

Unofficial

BUDGET COMMITTEE MEETING MINUTES Hooksett Town Hall - Council Chambers 35 Main Street Thursday, January 5, 2012

CALL TO ORDER

Chairman Miville called the meeting to order at 6:30 pm.

ATTENDANCE

M. Miville, D. Pearl, K. Hughes, T. Lizotte, F. Bizzaro, N. Haas, JR Ouellette, G. Smith and D. Argo

Excused: T. Keach

Absent: Village Water Rep. and Central Water Rep.

APPROVAL OF MINUTES

December 10, 2011- Tabled

December 22, 2011

D. Pearl motioned to approve the minutes of December 22, 2011 as amended. Seconded by T. Lizotte.

Vote unanimously in favor.

PUBLIC INPUT

NEW BUSINESS

Presentation of Water Precinct Budgets

Village Water Precinct

Joe Hebert reviewed the Operating Budget for Village Water.

Employees – 7 working in the precinct

Salary – Cost of living is evenly distributed and merit is different.

The precinct was previously paying 100% and it will now be 90/10

D. Pearl: I would like to know what you have for percentage increases for wages. We like to stay consistent with regard to increases.

J. Hebert: The increase is 4%. The Superintendent and the Assistant Superintendent got 5% and the Office manager got 7%.

The other 3 employees who are not full time are not getting raises.

J. Hebert: There is no rate increase planned.

M. Miville: I think these raises are high considering the economic time. Other town employees are not getting these kinds of raises. I just want to bring that to the attention of the Commission.

T. Lizotte: Is there a chance that the rates could go down?

J. Hebert: We haven't raised the rates in three years.

J. Hebert: There is a quarry on Hackett Hill and we sell the water for revenue.

D. Pearl: I want to comment that two (2) of the commissioners are also employees.

J. Hebert: Yes, but they are not included in voting for raises. The only commissioners that vote for raises are the non- employed commissioners.

Central Water Precinct

Bill Alois, Water Commissioner stated that their water is purchased from Manchester Water. Central Water has not raised their rates since 2005.

Linda reviewed the budget line by line as submitted.

There was no pay increase last year.

The two items which changed from last year are a generator and the roof.

T. Lizotte asked if there has been any concern regarding new legislation related to taxing of property owned in other towns which serves as a water source.

Linda: We do not think that will affect us. I am not aware of that legislation. Greg reviews all the new legislation.

Warrant Articles:

5. To see if the Precinct will raise, from water rents, and appropriate the sum of Ten Thousand Dollars (\$10,000.00) for the Central Hooksett Water Precinct Capital Reserve Fund #1, entitled Water Storage Capital Reserve Fund (recommended by the Precinct Commissioners).

6. To see if the Precinct will raise, from capital improvement fees, and appropriate the sum of Thirteen Thousand Seventy Five Dollars (\$13,075.00) for the Central Hooksett Water Precinct Capital Reserve Fund #2 - New Construction and Capital Improvements Capital Reserve Fund (recommended by the Precinct Commissioners).

7. To see if the Precinct will raise, from water rents, and appropriate the sum of Ten Thousand Dollars (\$10,000.00) for the Central Hooksett Water Precinct Capital Reserve Fund #3 - Repair and Replacement of Main and Equipment Capital Reserve Fund (recommended by the Precinct Commissioners).

8. To see if the Precinct will raise, from capital improvement fees, and appropriate the sum of Thirteen Thousand Seventy Five Dollars (\$13,075.00) for the Central Hooksett Water Precinct Capital Reserve Fund #4 - Standpipe Relining Capital Reserve Fund (recommended by the Precinct Commissioners).

9. To see if the Precinct will raise, from source development fees, and appropriate the sum of Fifty Two Thousand Three Hundred Dollars (\$52,300.00) for the Central Hooksett Water Precinct Capital Reserve Fund #5 - Source Development & Infrastructure Preservation Capital Reserve Fund (recommended by the Precinct Commissioners).

10. To see if the Precinct will raise and appropriate the sum of Six Hundred Sixty Six Thousand Two Hundred Forty Six Dollars (\$666,246.00) for general Precinct operations. This article does not include appropriations from any other warrant articles (recommended by the Precinct Commissioners).

Sewer Commission

Bruce Kudrick- Superintendent for Waste Water Department

There is no increases in the budget.

There is a 2% raise for employees and the Commissioners will decide in July whether to give them. It is basically 2% on top of last year.

There was a large increase in electricity at the plant.

There is a big decrease in line #26 which is hauling of bio solids. We put in for \$213,000 last year and we are now down to \$110,000 this year. (Page 1)
 We are now paying \$55/per ton rather than \$89/per ton plus a hauling fee.
 We have purchased a vehicle which just went on line in the last two weeks.
 Now we haul and pay for the fuel and that is a big savings.

D. Pearl: What is the status on the composting?

B. Kudrick: We have the land, the permit and the equipment. I am only short 1.5 million dollars. We've been putting it aside but it all disappeared this year. It would handle the solids. It is located behind GE. We own 10 acres there and it is permitted by the State. We could take our material as well as material from other towns and then we could sell the material for \$7/yd. Merrimack gets \$10/yd. for their material. Not only would we save the \$110,000 we would make money. This would be recycling. This has been on the books for 7 years.

D. Pearl: You are saying this got sidelined because of the problems you had at the plant this year?

B. Kudrick: That is correct.

B. Kudrick: There are only 6 employees. There is one employee who will be graduating from management school and will get an increase from \$20,000 to \$23,000.

B. Kudrick: The construction is done to a point. There are a few change orders as a result of everything that went on last March.

B. Kudrick: We have a comparison of the Hooksett rates compared to other towns. Our rates have jumped considerably because of paying off the bonds. Page 17 is the projected income. Here I look at the last 5 years of gallon age that comes in per quarter and estimate the future. \$1,800,000 coming in.

Pictures were shown of the incident last year.

M. Miville: Last year we approve the use of 993,000 for the incident. Has that been all used up?

B. Kudrick: That is pretty much all gone. I'm not involved in that part of the financing but the last time I heard a number it was \$800 or \$900,000. It's all just about gone.

D. Pearl: Is it correct that the plant is not operating with the extra capacity that this is supposed to provide?

B. Kudrick: Yes, you are correct because the screens just can't handle the flow like they are supposed to be designed for. By July we should be in good shape for the 2.2 million gallons.

OLD BUSINESS

School District Budget Review

Warrant Articles

D. Argo: There are 8 warrant articles. We are still waiting for the numbers on the contracts.

#2 – Contract for Hooksett Education Association. It was a step increase and an adjusted step at the top with no cola.

#3 – Contract for the Hooksett Education Professionals. That was a 2% increase with a 1% adjustment

#4 – Operating Budget and the default number. There was an email at 5:54 pm today that the default budget is \$26,500,000.

#5 – Raise and appropriate up to the sum of \$62,300 to replace the parking lot at the Underhill School. This is to be funded from the undesignated fund balance.

#6 - Raise and appropriate up to the sum of \$60,000 to be placed in the Technology Expendable Trust Fund established in March of 2008. This is to be funded from the June 30, 2012 undesignated fund balance.

#7 – To create an expendable trust fund under the provision of RSA198:20.c to be known as the Hooksett School District Strategic Planning Fund for the purpose of engaging consultants and related services to develop a strategic plan for the school district to include facilities, measurable learning goals and plan for educating high school students.

Furthermore to raise and appropriate up to the sum of \$50,000 for this purpose. This is to be funded from the June 30, 2012 undesignated fund balance.

#8 – To raise and appropriate up the sum of \$60,000 to be placed in the school building reconstruction capital reserve fund established in March of 1960 for the purpose of construction, replacement or acquisition of capital improvement for school purposes.

That is for the roof work. There is a fund balance of \$52,000.

D. Argo: The adjustment on the contract was because the top step does not get an increase and there is no cola so we made an adjustment. That was negotiated.

The 1% for support staff is to handle inequities. The schools use to hire their own support staff resulting in a difference in pay. The goal is to over time to get equity in job classification. This includes para professionals, custodial staff, food services, and secretarial.

The priority on the funding is as they appear on the ballot.

T. Lizotte: If Manchester gets a reimbursement for the capital from the State... I noticed last year we got a \$296,000 in aid from the State. How is that brought back in the budget and where is that reflected? Does it go back to pay down the bond?

D. Argo: I don't know. Was that questioned forward to the SAU?

T. Lizotte: I came to the School Board meeting late and I calculated there was a \$770,000 surplus in the tuition line. That gave the potential for capital reimbursement. I asked the question and looked on the website and saw that Manchester got \$2 million. That is then prorated for all the sending towns. They gave me three (3) years of reimbursements and it was \$168,000, \$168,000 and \$187,000. That means it is knocked off that fee. I was trying to see how that is reflected in the budget. When you look at the budget, my confusion is when I calculate it up and got the number of the students we send to Manchester plus the projected vs. actual, and those numbers are in conflict with the numbers that were sent to Mr. Pearl by hundreds of students. So I took the lesser of the two and when I do that our surplus is in the \$800,000 range. I'm trying to figure out where that \$187,000 goes. It doesn't look like it's reflected in the budgets. I guess it comes back to how we recognize that money coming in. Based on that, we have \$289,000 and where does that play. I think Dr. Littlefield did allude to there is some money coming from the State. I would like to dissect that. This needs to be pulled out. I always believed that was the portion for Special Education and the redistribution of the education side, not capital aid. I would like a little more information on that so I get educated on that. I know the discussion on this is that we made some major cuts but the reality is when you look at that analysis you don't see that. I think we've take a portion of that fund balance surplus that is there, I call it over appropriation of taxpayer funds and we've take a portion of that, and that is \$600,000 of leeway. I want to understand this better. Where does the \$269,000 in capital go? Does that pay off bonds?

D. Argo: I believe that question has been asked.

D. Pearl: I believe Karen Lessard said that goes to offset the capital figure for the next year. Because that capital figure is set based on a formula of over the 20 years for the three towns, I think they take that into account. That number has to be reduced from that and because it is capital cost, it has to reduce the capital.

K. Hughes: I remember seeing something that sometimes we get allocated funds but we don't always get those funds.

T. Lizotte: To that, what I was trying to understand is the budget that JR requested for yearend actuals are audited. So that should reflect that money coming in and there is no reflection for the \$168,000, \$168,000 and the \$187,000. The \$770,000 surplus is \$200,000 less. If David is correct and it is applied to the next year capital, then that makes sense. It is calculated in before we get into the budget. I just want to understand.

JR Ouellette: Did we ever get clarification on if a line is zeroed out, can it be expended? If we zero out a line, can the school or any department expend?

M. Miville: It is my understanding that if it is zeroed out you can't put money into it. At one point Mr. Keach said that the school was independent. From what I understand, there is no such distinction. It is based on RSA 32, so there is no distinction.

JR Ouellette: So you're saying if a line is zeroed out, they cannot expend from that line.

M. Miville: That is correct.

T. Lizotte: If you look at that RSA it says for purpose for appropriation of taxes. If it is zeroed, it is zero for appropriation of taxes.

JR Ouellette: If you look at the three years you see lines that were zeroed out but funds were expended on those lines.

T. Lizotte: Our duties are not to accept a budget unless it is articulated in a way that allows the taxpayer to understand what is going on. It is very clear. This whole thing with bundling is getting uncomfortable. I think if there are things like fixed costs, you have a certain infrastructure size, so you bundle all the teachers together, it is ok because those were authorized by the taxpayer. But if you have new position, I think you need to isolate the position in the budget.

JR Ouellette: I'm very concerned about that. I think that even though we are looking at a half a million dollars in reductions on new items being added to the budget, I'm concerned that those items will still get included in that budget.

T. Lizotte: The only thing we can do is request those line items be zeroed and at that point our duties per the RSA are complete. We've executed our portion of our duties.

D. Argo: Karen Lessard sent an email this afternoon that said, "The function code is determined by the account classification which the State requires us to follow so we will not be using a different function code for either the Director of Language Arts position or the teacher positions. They will remain in the 1100 section and if we were to do a separate account number it would be elsewhere in our account number structure, not in the function code area."

T. Lizotte: We are not asking for a new function line. What happens when you have a budget with no coordinator in it? What if there is no such function as a coordinator position. My point is you should be able to differentiate between the two. You could have Curriculum Coordinators then you could have as many coordinators as you want.

D. Argo: We told you what they are, we are not hiding anything.

JR. Ouellette: We need a budget that the Coordinators are separated; the teachers are added as a separate line and not lumped in with the other ones. At that point, where we already voted to eliminate those positions, the line can be there and we can zero them out. I think we need to do that. By us just picking that one line, and taking "x" amount of dollars out, it leaves them the ability to still hire those two teachers, the coordinator, and the paving. I think we need to do that.

D. Pearl: I think it has been determined that we can't do that. The Budget Committee can't create lines.

JR Ouellette: Right but we can request that.

D. Pearl: I was just correcting you when you said "we need to that".

M. Miville: Your request was sent to D. Argo and K. Lessard. I sent that email in a follow up to Mr. Lizotte's question. I requested what the function line number would be. I requested two lines. The response was read by D. Argo.

D. Argo: The way I understand it is to zero out the teacher line you would have to zero out all the teachers' salaries.

M. Miville: In the email I requested a line for the Language Arts Coordinator Director and for new employment positions, within the wage line function area. I didn't know how they would assign that function line, which is why I requested it. It is up to them to assign it. We cannot add function lines, but we can make that request.

D. Argo: The School Board didn't debate it, this is the answer. I know what you are saying.

JR Ouellette: I think we need clarification for that. If the line is zeroed out, you can't expend it.

T. Lizotte: I just want the line so we can zero it out.

JR Ouellette: I want to know if it is legal for them to expend even if it is zeroed out.

D. Argo: For instance, if Administration determined that those two positions were more necessary than something else, they could take that out and replace those new positions. The Budget Committee controls the funding, but the School Board runs the school.

JR Ouellette: You shouldn't be adding positions, if anything you should be laying off. The economy is terrible. It just doesn't make any sense. We need to request the School separate these lines.

M. Miville: They are telling us they can't do this.

D. Argo: I will forward the email from Karen to Lee Ann.

M. Miville: Prior to any posting, we are working on a worksheet or draft. Once it is final, and posted, it is an MS-27. As a worksheet, we should be able to add this line.

K. Hughes: We have done our best to develop a budget and we cannot force the school to give us any lines if they don't want to.

T. Lizotte: Per the RSA, our authority is to request information and it goes into clarifications and expansions because our mandate is we have to make it clear enough that the purpose and the appropriation is clear to the taxpayer. JR was clear and I was clear that we do not want things funded in our advisor capacity. We are making a cut that we want reflected in a separate line.

M. Miville: I remember last year Dr. Littlefield asked us not to zero a line but rather leave a dollar in the line so that he could expend that line if he got funding. That tells me there has to be a line.

D. Argo: I think that was just to say, do you agree in theory of the position and not that he could expend the line.

D. Pearl: Four years ago, a Superintendent came to us with an effort to build trust and that was established. Last year when the fund balance was expended that trust was lost. We tried to reestablish that trust with a motion regarding the fund balance spending and asked that request be brought to the School Board. I then brought that request to the School Board myself and they were not interested in adopting any kind of policy to control their fund balance spending or to give us anything to go on. I'm now in the position that if taxpayers approve money for a particular purpose, that it goes to that purpose. There is no other mechanism other than to limit that amount of money to a point that there is no money to go to any unintended purpose. I don't like being in that position but that the position I find myself in. If they adopted a fund balance policy, frankly I wouldn't care if there was extra money in the tuition line because we would get it all back. The taxpayers would get it all back. It would not be used to buy something for another purpose. To protect the taxpayer's money, we need to be sure there is no extra money in there. They have given no assurances that they are not going to fund the Language Arts Coordinator right now.

M. Miville: Going back, the Superintendent asks us to be collaborative with their department and I think we have made every effort to do so. And my email to request those two function lines was a collaborative effort, would you please provide us with those two lines and I'm hearing now that collaboration isn't forth coming. I'm disappointed with that. We do not have that authority to establish those two lines on our own. I was requesting that they be collaborative with us, per their own request to be collaborative with us to help us to supplies us with those lines. Apparently, they are not going to do that. We cannot compel them to do that. The only other option that anyone has at this point is to create a warrant article to have those function lines added into the budget. Should they not be forthcoming with those function lines themselves, it could be done through a warrant article.

D. Argo: The question of setting up the lines went from me to the Administration. This was not discussed by the School Board and the Board never said "we're not doing it". The answer I got was the function code is determined by the account classifications the State requires us to follow. So we would not be using a different function code for either the Director or the teacher positions. That's telling me there is a function code for the Coordinators that was set up for the math and that the Language Arts one goes into it. We obviously have function codes for teachers and that's where that goes into. We have not refused to do anything. I don't want it to sound like we're not working together. I didn't give it a second thought. This is the information I was given.

D. Pearl: I'm looking for the differentiation between lines and function codes. I was under the impression that there was a function code and then lines under that function code that had numbers at the end of them that were different but the function was the same. Three lines could be under the same function code but you would have three separate lines. We are asking for a new line under a function code. Like under Media Specialist, you could have a function code for the media specialists and then a separate line for each school. Here you have a line for each subject that they are coordinating. It does seem consistent to me and I thought that's what we asked for and not a new function code. Not that it's a different type of job. I was thinking of a subset of a function code.

D. Argo: Read the email again: "I want to let you know that the function code is determined by the account classification which the State requires us to follow so we will not be using a different function code for either the Director of Language Arts position or the teacher positions. They will remain in the 1100 section and if we were to do a separate account number it would be elsewhere in our account number structure"
So it sounds like it can be done.

N. Haas: As long as it can roll up to the function so she can report to the State, it should be done.

D. Argo: As long as there is the function, you can manipulate the function. But to say you can't expend, you would have to zero the whole teacher function.

JR. Ouellette: When the police department had a prior detective, it came out of payroll. It came under wages but they did zero it out, they could still hire?

M. Miville: This is what is in the Town Report and this is what was explained to me. The 2011-2012 Town Report-School, in the back is a template for the MS-27, notice there are 40 lines which is the MS-27 template form and expands on a worksheet to about 200 lines. That is all that is required. Then it is a function of the School Department to add lines within that range. That is what we want to add a line within the range of the MS-27.

T. Lizotte: I would say that we entertain a motion that we make a request to plot a solution that best fits their common practices according....Looking at the NH Accounting Handbook for local education agencies, I think if they can plot a solution, they can figure it out.

M. Miville: The response back from Dr. Littlefield was that it was not necessary, not needed.

T. Lizotte: I just want to note that the position is not designated in staff or in the teacher's line; it is in Administration. I think that should be able to be brought down.

M. Miville: I was seeking their assistance to provide us with two separate lines.

D. Argo: Can I request that someone draft something and get it to Lee Ann so it can be sent to Dr. Littlefield. We are going to meet Tuesday to discuss the cuts that were made. This sounds like something that has to come from the Board and will be discussed at our meeting. Maybe based on the email, maybe it can be done.

M. Miville: I apologize if I misinterpreted the email.

D. Pearl: I have a procedural question. I was under the impression that once the School Board handed us the budget, it was our budget. We asked them a couple weeks ago to make up to \$500,000 worth of cuts. They didn't make those cuts. Had they done that, they would have come back to us where they would like to make those cuts, but we would have had to actually make those cuts because it was our budget at that time. It had been given to us. So applying this to our current situation, can they go back and add lines now because the budget is our budget. It is not in their hands anymore. Don't we have ownership of this document? We can talk about what they want to do but they are not going to reallocate it. It is our budget.

D. Argo: What I suggested was a plan to tell the public what we plan to do about the cuts. There will be a Deliberative Session coming up in February and we will need to respond to the public. That is what we will be doing on Tuesday at 4:00 pm.

D. Pearl: I don't think they can do that because it is no longer their budget.

*Next meeting is January 12, 2012 for a public hearing at the Cawley Middle School.
The Council all day workshop is Saturday, January 7th at 8:30 am.*

Reminder, there is still one opening on the Budget Committee.

ADJOURN

***JR Ouellette motioned to adjourn at 9:08 pm. Seconded by T. Lizotte.
Vote unanimously in favor.***

Respectfully submitted,

Lee Ann Moynihan

