



Budget Committee

**Robert Copp
Dickie Garnett
Michael Golden
Robert Hamilton
Paul Martino - Chairman
Larry Miller
David Peck
Jon Rineman
Jennifer Simmons**

Budget Committee Meeting – Official Minutes

Tuesday, December 16, 2010
Town Hall

Call to order: Chairman Paul Martino called the meeting to order at 7 p.m.

1. Review Minutes Dec. 7 meeting

Motion by David Peck to approve the minutes of December 7, 2010 as written; second by Jennifer Simmons. The minutes were approved 9-0.

2. Review School Board Warrant Articles

• SEA contract

Dr. Bob Sullivan, SAU 21 Superintendent, presented the tentative collective bargaining agreement between the Seacoast Education Association and the SAU 21 school boards. Teachers are currently working without a contract. The proposal includes: a 2-year agreement for July 1, 2011 through June 30, 2013; cost-of-living salary increases of 0 percent the first year and 1.75 percent the second year; a two step increase the first year and one step the second year, with a one-time payment of \$500 to teachers at the top step; health concessions in prescriptions and insurance premiums, and more, as detailed in a handout. The retirement system special assessment will be allowed to sunset.

Mr. Hamilton asked for information used to estimate total salary increases in the language of the SEA warrant article; Ms. Tuttle will provide the data at the next meeting. The percentage of health care claims funded by employees varies with the plan, and increases by 1 percent each of the two years. Mr. Golden estimated roughly 15 percent was the average. Sick leave bank is now prorated to the size of the district. A 1-year leave of absence would apply for maternity and paternity. Mr. Peck noted that he and some committee members felt salary increases and decreases should approximate that of the voters/ taxpayers in the district; this appeared to be a 2.8 percent increase for some employees. Mr. Martino added it was a 1.7 percent net increase in total compensation. Mr. Golden and Mr. Peck said the SEA increase should be added to the proposed budget to get a total increase, estimated at 3.3 percent. Mr. Hamilton said he agreed teacher salaries should be commensurate with the community, but said if the salary step-and-track matrix is constant the estimated cost is higher than the actual cost.

• SESPA contract

Dr. Sullivan reviewed the terms of the agreement with the Seacoast Educational Support Personnel Association, which include: a contract length of 3 years; change in medical prescription insurance; yearly salary schedule increases of 1 percent the first year and 1.5 percent the second and third year; longevity increase, and more. Last year's contract, which went to fact-finding, was voted down.

- *Proposed operating budget*

Mr. Martino noted that the proposed budget was a 2.4 percent increase over the current year. Total increase will be 3.3 percent if the contracts are approved. He requested information on *Action Items* from the Dec. 7 meeting.

Oil taxes: Nancy Tuttle, SAU 21 Finance Assistant, reported that the energy consultant said there are a variety of taxes on gas, but heating fuel is not taxed in New Hampshire.

SAU comps: SAU 21 Business Administrator Bill Hickey said SAU 24 pays \$1.267 million for its SAU and has a \$36 million operating budget, so the SAU is roughly 3 percent of the total budget; individual districts in SAU 24 pay between 5 and 2.79 percent, depending on the state formula. In SAU 46, districts pay between 2 and 2.4 percent. Even with Hampton out, SAU 21 costs appear to be in line with other SAUs.

- *SPED and Health Care Expendable Trusts*

North Hampton School Board Chairman David Sarazen said the two trusts had the same purpose: to save for a rainy day for two volatile areas of the budget. Mr. Miller said he was in favor of the articles but wanted to reverse the order on the warrant, with the health trust appearing first. Every year the School Board budgets for the maximum possible increase in health care, but there is no mandate to budget SPED that way, said Mr. Miller. The health fund is meant to recapture funds intended for health care. Mr. Hamilton asked if health funds could accumulate year to year; the answer from several school representatives was in the affirmative. Mr. Hamilton said it would help over time then, and SPED costs could be as high as \$200,000. Mr. Miller said if the School Board did not change the order of the funds, they would not be doing what they said they would do last year. Mr. Sarazen noted that both health and SPED impacted the bottom-line budget. Mr. Golden agreed it was fair that if a surplus existed it should go into the health trust first. Mr. Martino canvassed the committee, asking if there would be any objections to the articles if they were reversed on the ballot; there were no objections.

- *Building Addition Bond*

Mr. Sarazen presented a proposal for an addition to North Hampton School, including two new kindergarten classrooms, two new science labs, and ADA-compliant bathrooms. He reviewed the history of the project, named the Building Steering Committee members, detailed the key activities of the process, shared a timeline of building additions and renovations at the school, and described the findings of the steering committee. Deficiencies currently exist, with lack of classroom space for extended day kindergarten, four non-ADA-compliant bathrooms, and a lack of small group instructional space and storage space. Technology coordinator Brad Gregg, who taught science for 25 years, detailed science classroom needs regarding space, equipment and safety. Mr. Sarazen reviewed the general features of the addition. Two kindergartens on the first floor, two science labs on the second floor and four new bathrooms will add 7500 square feet to the current school building. A science classroom will be renovated and old bathrooms will be renovated and used as storage space. Mr. Sarazen invited interested town residents to schedule tours of the current building. Dan Bisson, Associate and Manager of the Manchester

office of Harriman Architect & Engineers, reviewed the details of the proposed plan. Mr. Sarazen said the project budget was \$190 per square foot, a total of \$2,556,250. The current bond expires in August 2011. Payment is \$332,000. Mr. Sarazen estimated operating expenses for the new space would be \$106,026.79. He said now is the right time to fund an addition because the bond is expiring, interest rates are favorable, and construction bids are competitive. Mr. Bisson has worked on over 100 school projects, including the most recent North Hampton addition in the 1990s. A 4 percent contingency is in the proposal; if costs are lower, the School Board decides what to do with the money. Science equipment is included in costs. Assistant Superintendent Barbara Hopkins said some equipment would be added over time as part of future operating budgets. A public bond hearing will be held in mid-January; a three-fifths majority will be needed to pass the article. The School Board has not yet decided on the number of years for the bond. The birthrate in town is stable right now.

Ms. Simmons said the longer school day for kindergarten was likely to attract more students, necessitating three classrooms and more teachers and aides. The committee was in general agreement and asked for that to be reflected in operating cost estimates. Mr. Hamilton said it would be convenient if the new bond amount per year was similar to the current bond, including \$106,000 for operating costs. Mr. Martino stressed that the additional costs to the operating budget were crucial for consideration. Mr. Peck asked how voters would understand the increase in operating expenses. Mr. Golden suggested it appear as information on the warrant. Ms. Tuttle said it would be difficult to project operating costs definitively. Mr. Miller volunteered to check with the DRA about permitted language. Mr. Sarazen said the steering committee would reconvene to ensure accurate budget figures and to inform the public.

Mr. Martino asked how committee members felt about a 3.4 percent budget increase fully loaded. Mr. Miller said inflation is under 3 percent, so he would like to see it under 3 percent. Mr. Golden agreed, saying it would be roughly \$32,000 less than the proposed budget. Mr. Hamilton said the percentage change was not as relevant as where it was being spent; he said the SPED increase was a blip, and with the \$50,000 additional retirement costs from the state, the school comes in at roughly 1 percent. Mr. Peck said 2 percent was his goal. Ms. Simmons said 3.4 percent was high but she struggled with where it would come from. Mr. Garnett said if two-thirds of the budget was uncontrollable, he was concerned cuts would take away from the kids. Mr. Rineman said the committee wanted to cut a few thousand while at the same time discussing a \$2.5 million bond. Mr. Miller said incremental costs are not insignificant – it is unethical to build a house of cards that can't be paid for. Mr. Rineman said the budget was cut in the last few years but expenses keep growing. Mr. Golden was concerned that if the budget were to be approved as is, it would be the new reality carried forward and eventually reach a breaking point for taxpayers. It may seem arbitrary to choose a percentage, but a budget itself is arbitrary, he said. Mr. Sarazen said it would be more helpful to the School Board have suggestions where to cut than a simple number. The committee will bring some suggestions for line item reductions at the next meeting, January 3.

Adjournment

Motion to adjourn by Bob Hamilton; second by Dickie Garnett. Motion passed 9-0. The meeting was adjourned at 10:55 p.m.

Respectfully submitted,
Amy Kane

(Approved by the Budget Committee 9-0 on January 3, 2011.)