

APPROVED
TOWN OF PELHAM
BUDGET COMMITTEE - MEETING MINUTES
Monday, January 13, 2014
APPROVED – April 21, 2014

CALL TO ORDER – approximately 7:00pm

PRESENT: Mr. Dan Guimond, Mr. David Cate, Mr. Bob Sherman (arrived after the meeting commenced), Mr. Dave Cronin, Ms. Daryle Hillsgrove, Mr. Greg Smith, Mr. Ken Dunne (arrived after the meeting commenced), Mr. Everett Gibbons (arrived after the meeting commenced), Mr. Leo Rush (arrived after the meeting commenced), School Board Representative Megan Larson, Selectmen Representative Doug Viger

Also present was School Superintendent Amanda Lecaroz, School Business Administrator Steve Martin, School Board members Deb Ryan and Tom Gellar, PESPA representative Brenda Hobbs, Town Finance Director Cindy Kelley, Selectman Edmund Gleason

ABSENT: None.

PLEDGE OF ALLEGIANCE

MINUTES REVIEW

January 6, 2014

MOTION: (Viger/Cronin) To approve the January 6, 2014 meeting minutes as written.

VOTE: (6-0-1) The motion carried. Mr. Smith abstained.

SCHOOL WARRANT ARTICLE RECONSIDERATION and PETITION WARRANT ARTICLES

Mr. Guimond said the Board discussed the teacher agreement at their previous meeting but were unable to take further action because the School Board had not yet voted. The School Board has now voted to ratify the agreement. He read the proposed warrant article aloud for the Pelham Education Association ('PEA').

Mr. Cronin commented when the Board reviewed Town warrant articles for contracts the term 'special warrant article' was included in the language. He questioned why it was not included in the School's article. Mr. Martin responded by saying a collective bargaining agreement by definition is a special warrant article.

Mr. Rush arrived.

MOTION: (Cate/Cronin) To recommend the warrant article for the Pelham Education Association.

VOTE: (7-1-0) The motion carried. Mr. Rush voted no.

Mr. Guimond said similar to the PEA agreement, the Board discussed the Pelham Education Support Personnel Association ('PESPA') at their last meeting but were unable to take action. The School Board has since voted to ratify the agreement.

Ms. Lecaroz provided the Board with a summary of the fiscal impacts of the agreement in the areas of healthcare and salaries.

Mr. Cate commented that the contract was defeated last year and employees didn't receive raises. He questioned what differences were included in the contract this year. Ms. Lecaroz said they didn't receive raises this past year. She said during the recent negotiations, there were significant healthcare concessions. Mr. Cate wanted people to be aware that the instructional assistants went without a contract during the past year and hadn't received a raise.

Mr. Rush questioned how many steps the contract contained. Ms. Lecaroz replied that the contract didn't have steps, instead it had a schedule. Mr. Martin said it was equivalent to six steps.

The Board received a breakdown of the contract's increases based on the employee's years of service in the Pelham School District.

Mr. Sherman arrived.

49 Mr. Guimond read the PESPA warrant article aloud.

50 **MOTION:** (Cate/Cronin) To recommend the warrant article for the Pelham Education Support
Personnel Association.

VOTE: (6-1-2) The motion carried. Mr. Rush voted no. Mr. Cate and Mr. Guimond
abstained.

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52 Mr. Guimond read aloud the petition warrant article that related to raising \$32,093 to provide services to Pelham school children attending St.
53 Patrick's School grades K-8. The petitioner wasn't present.

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55 Mr. Smith confirmed that the School Board voted 1-4 against the proposed article. Ms. Lecaroz answered yes. Mr. Smith questioned why they
56 took a negative position. Ms. Larson said the School Board didn't really have a discussion about the article. She said the they were working
57 within a lean budget and needed to educate the children coming to the Pelham schools. Mr. Smith said he would argue that the parents of the
58 children attending St. Patrick's school were tax payers. He felt the amount of money involved was petty since historically he believed they had
59 supported the article. Ms. Larson replied they had not provided services every year; the article contained wording 'continue to provide', which
60 was not true; however, the School Board couldn't change the wording because it was submitted by petition.

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62 Mr. Dunne arrived.

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64 Ms. Hillsgrove believed the School Board may have considered all the items being put on the warrant when making a decision regarding the
65 petition article. She didn't believe the School Board's decision was negative against St. Patrick's; it was a matter of prioritizing.

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67 Mr. Cate felt all Pelham children should be educated; he will support the article.

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69 Mr. Viger asked if there was an obligation to provide special education to the Pelham students attending St. Patrick's School regardless of the
70 petition article. Mr. Martin and Ms. Lecaroz both shook their heads in the affirmative. Mr. Viger confirmed that a special education student
71 would receive the same special education whether they attended St. Patrick's School or the Elementary School. Ms. Lecaroz answered yes. The
72 funding for such was included in the School's budget. She said they provided Title 1 as well as transportation.

73
74 Mr. Cronin questioned why the petition article was either overlooked or submitted late. Ms. Lecaroz said the article wasn't late. Petition articles
75 had until January 14, 2014 to be submitted. Mr. Cronin recalled the article wasn't submitted with the other school articles. Mr. Guimond said
76 petition articles were separate and not due until later.

Mr. Dunne said last year the article was presented by the School Board. This year the article was not taken up on the School Board's agenda, therefore it was submitted by citizen petition.

Mr. Cronin commented if the number of Pelham students attending St. Patrick's School were put into the Pelham School District it would cost more than the \$32,000 proposed in the article.

Mr. Guimond asked what the typical cost was for educating a student. Ms. Lecaroz said the cost was approximately \$10,000.

Ms. Larson noted that the School Board received the article on paper; the petitioner didn't present the article to them. She reiterated there was no back and forth discussion.

Mr. Smith said he was torn on what his decision would be. He believed the parents of the St. Patrick's students were more than covering their fair share of the proposed \$32,000 as well as contributing to the overall system. Process wise, he was frustrated that the petitioner didn't attend the meeting.

MOTION: (Cronin/Cate) To recommend the petition warrant article of \$32,093 to provide services to Pelham school children attending St. Patrick's School grades K-8.

VOTE: (7-3-0) The motion carried. Ms. Larson, Ms. Hillsgrove and Mr. Guimond voted no. The remainder of the Board voted in the affirmative.

The Board reviewed the petition article to authorize a reduction of the School budget by \$1,375,000 which was approximately 5%.

Mr. Cate said he couldn't support the petition article because he felt the Board reviewed information during the budgetary review. He believed the school came forward with a really lean budget and couldn't see reducing them anymore because it would cripple them.

Mr. Guimond also felt the School Board came through with a really good and manageable budget that didn't request any extras.

Mr. Smith asked which budget the \$1.37 million dollars would be reduced from, either the operating budget or the default. Mr. Guimond said it would be reduced from the operating budget that was recommended in the amount of \$27,597,290.

Ms. Hillsgrove asked what the proposed budget was for Special Education. Ms. Lecaroz didn't have the exact figure. Mr. Cate believed it was well over \$1 million dollars. Ms. Larson noted Special Education wasn't just for out of district services, it also included instructional assistants, transportation etc. Ms. Hillsgrove commented if they went through with the \$1.3million dollar deficit the requirement to pay for Special

Education costs would then have to come out of the remaining budget, which was the support for all the other students. Ms. Lecaroz said the reduction would equal approximately twenty teachers. Ms. Hillsgrove couldn't support the article. She felt the School had done a good budget. She said there was a lot of hard work put into contract negotiations so it would be reasonable for the tax payer. She stated taking the \$1.375 million dollars out of the budget would hurt a lot of children.

Mr. Guimond asked the petitioner to speak regarding the reason for the article. Mr. Rush said his thought was that the School Board and the Town didn't really operate on a budget. He said to operate under a budget they would have a specific number to work with and determine what could be provided using that figure. He said the process being used was asking the School what figure they wanted to operate with versus operating within a budget. Mr. Rush believed the proposed article would give the Board an indication of how the Town's people felt about the budgeting process. He said if it passed it would be wake up call to the School and Town and would get everyone to listen. He said they would have to do a better job negotiating the salaries, doing special education and running the schools. Mr. Rush said he had feelings for those families with a child that needed special education but didn't feel the Town needed to provide a Class A+ program and felt a Class A program would be good. With regard to Special Education, Mr. Guimond said both the Federal and State government mandated what the Town had to provide; the Town didn't have a choice. Mr. Rush understood, but through research believed the Town had the best Special Education program in the State of New Hampshire and possibly in New England. He said that kind of Special Education program was not mandated. He said the requirement was to provide adequate special education.

Mr. Sherman vehemently disagreed with Mr. Rush's characterization that the special education program was superior for what was being spent. Knowing Nashua, NH, he discussed the types of staff that were offered that Pelham was not offering to their community for special education students. He asked in what areas Mr. Rush felt the District was overspending. He said the proposed article may cut teachers, thereby making class size increase. He didn't feel the proposed article made sense.

Mr. Smith was a bit unclear regarding the petition article process. He questioned if the proposed 5% number could have been any percentage. Mr. Guimond explained any taxpayer with twenty-five valid signatures can petition any warrant article they want to petition. Mr. Smith asked if the article was binding if it passed on the warrant. Mr. Martin stated the Department of Revenue Administration has provided a written opinion that the petition article would be advisory only article. The appropriation would be whatever the voters approved in Article 2 – operating budget.

Mr. Gibbons arrived.

Mr. Viger told Mr. Rush he saw his point about not budgeting to a budget; however, with contractual obligations they knew exactly where they had to be with the budget for the next year on both the School and the Town side with the budget. He said in personal budgeting people had to account for growth. On the Town side, minimal growth is accounted for and conservative. He explained part of budgeting is absorbing the growth that the voters will support. Mr. Viger felt picking a number to reduce the budget was just as bad as picking a number to increase it. He believed the proposed 5% was an arbitrary number that would have a negative effect on the outcome of the budget. He said they had done a good job absorbing growth within the budget that could be sustained.

Mr. Cronin concurred with the other Board members. He felt a 5% reduction would cripple the School department. He didn't feel the School had excess in their budget and were working at bare bones. Mr. Cronin said they had spent a lot of time getting the health plan costs reduced in order to keep the bottom line down. He said to cut an additional 5% would equate to approximately twenty teacher jobs and class sizes would increase. He commented that times had changed since he went to school. He said there was a need to have good class sizes, good teachers and a good educational program. He said children were the future and questioned what that future would be if they were taken away from now.

Mr. Guimond added that special education children were mainstreamed into the classrooms, unlike what they did when he went to school. He said in doing so teachers had to work harder. He said they couldn't have the class sizes they did years ago.

Mr. Rush said the reason the article was submitted was to see what would happen. It was his belief that the school would be operating under the default budget and the contracts wouldn't pass. He said if the article received a large number of votes, the Board would need to stand up and take a look at it. He said it would be advisory only as was the Budget Committee.

MOTION: (Cate/Rush) To recommend the petition warrant article to reduce the School budget 5%, approximately \$1,375,000.

VOTE: (1-10-0) The motion failed. Mr. Rush voted in the affirmative. The remainder of the Board voted in opposition.

TOWN PETITION WARRANT ARTICLES

Mr. Rush commented that he had provided the Town Administrator with a copy of the RSA pertaining to vote count being included on the warrant. Mr. Guimond said at the previous Board meeting an item was brought up regarding what information is required to be provided to voters.

Mr. Viger provided a copy of RSA 40:13,V (A) to the Chairman. He read the section aloud. In summary the Legislative Body (voters) determines whether vote count and Board member names are included on the warrant. Mr. Viger said there was no record of the Legislative Body taking action whether it should be listed. He said without the vote of the Legislative Body, including vote counts and names was at the determination of the Governing Body (i.e. Selectmen, School Board).

The Board received two petition warrant articles from the Town.

Mr. Guimond read aloud the first petition warrant article. That article asks voters to authorize the reduction of the Town budget by \$624,000, approximately 5%.

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171 Mr. Rush said the article was submitted for the same reasons as the petition article for the school. He felt budgeting should be done from the top
172 down, but rather from the bottom up. He felt they would be working from the default budget.
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174 Mr. Viger understood the position Mr. Rush was coming from. He said budgeting was done a differently given contractual obligations. He said
175 Mr. Rush had the right to put the petition forward. He hoped the Town did good job helping people realize how they did their budgeting and the
176 article would be defeated.
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178 Mr. Cate felt the Town did an excellent job preparing and vetting the budget before it came to the Budget Committee. He said he couldn't support
179 the article. The Departments had already gone through the review process and limited their money.
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181 Mr. Guimond said he couldn't support the article because he felt the Town had made a diligent effort to come out with the best budget to give
182 taxpayers the current level of services. He said if the budget was reduced by the proposed \$624,000 the taxpayers wouldn't be given the level of
183 services and support they currently received.
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185 Mr. Dunne questioned why the petition article would be advisory only and not binding if approved by voters, as the Board was told by the School
186 Business Administrator regarding a similar article. Mr. Gleason replied it was the opinion of the Department of Revenue Administration ('DRA')
187 that the article was advisory in its capacity and the budget presented by the Budget Committee is the budget. The Town's Attorney has verified
188 the DRA's position as being correct. Mr. Dunne asked if wording could be added to indicate the article was advisory. Mr. Guimond said the
189 wording of petition articles could not be altered.
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191 Mr. Cronin understood Mr. Rush's opinion and felt he had good intentions; however, he felt the Department Heads, Selectmen and Budget
192 Committee had done due diligence in looking at the budget. He felt the budget was bare bones and if it were possible to cut any further the
193 departments already would have. He couldn't support the article.
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195 Mr. Rush said if the article failed by a margin of 3-1 he wouldn't bring it forward next year.
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197 Mr. Smith said as much as he would like to see budgets cut further, he believed the Departments had already done a good job.
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199 Mr. Gleason commented that the Town had periodically done zero based budgeting. He said they had started the department budgets at zero and
200 built them up based upon the department's identified needs. He said the budget was reasonably representative of what the Town needs. Mr.
201 Gleason noted that the fixed costs (i.e. New Hampshire Retirement, Insurance, benefits, Electric rates) in the operating budget that could not be
202 modified ran approximately 60%-70% of the budget. He said if a 5% reduction was spread across departments they would have to lay people off

such as Police Officers, Fire Fighters and Highway Department employees. He believed people should understand the ramifications of the proposed reduction would be significant and the fact that it would go toward the discretionary money and cripple a lot of departments.

MOTION: (Cate/Rush) To recommend the petition warrant article to reduce the Town budget 5%, approximately \$624,000.

VOTE: (1-10-0) The motion failed. Mr. Rush voted in the affirmative. The remainder of the Board voted in opposition.

Mr. Guimond read aloud the petition warrant article to raise and appropriate the sum of \$680,000 to purchase a new fire truck; the sum will come from the operating budget. He questioned if the sum would come from the current operating budget. Ms. Hillsgrove believed it would come from whichever operating budget passed.

Ms. Hillsgrove stated during the budget review process there was a lot of discussion about the vehicle and the Fire Chief Midgley and the Town had done a good job explaining why they need the replacement vehicle. Also during the review process, backup data and photographs had been provided to the Board. She said the proposal would not add to their fleet; it was a replacement truck. She said the average taxpayer may not be as informed as to the quality of the equipment or the vehicle replacement plan. That schedule listed vehicles so they could be replaced in a timely manner. Ms. Hillsgrove felt taking the funds (for the replacement vehicle) out of the operating budget would jeopardize every resident given that the vehicle responded to every accident. She said without the vehicle the department wouldn't be able to support services in the Town.

Mr. Dunne asked if the petitioner could speak to why the article was needed and what type of fire truck would be purchased. He also wanted to know if the article would be advisory or binding. Mr. Rush said the Budget Committee was advisory; nothing they did was binding. He felt the article was needed because he didn't believe the proposed vehicle was a replacement vehicle. He said the proposal was for a new, custom made combination vehicle. He didn't think the Fire Department should be spending close to a million dollars on a vehicle without voter approval. He said in past years the vehicle would have been voted on by the people, but because the phrase 'replacement' was being used the vehicle didn't have to be voted on. Mr. Rush said by having a warrant article it gave the voters a chance to say whether or not they wanted to approve a new fire truck or possibly get a used piece of equipment for a reduced cost. He noted he found three fire trucks in a few minutes on the internet that were equal to what the Fire Chief was looking for. He said the Town could get a number of vehicles for the amount of money being requested.

Mr. Guimond took issue with the comment about the Budget Committee's actions not being binding. He said the amount that the tax payers vote for the budget was the recommended Budget Committee budget. He said it wasn't the Town or the School's budget, it was the Budget Committee's budget. The Board's recommendations have a lot of pull with the tax payers. Mr. Rush apologized for his misstatement.

Mr. Viger told Mr. Rush he voted for him because he thought he would bring a new attitude to the Board. He said the petition article was lacking in information. He said nowhere in the budget was \$680,000 for a fire truck; there was a lease/purchase payment that spanned over a period of time. He said asking to raise the whole amount at one time would cripple the Town on a tax basis. He told Mr. Rush by trying to create the article and get the consensus of the Town, what in turn would happen is a bigger burden on the taxpayers than what he was trying to accomplish in the previous petition. He didn't feel Mr. Rush had all the facts or was properly representing those taxpayers that were trying to save money. Mr. Viger added that there wasn't \$680,000 in the budget.

Mr. Cate said he couldn't support the article. He felt the Fire Chief and Selectmen had worked very hard to deliver what they thought would be the best option to provide the Town with services over the next twenty years. He felt the article undermined those efforts.

Mr. Guimond said he couldn't support the article because the budget that was put together reflected the level of services the taxpayers expected. The Fire Department put together a bare boned budget to provide that level of service.

Mr. Sherman reiterated that the current manner the truck would be paid for was through a lease agreement. He commented if both petition articles were to pass the Town would be in serious economic shape. He said they would encounter a 5% reduction and then be faced with raising \$680,000. Mr. Viger clarified that the petition article requested that the amount be added to the budget in one year.

Mr. Gleason stated that the vehicle in the budget was a replacement vehicle for the rescue and the tanker. He said if the petition article passed the \$680,000 had to be spent on a new fire engine, which meant the money would be taken out of the operating budget and would cripple the departments.

MOTION: (Cate/Cronin) To recommend the petition warrant article to raise and appropriate \$680,000 to purchase a new fire truck; the amount of \$680,000 will come from the operating budget.

VOTE: (1-10-0) The motion failed. Mr. Rush voted in the affirmative. The remainder of the Board voted in opposition.

RECONSIDERATION

Mr. Guimond began by thanking the Board members for the time they dedicated to the Budget Committee.

The School had no items for reconsideration.

The Town had one item for reconsideration. Finance Director Cindy Kelley told the Board that the Insurance budget contained items for reconsideration. She reviewed the figures that needed adjusting. The request was to increase the Insurance budget from \$2,108,261 to \$2,240,341; representing an increase of \$132,080 from last year's budget.

Mr. Cate asked if the increases to worker's compensation and unemployment were contractual. Ms. Kelley answered yes; they came from Property Liability Trust.

Mr. Sherman confirmed that the reconsideration meeting was properly posted. Mr. Gleason and Mr. Guimond answered yes and stated the meeting was properly posted.

MOTION: (Viger/Cate) To increase the Insurance budget line item to \$2,240,341.

VOTE: (11-0-0) The motion carried.

Mr. Guimond commented typically the diesel gasoline budget is discussed during reconsideration. He asked if the budget would be sufficient. Ms. Kelley said they felt they had an adequate budget. Mr. Gleason told the Board that the Selectmen had approved the adjustment and modified their budget; the adjustment would also be reflected in the default budget given the contractual components.

ADJOURNMENT

MOTION: (Cate/Sherman) To adjourn the meeting.

VOTE: (11-0-0) The motion carried.

The meeting was adjourned at approximately 8:20pm.

Respectfully submitted,
Charity A. Landry
Recording Secretary