

**TOWN OF NEWMARKET, NEW HAMPSHIRE
BUDGET COMMITTEE MEETING
DECEMBER 10, 2018 7:00 PM
TOWN HALL AUDITORIUM**

Approved December 17, 2018

MEMBERS PRESENT: Chairman Daniel V. Smith, Vice Chairman Jeff Raab, William "Blue" Foster, Dave Foltz, Michael "Mickey" Burns, Ashley Bowley, Robert Ortins, Town Council Rep Zachary Dumont, School Board Rep Elizabeth McKinney

EXCUSED: Trevor MacDonald

ALSO PRESENT: School Superintendent Meredith Nadeau, Business Administrator Lisa Ambrosio, School Board Chairman Kimberly Shelton

AGENDA

Chairman Dan Smith welcomed everyone to the December 10, 2018 Newmarket Municipal Budget Committee Meeting and called the meeting to order at 7:00 pm, followed by the Pledge of Allegiance.

OLD BUSINESS

Approval of the Minutes of the Budget Committee Meeting of November 26, 2018

Chairman Smith stated that because the minutes and the agenda for the meeting had not been attached to his original email they would hold the minutes until the next meeting.

NEW BUSINESS

SCHOOL DISTRICT FY2019/2020 BUDGET WORKSHOP

School Board Chairman Kimberly Shelton said the School Board had adopted the FY2020 Budget at the November 19, 2018 School Board Meeting. She said the Newmarket School District was committed to the highest standards of quality education to ensure safe and successful learning, embrace diversity, and respond to the needs of every child. She said that Superintendent Nadeau had asked for budget guidelines which were to provide a rationale, provide tax implications, provide for class sizes of 18-20, and develop the budget with the least (negative) impact on the Schools.

Superintendent Meredith Nadeau stated that the School District FY2019/2020 Budget was up \$380,846 (1.91%) over 2018/19 to \$20,279,326, and was exclusive of the Teacher Contract. She said over 70% of the budget was for salaries and benefits, 11% to debt service, 1% equipment and furniture, 2% for supplies and books, and 19% for utilities, etc. She said the increases were broken out over multiple areas of the budget. As far as Enrollment, she said they were predicting an increase for 2019/20 to 1,103 students.

Superintendent Nadeau said that major budget changes included the addition of a District Social Worker position at \$75,207, 0.4 of a Behavioral Counselor (\$36,000) moved to Grants, an additional School Resource Officer at \$96,000, the reduction of the Assistant Superintendent position offset by the addition of an Assistant Principal and Teacher Leader, an increase to technology equipment replacement of \$101,500, and an increase of 1% to support staff base and 1% to an administrative position. She said Health Insurance decreased by about 1%, the Transportation Contract was up 7%, there was an increase in vocational tuition for SST, and 2 additional paraprofessionals were added to the Budget. She said they also projected adding a fulltime Custodian in the last quarter of the year and using \$60,000 for roof repair offset by elimination of the Modular payments.

Superintendent Nadeau reviewed the budget function summary, starting with 1100-Regular Education, which was up 0.1% with no change to Teacher Salaries which was a separate Warrant Article. She said one general education paraprofessional was added to oversee VLACS students taking online courses as additional supervision was needed, and a second paraprofessional was added to cover Junior High study hall. She said 1200-Special Education did include Teacher salaries and benefits, paras and tutors, as well as Special Education out-of-district tuition, and said there was a 1.07% decrease over FY2019. She said a fulltime Nurse was added to meet IEP-specific needs and increase contracted services.

Superintendent Nadeau said 1300-Vocational Programs covered a tuition increase at SST up 6.44% at \$63/student. She said 1400-Other Instructional was down 5.21% due to the removal of a Department Head stipend and 2100-Social Services increased 15.99% for the addition of a social worker, with Special Education support services decreased by \$24,605. 2190-Support Services Other covered the salary and benefits for the School Resource Officer (\$96,000) paid out to the Town. She said functions 2210/2220/2230 covered staff development, Library media and technology and included the reduced Assistant Superintendent salary (-\$32,503), increased course reimbursement line, and the \$100,000 in Technology Replacement Equipment previously charged to the Capital Reserve Fund.

Superintendent Nadeau said functions 2310/2320/2332 covered School Board/SAU Management and SPED Administration which increased \$79,674 or 7.8%. She said the largest decrease there was in teacher severance payments due to changes in personnel and benefit elections. She said 2400-School Administration included the elimination of a Department Chair stipend and the addition of 1 Assistant Principal from the Assistant Superintendent position for an increase of \$148,649 or 16.41%. She said 2600-Buildings & Grounds covered salaries for custodians, electric, fuel, water & sewer, and trash which increased \$85,148 (7.30%) and included the additional Custodian from April to June, plus an increase of \$60,000 in repairs & maintenance for the roof.

Superintendent Nadeau said 2700-Regular & SPED Transportation increased \$59,739 or 8.29% with a 7% contracted yearly increase. She said 2800-Instructional Support covered lunch room monitoring up \$1,518 (5.02%) and 4600-Building Improvements/Modular was 100% paid for. She said function 5200-Interfund Transfers included a \$27,800 transfer increase to Food Service projected for next year. She said 5100-Debt covered the increased principal payment of \$28,300 (4.52%) offset by the decreasing

interest payment of \$32,684 (2.22%). She said special revenue funds included Fund 21-Food Service with no change, and Fund 22-Federal Grants with a projected increase of \$19,000 (5.05%). She said they were assured that \$19,000 would be in a new Grant for Title 4.

Superintendent Nadeau said with the General Fund increase of \$385,229, offset by the Grants increase and Bond changes, the Fund Balance would be roughly the same for the next fiscal year. She said with State Aid up nominally at \$9,189, Federal Aid with \$19,000 in grants, and local revenue up \$2,800 (pre-school tuition), they were projecting a \$0.43/1,000 tax increase. She said the School FY2019/2020 Operating Budget, exclusive of the Teacher Contract, was \$20,279,326 which was a \$380,846 (1.91%) increase over FY2018/2019 for an increase of 43 cents over the current fiscal year tax spending.

Superintendent Nadeau explained that in the Budget Book, Tab 1 was the summary sheet, Tab 2 accounts by function by building, Tab 3 accounts by object, Tab 4 high to low sort, Tab 5 enrollment historical data, Tab 6 Technology/Facilities/Food Service, Tab 7 review summary and Capital Reserve Fund balance sheets, and Tab 8 for the Default Budget which was not yet finalized.

Teacher Contract

Superintendent Nadeau said the Teachers Contract was approved by the School Board at Thursday's meeting and the Default would be delivered to the School Board on December 20, 2018. She said the Teacher Collective Bargaining Agreement was a 3-year agreement which included a 4% increase to the base salary scale for each of the next 3 years. She said Newmarket was in the lowest quartile of the State for teacher salaries and the goal of the Board was to move that towards the median. She said there was also a move to consumer-driven Health Care plans away from the traditional plans with approximately \$200,000 in savings in the first year distributed to teachers and the following year to tax payers.

Superintendent Nadeau said the benefits of the agreement would be to help attract and retain employees, reduce Health Care costs, and provide the ability to move to an hours-based School Calendar for future years. She said implications for taxpayers would be an increase to \$479,388 in year one with a tax increase of \$0.63/1,000, \$451,210 in year two, and \$469,094 in year three.

Discussion:

Vice-Chair Raab asked what \$200,000 savings in Health Care distributed to employees meant. Superintendent Nadeau said the money would come to the District and be distributed across the salary scale. Chairman Smith said it looked like SPED costs were up about \$60,000-\$70,000, and Superintendent Nadeau said they were up about \$125,000 overall. Mr. Foltz Smith said as far as placement for SPED they were well below the State average. Superintendent Nadeau said an overall professional development goal was an ABA program based on better serving students in the District.

Chairman Smith asked what strategies the School was looking at to have some negotiating leverage over transportation costs. Superintendent Nadeau said the biggest jump in the contract was for salaries and benefits to be able to attract and retain drivers. She said for regular education they had only one choice, but for SPED they were part of the Seacoast Learning Collaborative, and said they were trying to cut spending on trips but the labor market was the big challenge. Mr. Foster asked about SST and Superintendent Nadeau said the numbers were sorted out in the fall based on the regional agreement and enrollment numbers were set by October 1st and the cost apportioned out.

Ms. Bowley asked what types of classes were offered through VLACS for students. Superintendent Nadeau said the subjects varied widely and calculations were made by students in conjunction with the Guidance Counselor and approved by a parent. She said there was increased interest and enrollment, and they were looking at a pre-screening process to determine if students were ready for the online module. Ms. Bowley asked if all the classes were special interest and Superintendent Nadeau said they could also be due to time constraints or students doing credit or competency recovery. She said VLACS had found that having a paraprofessional to provide support and oversight helped the success rate for students, and said it was also a benefit as more students were taking online courses at University and Trade School levels.

Chairman Smith asked about the \$26,500 reduction to the School Psychologist, and Superintendent Nadeau said it was due to a change in employee and benefit elections. Mr. Foltz asked about the \$100,000 increase to Technology, and Superintendent Nadeau said there would be significant infrastructure upgrades with about \$50,000 worth of switches. She said for the 1-to-1 Chromebooks program they asked for a \$25.00 annual insurance fee for families as an offset to repairs and maintenance. Mr. Foltz asked whether they would continue to contribute to the Capital Reserve Fund. Superintendent Nadeau said they would likely draw on it this year, and the goal was to level out the funding, level out the replacement cycle to include the switches, and deplete the Capital Reserve Fund.

Mr. Ortins asked if the new construction had found things that were unexpected, and Superintendent Nadeau said the contractors had a guaranteed maximum price and had to do the work for the price agreed to. She said they also had an Owners Contingency that was part of their Bond cost to deal with some of those unanticipated events. She said they found some of the soil at the Elementary School was not suitable for building and some at the High School parking lot, and were drawing on owners contingency. She said as of now they projected having approximately \$250,000 left in owners contingency for the life of the project. She said the kitchen piece was an operating budget expense, and the issue was caused by aging infrastructure.

Chairman Smith asked if the costs for fixing the kitchen would come out of Capital Reserves. Superintendent Nadeau said they planned to move up the renovation time for the kitchen instead of spending \$50,000-\$60,000 to fix the known problem. She said they would completely rebuild the kitchen and have it online by end of April at a significantly smaller cost. Mr. Burns said that in the 2400 group there was a 0.5 administrative position in a few of the rows. Superintendent Nadeau said when they reduced the Assistant Superintendent and put in other administrative they decided this was really an administrative cost and not a teaching cost. She explained that they had 1 Assistant Superintendent, and 1 Building Coordinator overseeing Special Education, and they now had 0.5 Special Ed Admin and a regular 0.5 Admin in each in each school.

Councilor Dumont asked if the benefit from the State Keno program was reflected in the budget. Superintendent Nadeau said it showed under 3220-Kindergarten Aid in Tab 7 and that this year's total was \$88,711, with \$97,900 projected from the State for next year. Mr. Foster asked if the \$96,000 budgeted this year for the contracted School Resource Officer (SRO) was paid quarterly, and Business Administrator Lisa Ambrosio said they were on a quarterly track right now. Mr. Foster asked about the Police Chief possibly hiring another officer and that the SRO might end up being that person. Councilor Dumont clarified that moving the officer was contingent on the School not paying for another SRO.

Mr. Foltz said the School was looking at an approximate \$400,000 increase, other than the roof and transportation increases. Ms. Bowley asked about the new 20-hour/week position for a summer Technology Manager. Superintendent Nadeau said that was driven by major construction as they would have to re-cable both buildings entirely. Vice-Chair Raab asked if they anticipated doing extra work with enrollment projections due to the construction, and Superintendent Nadeau said their projections were based on current numbers and historical data. Mr. Foster asked about the shared Facilities Director position, and Business Administrator Ambrosio said what was in the budget was the School's share of the entire salary and benefits for that position, with the Town receiving the revenue. She said the revenue there was for her position which was 100% budgeted by the School and offset by revenue from the Town.

Mr. Foster asked that the lines for Propane and Fuel Oil be explained. Superintendent Nadeau said they were using #2 oil and were moving to propane as they went through the renovation project, so that this year showed a little of both. She said propane was more efficient and was recommended by their engineers, and said the boilers would be dual with the option to use either. Mr. Foltz said they were basically looking at a tax increase of \$1.05-\$1.06, which was corroborated by Superintendent Nadeau. Mr. Foster suggested that the School dissolve the School Renovation Trust Fund, and Superintendent Nadeau said they were also looking at eliminating others.

OTHER BUSINESS – None

NEXT MEETING: Town Public Hearing on December 17, 2018 at 7:00 pm in the Town Hall Auditorium.

ADJOURNMENT

Mr. Foltz made a motion to adjourn the meeting which was seconded by Councilor Dumont.

The motion to adjourn was approved unanimously by a vote of 9-0, and the meeting was adjourned at 8:24 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary