which has to be approved by the Bureau of Nutrition to ensure that the fee is reasonable.
***YTD Expenditure Report- Grants Special Revenue Funds-***Ms. Verville said the district will receive some additional School Improvement Grant money as the Dept. of Education is extending the term of the SIG money through next year. Some of the money will be tangible and some of it will be in the form of training and workshops she said.
Mr. Henry asked how the accreditation plans were affected since being pushed back to 2019.
Ms. Verville said it was pushed back to 2018 and there has been a lot of discussion on the plans but she could not report any of the details as she is a “behind the scenes” person for the plan.
Mr. Henry said the accreditation was being paid for from the SIG money and asked how the program will be funded after the SIG money runs out next year.
Ms. Verville said the Superintendent has received information from the Dept. of Education that they will not be paying for accreditation through grant monies. She suggested the Superintendent attend a future Bud Com meeting to discuss the matter.
Page 19 and 20, 21st Century Learning Center (FAMEE after school program) – Ms. Verville said the approx. enrollment in the program is about 100 students.
Mr. Brown asked how personnel are paid after the program went from being managed by an outside vendor to being managed by the school district.
Ms. Verville said the Program Director has always been paid as part of the grant. The program is now recognized by the School District so it comes under the School District‘s liability, workers’ comp. and staffing management. Those employees are covered under the grant including the 2 site coordinators and the Director. Any additional money for Paraprofessionals who work 40 or more per week will come from the general fund. The plan is to expend the entire grant and then pay the remaining expenses from the general fund she said.
Mr. Brown asked if the employees are school dept. employees or contracted employees and what line contains the funds to pay those expenses.
Ms. Verville said they are school dept. employees.
Ms. Connolly asked where the expense will be shown in the budget after the grant is expended.
Ms. Verville said it be under expense to Para educators lines.
Ms. Cardinal said the only overages the board will take from the general fund relate to the Para’s and don’t relate to the Director or the site Coordinators.
Mr. Brown said that there is a revenue source that is funding a position and a voted expenditure in order to spend that money. He asked if there should be a line item to show the revenue is coming in and the employees are being paid from that line item.
Ms. Verville said Line 499, Salaries, 21st Century Program includes the site Coordinators and the Director. Several teachers are included in Line 500 but they have not created another line in the general fund yet to show the shortage that will have to be picked up through those funds.
Mr. Johnson asked he didn’t see any entries in the federal grants revenue for the FAMEE money.
Ms. Verville said it is not captured on this report but is found in the revenue report. Next month page 3 of the All Funds Revenue Report it will have a revenue line depicting the 21st Century Program and the grant number she said.

Mr. Johnson asked if there would be offsetting expenditure lines in the Expenditure Report showing the expenditures for the Director/Coordinators under the FAMEE heading.
Ms. Verville said FAMEE is included as the 21st Century Grant on lines 499 through 535 in the expenditure report.
Mr. Henry asked if the committee should expect lines to be overspent in the grant revenue fund report or the general fund report.
Ms. Verville said they could expect the lies to be over spent in the general fund report.
Mr. Henry asked if the Director now falls under the NH Retirement program.
Ms. Verville said that he is now included in the retirement program and the cost is included in the grant.
Mr. Henry asked if the amount of the grant increased to cover the retirement cost.
Ms. Verville said they took carry over grant money from the previous year, put it all together and re-wrote the grant.
Ms. Verville said the grant won’t cover the cost for the Para’s overtime and medical coverage.
Mr. Johnson then asked about the previous fiscal managers of the program.
Ms. Verville said CAP was the first fiscal manager of the program followed by the Health and Safety Council.
Mr. Johnson asked which administrator wanted to increase their fee to manage the program.
Ms. Verville said that was Community Action Partnership. She added that the School Board had always felt that FAMEE was part of the School District programs and voted to indicate it is a school district program so it falls under everything the other school district programs come under.
Mr. Johnson said the reason the Selectmen were given for the School taking over the FAMEE program was because the fiscal agent wanted more money to run the program.
Ms. Cardinal said that was reason for the first change from CAP to the Health and Safety Council. They were the administrators for about a year and a half. The second change to the School District was for liability insurance coverage she said.
Ms. Verville said there wasn’t any evidence the district was covered under Health and Safety Council for liability.
Mr. Henry said the Health and Safety Council could have gone to the insurance market to find liability coverage for themselves.
Ms. Verville said there was no effort by the Health and Safety Council to try to find coverage.
Mr. Johnson asked how much CAP wanted to increase the administration fees.
Ms. Verville said she believed it was about 15% to 18% above what they were getting to oversee the program.
Mr. Johnson said the program allowed for up to $8,000 to administer the program and asked if the budget line went up 15% which could bring it up to $9,000 or $10,000.
Ms. Verville said she thought it was actually a lot more but was basing her statements on information relayed to her by someone nearly 2 years ago and that she has not seen any hard copies of the history of what the actual costs were.
Ms. Connolly said she would like to see the difference in costs for all of the “extras” such as the extra time for the Para’s, overtime and the benefits paid.
Mr. Johnson suggested those costs are about $77,000.
Ms. Cardinal said that is the projected worst case scenario which would involve all of the Para’s receiving the maximum in benefits which may not be the case. She added that once the line starts to be expended the School Board will have a better idea of the where the budget is trending.
Ms. Verville said they will provide the information to the committee. She added the Superintendent did some research regarding the type of work the Para’s do during the day, as defined by the Collective Bargaining Agreement, that are still being performed by them in the afternoon so the district can’t pick and choose which rate they will be paid.
Mr. Brown said that if a school employee is employed by a contracted service, which is a different employer, then the Collective Bargaining Agreement does not apply.
Mr. Henry asked if the grant specifies how much the program employees are to be paid and if those wages are in excess of what they are paid during the day.
Ms. Verville said the grant does specify the amount the Para’s are to be paid and the rate is not in excess of what they are paid during the school day.
Mr. Henry said he was told the grant specifies a wage of $15 an hour for the Para’s but he recalled that the Para contract starts at just over $10 an hour.
Ms. Verville said the Para’s agreed that if they worked with FAMEE this year they would do so at $15 an hour and that helped to mitigate some of the costs as well.
Ms. Cardinal said the Para’s are above the $10 step of the pay range for the position.
Mr. Henry said he was not looking at the people who are there now but at who could be in the position itself. We could have someone making $10 an hour during the day and then move them into FAMEE and have to pay them $15 an hour he said.
Mr. Henry then asked if there was a Para making $10 an hour during the day would they be prohibited from working for FAMEE for $15 an hour.
Ms. Cardinal said the CBA guarantees a certain wage while the FAMEE grant caps the wage at $15 an hour. Individuals’ wages are set upon being appointed to the FAMEE program by the School Board she said.
Mr. Brown asked if the FAMEE hours worked by the Para’s could become overtime in some cases.
Ms. Verville said there will be some overtime that they have factored into the budget.
Mr. Henry asked if overtime for part time positions begins at 36 or 40 hours a week.
Ms. Verville said overtime begins at 40 hours a week.
Mr. Brown said that being new to the committee, he went to the School Board minutes to do some research and get caught up with the board as he does not have time to go to every board meeting. He said the minutes posted on the website go back to the beginning of the fiscal year in July. He said that it was difficult to prepare for a budget without having the tools to go back and look at meetings and requested that this be fixed to include the minutes from July to now.
Ms. Cardinal asked if he requested the minutes of the meetings.
Mr. Brown said he requested the minutes be updated on the website in an e-mail to the Superintendent.
Ms. Cardinal said having the minutes online on the website is optional and due to the elimination of the Assistant to the Superintendent position, this is one task that is in limbo. She added that per the Right to Know law, requests for minutes will be fulfilled within the timeframe allowed by law.
Motion: (Brown, second Connolly) to have the SAU provide the minutes from July 1 until now to every board member so they can review the minutes and the expenditures if they don’t want to put them up on the internet at a much cheaper cost.
Discussion- Ms. Verville said it is not a matter of not wanting to put the minutes online, but a matter of having lost 2 positions in the SAU office and having enough hours in the day to accomplish all of the tasks.
Ms. Cardinal said as School Board Secretary it is within her jurisdiction to get the minutes to the members upon request and said she will make it happen.
Discussion included it is easier and cheaper to upload the minutes electronically than to print copies, if a School Board member has access to upload the minutes, potentially creating an image of the lack of transparency, the minutes are available by state law but no one wants to pick up hard copies at the SAU, it takes less time to post the minutes than to respond to several e-mail requests and if the School Board meetings and agendas are being posted online.
The motion was amended to request the minutes in electronic or hard copies by Mr. Brown.
Ms. Connolly added the copies should be received before the committee’s next meeting on Dec. 13th and then seconded the amended motion.
Vote- The motion passed 6-1-1 (Johnson opposed, Cardinal abstained).
*General Fund* - Ms. Verville said there have been 9 teachers, 3 Para’s, 1 administrator and 1 secretary hired through the course of the year. She said none of the positions are new positions and represent existing vacant positions being filled. The recently created ELO position is currently vacant but interviews are underway she said.
Mr. Henry asked for a description of the ELO position.
Ms. Verville said the Extended Leaning Opportunities position is a hybrid of the Transition and Guidance positions.
Ms. Cardinal said the position is intended to bridge the gap between school and employment.
Mr. Johnson asked if this position is the Transition Specialist the board removed last year which has just been re-titled.
Ms. Verville said the position has an entirely different job description.
Mr. Johnson said he recalled the position does the same thing as the Transition Specialist- handle the transition from school to work.
Ms. Cardinal said she has not read the job description for the position but noted the position was reduced to part time Transition/ Guidance Counselor before the board voted to fill the position. Mr. Henry said it was his understanding that position requires a Master’s Degree so that work performed by students could count toward course credits at school and that a specific program would be created for each student. Some schools refer to this type of program as a co-op program he said.
Ms. Verville said the committee will see some negatives in the report but they will also see some significant savings such as from the reconfiguring of staff positions to fill vacancies in another building as shown on page 10, Lines 267 and 268 and some of that money has gone to fund the ELO position.
Mr. Henry asked if the savings in the line items is due to hiring new people who are being paid lower wages.
Ms. Verville said there is one less Guidance position each at the Henry Wilson School and the high school. She added one person moved over to Valley View and her position at the Henry Wilson School was not filled.
Mr. Brown asked who the district is using for a phone vendor.
Ms. Verville said they using First Light and are looking to change vendors for better service and more reliability.
Mr. Brown said it seems the Town and School District are spending a “phenomenal” amount of money on phone service and asked if the district has considered a shared phone service contract with the Town.
Mr. Henry added the school phone system is a larger system which could result in less cost per line.
Ms. Verville said the district is currently looking at the Town’s vendor (BayRing) as a potential vendor for the district.
Mr. Henry asked if the contract would a collaborative contract or just 2 entities that happen to have the same vendor.
Ms. Verville said they have to look at the numbers that have come in and check to see where they stand with the existing vendor first. She added the figures are locked in for 5 years.
 Mr. Brown said that in Middleton they leased internet band width from MetroCast and noted the Town and School District are town entities and currently receive free internet service from MetroCast. He suggested there could be a reduction in cost for internet phone service provided by them.
Ms. Verville said she would take a closer look at Mr. Brown’s suggestion.
Mr. Johnson recalled that the district got a cheaper rate for phone service with the current vendor than any offer from MetroCast when the matter was under consideration 2 years ago. He said that only the basic internet bandwidth is free and that the Town upgraded to commercial level bandwidth 2 years ago. The School District has exceeded the capacity of their commercial level bandwidth so there is no benefit to going with MetroCast. He said due to the competition with TDS a lot of things the Town used to get for free are no longer free because state law prohibits any advantage by one internet service provider over another when providing services to the Town he said.
Mr. Brown asked about when the state retirement program increases would take effect.
Ms. Verville said they would take effect in the next year’s budget.
Mr. Johnson asked about the number of non-teaching positions currently in each school as compared to the number of non-teaching positions when Middleton was part of the school district. These positions would include principals, vice principals, counselors, secretaries, support services and any other administrative positions he said.
Ms. Verville will ask the Superintendent to reply to Mr. Johnson’s request for information.
*SAU Business Office- Final Expended Through 6/30/16 –* Mr. Henry said he noticed that the final budget was negative and asked if the SAU can keep a “bank account” while the School District could not.
Ms. Verville said the “unassigned fund balance” has pretty much been absorbed and depleted.
Mr. Henry said that up until recently the School District couldn’t retain money and had to return to the taxpayers and the SAU could retain money in a bank account which has been depleted.
Ms. Verville said that on page 1 the salary lines show where the money went.
Mr. Johnson noted that some of the funds also went to attorney’s fees.
Mr. Henry he had previously asked about Milton’s contribution to the football program and received an answer at the last School Board meeting. He said currently there is no formal agreement to require that Milton contribute anything to the program. Milton has contributed some supplies or equipment to the program but there is no agreement requiring them to contribute any amount of money or in kind supplies to the program at this point he said.
Ms. Cardinal said the School Board directed the Athletic Director to look into this for future seasons. Currently Milton sends one player for only one season for athletic credit she said.
Mr. Henry said it is currently just the football team because there were not enough interested students to fill other teams. There may be opportunity to create some soccer teams between the 2 schools in the future he said.

**6). Review Town Reports:***Actual & Anticipated Revenues- Parks & Rec. -* There were no questions/comments on this report.
*Actual & Anticipated Revenues – General Fund –* Mr. Johnson noted that revenues are up slightly with car registrations being the primary source of the increase.
Mr. Henry asked if there has been much of an increase in building permits.
Mr. Johnson said there has been enough of an increase to pay the Building Inspector’s salary without having to supplement it with money from the general fund.
*Actual & Budgeted Expenses & Encumbrances – General fund* – Mr. Johnson said that generally speaking the town is still under budget. There were some over expenditures to some lines for building repairs and maintenance and the addition of an ADA compliant bathroom on the second floor of the Municipal Building.
Mr. Henry asked what the second floor was being used for.
Mr. Johnson said the state DOT is renting an office space for the next 18 months at $500 a month while the Main Street Bridge is being replaced.
Mr. Henry asked about the cost for the new bathroom.
Mr. Johnson said it is less than the $9,000 the Town will receive for rental of the space. He said the Town was required refurbish the bathroom to bring it under ADA compliance before the state offered to rent the space. The rental did not require any construction and involves only one portion of the office space upstairs in the building he said.
Mr. Johnson said the legal expenses are way over what was budgeted due to the collective bargaining agreements for the new DPW and Police Dept. contracts and several pending lawsuits.
Mr. Henry asked if the legal over expenditure was expected to grow a lot more or a little over the rest of the year.
Mr. Johnson said he expected the overture to increase a little as they do not expect any major increases in legal costs as there is not much activity with the law suits until they come to court. The CBA are still being worked on so there may be some additional expenses there he said.
Mr. Brown asked if historically if the Town usually incurs about $50,000 in legal costs each year.
Mr. Johnson said the default amount for the legal line was $50,000 which was increased last year to $60,000 and the Town has typically spent more than that on legal expenses.
Mr. Brown asked if it would be more cost effective for the Town and School District to share legal counsel as an employee.
Mr. Johnson said sharing legal counsel is probably not a smart idea although they both have used the same law firm at the same time in the past.
Mr. Brown acknowledged there could be conflicts to sharing counsel, but noted that as costs increase at some point it will be cheaper to hire a lawyer as an employee with a $30,000 benefit package than it is to pay an attorney $250 an hour.
Mr. Johnson said the Town has options Selectmen are currently looking into but would not discuss the details of those options.
Mr. Henry suggested school administrators see the large legal expenditure on the school side as an anomaly and that it won’t be the norm going forward.
Ms. Cardinal then asked what the occupancy is for the second floor of the Municipal Building.
Mr. Johnson said there is no occupancy at this time.
Ms. Cardinal asked if any of the Town Depts. use the space.
Mr. Johnson said the Cable TV Coordinator uses a small space for storage of equipment.
She asked what the capacity is upstairs.
Mr. Johnson said he did not know the maximum capacity but noted that at one time the SAU office occupied the space.
Mr. Brown suggested the capacity would be based on the use of the space.
Mr. Johnson added the interior walls are temporary walls.
Ms. Cardinal said she intends to request a tour of the space at some future point.
Mr. Johnson described the space as mostly used for storage with an additional meeting room that is used for meetings when the Selectmen’s Chambers are in use, but it is not equipped for TV broadcasts. He said the plan is to renovate the space to make better use of it as funds become available.
Mr. Henry asked for news on the progress of the new Public Safety Building.
Mr. Johnson said there has been great progress with the bay doors, windows and exterior doors installed, the interior ceiling drywall is complete, the foam insulation has been applied to the attic area, the fire suppression system is installed, the sprinkler system is installed, the framing for the office spaces is completed, the roof is complete, the 2nd floor is framed, the grading of the lot is finished, the coarse layer of asphalt will be laid within the next week and the bollards are in place. The project is about $106,000 under budget and about a week ahead of schedule. Most of the work from this point on will be interior and expected to be complete by the first week in February he said.
**7). Old Business:**
Mr. Henry said the committee has open seats and urged interested residents to fill out an application to become a member at the Town Clerk’s Office or online.

**8). New Business:** None.

**9). Any Other Business before the Committee**: None.

**10). Public Comment:**Mr. Johnson said that last Monday the Selectmen set the tax rate for the Town. Last year’s rate was $25.09 and this year’s rate is $25.03. The Town bought down the tax rate by 59 cents with $250,000 out of the unexpended fund balance. The breakdown of the new rate is as follows;
Town - $6.47, State School - $2.43, Local School - $13.31 and the County - $2.82.
Mr. Henry asked if the rate includes the bond for the Public Safety Building.
Mr. Johnson said the bond for the building doesn’t come into effect until next year. He said the first interest payment is due in February and the first full payment is due in September.
Mr. Henry asked what the anticipated tax impact of the bond.
Mr. Johnson said the estimated impact is 54 cents the first year but preliminary estimates project it will be significantly less than that.

**11). Next Meeting:**December 13, 2016 at 6 p.m. in the Municipal Building - Presentation of the proposed School District budget
December 28, 2016 at 7 p.m. in the Municipal Building – regular monthly meeting.
Packets will be delivered to the committee the week after Thanksgiving.
The School Board will review their budget proposal at their next meeting on Monday, Nov. 21, 2016.

**12). Adjournment:**
Motion: (N. Johnson, second Connolly) to adjourn the meeting passed unanimously at 8:15 p.m.

Respectively submitted
Kathleen Magoon
Recording Secretary

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Stephen Henry, Chairman