The City Of Sanford, Maine
Village of Springvale

Budget Committee Meeting Mintues
March 19, 2015, 6:00 PM
City Hall Annex, 3rd Floor Council Chambers

1. **Call to Order:** Meeting Called to order by Chairman Lance Hoenig at 6:08 pm
2. **Pledge of Allegiance**
3. **Roll-Call:** Bruce Carlson, Don Jamison, James Drummey, Councilor Fred Smith, Deputy Mayor Maura Herlihy, Mayor Tom Cote, Chairman Lance Hoenig. Others: City Finance Director Ronni Champlin, City Manager Steve Buck, Superintendent David Theoharides, School Business Manager Gwen Bedell
    a. **Audience Participants:**
        i. School Committee: Tom Miscio, Scott Sheppard, John Roux and Jonathan Mapes
        ii. City Council: Councilor Victor Digregorio
        iii. Staff: Eric Knowlton, Assistant Superintendant, Paul Simpson, City Treasurer
4. **Adjustments to the Agenda**:
5. **Approval of the March 12, 2015 Meeting Minutes:** Moved by James Drummey, seconded by Maura Herlihy with a comment to add Lance Hoenig in the Roll-Call, 7-0 to approve.
6. **Public Participation: NONE**

Old Business: To take action, if appropriate, on the following:

7. **Adult Education –** Committee Questions from March 12, 2015
    - Are we breaking even on Enrichment Courses? Have 700 people enrolled in enrichment courses. 80% of fees go to the instructor, 20% is revenue for the program. We are not subsidizing the enrichment courses at all.
    - Are we subsidizing out of town Adult Education participants. (e-mail from Allen read by David Theoharides and being sent by Gwen)
    - Cost to run Adult Education: $787,986

New Business: To take action, if appropriate, on the following:

Presentation:

Overview of the 2015/2016 Consolidated Budget

FY 15/16 BUDGET
CITY OF SANFORD

MUNICIPAL & SCHOOL OPERATIONS & CIP

By: Steven R. Buck, City Manager
& Gwen R. Bedell, School Business Admin.

Budget Committee Presentation
March 19, 2015

NET APPROPRIATON FOR FISCAL YEAR 2015 VS. 2016

FY 15 vs. FY 16		Net Change LY
Combined Expense	$ 57,720,690.00	$ 986,973.00
Combined CIP	$ 2,015,379.00	$ 325,261.00
County Tax	$ 848,529.00	$ -
Total Appropriation	**$ 60,584,598.00**	$ 1,312,234.00
Combined Revenue	$ (30,432,601.00)	$ (1,058,724.00)
Combined Use of Fund Balance	$ (850,000.00)	$ 500,000.00
Net Appropiration	**$ 29,301,997.00**	$ 753,510.00
Mil Rate for Municipal & School	$ 22.20	$ 0.5776
FY 15	$ 21.62	
Total Net Change/$1,000	**$ 0.5779**	**2.67%**
Net Appropiration due to Operations	**$ 428,249.00**	**1.50%**
Net Appropiration due to CIP Mandate	**$ 325,261.00**	**1.14%**

CONSOLIDATED 1.5% INCREASE IN NET TAXATION

Source or Use of Funds	14/15 Municipal Budgeted Amount	14/15 School Budgeted Amount	14/15 Combined Budgeted Amount
Operational & CIP Expenses	$23,157,367	$35,266,468	$58,423,835
- Revenues	$8,598,469	$21,275,408	$29,873,877
= Net Taxation	$14,558,898	$13,991,060	$28,549,958
X 1.5 % Dollar Increase Based on Net Taxation	$218,383	$209,866	$428,249

City of Sanford

FY 15/16

Budget Review

As of 3/19/15

MUNICIPAL SUMMARY

Source or Use of Funds	14/15 Budgeted Amount	15/16 Budgeted Amount	Variance (15/16vs. 14/15)
Operational Expenses	$21,601,039	$21,435,815	- $165,224 - 1%
-Revenues + Use of Fund Bal.	$9,448,469	$9,064,862	-$383,607 -4.0%
=Net Tax from Operations	$12,152,570	$12,370,953	+218,383 + 1.8%
+ CIP	$1,556,328	$1,774,083	+217,755 + 14%
=Total Net Taxation Excl. County Tax	$13,708,898	$14,145,036	+ $436,138 + 3.2%

City of Sanford

FY 15/16

Budget Review

As of 3/19/15

SCHOOL SUMMARY

Source or Use of Funds	14/15 Budgeted Amount	15/16 Budgeted Amount	Variance (15/16vs. 14/15)
Operations: General Ed + Adult Ed	$35,132,678	$36,284,875	+ $1,152,197 + 3.3%
Revenues: Gen. Ed. Adult Ed. - Total Revenue	 $20,962,556 + 312,852 $21,275,408	 $21,821,539 + $396,200 $22,217,739	Total + $942,331 + 4.4%
= Net Tax from Operations	$13,857,270	$14,067,136	$209,866 + 1.5%
+ CIP	$133,790	$241,296	+ $107,506
= Total Net Taxation	$13,991,060	$14,308,432	+ $317,372 + 2.2%

City of Sanford

FY 15/16

Budget Review

As of 3/19/15

CONSOLIDATED EXPENSES

Use of Funds	14/15 Budgeted Expense	15/16 Budgeted Expense	Variance (15/16vs. 14/15)
Municipal: Operations CIP Total	 $21,601,039 $1,556,328 $23,157,367	 $21,435,815 $1,774,083 $23,209,898	 - $165,224 + $217,755 +52,531
School: Operations CIP Total	 $35,132,678 $133,790 $35,266,468	 $36,284,875 $241,296 $36,526,171	 + $1,152,197 + $107,506 + $1,259,703
Consolidated: Operations CIP Total *Excl. County Tax*	 $56,733,717 $1,690,118 $58,423,835	 $57,720,690 $2,015,379 $ 59,736,069	 + $986,973 + 325,261 + $1,312,234 + 2.2%

City of Sanford

FY 15/16

Budget Review

As of 3/19/15

CONSOLIDATED REVENUES

City of Sanford

FY 15/16

Budget Review

Source Of Funds	14/15 Budgeted Revenue	15/16 Budgeted Revenue	Variance (15/16vs. 14/15)
Municipal w/ Use of Fund Bal.	$9,448,469	$9,064,862	- $383,607 - 4.0%
School w/use of Fund Bal.	$21,275,408	$22,217,739	+ $942,331 + 4.4%
Total	$30,723,877	$31,282,601	+ $558,724 + 1.8%

As of 3/19/15

CONSOLIDATED SUMMARY

City of Sanford

FY 15/16

Budget Review

Source or Use of Funds	14/15 Budgeted Amount	15/16 Budgeted Amount	Variance (15/16vs. 14/15)
Operational & County Exp	$56,733,717 $848,529	$57,720,690 $848,529	+ $986,973 + $0
- Revenues & Fund Bal.	$29,373,877 $1,350,000	$30,432,601 $850,000	+ $1,058,724 - $500,000
= Net Tax from Operations	$26,858,369	$27,286,618	+ $428,249 + 1.6%
+ CIP	$1,690,118	$2,015,379	+ $325,261 + 1.9%
= Total Net Taxation	$28,548,487	$29,301,997	+ $753,510 + 2.64%

As of 3/19/15

8. **Joint Public Hearing – City Council, School Committee, Budget Committee**: NONE
9. **Budget Committee questions and responses regarding the 15/16 Consolidated Budget**
    a. **City Questions and Answers**
        i. Retirement/Replacement of vehicles under CIP.
            1. Assessors Vehicle, Codes Vehicle (1999 Dodge Stratus'- 17 years). Looking for used all wheel drive vehicles. Booked $ 15,000)
            2. Police Vehicles, request 4 police cars. Getting 3 vehicles. Dodge Chargers going to all wheel drive Ford Explorers.
            3. Fire Department,
                a. Lease Payment on Engine 1, $ 45,545/year for the 3rd 10 year lease payment.
                b. Ambulance (new), replacing a 375,000 mile ambulance-3rd out. 5 year lease at $ 42,576 per year. Total $ 195,000 purchase price.* New Ambulance would become front line and the oldest would be moved to 3rd in the rotation.
            4. Airport: Pick up truck with plow. Proposing to use KKW monies ($ 42,000).
            5. Public Works Department
                a. 10 Wheel Dump/Plow Truck $ 190,550
                b. Loader lease payment $ 37,235 (3rd of 5 payments0

c. 1 ton fleet truck with dump and plow $ 75,000

ii. **Regarding Undesignated funds, I was unclear how this is reflected in the budget. It appears that the budgeted amount is the same as last year at $850,000, is that the case? If so, with how uncomfortable we were with that last year, why are we budgeting that again?** .

1. Would have to reduce expenses to get back to the $ 650,000. The last audit shows the reduction of Undesignated by $ 447,399 compared with the prior year. Using the additional $ 200,000 is less harmful than trying to cut the budget by the same amount.

iii. **The $46,000 increase in contract services under the Fire Department, this is primarily all hydrants?**

1. $42,504 is specific to the increase in hydrants

iv. **Administration education cost of $6,250 represents a $4,500 increase. What is this?**

1. $4,500 is for the City Manager for continuing education per his contract. It was not budget for the first two years of employment as one of the reductions taken by Administration to balance the Budget. I do have plans this year to utilize. Masters in Sustainability – Triple Bottom Line of People, Place, Profit or sustainable economy, society, and environment – the new business model

v. **Describe the $9,000 increase in Salaries under Planning.**

1. $8,003 is an increase in the Planning Director's salary bringing it to $85,330. Council has approved the creation of a New Position of Director of Planning and Development to replace the former position of Planning Director. The newly created position will be a Department Manager having oversight of three departments in coordination of the planning and permitting processes to facilitate the Business Friendly aspirations of the City. There is no net gain of a position.

vi. **Describe the $5,000 increase in Dues under Economic Development.**

1. $5,000 moved from contract services to dues to the Economic Development Corporation, a 501 C 6 corporation focused on Gap Financing options for business. The Dues paid provides for a seat on the Board of Directors, access to capital, the ability to seek dedicated small business funds specific to Sanford, and to use the EDC for loan portfolio critiques and management. It further connects Sanford to the larger regional business and development community.

vii. **Describe the $13,000 increase in Education under Fire Department.**

1. $12,500 increase in this line do to contract negotiations as the Department seeks to provide educational opportunities to all current and future Staff to increase both fire and paramedic capacities within the Department. The City has set a standard to have the entire department at minimum certification levels of FF II and Paramedical ratings.

viii. **Describe the $10,900 item ($8,000 increase) in Equipment Maintenance under Airport.**

1. $8,800 included in this line for Fuel Farm 10 year inspection and anticipated repairs and replacements of cathodes, hoses, and any other identified deficiencies. Tanks will be drained and inspected from the inside as part of the process.
2. NOTE: the $23,000 reduction in Contract Services with an offset increase of $2,000 in PT salaries converting former snow removal contract to PT operation with newly purchase Equipment. Annualized savings of $21,000 less additional $2,000 fuel – Net of $19,000/year

ix. **CIP – under assessing there is a $65,000 request for Commercial revaluation. In your opinion, would this be likely to pay for itself through increasing commercial valuations, and if so over how long a period of time?**

1. The premise of the contracted services for commercial revaluation is to hire the specific expertise of a Firm that only does this category of properties and has the defensible data base of changes, as would be supported by their work. The City's Assessor indicates an anticipated pay back of 3 – 4 years after implementation. It was not funded only due to lack of capacity within the 3.5% limitation to be raised.

x. **It was mentioned that there is a planned bond in two years for CIP. Do you have an anticipated amount of the bond, anticipated approximate payments and terms? What do you hope to accomplish with the bond related to CIP plan through 2020, and how much would be used to "catch up?" Would we then be able to more easily plug in an annual baseline CIP amount similar to other communities with which you have worked in the past?**

1. (Hand out on Estimated Review of CIP, City Fixed Assests-Non road piece) Still being worked on but is the start of a full CIP review in anticipation of the "Catch Up" bond request.
2. Roads: Hiring a firm to come in and do a city wide assessment of every lane mile and put a condition assessment on the roads. From that we can generate an annualized cost of repairing the road base. Will use that to do the road work analysis year to year from there on.
3. Hand out has any asset greater than $ 5,000.
4. Current estimate is a $ 3.3 million bond to catch up on CIP assets. Again, does not include the roads.

xi. **Is it correct to interpret that ($ 111,000) in debt service (Public Works) will be gone after the 2017 budget year? Between that and similar freed from the school is that the reason for the timing of the bond in two years?**

1. Decrease of $300,000+ in debt serve in next few years. Combined with mandated CIP Charter increase in 2016/17, we can pull the trigger on catch up and have a sustainable plan for CIP planning in the future.
2. Still need to add the Parks piece to the estimates.
3. Fred, would like to include estimates of what the buildings need for replacement costs, schools and city? City & School are consolidating into reduced facilities. Allows for savings on carrying costs as well as the ability to sell assets with the money going into further assets.

xii. **Beyond this bond, what is an approximate amount that should be budgeted each year for total CIP for planning purposes going forward, as well as planned percentage annual increase?**

1. Current 4% planned by Charter should keep up with CIP, including a savings plan for future expenses, as long as we have a Catch Up Bond.

xiii. **Over the last five years, what is the net new hire number, and can that be expresses as a percentage of total staff:**

1.	February 2010	184	
2.	February 2011	186	1.09%
3.	February 2012	179	-3.76%
4.	February 2013	191	6.70%
5.	February 2014	189	-1.05%
6.	February 2015	187	-1.06%
7.	Average	0.6	0.38%

8. 180.5 expected for next year. Reduction includes 5 dispatchers, 1 ambulance billing clerk, ½ city Clerk

a. *these numbers include crossing guards, recreation seasonal help, temporary employees and reserve dispatchers
b. *March of 2012 City started paying crossing guards instead of School Department

xiv. **Between last year and this year what is the same number/%?** Decrease of 5 dispatchers, one ambulance billing clerk and one pt clerk. Currently have 166 FT 2 PT and 1 Grant Writer employees – decrease of 3.9%.

1. **Department Heads/Management Staff Reductions over the last 10 years:**
   a. Assessor- now shared with OOB and we provide Assessing services for Alfred
   b. Town Clerk/Tax Collector-position eliminated and combined with Treasurer now Tax Collector/Treasurer
   c. Voter Registrar-position eliminated and combined with City Clerk now City Clerk/Voter Registrar
   d. Commander of Bureau of Police Administration-position eliminated
   e. Director of Sanitation-position eliminated

   Department Heads/Management Staff Additions over the last 10 years:

   a. Director of Economic Affairs
   b. Assistant to Executive Director SREGC
   c. Assistant City Engineer
   d. Assistant Communications Director

Budget Committee Questions to School Only

1. **Were there any item(s) in the 14/15 budget that faced unexpected and uncontrollable problems/costs in 2015 that had any serious effect in developing the 15/16 budget and that might (in any way) affect the 1.5% guideline???**
   a. Special Education – high cost of services we are required to provide to a growing population of qualifying students, including out of district placements at a cost up to $98K per student per year.
   b. Transportation – correction of contractual obligations in the current year and next year as well as an increased number of bus routes, including special education out of district bussing with required monitors on 6 daily buses, and vocational busing that gets reimbursed two years later
   c. Insurance – health insurance premium increases run anywhere from 6 – 10% where the district pays on average 80% of the premium, as well as increases in dental insurance and workers compensation, which has been experiencing an increasing loss ratio due to age and increasing demands on labor.

2. **In the past, it was a policy that all adult education enrichment courses be as close to a wash or positive cash flow, as possible. Can we be provided with this cost/benefit analysis?**
   a. This policy is still in place and being adhered to. All enrichment classes must run at an 80/20 revenue-share or they are cancelled. 80% of the registration fees goes to the enrichment instructor, the remaining 20% stays with Adult Ed to cover the cost of overhead. See the memo "Enrichment Budgeting Guidelines" from Allen Lampert attached hereto.
   b. Enrichment programs, though they may not generate revenue, do serve to enhance the quality of life for the residents and improve the attractiveness of the community.

3. **Are Sanford taxpayers subsidizing enrollees from other towns in the GED program?**
   a. No. Sanford residents are not subsidizing HiSET students from other towns. The state requires us to offer the HiSET free of charge. The course registration fees ($99 ea.) are paid for by the

AEFLA grant, which mandates that we cannot collect registration fees from any student taking the HiSET. However, students do have to pay for the books and materials. Last year, we had 3 out of town HiSET students, and the state paid for all of those students.

4. **We would like a breakdown of the GED expenses vs enrichment, as well as what the actual cost to the taxpayer is to provide the enrichment program. Are there possibilities for additional revenue from this program and how?**
   a. Allen Lampert reports as follows:

All SCAE academic expenses vs. enrichment are separated. Enrichment @ $34,000 Projected income at $34,000. We cannot show a profit for budgetary purposes and funds are used to support our programming. We show break even.

Some of academic expenses come from the following categories for instructional support: ABE to College, Vocational, High School Completion, Literacy. So specific HiSET expenses come from Literacy and High School Completion portion of our budget along with the AEFLA grant. In order to receive the grant, we must show matching dollars (I believe 50%) from local support. There is no specific "category" or budget line for HiSET in the budget due to the various places funding can come from. But the bottom line is that AELFA pays a large part of the instructional line along with some matching local funds. I would make this subjective comment, if the district were to reduce funding for HiSET students, the social and economic ramifications in Sanford would be rather stark ... More people on public assistance, fewer qualified people for employment, etc. And the AEFLA grant would be reduced even further. FYI: The last time Sanford applied and received AELFA funding, it had the second highest grant score in the sate and still had its funding reduced by over $13,000. We are making due with less.

The third question also asked if there are additional opportunities for revenue in enrichment and the answer is ... absolutely! For example, we just started working with the Center for Legal Studies (an subsidiary of LERN) offering online courses in various legal certifications (paralegal, legal secretary, etc.). Online is great for us in this capacity. Student pays tuition for course ($645-$1,289) depending on course and program. We get 20% of that amount right off the top. No expenses for the program. LERN pays for promotional materials and marketing. No enrollment minimums. We just got our first legal course online registration. We will get $300. In addition, we are constantly talking to students who enroll in enrichment courses asking for feedback on potential new courses of interest. As a LERN member, we get access to national trends in community education hot classes as well.

5. **What is the status with "Kids Club"? It appears the program was not funded last year, but funded this year at the amount of ~ $65k. How many new (back on the payroll) staff is required to support this program?**
   a. The status of Kids Club is that it was under funded last year and has been fully funded this year. There is also confusion in how the numbers have been coded over the past couple of years. 15/16 Budget for Kids Club actually appears in two places: 1) see Article 1, page 5, lines 180 -191 totaling $65K for the 15/16 year. This is where the wages for the program director should be reported and were in 13/14. Unfortunately, in the 14/15 Budget, it was moved into Article 5 with lump-sum figure of $98.4K (see page 6, line 191 "Child Care Providers Prof"). The increase of $65K in Article 1, offset by the decrease in Article 5 of $48.4K, results in a net increase of $17K. The 21st Century grant requires an investment at the local level, and this amount will be used to

expand services on Wednesdays if the district moves to a weekly Wednesday Early Release Schedule.

6. **Salary Special ED 0 - Administration - $13,516 increase (did someone get a 16% raise?)**
   - **a.** No. In fact this was a cost savings overall of $36K. This position (see Article 2, page 5, line 176 "Salary Admin" District-wide Sped) was taken by the person who formerly served as the disabilities coordinator (see page 4, line 148 "Salary – Disabilities Coordinator") resulting in a decrease of $49K for that line. Taken together, the reduction of $49K offset by the increase of $13K result in a net savings of $36K.

7. **Describe the $120,489 decrease in Elementary Bridge Program.**
   - a. Misreading of the page. That does not relate to the Elementary Bridge Program, we do not have the program. The decrease of $120K is the total decrease for the "04 Elementary" therapy expenses we incur for elementary schools district-wide (see Article 2, page 6, Total below line 209 "Total 04 Elementary"). This savings come from the conversion of a speech teacher including benefits (line 192-197) to a Self-Contained Ed- Tech (see Article 2, page 2, line 88), as well as correcting the budgeting of the Contracted Services – Sped (line 201) from the 14/15 budget.

8. **Career and Technical ED is there a new position for Fire Science? (are these not considered "additions" because they are reimbursed by the State?)**
   - **a.** No, this is the result of a correction in the budgeting process. In 2014/15, two teachers became full-time, thus the increase in salaries ($49K) at 100%. However, we receive reimbursement from the vocational sending schools (i.e. Massabesic, Noble, etc) that we have included as increased revenue ($100K). By showing the 100% expense ($145K x 101%), we get a better reimburse rate than just the net expense ($45K x 101%).

9. **Article 5 - new outreach worker $37,808 + Medical $17,171 (a new position?)**
   - **a.** Essentially no. By eliminating a guidance counselor at CJL (see Article 5, page 1, lines 13-18), we were able to expand services to all elementary schools by naming the position an "Outreach Worker" (see line 22).

10. **Transportation - $135,627 increase to Contract Transportation. With this cost continuing to increase, should this be another reserve item similar to fuel? What other areas do you see for which building a reserve against future increases would be most helpful?**
    - **a.** Yes, this increase stems from multiple issues as outlined in #1.B. previously.
    - **b.** Reserve Funds are essential to planning for future costs, for which the amount is relatively large in scope and subject to uncontrollable, sudden fluctuations. According to Maine School Law (Drummond & Woodsum, 5th Ed. 2014):

      "A municipal school unit may also establish a reserve fund for a particular item or type of capital improvement or equipment. A municipality has the additional authority to establish a reserve fund to assist in normal operations during periods of "financial emergency" without increasing the tax rate. This authority is limited to an annual appropriation not exceeding 5% of the current tax commitment. A municipality may establish a reserve fund for school purposes either by direct appropriation or by authorizing the transfer of surplus funds to the reserve account at the end of any fiscal year.

      A school unit may also establish a fuel stabilization fund. The school board may expend the fund, in additional to its operating budget, "to offset fuel costs for heating and transportation that exceed budgeted amounts." The legislative body may not transfer or appropriate an amount that would cause the fund balance to exceed the highest annual total cost for heating and

transportation fuel in the preceding three completed fiscal years."

c. In order of priority, the reserve funds to be established would be for:

1) Heating Fuel
2) Special Education
3) Insurance
4) Transportation

11. **How does per student spending in Sanford compare to other districts?**

a. Please see the attached 3-slides on how Sanford compares to other municipalities of similar size and structure in the state.

Per Pupil Expense FY12/13

School District	Reg. Instruction	Special Education	All Other Costs	Total Expenditure
State Avg.	$4,713	$1,754	$5,116	$11,583
Augusta	$3,323	$1,687	$6,054	$11,064
Bangor	$4,636	$1,669	$4,237	$10,542
Biddeford	$4,670	$2,068	$5,802	$12,540
Kittery	$5,083	$2,454	$5,371	$12,908
Lewiston	$3,936	$2,663	$4,057	$10,656
Portland	$5,405	$1,768	$5,029	$12,202
Sanford	**$3,517**	**$1,632**	**$4,219**	**$9,368**
Westbrook	$4,331	$1,431	$5,557	$11,319

Per Pupil Expense FY13/14

School District	Reg. Instruction	Special Education	All Other Costs	Total Expenditure
State Avg.	$4,931	$1,860	$5,265	$12,056
Augusta	$3,542	$1,753	$6,090	$11,385
Bangor	$4,798	$1,788	$4,439	$11,025
Biddeford	$4,934	$2,027	$5,861	$12,822
Kittery	$5,220	$2,325	$5,667	$13,212
Lewiston	$4,042	$2,719	$4,346	$11,107
Portland	$5,701	$1,890	$5,250	$12,841
Sanford	**$4,267**	**$2,060**	**$4,422**	**$10,749**
Westbrook	$4,762	$1,540	$5,746	$12,048

Per Pupil Cost Summary Data

(Approx. 3,100 Students)

2012/2013	2013/2014
▪ Sanford had the 2nd lowest per pupil cost for regular instruction at $3,517, $1,200 per pupil below the statewide average.	▪ Sanford had the 3rd lowest per pupil cost for regular instruction at $4,267 per pupil; despite the increase over last year, it is still far below the statewide average of $4,931.
▪ Sanford had the 2nd lowest per pupil cost for special education at $1,632, $122 per pupil below the statewide average.	▪ Sanford's per pupil cost for special education increased over the statewide average due to the increase in population requiring those services.
▪ Sanford had the lowest overall cost per pupil at $9,368, $2,200 per pupil below the statewide average.	▪ Sanford retained the lowest overall cost per pupil at $10,749, well below the statewide average of $12,056.

12. Special Ed up $365K total; reclassification of expenses, or true increase?

- **a.** This increase stems primarily from two (2) simultaneous factors:
  - **i.** Establishing a Reserve in the amount of $120K for K-8 Out of District Tuition (see Article 2, page 4, line 146 "Sped Tuition Paid K-8").
  - **ii.** Correction of the 14/15 Budget to include the Bridge program in the 15/16 Budget. This program existed in 13/14 and reflects actual costs. The 14/15 Budget failed to include these costs, thus why "expense overruns" can occur. The proper inclusion of this widely successful and cost saving program results in a correction and increase in the 15/16 Budget of $230K (see Article 2, page 4, Total below line 143 "Total 32 Bridge Program / Cyro").

13. Over the last 5 years, what is the net new hire number, and can that be expressed as a percentage of total staff? Between last year and this year what is the same number/%?

- **a.** Information being compiled and will be forwarded under separate cover.

14. Salaries and benefits are projected to increase by 4.8% and 7% respectively, a total of more than $1.4 million. How much of this is (% and $) is from negotiated contracts and how much is from additional hiring?

- **a.** Because 95% of our staff is subject to contractual obligations (under collective bargaining agreements), the bulk of that increase is attributable to contractually obligated increases in salaries and benefits. The remainder of the increase is due to corrections of prior year under-budgeted items.

15. What are the total new hires that are built into this budget and generally where are they allocated, both in terms of people and salary? The book is difficult to decipher this because of the reclassification of people, but at first glance it appears that there are at least 15 new hires (Guidance high school, Radio and TV, Business Administration, Fire Science, multiple Bridge program hires, 8-12 Ed techs including Special Ed techs).

- **a.** Essentially, the new hires are the six (6) Ed Techs being restored to the 13 first grades across the district. However, the net increase is negligible because of the cost savings of retirements we are not filling and moving positions within the district. Because of the number of corrections to last years budget, there appears to be many new hires when in fact there are not; the high guidance position is offset by a savings at srtc in student services (see Article 3, page 1, line 2) corrections would include radio & tv previously separately funded as wssr, business administration was previously under the high school instruction account, fire science is a change in recording and

reporting for the revenue and expense, bridge program was a correction of last years' omission, various movement of ed techs within special ed and the conversion of teaching positions to ed techs. As for the financial bottomline, there is little change.

16. **State revenue share for schools is budgeted at $20,480,000, an increase of $1.438 million over last year or 7.55%. Based on what you know now as it relates to your expenses from last year and assuming the state revenue calculations remain the same, can you anticipate what the state revenue sharing number will be next year (best guess)?**
    - **a.** Based upon the information at hand (enrollment numbers, increasing average cost in the EPS, 101% funding for CTE and GT 2 years later, Retirement Wash-thru, etc.), we estimate that the state funding for 16/17, will be slightly above our 15/16 amount, at $20.5M

17. **Is it correct to interpret that ~$130,000 in debt service will be gone after the 2017 budget year?**
    - a. Yes. As per the Debt Service chart, the annual $130K Heating bond payment will end in the 16/17 FY, as will the last Revolving Loan payment of $31.7K.
    - b. In 2017/2018, aside from the HS construction bond, there will only be the $1.5M energy bond debt payment of $172K. That is a 10-year debt with an annual principal payment of $150K plus interest, which expires in 2024/2025.

18. CITY and School:
    - a. **If we had a "zero net new hire" standard for this budget, what would the MIL rate increase be?** There are no new hires in the City Budget for 2015/2016. There was the elimination of 5 dispatchers, one ambulance billing clerk and one pt clerk in the City Clerk's Office.
        - i. City Budget would increase by a minimum of:

Dispatch -	$396,841
PT Clerk	$18,928
Fire	$50,400
Subtotal	$466,169

    - **b. What are potential areas that both side can see where we can achieve future economies of scale through either revenue increases or expense decreases?**

Revenues: Ambulance Fees to include Paramedic Support and ALS backups, Dispatching Services, Revenue Sharing, PAYT Revenue MSW bags and or Recycling Bags, Assessing Services, Regional Economic Development, Police Contracts, Telecommunications leases, Franchise Agreements,

Expenses: Contract Negotiations and Employment Costs

10. **Debt Service (projections to include the new High School)**
    - a. Discussion of current debt sheet with inclusion of anticipated High School Bond.

11. **Budget Committee Priorities**
    - a. Arrival at the final number/tax increase
        - i. Looking for a combined tax increase, including CIP.
        - ii. Jamison: Comfortable with the proposed budget.
        - iii. Councilor Smith: Like to see the combined around 2%.
        - iv. Mayor Cote: Would be comfortable somewhere just shy of 2%. Last year's 1.98% or lower.
        - v. Bruce Carlson: 2.6% is a jump but feels it needs to be higher than 2%.
        - vi. James Drummey: Question about Assessing changes. Steve. Maybe 5,000,000 valuation change which is about $ 100,000 in taxes. Question about Adult Educations Expenses versus Revenue. Feels we should be making more with that program.
        - vii. Lance Hoenig: Some consensus around 2%.

b. Provide clear direction for next year (and beyond as applicable): Postponed
c. Establish some if/then rules for revenue and expenses: Postponed
d. CIP analysis and how this relates to the proposed bond (if time allows): Postponed
e. Long-term objectives (health care/benefit cost control, staff vs sub-contract, health insurance, implementation plan for new high school –staffing, City infrastructure, roads/buildings/parks): Postponed
f. Electronic budget books for future years. Motion to have Electronic Budget Books in 2016 by Maura Herliny, Seconded by Mayor Cote. 7-0 in favor.
g. Explore opportunities to increase revenue: Postponed

12. **Future Agenda Items –** Confirm date, time and agenda for next meeting:
    - Thursday, March 26, 2015 6:00 pm
        i. Operating Estimates for 2 years.
        ii. Potential Vote on City and School Budget for 2015/16
    - Thursday, April 2, 2015 6:00 pm
    - Thursday, April 9, 2015 6:00 pm
    - Thursday, April 21, 2015 7:00 pm Budget Committee Presentation to the City Council
13. **Budget Committee Member Comments**
    a. **Fred Smith: Thanks School for finding the budget mistakes**
    b. **Don Jamison: Thankful City and School are working together.**
    c. **Mayor Cote: Complementary on school budget presentation**
    d. **James Drummey: Complementary on school budget presentation.**
14. **Adjourn:** Declared adjourned by Chairperson Lance Hoenig at 8:58 pm.