

BUDGET COMMITTEE

Minutes of December 12, 2006

Meeting was held in the Community Room, Hollis Town Hall and was called to order by Vice Chairman, Chris Hyde at 7:30 PM.

Members present: Chris Hyde, Vice Chairman; Melinda Willis, Selectmen's Representative; Bill Beauregard, School Board Representative; Scott Bartis, Tom Jambard; Deborah Adams, Secretary

Also present: Mellinee Capasso, Business Administrator; Rich Pike, Superintendent; Gail Paludi, Principal; Candy Fowler, Assistant Principal; Carol Mace, Director of Curriculum; Bob Kelly, Special Education Administrator; James McShea, Jennifer McLeod, Venu Rao, School Board Members

Presentation of School Budget

Bill presents each BudCom member with several handouts.

Pg. 1 Budget overview showing BudCom target

Pg. 2 Intentionally left blank

Pg. 3 Line item summary by cost category

Pg. 4 Items removed from budget cap

Pgs. 5-6 Capital renovations plan

Pgs. 7-16 Line items for budget

Acronym list of school & educational terms

3 year goals, 2006-2009

Bill explains that on Page 4, this shows the student population for 2006 and 2007. It shows that the population has fallen slightly, yet is not enough to remove a class. The student reduction is spread throughout all 6 grades. The report card on the school is one goal for the school board. They recently switched from the old standardized test (NHEIAP) to a new test (NECAP). Last year 10-15% of the students scored below proficient. They plan to take steps to improve this score. Gail mentions that last May Hollis was recognized as 1 of 3 finalists in the Excellence in Education Program. They received an award from the State for this honor. This program looks at many aspects of the school, not just test scores.

Rich explains that he used the model on roll setting that he previously used in other school districts, which helps to set budget priorities. Bill adds that it is very important for the BudCom to understand where the school board stands with their facilities. They have taken an inventory of all assets. Much maintenance to the buildings has been deferred for many years, and they are now at a critical point where some items must be addressed immediately before they get any worse. He feels very strongly that they must begin a maintenance plan for these issues. He realizes that they cannot handle these all at once. Gail points out that the original core of the Primary School is 50 years old.

Bill indicates that they are proposing a 14.25% increase to the operating budget, which is a 12.5% increase to the base. The special education budget is up due to a non-administrative Federal mandate for early intervention. This program helps to identify students before they enter the system. Bob explains that this is IDEIA, which is not regular education and not special education. These are children that are not just young, but are early in the identifying process. This is done through screenings, such as math and reading, yet is not as formal as with special education. The progress of the child is monitored more frequently to assess if other changes are occurring. If the child's responsiveness is not enough, there may need to be a special education process to assist. Bob explains that IDEA starts at age 3, while early intervention is for Kindergarten and up.

Chris indicates that he would like to see this broken out into separate line items. Bob states that he intends to do this, however did not have time to do so for tonight. Chris is concerned that this will now become a substantial driver for more budgeting. Bob is not sure of the percentage. The school has a number of services already in place, therefore this will just be an extension of the existing education. Going forward there will be some items that will need to be added. This should not be too expensive. This is not like special education.

Bill explains that they are proposing a 12.5% increase to the recommended base. He admits that when the BudCom decided on their guideline, he reacted badly and did not support this recommendation. They are proposing an increase of \$947,527. Of this, there is no control over salaries and benefits, which accounts for a 5.6% increase. There is also no control over transportation costs, which is a .2% increase. The increase to maintenance is 5.1% and curriculum programs is up 1.6%, which includes mandates to purchase hardware for the students to develop a digital portfolio. This is a state mandate for each student to compile a digital portfolio including power point presentations, videos, movies, etc. Melinda

questions the need for more computers if they already have computer classes. Bill explains that the computer labs are already 100% utilized. Only 3 classrooms have their own computers, which were handed down from the lab. They need many more. The Upper Elementary will have a traveling cart containing 20-23 computers that will go from classroom to classroom. This is a 2009 graduation requirement.

Chris believes they are going too fast, too soon on this. If the requirement isn't until 2009, why purchase all the computers now. Gail explains that this must be a cumulative digital portfolio that needs to contain artifacts from all grade levels. The mandate is that this must begin now, starting will all grades. Melinda asks if they will still have separate labs or will this integrate computer training into the classrooms. Gail explains that the union contract dictates this lab time is to be a planning time for the teacher, therefore it must remain. Bill adds that what is learned in the lab, is then used in the classroom to create the portfolio. Carol mentions that this will be reviewed at the local level, with spot audits verifying that this is being done.

Chris asks if this is an archive issue, such as record retention. Bill explains that it is much more than that. The budget has also be increased for the additional storage capacity that will be needed to store this information. Chris asks if this will be typical Microsoft crafted hardware or something different. Bill indicates that this will be done using Microsoft Windows and Office. Gail states they will be using Pixie. Chris points out that this is the most expensive software available. Bill is aware of this, however they must also consider that the acquisition costs are the smallest piece. All the educators are trained in Microsoft Office products, therefore if they change software, there would also be increased costs for support and training.

Chris points out that at the end of this evening they will still be at 12% vs. the 3.9% guideline. He stresses that they must start thinking of reductions and where they want to place their money. The BudCom cannot micromanage, yet he feels these additional computers may be one place where some reductions can be made. Candy states that they are looking at purchasing a back up server, 24 station cart and computers at \$30,000. Melinda comments that it would be less expensive to purchase 24 desk top computers vs. the lap tops. Bill stresses that there are space concerns with desk tops. Melinda understood that the students were already doing much computer work in the labs. Candy explains that they are only in the labs 3 periods per week. The mandate stipulates they must have a certain number of items in their portfolio at the time of their graduation and 3 timers per week will not give them enough time to accomplish this requirement. Chris questions what penalty would be imposed if they do not comply. Bill stresses that some students have the ability to use computers at home with parents who will assist, while others that do not have this same capability at home will fall behind their peers. Chris does not feel this has been thoroughly thought out.

Jennifer stresses that these computers are only \$30,000 out of the \$120,000 budgeted for this line item. Gail points out that the \$30,000 is just for the Upper Elementary. They will also need \$12,600 for the Primary School. Bill agrees. \$46,000 of the \$120,000 is for this program. They are also still identifying all the elements that will be required for early intervention.

Bill explains the capital renovations immediate and long term plans. Some items are of critical nature, which they will attempt to handle through the 2006-2007 contingency budget. Other items will be included in the 2007-2008 proposed budget, while other items will be carried out to the 2008-2009 budget year. Included in the proposed budget is \$36,500 for repairs to the water system. This water is also used by the Coop Middle School, town hall and some residences. There is a buried tank near the pump house that has not been evaluated, which may also need some repairs or replacement. Chris questions the land this pump station and tank is located upon. Tom indicates that this may be Hollis Conservation Commission land. Chris questions why this would be part of the school budget, if it is located on town land. Bill agrees that this is a good question. They are presently getting quotes for this work. Chris asks if any revenue is received from the coop or private residences for the use of this water. Melinda answers no.

Bill explains that the primary school needs a new bridge for access to the playing field located behind the SAU office. This would be done this year with contingency funds. Melinda questions the length of this bridge. Bill believes it to be approximately 10' long. Melinda comments that \$15,000 seems rather expensive for a 10' bridge. Bill explains that they have been looking at other creative methods for getting this work done, such as an Eagle Scout project.

Bill indicates that the proposed budget will include \$11,200 for heating/ventilation work at the primary school. The boilers need a new filtration system, as well as new piping. Melinda comments that she understood this was part of the maintenance contract. Bill explains that there are differing types of maintenance contracts. The contract may be on the boiler itself, yet not on the piping. Chris asks if Wayne Zold could learn to handle these inspections. Bill feels he would need training for this. They are currently getting quotes from plumbing contractors. Mellinee explains that there is also a \$385 per quarter cost for chemicals and filters. They currently have 4 heating systems; 1 at the Upper Elementary and 3 at the Primary School. The chemicals are necessary to help prevent corrosion.

Scott comments that if this is a closed system, once the water is in the pipes, it should be fine. Chris asks if there would be any warranty if the pipes develop pin holes or other problems. Bill explains that they are working with 40-50 year old pipes. He is not sure if any company would want to warranty this. They are being diligent in getting the best prices/competitive quotes. They are hoping to not have to replace any pipes. When the pipes become clogged with minerals, it actually decreases flow and increases heating costs. Melinda questions why they would need quarterly treatments to this system, when the heating system is only used for part of the year. Bill is not sure if having standing water in the pipes is more corrosive than flowing water. Chris recalls that a local resident, George Woodbury had offered to perform audits of the heating and lighting at the schools. He cautions that vendors will always try to sell their products to up the price. He feels there should be an advocate for the school.

Bill mentions that painting needs to be done at the Primary School. The brick needs to be sealed to help prevent future problems. They have received a quote from Hutter Construction to spray on the paint. Chris questions the need for this. Bill states that they want to prevent the same problem that occurred last year with the cinder blocks. Chris comments that many homes and buildings across the nation have been constructed with

bricks and those do not have to be sealed. He does not see the need for this. Bill mentions that they do have some chipped bricks. Chris can understand repointing some areas of the bricks, but he does not see the need for painting.

Bill explains further building repairs that are necessary. The front entrance to the Primary School needs to have the roof repitched. Tom asks if this would be changing the elevation of the roof. Gail explains that this entry is a flat roof that is not draining properly. Bill adds that the current roof actually pitches towards the center, causing water to pool in the middle. The change will allow this to drain properly. There is also a need for an outside speaker system. There is currently no meant to call to teachers or students outside during an emergency situation. This is a safety issue. Gail mentions that this type of system is already installed at the Upper Elementary, yet they do not have this at the Primary School.

Bill states that they also need to replace the roof over the 1st grade. The roof is not leaking at this time, but they have recommendations that it should be repaired. The T-111 sealant around the windows is starting to peel away. Granite State Glass can fabricate metal inserts and insulation to use as replacements, yet the wallboard inside may need replacing, due to some water damage. They will not know the full extent until they open it up. There are 6-8 windows needing this repair. Melinda comments that this seems rather expensive for only a few windows. It comes out to \$2,000 per window. Bill explains that this also includes labor costs. Melinda feels they should get more quotes on this job.

Bill explains that they will also need to replace the outside entry door at the back of the building that enters the preschool wing. This is a safety issue. They are not sure if the door will fall apart. Gail adds that this door is in very bad shape. Bill mentions that there is also a problem with the pad just outside the principals office, where water has been running from the pad into the door, then onto the carpet. They have found an alternative solution with no budgetary impact. There is also a need for outside lighting at the Primary School. Currently there is no outside lighting, which creates a safety problem where people cannot see when walking out to their vehicles. Any lights will conform with Historic District Commission requirements and will be full cut-off. They should be on a timer or motion detection.

The parking lot at the Primary Elementary is beyond redemption. It is breaking apart and developing sink holes. They cannot merely repair it at this point. They have discussed this problem with Hutter Construction, who has suggested using the existing asphalt to grind up to use as a base, then paving over this. During heavy rains, the water runs like a river towards the building. The children are exiting their cars into puddles. Once this is repaired properly it can be maintained. Chris suggests consulting with Arthur LeBlanc (DPW Director) for other solutions. Bill indicates that they can attempt to coordinate this project with Town project to help reduce costs with a shared price.

They would like to install a front door security buzzer system. This will be at the outer vestibule door, which is fully visible from the front desk with a speaker system. This will prevent entry into the building without prior approval. There has been much concern about safety issues around the country. Chris asks if the other doors are locked. Gail indicates that all doors into the building are locked. Bill mentions that the phone system at the Primary School is at the end of its life. They have stretched this out as far as possible. The maintenance person has indicated that they may not have replacement parts for this system in the near future. Gail mentions that this phone system was actually a hand-me-down from the high school. Chris asks how many extensions the system uses. Gail states that there is phone for every classroom and room in the school. Chris would like to have this information. Bill stresses that the significance of this issue is safety during emergency situations.

Bill explains that the grand total of these additional maintenance items is \$331,500. They would like to utilize \$55,600 out of this year's contingency, \$70,800 are urgent items that they wish to include in the proposed budget, and \$102,550 placed into a capital maintenance account for both 2007-2008 and 2008-2009 budgets.

Bill explains that in order to meet the BudCom's guidelines, they will have no increase to maintenance and no increase to curriculum. The entire 3.9% guidance will only cover a portion of salary and benefits and they will still be \$144,138 in the red. Therefore maintenance and curriculum will have to be funded with less than the previous budget. He stresses that it is not logical to include salary and benefits within the guidelines. The voters have already approved this. Melinda points out that the town has the same problem with their budget. People in town want to support the teachers, police and fire personnel, yet they do not want their taxes to increase. They cannot do both. Either they support the increase in taxes or they do not support the union contracts. The school has always stressed to the BudCom that we must support these contracts, yet the BudCom needs to look at the whole picture. These employees are receiving benefits that are also putting town residents into welfare. Bill agrees.

Bill points out that they have a \$425,528 increase to salaries and benefits. Melinda questions when they begin negotiations again. Bill indicates that next year at this time they will be re-negotiating. Melinda points out that the amount of employee contribution towards health benefits is adjustable during the contract period. She was recently informed of this, yet she is not sure of its validity. She suggests they look into this. Rich explains that this is clearly defined within the contract. Melinda states that this may be adjustable. Bill reads portion of contract for health care costs. The staff is to pay a minimum of 10%. Melinda stresses that this is a item they need to consider for next year's contract.

Chris reminds the school board and administration of the BudCom's offer to sit on the negotiation team. Bill feels this would be a cost savings to the district to use the BudCom as a resource vs. hiring an assistant. Melinda stresses that it is a very hard position to say they do not want to pay teachers, fire or police well. Bill agrees, yet paying teachers well is also raising the bar on the children's education.

Bill argues that the increase to salary and benefits already puts them at a 5.6% increase. He stresses that cuts will have to be made to maintenance and curriculum in order to meet the BudCom's guideline. Jennifer points out that lately there have been no additions made to the school and enrollment has been stable. The school board has been cognizant to other town expenses, such as land purchases, coop school additions, police and fire station additions. As a result they have let their buildings go. Voters need to be informed that while we all care about the tax rate, they also need

to address maintenance items at an old school, many of which are safety issues. They need to stop deferring this maintenance.

Melinda asks if there has been any thought to increasing revenue to assist with the expenses. The school is paying \$252,000 for bus transportation. Chris believes this is mandated by the State. Melinda points out that this comes out to \$306 per student. She asks if they have considered charging for this service. Chris states that they cannot charge for this at the elementary level, yet they could do so at the middle and high schools. Rich agrees. The district is obligated to provide transportation. Other user fees could be for co-curricular and extra-curricular activities. Bill argues that this would then add to overtime with the additional administrative time for coordination and utility costs. He stresses that there are many items in their budget that are shared by the town, yet do not count towards education.

Venu states that Melinda's idea is well taken, yet they have not discussed any revenue raising opportunities. Melinda states that while this would not help the overall budget, it would help with taxes. Bill points out that they are not increasing the base that will go on forever. Once these items are done, the budget will go down. Scott disagrees. It seems that every year the school has good reasons to exceed the target and this never stops.

Melinda comments that while she does under the Federal mandates for special education, they must be able to control some of those costs. This 30% increase to special education hurts the other students in the school. James states that these are Federal mandates, yet much of this is applied to a specific student that they cannot discuss in public. He agrees they need to be careful with this, while also trying to not take away from other students.

Scott stresses to the school board that the BudCom has never said they could not do maintenance in order to meet the target. The BudCom does not dictate where cuts to the budget are made. That is a school board decision. Bill states that they are not meaning to be adversarial. Melinda states that the point is that the school board or selectmen make the choice to defer certain items to meet the target. Several years ago the school board specifically chose some hot items to cut as a means to create a public outcry in order to increase the budget. Whether the money goes to english notebooks, math workbooks or maintenance is the school board's decision. Bill feels this is an oversimplification of things.

Melinda reminds everyone that the taxpayers will vote on this budget and could potentially vote to reduce the bottom line, such as they did at the coop meeting last year. Bill agrees, yet this would be penny wise and pound foolish. That would cause maintenance items to be put off, and would ultimately cost more in the long run. They have asked for multiple quotes on these items to scrutinize costs. There may be a way to cut down on some costs by doing the work in-house or sharing expenses with the town.

Chris applauds their efforts to reduce costs, yet feels what has been proposed is scary. Tom agrees that these figures are alarming. Chris questions the amount in contingency budget for this year, as they are planning to utilize some of this for maintenance items. Mellinee states that they have \$95,000 budgeted. Bill adds that some of this was used for the wall repair and for a 5th grade teacher. Melinda recalls that this was raised last year to allow for the potential teacher. Chris suggests pulling some items into contingency or pushing out other items. He feels that if the student population has been declining, this would give some potential for a reduction in staff.

Chris feels they gave some good arguments about what is needed and why. Most of these items seem very valid. He is concerned that over the past 3 years there has been a 25% cumulative increase to taxes. He has been hearing talk around town about a potential petition for SB-2. This would not be good for Hollis. This allows for an official ballot vote for district meetings. The problem is that this is very complex. If the ballot vote fails, it allows for no increase to the budget and actually calls for a default budget from the prior year, with an allowance given for negotiated contracts and special education. This takes the process away from the school board, selectmen and BudCom and into the hands of uninformed voters. He stresses that if the school cannot come in closer to the 3.9% guideline, the argument against SB-2 will become more difficult. He feels the 3.9% maximum is all the town can tolerate, and a 14.25% overall increase is much too high.

James feels they need to stop comparing Hollis to the rest of the State and instead compare Hollis to Greenwich, CT. New Hampshire has one of the lowest taxes in the country and he does not want to see his taxes increasing either. They need more people advocating at the State level regarding the school funding issue. Something needs to be done. Grownups have chosen an unfair tax structure, which is not fair to burden the children and affect their education.

Melinda points out that they have increased from \$11,000 to \$12,000 per year, per student for their education. This is a lot. Bill stresses that there are many items that have nothing to do with education. Chris agrees, yet still feels this is too high. Melinda questions the 9 new employees for special education. Bob states that they are only asking for 4 new positions. Melinda points out the 9 positions that are listed in the budget as special education. Bill explains that some of those are for early intervention positions. Bob explains that he has updates to those sheets. There are 4 new positions for special education, 3 for early intervention and other that the administration felt should be listed in this same category. Bob points out that the overall special education budget does include \$86,000 in reductions to some items. Some of the increase is not for new positions, but for added hours to existing positions.

Melinda asks about the preschool program and if there is any cost to the taxpayers. Bob indicates that this program is going well, with much parental satisfaction. As was presented to the BudCom, this has been very cost effective. The first year was a wash and the next year it should come in under. He feels this is a much simpler and better program having it in town. Gail mentions that they also collect tuition from the regular education children.

Scott mentions that the BudCom has always wanted new positions as warrant articles. He asked if these would be handled this way. Bill states that

they have not discussed this yet. Chris wants the voters to have the opportunity to understand what they are voting on. Any new positions or new programs should always be a warrant article. Bill argues that if some of these are for special education or early intervention it would not be optional to have these items voted upon. Bob agrees and feels it might be illegal to do this. Melinda agrees, however feel that any addition to administration would need to be voted on separately.

Tom comments that last year there were not many people in attendance at the school district meeting. He questions whether the people doing the complaining about their taxes actually attended this meeting or did not vote. Melinda states that people are under the misconception that they are voting on their taxes at the town meeting. They do not realize that they should attend all 3 meetings. Chris would prefer to see the town meeting held first in coming years, with the coop and school meetings later. He feels this would give the voters a better picture of the potential tax impact and would be beneficial to all. Rich asks what would be the ideal order to hold the meetings. Chris would prefer to see the town first, then school and the coop last.

Melinda agrees. Hollis and Brookline residents should know what they are locked into with their town and school budgets, prior to going to the coop meeting, rather than voting on a joint budget without knowledge of their individual budgets. When the coop budcom and school board present their budgets, they are not presenting what the total impact may be. Voters need to have the whole picture. If the town and school meetings occur before the coop, then there will be more knowledge. Chris would like to see something at the coop meeting that will show the full picture to both Hollis and Brookline voters.

Rich states that they have taken a position as a board that they want to be more educational. They are working hard toward this goal. He has concerns that they are not raising the bar. He does not want to settle for being #2 and he doesn't want to merely maintain the status quo. Hollis did not reach the level where they are today by accident. An investment was made in the teachers and the capital. They need to have a vision for the future. They need to question what kind of student will graduate 10 years from now. There needs to be dialogue on these issues and not just at budget time. He stresses that they do not have control over many of these expenses.

Chris agrees that they should have quality programs. The BudCom and the school board have the same goals, yet there needs to be some balance. He likes the notion of discussing things during the year and not just at budget time. Melinda comments that they must remember that the public is paying for this education and they must let them decide what level that education should be. Hollis may not be able to educate for Harvard, but they can educate for UNH. There needs to be balance for education and the demand on taxpayers.

Tom feels they are caught in a trap with these maintenance items. They can either neglect these things for another year, or they can bite the bullet for this year. He asks if there are any other options to help spread out some of these expenses. Bill points out that they are already spreading this out over a couple of years. Tom realizes this but still feels some pencil sharpening needs to be done. Perhaps there are some bonding or alternative financing solutions that would help. Rich feels that if they had a capital reserve for maintenance this would help. These older buildings require more maintenance. Bill explains that he did a thorough inventory of the buildings this past summer. The Upper Elementary is in good shape, yet if they do not keep up on it, this will then become an issue. Tom stresses that this will be had on the taxpayers.

Bill stresses that the entire school board has reviewed this budget and they all realize that this is a large increase. They have spent many hours looking for alternatives. They are between a rock and a hard place. He indicates that they will work aggressively in an attempt to make this tighter.

Chris suggests having another meeting, perhaps partially in nonpublic session if necessary, to get a better handle on special education. He is concerned that these numbers are getting so large. He would like to set up a special meeting to discuss these issues, outside of the 2nd review meeting. The 2 boards agree on meeting January 4, 2007 at 7:00 PM at the Hollis Primary School library. Bill will schedule this with the school.

Chris concludes by stating that while he does not wish to micromanage, the school needs to get down closer to the 3.9% guideline. He would like any new positions that are not associated with special education as a warrant article.

Tom moves to adjourn. Seconded by Scott. Motion unanimously approved.

Next Meeting will be held January 4, 2007 at 7:00 PM in the Hollis Primary School Library

Meeting adjourned at 10:30 PM.

Respectfully submitted,

Deborah Adams, Secretary