



**LACONIA CITY COUNCIL
BUDGET WORK SESSION
MAY 27, 2014
CITY HALL – CONFERENCE ROOM 200A
6:00 P.M.**

CALL TO ORDER:

Mayor Engler called the meeting to order at the above date and time.

ATTENDANCE:

The following Councilors were in attendance: Councilor Doyle, Bownes, Lipman, Baer, and Bolduc.

Also in attendance: City Manager Scott Myers, Finance Director Donna Woodaman, Superintendent Terri Forsten, Assistant Superintendent, Business Administrator Ed Emond, and School Board member Scott Vachon as the Chair of the Budget & Personnel Committee.

SCHOOL DISTRICT

Mr. Vachon reviewed a prepared presentation outlining the proposed 2014/2015 budget.

Councilor Baer asked how it is possible to add programs to the Huot Center when they are proposing eliminating positions. It was explained that they look at the enrollment and the need for specific courses when making this determination. Additionally, it was explained that the sending communities pay a tuition per student that support the programs at the Huot Center and the budget for this is looked at separately. Mr. Emond explained that before a program can be established they do a year of offering a course to see if the interest is going to warrant the program being offered for additional years. This has been done with the Law Enforcement program.

Councilor Baer asked what the School District cost is for a family health insurance plan. Mr. Vachon replied that it is approximately \$22,000.

Mayor Engler asked when the current union agreements expired. Mr. Vachon replied that they expire in two (2) years.

Councilor Bownes asked if the general enrollment for the district. Supt. Forsten replied that in the currently kindergarten and first grade show an increase from the 150 range to the 170 range which indicates that the school district is growing. Current enrollment for the fall is also above average for this time of year. The high school level has had a decreasing enrollment and positions were eliminated in this area and the middle school level is decreased slightly but not substantially. The district as a whole is around 2,000 students.

Councilor Bownes asked if there is any way to predict the enrollment in the future based on historical information. Supt. Forsten replied that the average enrollment is between 1,950 and 2,100 but predicting enrollment is difficult. There has been an increase and it is being attributed to an increase in younger families moving into the area.

Councilor Lipman asked for an explanation for the loss of rental income and the change in the Medicaid revenue. Mr. Emond replied that there was loss in revenue in the adequate education funding and it was made up in another line to avoid changing the tax rate and having it be higher than planned. The revenue line was raised to meet the intentions of the Council to set the tax rate. With the Medicaid revenue it has been continually increased over the last several years to account for possible adjustments that the State can make in the adequate education funding throughout the year.

Councilor Bownes asked if last year's predictions of Medicaid reimbursements matches the actual amount. Mr. Emond replied that it does. Mr. Bownes asked what happens if the Medicaid reimbursable amount is significantly higher than predicted. Mr. Emond replied that it is all budgeted and if more is received it would allow the tax rate to be lowered at the time of setting the rate.

Councilor Lipman asked for the effect that adequate education funding has had on the budget over the last two (2) years. Mr. Emond replied that the City has seen a decrease of \$750,000 over the last two (2) years with the change of the formula being made in the legislation. Councilor Lipman asked if the \$118,000 loss is an additional amount. Mr. Emond replied that this amount is a combination of areas and cannot be attributed to one source.

Councilor Lipman asked if the amount of adequate education funding is known for this year. Mr. Emond explained that this is an unknown amount until the State has done there process that is allowed in the legislation based on current enrollment as of June; in the past they have used the prior year's enrollment and the amount was a known figure . When this happens the School District is forced to make changes within the budget.

Councilor Bownes asked if there is an expectation of a significant change in enrollment numbers that will be given to the State. Mr. Emond replied that he does not because the enrollment numbers have leveled off and are not significantly different than last year.

Mayor Engler asked for an explanation of how the problem of having a \$517,218 reduction to make in the budget, acknowledging that the Council does not have discretionary authority over line items but only the bottom line and that the public may be interested in knowing the rationale. Mr. Vachon replied that the needs of the students and the declining enrollment for particular classes, as well as the increased number of special education students, and based upon those areas funding was moved from one area to another. Supt. Forsten added that when looking at the high school level needs the English and Mathematics teachers was decreased by one teacher each and the students requiring assistance in the English Speakers of Other Languages (ESOL) category has declined and one and a half positions was removed from this area. The teachers that were in the English and Mathematics departments were not certified in other areas and lost their positions but the ESOL teachers did have other certifications and we reassigned within the district. Supt. Forsten also noted that a guidance counselor will be retiring from the Laconia Middle School this year and when looking at overall enrollment it was decided that not replacing this position was reasonable. At Woodland Heights School several specialist positions were reduced to part-time from full-time. The goal was to have the least impact on the students as possible.

Mayor Engler asked if the correct interpretation is that the entire \$517,218 shortfall was made up in personnel. Supt. Forsten replied that much of it was because that is the area that needs to be looked at when you are looking at such a large amount of money; you cannot pull from other areas, such as supplies and materials, because the budgets are not large enough to make an impact on the overall budget.

Councilor Baer commented that she could not locate the maintenance funds in the budget. Supt. Forsten noted that in each school budget there is a line for maintenance. Mr. Emond reviewed the areas of the budget containing the maintenance information.

Councilor Baer asked what the maintenance needs are when a \$1.8 million loan was taken for maintenance of the Laconia High School. Mr. Vachon replied that this is funding to maintain what is currently within the buildings, at the request of the Council, to ensure the investments are being maintained.

Councilor Baer asked if there are any new projects being proposed. Mr. Vachon replied that there are not.

Councilor Lipman commented that there is a need to define the difference between a special project and routine maintenance and asked if there are any in-house projects planned. Mr. Emond replied that the \$58,000 in the Special Projects is for district completed smaller projects, such as utilizing space for special needs students using space that was made available by the Huot Center upgrade. Other larger projects, such as air handlers and sprinkler systems, cannot be funded in the operating budget and are bonded.

Mayor Engler thanked Mr. Vachon, Supt. Forsten and Mr. Emond for their presentation.

Councilor Lipman commented that there has been discussion among Councilors regarding bringing the Tax Rate in lower than what the Tax Cap would allow. Councilor Lipman asked for the School Board to think about what the impact on programming would be if there was a \$50,000 to \$100,000 reduction request. Mr. Vachon replied that they will look into this and get the information to the Council.

ADMINISTRATION

City Manager Myers reviewed the budgets for Administration, Capital Outlay, the Internal Service Fund, Capital outlay to be Bonded, Non Departmental items, Special Items, Licensing, Records/City Clerk, Elections, and Motorcycle Week.

Councilor Baer asked why the WOW group is being funded an additional \$15,000 when they had projects funded through the TIF bonding a few months ago in the area of \$400,000. City Manager Myers replied that the \$400,000 is going to be on a debt schedule and the additional \$15,000 is being used mostly for insurance with the remainder being used for minor maintenance activities. Mayor Engler added that there is a difference between a capital expenditure and routine maintenance. Councilor Baer replied that it seems like there are receiving a large amount of funding.

Councilor Bownes asked if there was any information on the planning of the WOW Trail because the representation was that it would be completed to the Town of Belmont line if the funding was fiving in the bond schedule. City Manager Myers replied that the WOW Trail group has been working actively to work out some easement issues as well as the State of NH regarding the setback of the rail system. The

group is actively working toward beginning work later this year. More detailed information can be brought from the WOW Trail group if the Council would like.

With no other comments coming before the meeting Mayor Engler declared the meeting adjourned at 6:57 p.m.

Respectfully Submitted:

Mary A. Reynolds
City Clerk