

**Minutes of
Litchfield Budget Committee Meeting**

Held on December 23, 2008

Present: R Peeples, J Harte, M Falzone, B McCue, G Lambert, (Selectmen's Rep.), D Miller, (School Board Rep.)

Absent: P Parker

Mr. Harte called the meeting to order at 6:05 p.m.

1. PUBLIC INPUT

There was no public input.

2. SCHOOL DISTRICT BUDGET PRESENTATION CONTINUES

Mr. Steve Martin, Litchfield School District Business Administrator, continued the FY10 Recommended School District Budget presentation for Committee members.

Vocational Programs: Mr. Martin noted for Committee members that the FY08 Vocational Education Tuition account was under spent. Some expended funds appeared in MUNIS and the remainder was encumbered and carried over in the finance software conversion.

Executive Administration (Office of Superintendent and Special Services Administration): Mr. Martin reported that there were no major changes other than salaries.

School Administration (Office of Principals and Support Staff): Mr. Martin reported that there were no major changes other than salaries.

Business/Finance: Mr. Martin highlighted the major changes to the budget. Professional Services was decreased by \$20,000; Rental/Lease Equipment was decreased by \$63,456, which was directly related to the termination of the MUNIS contract; Salaries increased 7% over FY09 as the School Board maintained the increases that the Budget Committee reduced in the previous year.

Operation of Plant/Maintenance: Mr. Martin reported that there will be an increase in Workman's Compensation in the Custodial Services account; there are no increases in staff; the Supplies account is decreased by \$2,000 at GMS, \$2,000 at LMS, and \$3,000 at CHS; Professional Services has increased due to Energy Consultant fees and energy cost procurement. He also reported that GMS Building Repairs is increased \$50,000 for anticipated repairs, which was reduced from the FY09 budget. This account also includes the cost of an annual air quality test required by the Litchfield Health Inspector, which is necessary for school approval. Mr. Martin also mentioned that Equipment Rental/Leasing was increased because of the additional POD's needed for storage at GMS.

Mr. McCue queried about constructing sheds for storage instead of leasing POD's. Mr. Martin indicated that he is considering building a storage facility at CHS with the possibility of housing some storage from the other schools.

Mr. Martin continued highlighting changes to the Operation of Plan/Maintenance budget. He explained that the cost of oil has been budgeted at an approximate price per gallon (\$3.50 per gallon) because there is no way to know what the price will be in the 2010 fiscal year.

District Grounds Services: Mr. Martin noted that Additional Equipment is decreased \$7,000 and Replacement Equipment is decreased \$2500. Major increases included snow plowing for all three

schools, repairs/maintenance, supplies, and equipment. He also highlighted major increases and decreases in non-instructional equipment.

Student Transportation: Mr. Martin reported that there are no new buses for FY10, however, there is a large increase in the fuel adjustment rate because there is no way of knowing the rate of diesel gasoline for the FY10 year.

Central Support Services: Mr. Martin indicated that Professional Services in the Human Resources account is decreased \$5898; in Technology, software is increased \$16,951.42 because of software license fees and to complete the district upgrade to MS Office 2007. He noted an increase in Data Communications due to an error in budgeting for FY09, and installation of the new T1 lines. There was a large increase in the health insurance account because the amount of the reduction by the Budget Committee for FY09 was budgeted in FY10.

Facilities Acquisition & Construction: Mr. Martin highlighted major increases and decreases in this account. GMS site development is increased by \$68,354, which is the site development for three portables; a major reduction \$55,422 for CHS, which consists of site improvements that were completed in the FY09 budget; GMS Building Improvement is increased (\$82,200) due to the recommended repairs and upgrades from the Fire/Life Safety Inspection [partly due to the safety consultant's oversight of voice notification for the GMS fire alarm system upgrade]; lighting in Rooms 1-10 and the gym at GMS, which will be offset by revenues from PSNH; and removal of Romex electrical cable. Lease payments increased \$96,181 because of the lease of three portables at GMS, two of which will be offset by State revenues.

Mr. Miller indicated that the NH DOE gave the District no option for not budgeting for the GMS repairs required by the Health/Building Inspector and Fire Inspector in order to comply with school approval standards.

Debt Services: Mr. Martin reported the account was reduced \$40,000 in interest expense.

Mr. Martin distributed the Proposed 2010 Operating Budget Tax Rate Impact Analysis, which excluded the LEA Agreement). He explained that the analysis reflected budget analysis information for the last three years. Included in the analysis was the breakdown of the school tax rate and the potential impact on Litchfield property taxes. Mr. Martin projected that the Proposed 2010 Operating Budget would increase the tax rate by \$.54.

Mr. Lambert queried about speculation on the return the taxpayers could expect from the District at the end of the fiscal year and what the tax rate might be at that time. Mr. Martin indicated that the tax rate impact shown on the analysis sheet is only based on the operating budget and that he could not, at this time, project how the tax rate is impacted at the end of FY09.

Mr. Lambert indicated that the residents need answers they can understand and that the information is not being projected accurately. Mr. Martin indicated that any budget information that the District disseminates is available on the District website and at Deliberative Session.

Mr. Lambert repeated his statement that residents seem not to understand the information pertaining to the District budget and the school tax rate.

Mr. Harte indicated that the District does a good job getting information, as well as rationale, to the residents. He commented that the challenge is residents' participation.

Mr. Lambert commented that residents were very concerned and confused when they received their tax bills this year.

A discussion followed regarding ways to help residents understand the budget process and the allocation of funds. Mr. Martin suggested that if residents are looking for a simple explanation of District funds that are returned to the town, they can log onto the District website at

www.litchfieldsd.org and read the auditor's cover letter, which explains exactly what was budgeted and what was expended.

Mr. Martin distributed a copy of the LEA Collective Bargaining Agreement Cost Analysis. The teachers' contract agreement was ratified on December 10, 2008. If approved by the voters, the LEA CBA will go into effect for FY10, FY11, and FY12. The analysis shows the increase in cost over three years. Mr. Martin indicated that the projected tax rate impact of the CBA increase would be \$.47 and will decrease in the following two years. The total tax rate increase (operating budget plus teachers' contract) will be \$1.01 [per thousand].

Mr. Peeples wanted to know the total increase to the budget in dollars and the total percentage of the increase. Mr. Martin indicated he would bring that information to the next meeting. Mr. Harte commented that if the first year of the teachers' contract is added to the operating budget, the total increase rises from 4.2% to 6.6%.

Budget Committee members thanked Mr. Martin for his presentation.

Town Business:

Mr. Harte asked if Committee members would like to discuss any Town Business.

Mr. Lambert reported that the Selectmen had a discussion about the former Administrative Assistant. They voted to put forth a warrant article for a Town Manager and would promote the article to the residents based on the premise that there will be better money management with a Town Manager. He added that the Selectmen are comparing town manager salaries from regional towns to determine the salary for the article.

Mr. Harte commented on a clarification for the Highway (Roads) budget. He clarified that there was \$400,000 in road repairs that was not completed. He pointed out that the town was not able to take advantage of critical capital management, FEMA grants [for Albuquerque] and the Mother's Day flood were not tracked, and revenues were lost.

Mr. Lambert explained that there are many issues for the Selectman to address. Mr. Harte queried about how the Selectmen will resolve the Administrative Assistant position. Mr. Lambert indicated that they have not yet made that determination. He added that Selectmen are working on what will be advertised and a job description.

Mr. Peeples suggested that Selectmen consider contracting Municipal Resources to help in the hiring process for a Town Manager.

Mr. Harte commented about the recent power outage emergency and the purchasing of a generator. Mr. Lambert indicated that it was recommended by the Emergency Management Team to purchase a generator in order to operate an emergency shelter in Litchfield. He reported that the Selectmen have forwarded information regarding cost items for power generation to the School Board. Selectmen will ask the School Board to fund the cost of a transfer switch. Mr. Harte suggested researching grant funding or state/federal resources to offset the cost of a generator.

Mr. Lambert indicated that there is concern because the town was unprepared for this kind of emergency. Mr. Harte queried about feedback from the community. Mr. McCue indicated that many people were surprised that there was no generator at CHS. Mr. Peeples commented that there should be generators to keep the heat on in the school buildings during this type of emergency as repairs can be expensive.

Mr. Harte indicated that in addition to determining whether the town should purchase a generator, there was also a query about researching resources that would be able to help fund emergency management in the town.

Mr. Harte noted that Selectmen have the Road Maintenance and Personnel Administration budgets to finalize.

Mr. John Latsha, McElwain Drive, queried about the damage from the recent ice storm and reimbursement from FEMA. Mr. Lambert indicated that FEMA funds Selectmen are tracking all expenses and will submit costs to the State for labor management.

Mr. Latsha asked if Litchfield will be reimbursed with the funds the State receives from FEMA. Mr. Lambert indicated that the Selectmen will apply for the funds.

Mr. Latsha queried if FEMA funds will pay for a generator. Mr. Lambert indicated that any funds received from the State will be placed in the General Fund and offset any costs incurred by damages.

There was no further Town Business.

3. MEMBER INPUT

There was no member input.

The meeting adjourned at 8:00 p.m.

- Next meeting scheduled for January 6, 2009 at 7:00 PM

Minutes by Ms. Michele Flynn