

Minutes
Nottingham Budget Committee Meeting
January 8, 2015

Members Present: Chet Batchelder, Anthony Dumas, Korey Ferland, Miska Hadik, Michael Koester, Doug Poulin, Gene Reed, Jackie Snow, Jeff Wheeler, Donna Danis – BOS Representative, Peter Perron – School Board Representative

Excused Absences:

Other in Attendance: Secretary Dawn Wirkkala, Marjorie Whitmore, Robert Gadomski, Susan Levenson, Chris Sousa, Scott Reuning, Lauren Chaurette

Chair Batchelder called the meeting to order and introductions were completed.

SCHOOL FINAL DRAFT BUDGET REVIEW:

Ms. Levenson stated the School Board made further budget changes at their meeting, held the previous night, and will complete a final review at their next meeting on Monday, January 12, 2015, the night before the Budget Committee School Budget Public Hearing on Tuesday, January 13, 2015.

The default budget remains unchanged and is the same as previously submitted.

Ms. Levenson stated the new teacher contract has been ratified and the necessary proposed warrant article drafted. Work continues with Coe Brown and Dover High School contracts; the Coe Brown contract is complete, but Dover has requested additional contract changes.

The School Board continues to discuss the amount needed for possible employee retirement and health insurance expenses for possible pending retirements; the \$1000.00 for the Substitute Coordinator Stipend, #01-1100-5112-001; and the new positions requested for Lunch Room/Recess Monitors, #01-1100-5125-000.

Ms. Levenson stated school administration feels lunchroom and playground monitors would be a valuable addition and has proposed removing other items from the budget in order to keep them.

Ms. Danis asked if the items removed from the budget, to save for the new positions, would be added back into a future year budget. Mr. Sousa stated some removed items might be reintroduced to future budgets, but alternative lower cost options were chosen for other items, such as software.

Mr. Reed asked if a spreadsheet was provided to identify the new salary and insurance information, as well as the amounts that might be needed for the potential teachers who will retire. It was stated the information was provided previously and is reflected in different account sections. While proposed retirements are worked into the budget process teachers have the ability to withdraw the request before the budget goes into effect; more funds could be needed if additional people submit retirement requests or less funds used if fewer people actually retire.

Michael Koester arrived at 7:20 pm.

Ms. Levenson reported the High School Tuition amounts, for both Dover and Coe Brown, have had further changes based on the continued review of the number of anticipated students to attend each school. The Dover Tuition amount decreased to \$1,103,238.00, down 2% from the prior year and the Coe Brown Tuition increased 6% to \$1,761,960.00; the School Board does not anticipate any additional changes to these amounts before the public hearing. Ms. Levenson stated the School Board created a new account, 01-1100-5563-001 Tuition-Coe Brown Anticipated Move-Ins, to address the concern about the number of students that might move into Town during the school year

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and accounting for those position separately from the regular tuition accounts; there is an estimate of four possible move-in students.

It was asked how the budgeted 2015/2016 high school tuition amounts were calculated; how was the number of students determined for each school, including home schooled students; and where the funds would come from for the plan to reimburse the already paid 2014/2015 Coe Brown tuition differentials as well as how the loss in revenue would be accounted for.

Ms. Levenson stated the School Board made the decision to eliminate the differential payment, the return of tuition differential payments made by parents for the 2014/2015 school year would come from the current school year funds, and while some people might disagree with the decision to do those two things, it is the decision the School Board made based on a law change and recommendation of legal counsel.

Chair Batchelder stated if Budget Committee members wanted to discuss and review the decision about tuition changes it should be brought up at a School Board meeting and not debated during the Budget Committee meeting.

Additional changes to the budget include adjustments to the SpEd Tuition Coe Brown account, #01-1200-5563-061, that has been split into two separate accounts to identify the differences between proposed expenses and for anticipated move-ins students, #01-1200-5563-062.

SpEd Testing Supplies, #01-1200-5640-061, increased for required KTEA-III testing.

The narrative for SpEd New Furniture, #01-1200-5733-061, should indicate it is for more than a table, as it is a complete outfit of the room with chairs and cabinets as well.

Mr. Reuning stated the decrease in the total amount indicated for the Special Education account is a bit misleading, as some of the previously included amounts for required services have been moved to different accounts, such as Special Contracted Services, to account #2140.

Guidance Salary, #01-2120-5110-017, has been reduced with newly hired staff with a lower starting salary amount.

Mr. Reed asked to verify the amount for Nurses Salary, #01-2130-5110-018, with the possibility of employee retirement. Ms. Whitmore stated new retirement paperwork has been received and would verify if additional changes are necessary for the Nurses Salary account.

Mr. Reuning stated the Behavior Technician, #01-2140-5464-061, is a new account for a new contracted position the school is required to provide, increasing the total account by \$60,000.00.

Mr. Reuning answered the position is for one student, and contracting is the best option for the maximum amount of savings.

Mr. Sousa explained that for Curriculum Development, #01-2210-5112-000, the teacher course reimbursement account includes a plan to hold a course during the summer for approximately 20 teachers, which will assist in required continuing education. The amount also includes payment of \$30.00/hour salary for their attendance to the one week class.

Chair Batchelder asked how the amount for Staff Development Workshops, #01-2210-5323-000, was calculated. Ms. Whitmore explained the five year average amount indicates an increase, but the decision was made to use the prior year amount because it is still more than current expenses.

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Positive remarks were given and general discussion took place about the work completed by the new Instruction and Curriculum Development position; some of the results can already be seen.

Mr. Reed asked about the small increase for account 01-2220-5110-009 Librarian-Salary. Ms. Whitmore explained it is a correction to the prior year salary amount, which was listed incorrectly.

Mr. Perron reported the salary amounts, as listed, are based on current contract, and will be the same for all salary amounts for contracted positions. A warrant article will be included for the new teacher contract, identifying one overall total increase for salaries and it will need to be approved by the voters.

Chair Batchelder asked about the increases for the Technology Plan. Mr. Sousa explained the New Equip, #01-2225-5731-031 on page 16, includes the next steps to move toward the 1 to 1 technology plan with new computer carts, 100 Chrome books, digital weather station, laptops, printers and iPads. Chair Batchelder requested additional clarification to the notes before the public hearing.

It was stated the Director of Technology, #01-2290-5110-031, increase is misleading; it should not indicate any increase and it will be adjusted before the public hearing.

Ms. Levenson reported the GASB 45 audit report has been removed, as it is only completed once every three year; it was previously done in 2014.

Ms. Levenson stated there is an increase in the payment amount for the individual who provides video services at the School Board meeting. Ms. Danis asked about the School Board having a back up for video services or getting a system that is easier to use, similar to the Town Offices. It was stated they are looking for a back up and alternative video systems.

Mr. Reed stated he believed the School Board members should receive more than \$1500.00 per year.

Ms. Levenson reported Nottingham pays 37% of the total SAU expenses, with Northwood and Strafford both at 31.5%. There was an additional \$13,006 increase to the SAU budget to account for higher health insurance expenses and retirement expenses. Based on Budget Committee Member request, the SAU Budget would be provided to the committee.

Chair Batchelder reminded the School Board again of the decisions made by surrounding towns to increase salaries by an approximate 1.7% and not the 3% the School Board is recommending. Ms. Whitmore reviewed how the amount for the salary pool was calculated.

Discussion took place about the salary amounts for Custodial staff and how the amounts are established and increases for staff determined. It was stated new percentages were calculated for custodial staff because they don't fall under any other type of staff salary increase agreement.

Ms. Whitmore explained the School Board decision to use capital reserve funds to reduce the amount budgeted for Repairs and Maint-Building, #01-2620-5432-032.

Ms. Levenson stated the School Board did not discuss any changes to the electricity account rates. Chair Batchelder asked why there was a 20% increase, which does not match the 5-year average shown in the notes section. Ms. Whitmore explained the amount is higher because of the expected rate increases.

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Ms. Levenson stated the new transportation contract prices have been included in the Transportation accounts, #2700.

Chair Batchelder requested clarification for Elementary School Transportation, #01-2700-5519-000, as the amount also includes a new bus, as well as the addition amount needed for the new contract.

Mr. Reuning explained why the Special Education Trans. Elementary, #01-2700-5519-061, increased by 9%, stating it is an amount he is constantly chasing as changes are made to the services being provided to students and changes in their possible placements.

The School Board agreed to move the expenses for PODS boxes, listed in Architect and Engineering, #01-4200-5733-000, to an account that does not appear to be architectural services, when it is actually storage equipment. Mr. Hadik asked about the use of the POD units and why a rental was chosen. It was explained the units will be used for needed storage space and a rental to give the school time to consider other storage options.

Ms. Danis asked about the status of conversation between the school and Town to use free storage at the Town Offices, instead of using a POD box. Mr. Sousa explained storage is needed for equipment that will require moving in and out of the school, such as chairs, tables, and desks. Some of these items are currently being stored in the locker rooms and having to drive them back and forth between the Town Offices and the School isn't as convenient to a storage unit next to the school building.

Ms. Levenson stated the total final draft budget is \$11,165,073.00, a \$219,023.00, or 2% increase, from the prior year budget.

Ms. Levenson reviewed the draft warrant articles.

Article #1 is for the election of officers and Article #2 is for operating budget amounts; proposed and default budgets.

Article #3 is for the salary increases over the next two years in the new collective bargaining agreement with the teachers.

Article #4 is to establish a capital reserve fund for Grounds Improvements. Mr. Sousa explained the capital reserve fund will give the school a long term plan to replace playground equipment as well as more flexibility to make any other needed and/or considered grounds improvements.

Discussion took place about the capital reserve fund and how it might work with or against the plan for new ball fields and the development plan with the Marston property.

Article #5 is for the retention of year-end unassigned general funds in an amount not to exceed, in any fiscal year, 2.5% of the current fiscal year's net assessment for the purpose of having funds on hand to use as a revenue source for emergency expenditures and over expenditures under RSA 32:11, or to be used as a revenue source to reduce the tax rate, all in accordance with RSA 198:4-b, II.

Article #6 is the addition of \$15,000.00 to be added to the Special Education Capital Reserve Fund from the 2014/2015 school budget; if there are unspent funds available.

Article #7 is the addition of the \$25,000.00 to be added to the Building Repair Capital Reserve Fund from the 2014/2015 school budget; if there are unspent funds available.

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Article #8 is to approve and ratify the Tuition Agreement between Nottingham and Coe Brown.

Article #9 is to approve and ratify the Tuition Agreement between Nottingham and Dover.

Article #10 is to establish a capital reserve fund to pay for additional tuition amounts if they are greater than the amount budgeted for. This warrant article will address the changes and concerns taking place with high school tuition amounts.

Mr. Gadomski reviewed the differences between warrant article #5 and #10 stating the changes taking place with the tuition amounts are a scary unknown; the number of students and what school they will choose to attend, the possibility of an increase in transfers or new students moving into town. Warrant Article #10 can provide the additional amount that might be needed to address additional needed tuition. Warrant Article #5 gives the School Board additional flexibility of paying for the emergency of having a higher than expected number of new students moving in to the school system, but also help if there are other school emergencies, and to try and reduce the tax rate in years when it is needed.

Mr. Perron offered his support on utilizing the 2.5% option as it offers the School Board more options and flexibility that can be used when there is an emergency; paying for tuition additions or any other building emergency.

Chair Batchelder reviewed the process the School Board and Town can currently take if it was determined the school would need more funds than budgeted for, including additional hearings and possibly a special tax bill.

General discussion took place about the pros and cons between article #5 and #10. Chair Batchelder stated he believes one should be included but wanted to hear from the Budget Committee members before he offered his opinion.

Review of the 2.5% option indicated the funds can only be used for emergency situations, it cannot be used as a savings account, the total amount that can be saved, limitations and oversight of the option by the State of NH, and how it is similar to the Town keeping a fund balance. It was stated this is a new option for schools.

Mr. Wheeler asked about article numbering and determining the funding priority level; which is funded first. The School Board responded they would review the warrant article order as they continue to discuss their options.

Mr. Koester stated while the change in tuition are scary, the School Board has a legal option and steps already in existence, if additional funds are needed. Dr. Gadomski stated there is a bigger concern as the tuition amounts are reduced with less flexibility to address the possibility of new students moving into town.

Ms. Snow stated it appears the School Board will have the flexibility to use up to 2.5% and can take less than that amount.

It was stated the School Board would continue to include funds into the capital reserve funds, in addition to the 2.5% emergency fund, as the capital reserve funds can be used for regular maintenance throughout the year as needed.

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It was explained the 2.5% amount is calculated from the total annual actual budget amount, and not 2.5% of the remaining unspent funds money at the end of the school year. The total amount that the School Board can keep can not be any more than 2.5% of each year's budget. The estimated amount that could be kept from the 2015/2016 budget would be \$230,000.00.

Discussion took place about the order of funding of the warrant articles, specifically for the proposed 2.5% emergency fund and capital reserve funds. The School Board would make the decision on the percentage to be kept.

After discussion an informal poll was taken to determine which option the Budget Committee members might support, with the results of 6 members in favor of Article #5, 3 in favor of Article #10, and 1 in favor to do nothing.

Ms. Whitmore reviewed the possible tax rate changes based on the 2015/2016 proposed budget, with a possible \$17.47 per \$1000.00 of assessed value, an increase of \$1.45 from the current year. If all the warrant articles are approved there would be an additional \$1.54 added to the \$17.47.

Ms. Levenson reviewed the high school contracts between Nottingham and Coe Brown and Dover, stating neither is all inclusive.

The Coe Brown contract will be for seven years with one additional contingency extra year and includes standard contract information, such as when notifications about the exchange of data between Coe Brown and the School Board would take place and how the tuition amounts would be calculated but the contract does not specify an actual annual per student amount.

Discussion took place on how tuition rates are calculated, which is specified within the new contracts, including capping the increase rates. Mr. Perron stated shorter contract terms were selected in order to give the School Board some flexibility if tuition rates are determined to increase at what they feel is an unreasonable rate. The Dover contract includes the ability to renegotiate the contract if rates increase more than 4%.

Ms. Danis asked whether or not the Budget Committee is able to vote for a recommendation on contracts, as there are no specific dollar amounts identified. Chair Batchelder agreed it was something the committee should consider voting on a recommendation.

Mr. Perron reviewed the Dover contract is for 6 years with a 3 year extension; bringing both contracts into a total 10 year timeline. There is a 4% tuition cap amount and, includes a tiered amount for additional special education amount based on the amount of services needed for the student.

Mr. Reuning stated the difference between the Dover and Coe Brown contracts are that special education services are paid for independently/separately by Nottingham for Coe Brown students, where the amount is worked into the tuition amount for Dover.

Mr. Perron stated the contracts are not exclusive, and all Nottingham students could go to one school or the other. Ms. Levenson stated the public will vote on the high school contracts as warrant articles.

Ms. Danis asked about the difference in the number of special education students who attend Dover versus Coe Brown. Mr. Reuning stated there are an approximate 13 students in Dover and 8 students to Coe Brown.

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Mr. Perron stated Nottingham did not have a previous agreement with Coe Brown, however an interim memorandum agreement for the current year and next year, just in case the contract warrant article isn't approved by the voters.

Ms. Levenson reviewed the proposed collective bargaining agreement between the School Board and the Teachers Association. It is a two year contract, effective July 1, 2015 until June 30, 2017, to address concerns about health insurance taxation. A lower cost insurance plan has been incorporated into the offerings. The total year 1 additional expense is \$52,380.00 and a total year 2 additional expense of \$61,992.00. The District will now pay 91% of the cost of a single insured, 81% of the cost of a two-person or family membership; a one percent increase obligation for insurance costs to the staff. The agreement includes a 2% salary increase each year. To address concerns about a late ending school year, the school year will now start on the Monday before Labor Day; with teacher workshop on Monday and Tuesday and students start on Wednesday.

There is a one-time proposal for qualified staff for early retirement in 2017. If the option is exercised the teacher must be 55 year, with 20 years of service to Nottingham and if the retirement is approved by the School Board the district will pay them \$20,000.00 in a one time lump sum payment. The contract also includes a standard retirement clause, as seen previously.

Mr. Reed asked how many teachers fell into the retirement option. It was responded there were approximately ?? teachers that would qualify. Mr. Gadomski stated the retirement plan could appear to be self funded, as the new employee starting salary amounts will make up the difference in being paid as a bonus to the retiring teachers. Ms. Levenson stated there is also additional retirement language as previously seen in prior years.

Ms. Levenson reviewed the teachers contract is an "evergreen" contract, as it guarantees continuation of the prior contract if a new contract isn't approved.

Chair Batchelder thanked the school members for attending.

Approval of Minutes

Motion: by Mr. Poulin, second by Ms. Snow to approve the November 20, 2014 minutes as written.

Vote: 10 in favor and 1 abstained

Motion: by Mr. Dumas, second by Mr. Hadik to approve the December 4, 2014 minutes as written.

Vote: 10 in favor and 1 abstained

Mr. Perron reviewed the answers to the previously asked committee member questions. Work continues on the Transportation contract to refine the amounts being included in the budget. The School Board decided to tabled making a decisions to either hire a new world language teacher or have a full day of kindergarten; administration stated they will need more time to review both options and what would need to take place for more accurate budget amounts. The Technology account increased because the new computers are included, where they were a warrant article in the prior year.

Mr. Perron stated he did not feel he would be able to explain with enough details about the insurance information covering the new computers when they are not located at the school or the details regarding the requests about the lunch and food service program.

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SCHOOL/TOWN GENERAL UPDATES:

Town: Ms. Danis reviewed the Selectmen continue to work on the proposed salary changes. The intent is to increase employee salary amounts while including an off setting increase in the health insurance premium amount paid by employees, all in an attempt to increase the longevity of employees to stay with the Town.

Chair Batchelder asked members to review the proposal and bring back any questions they might have.

SUB-COMMITTEE UPDATES:

MPEC: Ms. Danis reviewed the committee continues to meet and review the NH Listens report.

CIP: Mr. Reed reported work continues on the worksheets and a copy will be emailed to committee members for review soon.

Transportation: Ms. Snow stated they will meet with Dale Transportation again to review additional questions the committee has and a decision was made to try and work with them to try and reduce additional costs in the contract. The committee will review the language in the request for bid to try and increase the number of responses they could receive.

OTHER BUSINESS:

Chair Batchelder reviewed the process of the public hearing for January 13, 2015. Chair Batchelder stated he would represent the opinion of the Budget Committee regarding the budget during the deliberative session, and it is possible additional budget will be made.

ROUNDTABLE:

Ms. Danis thanked the School Board for all the hard work they put in to prepare the budget.

Mr. Koester thanked the School Board for considering his request for further review of calculating tuition amounts, although he still doesn't understand the proposed move in counts.

ADJOURNMENT: Having no further business,

10:40 PM **Motion:** by Mr. Poulin, second by Ms. Danis.

Vote: 11 – 0 in favor.

Respectfully Submitted,

Dawn Wirkkala