

**CITY OF FRANKLIN BUDGET WORKSHOP  
JUNE 7, 2011**

**Call to Order**

Mayor Merrifield called the meeting to order at 7:00 p.m. in the Council Chambers, Franklin City Hall. Salute to the Flag was said.

**In Attendance**

School: Superintendent Ward, Business Administrator O'Neill, Karen Grzelak, Donna Gilbreth, Al Warner and Kathy Russo.

City: Mayor Merrifield, City Manager Dragon, Councilor Andreozzi, Councilor Sharon, Councilor Bowers, Councilor Audet, Councilor Feener, Councilor Trudel, Councilor Starkweather and Councilor Clarenbach.

Absent: Councilor Boyd

**School Budget Presentation**

Mr. O'Neill explained the process that was taken to develop the budget being presented. He stated normally most would take last year's budget and add or subtract from that, however, instead they began with a blank paper and generated a budget very detailed (200+ pages) with every expenditure/detail listed. Through the process they learned what they needed and in some cases what they did not need. Everyone put together a budget of needs and wants for the first run of the budget but unfortunately that budget turned out to be about 1.9 million above this year's budget. The main increases in that original budget were wages \$443,000, health insurance \$150,000, retirement \$390,000, outside service costs \$220,000, tuition \$73,000, books \$31,000 and computers/tech \$220,000 which accounted for approximately 1.3 million in increases. After that an accurate and sustainable revenue projection was generated. In that projection the actual amount in tuition that would be received from Hill was used, amount from E-Rate was utilized, Catastrophic Aid, and determined the projected revenue would be approximately \$15,241,924. Looking at that number and having a 1.9

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million dollar difference between that number and what was budgeted, it became apparent that drastic changes would need to be made and the School Board requested the office come back with a couple of possible solutions to reduce the budget a more reasonable level such as within 1 ½% to 2 ½% increase over what was received from the City the year before. He stated with a shortfall in revenues of \$240,000 it was realized that this budget would have to be brought in at a level less than what was brought forth last year.

Mr. O'Neill stated with collective bargaining agreements, healthcare costs, pension costs, etc on the rise it was realized some substantial cuts would have to be made in order to achieve that goal. A plan was put together that would have called for elimination of sports, high school transportation, books, technology, building maintenance and still came up short on the number that needed to be reached. It was then suggested that some classrooms could be consolidated and close Bessie Rowell School which would help to save money, it would reduce a nurse, reduce cafeteria workers, reduce custodial staff and reduce utility costs. This plan was not the most favored plan but the most reasonable plan and got the budget closer to where the budget needed to be. This plan did save some positions but still reductions in positions with the closing of the school. Closing Bessie Rowell brought the budget down to \$15,352,635 which is an overall decrease of \$129,641 from the prior year. Through the process they learned they need to spend more money on technology, books and educating the children. Public meetings were held to receive input and it was decided the budget being presented to the Council is the best option for the District.

Each line of the Projected Revenues was reviewed (attached). Councilor Bowers inquired if the 2010-2011 Updated Estimates for Revenues as of March 31, 2011 in the amount of \$14,923,273 is that the amount of revenues being estimated for the end of the year. Mr. O'Neill stated that is correct. Councilor Bowers commented where it shows \$240,551 less than last year, that figure seems to be inaccurate. Mr. O'Neill responded that is comparing budgets. Councilor Bowers responded then you are actually increasing your revenues by almost \$300,000

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this year over that number. Mr. O'Neill stated that is correct and that is mainly coming from the Ed Jobs \$212,000 and \$160,000 from the E-Rate.

Councilor Feener asked why there was a drop in SPED Tuition from other Leases from \$98,542.97 to \$37,500.00. Mr. O'Neill advised there were fewer students that the district had shared responsibility for.

Mr. O'Neill advised if he takes the total revenue projection of \$15,241,924 against the proposed budget of \$15,352,635 and budget adjustments of \$6,815 that have occurred over the past few weeks (moving positions around) being over budget in debt service, added some additional summer school so there was a decrease of \$6,815 in the budget so the adjusted proposed budget comes to \$15,345,820 and was adopted by the school committee. There is a projected funding shortfall of \$103,896.00 and would be requested from the City. Mr. O'Neill stated he has seen the tax cap calculation and if a 1.5% COLA were used that would give the school \$65,141 increase so the actual increase is \$38,755 greater than the COLA. The custodial contract that was passed, those numbers are not in this budget presentation and that is an additional \$9,102.00 for the current year. Councilor Feener commented that when that contract was passed, the Council was told it would cost a \$7,000 less. Mr. O'Neil commented that is correct because if it had not passed it would have been \$16,000 more but because the health insurance costs sharing has been adjusted. Mayor Merrifield commented then your budget did not reflect that status quo. Mr. O'Neill stated the budget did not reflect any affects of that contract change. Councilor Andreozzi clarified, are you saying that in the budget you put nothing for custodians, and Mr. O'Neil stated that is correct. Councilor Andreozzi commented now that it is known how much it is going to cost, the \$9,102 will need to be added.

Councilor Bowers inquired about the grant funding for next year; is there a budget for grants next year. Mr. O'Neill stated they do not have that information yet. Councilor Bowers asked what the total amount of grants was for this year. Mr. O'Neil stated approximately 2.3 million. Councilor Feener asked on the E-Rate is that an 80% reimbursement. Mr. O'Neil answered it is an 80%

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Reimbursement for all communication costs, internet access fees, telephone charges, and wires added for technology. Councilor Feener stated in the expenditure budget there is about \$200,000 for communication improvements. Mr. O'Neill stated that includes internet access, and telephones and about \$130,000 for improvements which will cost the District about \$15,000.

Mr. O'Neill commented on the proposed budget by Function and why that is helpful is it breaks down where your actual increases/decreases are. Overall regular education is about 35% of the budget and has been reduced by \$51,395. Special Education was reduced by \$174,908 which is driven by out-of-district placements. Councilor Bowers commented that this is comparing budget to budget but what about the actual for this year. Mr. O'Neill stated he is comparing budget to budget because there were certain accounts that were overspent and have tried to mitigate for next year and the one most outstanding is substitute teachers. All lines in the Function Proposed Budget were reviewed and are attached.

Councilor Bowers asked about the SAU Budget of \$746, 978 and how much of that amount is salary. He asked if any staff was reduced in the SAU. Mr. O'Neill stated the assistant was reduced and took a Franklin employee and moved her into the SAU and put a grant position in the SAU. Councilor Bowers asked how this SAU budget compares to other communities of similar size. The Newfound budget is about \$200,000 more and is comparable in number of students. Councilor Bowers asked if closing down the school and maintenance for the school is included in the building and grounds line. Mr. O'Neill advised it does include that. Mayor Merrifield asked if there is an actual amount that is ongoing for the maintenance of Rowell. Mr. O'Neill stated it was estimated to be between \$10,000 and \$15,000, the building will not be heated, it will be winterized and drain the pipes. Councilor Clarenbach inquired if there is any savings with the closing of Rowell in transportation and Mr. O'Neill stated they looked at that but because they are charged per number of busses there appears to be no savings as it is a flat fee per bus. The total proposed budget for general fund by function is \$14,270,403 which is a reduction of \$512,887. Food service shows an increase of

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\$12,747 due to food cost increases. Additional items line represents two part-time turn-around specialists and pension funds and the pension funds were budgeted as if the State would be nothing. Councilor Feener inquired as to what turn-around specialists are. Supt. Ward explained these specialists will work with the teachers on the curriculum.

Councilor Bowers summarized the revenues have been increased by \$300,000 on what is existing this year, and if you take the actual budget compare to the actual budget for this year, it roughly \$330,000 less so that means this budget is only \$330,000 less than last year but yet we have a school closing. Mr. O'Neill commented what you are comparing is actual numbers for the ~~1~~2011 school year versus what is being looked at for the budget and he advised they have been saving all year because of a revenue shortfall but some of those savings will not be repeated next year. Councilor Bowers asked what a total would be for steps and cost of living increase. Mr. O'Neill advised a contract was not reached with the teachers so there is no increase there, the support staff which is about \$65,000. Councilor Feener inquired as to what the savings was in cutting back on the hours for the teacher assistants and was advised the amount saved was \$280,000. Councilor Feener commented that he does not see that reflected in the Budgeted 10-11. Mr. O'Neill advised that most of the savings came from a reduction in benefit costs not reduction in hours. The total proposed budget by function is \$15,352,635.

Councilor Bowers inquired if there is a list of the grants the school receives. Supt. Ward stated she can provide a spreadsheet showing last year's grants, this year's grants and grant that the district will be losing.

The Sorted by Object Budget was also reviewed and is attached. Mr. O'Neill commented overall salaries/wages are down \$415,000 due to a reduction in force. Books and Software was increased. Each line was reviewed. Total proposed budget by object \$15,352,635.

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Councilor Starkweather inquired as to when their books should be reconciled. Mr. O'Neill advised that is almost complete and next year it should go very smoothly as the City and the School District will have the **same** audit firm.

Finance Director Milner advised the District's proposed appropriation is \$4,389,370 for fiscal year 11-12 which is an increase of \$46,640 and if you take out the contract for the custodians the bottom line gap down is \$66,358. Mr. O'Neill commented the \$66,358 would be the overall projected funding shortfall. Director Milner commented if you do the tax cap calculation based on the traditional way that the tax cap calculation has been done over the years; the additional piece to the local piece of the school budget would be \$67,322 which is in the Manager's proposal. However, the State Education piece was reduced by approximately \$20,000 which nets to the \$46,640 which was just discussed. Councilor Feener clarified the \$66,358 means the State is not going to do anything with the retirement and will keep it at zero. Mr. O'Neill answered that is correct. Councilor Feener commented that if the State puts it back in at \$268,000 the District would have an extra \$200,000. The consensus was the State may put something back in but not \$268,000.

Councilor Feener advised the school that the information provided is a thousand percent better than what was offered last year at budget time. He thanked everyone for their explanations and knowledge.

***Motion made by Councilor Feener to adjourn; seconded by Councilor Bowers. All in favor, meeting adjourned at 8:10 p.m.***

Respectfully submitted

Sue E. May