

Unofficial

BUDGET COMMITTEE MEETING

Hooksett Town Hall

35 Main Street

Thursday, October 27, 2011

6:30 pm

CALL TO ORDER

Pledge of Allegiance

ATTENDANCE

M. Miville, D. Pearl, K. Hughes, T. Lizotte, J. Hyde, F. Bizzaro, JR Ouellette, T. Dumont and G. Smith.

Absent: Central Water Precinct

Excused: N. Haas, T. Keach

APPROVAL OF MINUTES

October 20, 2011

D. Pearl motioned to approve the minutes for October 20. Seconded by T. Lizotte.

Vote unanimously in favor.

Abstain: T. Dumont and K. Hughes.

PUBLIC INPUT

NEW BUSINESS

Budget Overview – Expectations and Goals

Village Water Precinct – Joe Hebert and Jim Lyons, Commissioner

M. Miville stated that the budget committee would like to know whether the Precinct will have representative participating on the Committee as an active member.

Joe Hebert stated that the emails were received and their lawyer is reviewing that document. Mr. Hebert asked the committee who they would like to present the Precinct.

M. Miville stated that a Commissioner should represent the precinct.

T. Lizotte stated that by not attending the Precinct is not violating any law. By attending, the Precinct will have a vote. It is not a legal obligation but rather a right.

M. Miville stated that the issue is to establish quorum.

Joe Hebert stated that the 2011 budget is going well and they do not foresee any rate increases.

Central Water Precinct- Did not attend

Hooksett School District – Dr. Littlefield and Karen Lessard

Dr. Littlefield: This time around, as we began the process, I was interested in where we stand and historically, where have our budgets gone and where do we stand compared to the rest of the State. I came to the district in 2006.

Per Pupil Cost comparison to the State Average was distributed.

2006 – 1281 less than state average

2007 – The state average has increased at a rate greater than our per pupil cost.

2005 – 2010 Hooksett has been able to maintain high quality services in outstanding facilities at much less than the State. We have 2400 students. We spent 1689 below state average. We are unquestionably delivering a better than average education for less spending.

Budgets over the years – 2006-07, 2008 each were above the default budget.

Since then, all budgets were below default. We are spending less than the average community and delivering more and budgets have been below default.

We are early in the budget process but I can share some things.

Adequacy aid is locked in for 2 years. We are not experiencing any loss in aid. The bad news is Hooksett is entitled to significantly more than we actually get. The legislator adopted a safe harmless clause that said your aid won't increase or decrease and that is to Hooksett's disadvantage. Our aid would be better if we got our full entitlement.

It is around 1.5 million dollars.

We have been meeting with Principals and cost centers to review budget request and have been pleased. They have all been adjusted downward. That will continue for a month. We are dealing with some things which are out of our control.

1. Cost shifting – The federal government is shifting costs to the State and the State to local communities. There are changes in State retirement system. The State was paying a percentage (35%) of the employer's contribution to teacher's retirement. In the last legislative session, it was reduced to 0. We are now picking up 100% of that rate which is \$146,000. We will have to budget \$146,000 in employer's contribution that was the State's responsibility. The Teacher's contribution has increased from 5% to 7%.
2. This is a negotiation year with teachers and support personnel. The last collective bargaining agreement locked in language for 3 years for teachers and 2 for support with wage reopeners in both subsequent years.
3. Health Insurance is generally bad news. I don't know the news this year. As part of the collective bargaining agreement in all three (3) districts we changed carriers and left the LGC and in the past five (5) years there was an average of 16% increase. We thought we could do better and changed to School Care which is the representative for Cigna. That shift from LGC to School Care paid for the teacher's contract and resulted in a no cost contract. We are starting with a much lower base with cost. When we signed on with School Care, they guaranteed our rates would not increase more than 10% this year (2012-2013 budget). Other Superintendents are expecting a 12% increase with School Care. Our employees are getting better coverage for less money. The other good thing with School Care

- is more efficient in rate setting and we expect a solid rate from their Board of Director's meeting on December 2nd and will have more accurate numbers.
4. High School Tuition – The bubble class is now going into the 9th grade. When you compare the senior's that will graduate to the freshmen going in, there is an increase of 54 students. The cost per student has not been set. Manchester has until November 1st to give that estimated rate.
Current Base Rate - \$8300/student plus capital cost of \$2000.
 5. Special Education – I think I have good news. The Hooksett School District does well by its' learning challenged students. We have a team that is creative and thinks out of the box. I have been through the budget with the Director and don't expect a dramatic increase. We anticipate a decrease in the out of district placements.

M. Miville: Asked about the eligible sped money which was raised last year.

K. Lessard: I believe you are talking about catastrophic aid which we are supposed to get 40% but we don't get close to that due to State funding cuts. We apply for all the money that is available to the district.

6. The Director of Language Arts – I gave that presentation last year. My agreement was if you support \$1 for the line item I would fund it through grant money. We saved that money and were able to fund that this year through stimulus grant money. Through my presentation to the SB, I will request support for that position. That money is now gone. There is no stimulus money anymore.

It is a maintenance budget that will carry this district forward. The only positions are:

1. Pre enrollment figures show an increase in 1st or 2nd grade which may need an additional teacher.
2. This is the second year we requested a couple teachers at Cawley. At the Middle School it is structured as a team. If you have a four (4) member team teaching the core and our enrollments vary and sometimes they are three (3) member teams which cause a teacher to teach a subject which is not their specialty. That over time is not a good practice. We did put two (2) positions in the budget last year to correct that. We had a goal of level funding last year or less and in order to reach that goal we cut those positions. I don't know what the bottom line is and what the SB will cut.

P. Littlefield: The Language Arts Director, will there be an effectiveness presentation. At our all day Saturday Workshop, I will incorporate that presentation and possibly we can present the Math again.

T. Lizotte: As with Math, the presentation was supported by math scores. Will the language arts have the same data?

D. Pearl: The issue of fund balance spending - The Budget Committee has taken the position that the School should return all fund balance which is not needed for an emergency.

P. Littlefield: You are accurate, according to statute, the SB can transfer fund balance money and expend the whole fund balance if they so choose. What their intention will be, I don't know. Dana has brought the Budget Committee's sentiment to the SB and I will take my lead from the SB. I understand your issues. When I'm doing a budget, I see things that have very articulate rationales but I cut them and I say I cut because I have a goal in mind and I think although it is a legitimate request, I will cut. But if we can be efficient in our spending, then we will make that purchase at the end of the year when we can afford it and when I can return to the town an amount equal or more than we returned the previous year. It is the Board's prerogative to dispose of fund balance and there was second guessing on what the board did. In defense of the Board, they did so with the intention of returning to the town an amount equal to or more than the previous year. My goal is to provide a better than average learning experience for kids at a less than average cost and to stabilize the tax rate. I did a tax rate analysis and the school rate this year is less than it was when I came here 5 years ago. The 2011 rate has not been set but I will take you Marc to lunch if the school tax rate did not decrease.

D. Pearl: You brought up the trust issue and from a Budget Committee stand point, we hash over a number of issue. It is disconcerting when items are not part of the discussion. I would like to see those items discussed and be part of the budget. You are not forced to spend the money that is in the budget.

P. Littlefield: And no one returns 1.7 million dollars if the intent is to spend it all.

D. Pearl: My concern is the intent of the money being spent.

P. Littlefield: I think Dana has done a very good job communicating that to the SB and that is a Board decision not a Superintendent decision.

T. Dumont: Although the Budget Committee would like to participate in the fund balance transfers, it is beyond the Budget committee's purview.

M. Miville: The Committee is concerned the finance director stated that the proper budget process is that all purposes and appropriation must be presented to Budget Committee and must be presented at the Deliberative Session and no new appropriation can come forward after the deliberative session.

P. Littlefield: That is not correct. You are saying if it isn't in the budget, you can't spend it out of fund balance and that is not correct.
You can question the expenditure but the appropriation is already there. There is no obligation that requires something be in the budget book.

K. Lessard: RSA 32.3 states the funds can be transferred.

T. Lizotte: Historically, I have gone back to how things were appropriated. In 2004 a Technology fund was created through fund balance. I bring that up because I think this is a departure from history. I look at things as intellectually honest. In 2006, there was a meeting arranged to discuss technology and the leadership in this effort was recognized. We are just asking for more disclosure and we want transparency.

P. Littlefield: We have to see what happens. That is history. The Board has not even begun the budgets. Let's see what comes from the discussion. That transparency is important. I have come to the Budget Committee for 5 years and have always enjoyed coming to the committee and felt we were always on the same page which is the best interest of the kids and the taxpayer.

J. Hyde: Historically, when I was on the Council and the Budget Committee, I appreciate the fact that the School didn't spend one (1) Million dollars and returned that. I said before, it seems like between the Police and School, we are always receiving money back but it seems like we are always overpaying. Like giving government an interest free loan. I'm hoping to see more accurate budgeting so there will not be so much left over at the end of the year.

P. Littlefield: We have been at our best when we have been collaborative so I suggest we recapture that collaborative spirit. I've been a Superintendent for many years and I don't need you to tell me how to do my job and vice versa. We have never done that and it is now creeping into our conversation. It is about the kids and the taxpayers. Let's see how we can collaborate and move this system forward and be fair to the taxpayer. Having said that, once you have fund balance, the tax rate depends on the fund rate to be stable. If we don't return that year after year, there may be a spike in the tax rate. We need to look at the implication. I hate fund balance for this reason because then you must have it every year or you put a spike in the tax rate.

T. Dumont: There was more purchased than technology. This discussion became about a technology policy. There have been a lot of public postings by members of the committee. If there is a quorum commenting in a public forum, it becomes the business of this committee.

Point of Order

D. Pearl: Personally, I don't feel that the fund balance is excessively large. If someone budgets to 5%, 1.2 seems like a large number but with such a large number it is difficult to be exact. My point is what is happening to what is left.

P. Littlefield asked the Budget Committee if there were specific items to be presented at the Workshop on Saturday:

- Math coordinator

- Language coordinator

J. Hyde requested that the Superintendent get as close to the actual cost when preparing the budget. You have a 24% increase in your cost per student over 6 years even though you are below the state average.

M. Miville stated that J. Sullivan stated that the School Department gets the first bit of the apple and the money gets allocated to the school before we look at the town. I don't necessarily agree but I see his point. We look at the whole picture. The money spent on the school district allows less money to be allocated for the whole town.

Town of Hooksett – Dr. Shankle

D. Shankle – 10 year tax rate history and appropriation history.

I'm here to talk about expectations and goals. We are at the very beginning of our process. Departments are due to me tomorrow. Guidance from Council was to keep current level of service, review fees and review services to see if they meet the needs of the community.

In previous years, there were some specific numeric guidelines.

I am looking for:

1. Data driven information. A car being old isn't good enough. That is an advantage of having a capital reserve fund. Another part of data driven is using comparisons to other town.
2. Develop a narrative around the budget. To me, local government is where quality of life is preserved. To affect people's lives, you need municipal government. To have clean water and drive without hitting pot holes and having street lights and educating your children that is local government. As you travel to other parts of the state, country or outside the US you will notice the quality of life. So tell me a story. You need to tell what and how you affect the community. It is not just about what you are spending but what you do.
1. None routine expenditures need to include measurable metrics. In one or two years there should be results.
2. Economic Development is impacted on all departments. These are revenue producing or spending reducing.
3. Improve communication is vital and these meetings should be available on the town website. I told the departments to do the same. I asked the Council to approve a media relations policy. The public needs to know what we are doing.
4. General Community Development with metrics involved. That is a broad category. How you can improve things.

Areas to watch fiscally:

1. Year one projects are in the CIP. I'm focusing on year one. The six years of CIP; the committee has done a good job in spreading things out equally and stabilizing the tax rate.
2. The revaluation is supposed to be done over the next two years, therefore we need to put the money aside.

3. Another big number driver in the CIP is vehicles for both DPW and Fire. We have asked for maintenance.
4. Fire Contract: The Fire Department gave 60,000 in concessions. That will have to be considered.
5. Safety Center repairs.
6. Lastly, looking at staff in general. We have a new DPW director and I need to see how that will work. I'm not anticipating adding new staff. Currently there is an opening in Code Enforcement.
7. Look at wage increases.
8. There is \$60,000 increase in NH retirement.

Positive news:

- Ambulance cost moving out of the General Fund to a Special Revenue fund
- Leases on Fire engines ending
- Safety Center bond is paid off. (\$113,000)
- Our insurance rates are staying flat
- Health insurance went down a little. Council considered increasing the percentage paid by employees. The Employees looked at the plans and came up with a decrease in cost and increased co-pay on drugs. Overall it saves money for the town.
- When I give my budget to the Council, I will place it and any backup on the web so everyone will have access.
- Lastly, the tax rate is set and it will be unchanged from last year. In order to do that, the Council used \$260,000 of fund balance to bring it down.

D. Pearl: Are we looking at any major cost due to litigation.

D. Shankle: Not that I am aware. There are always things out there, but I didn't think there was anything major.

M. Miville: The Council voted to strive to achieve a 5% fund balance, and with the allocation of \$260,000 it will result in a 4.5% fund balance.

Budget Committee Budget

Review of Revenues

J. Hyde: I want to understand how this works. 1st page, Meals and Rooms tax for 2010-2011 is the same for the budget and the actual.

D. Shankle: All other columns are actual.

J. Hyde: The same is on page 3. Enterprise Fund is the same budget and actual?

D. Shankle: It is a transfer so the budget is the actual.

J. Hyde: Page 3, actual 2010-2011, miscellaneous revenue...2011 is 207,000.

D. Shankle: This may be the conservation easement from the Conservation Commission (Pinnacle)

We are selling something and buying something. I will check what that is.

D. Pearl: What will happen this year with the plowing at the schools?

D. Shankle: I am not going to recommend to the Council that the school be charged for that service. It will be included in the Town's budget as it should be.

T. Dumont requested that D. Shankle notify the School if they intend to plow.

D. Shankle: The more real number is under subtotal.

In order to compare the number to 2010-11, you have to take the fund balance out and take out \$700,000 from solid waste special revenue fund and the plowing number from the school. So the true number is \$6,283,000 as a comparative.

PUBLIC INPUT

None

T. Lizotte: The discussion regarding tax rate is not the only indicator because the valuation has increased 83%. The reality is the valuations have gone up and the tendency is for it not to go down.

ADJOURNMENT

The Chair declared the meeting adjourned at 9:00 PM.

Respectfully submitted,

Lee Ann Moynihan