

Joint Meeting City Council/School Board

October 19th 2017

Mulligan's Grill

5:30pm

- 1. CALL TO ORDER - ROLL CALL - PLEDGE OF ALLEGIANCE:** Mayor Hilliard called the meeting to order at 5:30pm. The following members were present: Marty Pepin, Joanne Pepin, Dana Rivers, Kelly Brennan, Denis Messier, Jennifer Soldati, Jessica Paradis, Kyla Yoder, Ken Bolduc, Don Austin, Karen Hiller, Marty Dumont, Matt Hanlon, Dave Witham, Nancie Cameron, Chris Smith, Dale Sprague, and Jon McCallion. Also present: Scott Smith, Bob Belmore, Marie D'Agostino, Connie Brown and Mayor Dana Hilliard.
- 2. Revenue Shortfall Discussion:** Mayor Hilliard stated that before the joint bodies this evening is an opportunity to resolve and find answers to questions in regards to the \$637,000 school district budget shortfall. He stated that the city was informed officially of the shortfall on September 29th and immediately promoted the Mayor's office to request prompt discussion and action by the Joint Commission of the City Council and School Board and the Council itself. He stated that since being informed both respective bodies including the commission have begun the vetting process of not only examining how, after a thorough budgetary process that such a shortage could come to fruition, but also the extreme late timeliness of the shortage being discovered. He stated that at each review by both bodies and the commission, question after question continue to be raised. He stated that each question in most cases, given rise to another series of questions. Each question deserving an answer not only by the elected officials who have raised them, but also by the Somersworth Citizens who fund, both sides of the budget including the 84% contribution to the SAU budget. He stated that gains were made at the school board meeting Tuesday evening to begin to address how the shortfall can be resolved by not only appropriated school districts budget, but also how a proportion of the SAU reserved fund could be utilized. He stated that suggestions were also made by the current Interim Administration to utilize and recirculate existing processes and tracking mechanisms already available to the school board. However, attempts have been made and appreciated. He stated that originally scheduled this evening was the second joint goal setting session by both combined bodies. The last joint session was a success not only further developing and strengthening the ties between both bodies, but also leading to the creation of a joint commission, reinforcing our community's reputation of progressive team governing. He stated that because of the severity of the issue at hand, and the need to ensure that all questions be answered and solutions be rendered that goal setting session was rescheduled as a joint budget workshop. It is my intention to reschedule the joint goal setting session upon the conclusion of the upcoming election. He stated that the goals for this evening are as follows: 1. Demonstrate and reinforce to the public how the Hilltop City governs and address issues and crisis as a team 2. Further, strengthen ties between the both bodies and continue to build upon the model of 21st Century governing which has been created 3. Continue to seek and find answers to questions as to why and how this shortfall came to existence 4. Render a plan, approach and solution that both parties can preliminarily agree on. He stated these are the goals, which are before both respective bodies this evening, knowing that there are several issues, which will not be shelved or ignored and will be addressed by the joint commission within the next several months. To reiterate those requested I have called upon the joint commission to list upon their agendas the following discussion topics for review and recommendation: 1. An independent review of the process by which the school finances are accounted for and tracked 2. Discussion and action on cooperative services being developed in the area of finance, and the approval of a structure of the city department of finance governing all fiscal transactions and accounting of the Hilltop City. He stated that such models have been created and do exist in other communities and have led to great success. He stated that as we move forward this evening, it is imperative that we exhibit to the public how democracy truly should function. In my professional career, we reinforce what is called our expectations and guidelines each day. Those expectations become the foundation of how we as a school community; students and adults alike, exists. I would respectfully suggest that we function and reinforce the expectations of Being Safe,

Respectful, Responsible and Cooperative throughout this evening and in all future meeting settings. Let us as Hilltoppers guide our community and nation, as to how true states people and citizens should treat each other, regardless of the circumstances. He stated that the enforcement and modeling of such expectations do not hinder the tough questions being asked and our dialogue between both bodies, instead reminds us of the parameters of how we should approach them. He stated that the governing outline of parliamentary bodies is Roberts Rules of Order. Robert's rules is generally silent when it comes to the authority outlined when elective bodies assembly in workshop mode. He stated that because of that silence he would suggest the following without objection be placed into order this evening.

1. That the actions of the workshop be viewed as agreements, that each agreement be then viewed as an action item that each governing body will adopt upon their next assembled meeting
2. That if necessary the collective bodies will take joint votes within the workshop mode to validate the future actions by the bodies
3. That tonight's agreements which are reached by both bodies be viewed as the binding approach that both bodies will take at this time, knowing that further actions will need to be taken
4. That if for any reason, circumstances develop which would prevent the agreements being reached, that an emergency joint meeting will be called by both the Mayor and the Chair of the School Board to inform both bodies and develop a quick alternative agreement.

He stated that he has no doubt this evening not only will both parties address the failures of the current system and bureaucracy, but demonstrate and reinforce to the community how a Hilltopper approach is defining 21st Century approach to democratic governing. Austin stated that it is imperative we continue to work together, work through a significant problem, and come to a resolution and not blaming individuals or other things that will cause us to destroy this relationship we have built. He stated that this is the only way we can move forward. He stated that he has no concerns with the rules the Mayor has laid out. He stated that we ask the students in the schools to behave themselves and he expects themselves to hold us to the same standards. Mayor Hilliard stated that the first thing we will do is have questions and fact finding and the second thing is for the school board to present possible agreements that can be reached by both bodies at the next scheduled meetings. He stated that he and Don will call upon members and he hopes that we will be done in two hours or at the least until a collective agreement has been reached. Paradis stated that she would just like to get straight to the presentation. Joanne Pepin stated that it would be very helpful to start with what the school board presented to move forward. Mayor Hilliard stated that without objection they will move to that and then open it up to further questions. Austin stated that he would ask the Superintendent to talk about the presentation that she gave to the school board. Dr. Brown stated that Tuesday she presented two memos to the school board. One was on things that she saw coming on board to improve the process going forward.

1. Board involvement and oversight of the process with the reinvigoration of the budget and revenue committee
2. Use of the building aid control card
3. Revised process for calculation of catastrophic aid
4. Medicaid estimates and
5. Identify actual costs and budget accordingly.

She stated that the second memo included the five items that the board approved to move forward with on Tuesday night.

1. Expend from the Education of Persons with Disabilities fund \$100,000
2. Capture savings from personnel lines from staff turnover and not filling para positions \$184,000
3. Increase revenue from preschool \$17,000
4. Change the practice regarding payment of long term substitutes \$50,000 and
5. Individual building accounts \$50,000.

For a total of \$401,000, which still leaves a difference of \$236,000. Dave Witham stated that he would support item number one, the removal of \$100,000 from the non-capital reserve fund, that is the easy low hanging fruit. He stated that he has a question for the superintendent on the mechanism of that, is a vote from the school board enough or does something more focused need to be done. Austin stated that the vote from the board was to bring the item forward for discussion tonight not an action to do it. Witham stated that there is \$104,000 in that account so you are leaving money in that account with the intent to keep it open. He stated that the second line for \$184,000 and that is anticipated through staff that has left. Dr. Brown stated that we have done our hiring for 2017-2018 and all vacancies have been filled

except for a ½ Spanish teacher at the high school and we have reduced the number of paras. She stated that when she came this summer and was told we were in trouble with the budget she put a freeze on hiring and the administration worked hard to cover the vacancies within and that netted eight para positions for a savings of \$184,000. Witham asked about the preschool revenue. Dr. Brown stated that we did not use preschool revenue when the budget was put together but we can anticipate that money now. Witham stated that is that revenue from the state or from parents. Dr. Brown stated that we have students that we call typicals and they pay tuition that is paid by the parents. Witham stated that the \$50,000 for subs, that is long term and something that we can achieve every year. Dr. Brown stated that I think you are correct. She stated that the long-term sub rates were more than what we could pay and the policy allows the board great flexibility. She stated that the policy being followed was old and it was based on days and the step and track where the person fell and sometimes that could be \$400 a day and that was not going to be achievable as a resource so we will limit that and see a savings on that line. Witham stated that the silver lining to this is that it forces us to look at what we have done and to see if we can do it better. He asked if the \$50,000 from the buildings was supplies. Dr. Brown stated that it could be supplies, print media or software and things that have not been purchased. She stated that she let administration make the decision on what they can do without. Witham stated that we also need to be mindful that the cuts have an impact on the budget for 18/19. Paradis stated that she agrees with you it is a double whammy. She stated that the sub idea is fabulous and the \$17,000 for typicals is great to clarify and asked if we didn't anticipate the 50-50 split. Dr. Brown stated that there is a formula to follow to make sure that the class is balanced and we want a good number of typical kids. She stated that what we charge is a very competitive rate to participate in the program. Paradis asked if it is 50-50. Dr. Brown stated that she would have to check on that. Marty Dumont thanked them for doing what you have. He stated that when he reviewed the budget sheet from October 6th the front side with the line items at the bottom there is an available balance that is unencumbered of \$1,746,000 that is available. He asked if there has been an attempt to look at that. Dr. Brown stated that she gave Don a list of items that were considered and she is happy to have a discussion on that. She stated that on October 6th the special education line is showing a balance of \$22,155 and that account was under budgeted by \$250,000 at the beginning of the year and I anticipate at the end of October that will be in the red for out of district placements. She stated that utilities have also not been encumbered. She stated that when they looked at cuts her three primary goals were to protect students, minimize the extent possible staff impact and to maintain the positive relationship between the city council and school board. She stated that they looked at a ½-time Spanish teacher vacancy at the high school that they considered reducing but they have 50 students signed up to take Spanish II and it is impossible to reschedule them. She stated that they considered doing a budget freeze but she felt a better approach to go was to go to the building administrators and see what they felt they could make up. She stated that the building administrators don't have much control over their lines but they came up with \$50,000. She stated that they considered a reduction to facilities but we do have emergencies throughout the year that we have to address so we decided not to cut that. She stated that they talked about reducing the number of hours that the buildings would be open during weekends and holidays but that would have a direct impact on students and the community and we felt it would impact them negatively. She stated that we also talked about eliminating the secondary bus and take away for grades 9-12. She stated that she was not in favor of that because it has a direct impact on families. She stated that they scoured the rest of the accounts and being a newcomer she made the decision that it wouldn't be prudent to take or move money out of lines that were already under budgeted. Dumont stated that we have made improvements in the buildings so the utilities lines should show a savings. He stated that he is looking to find money not spoken for yet. He stated that he appreciates the approach with the long-term substitutes. He stated that the transfer to food service wasn't budgeted for so that came from the available balance. He stated that overall, it is a big number that is available and we don't want to hurt

teachers and students. He stated that building use is a bad idea he agrees with you on that as we consider the schools a community center and we don't want to impact the athletic teams. Witham stated that the schools knows the budget better than us. He stated that when he first heard of the issue and the budget memo was passed around he was stunned that he didn't hear budget freeze. He stated that is a real easy thing to do but now that he has heard the rationale now he understands what was done. He stated that a budget freeze isn't stopping spending but more of a deliberative approach to spending. He stated that maybe you have to go through more hoops and have more layers of oversight before you cut the check. He stated that are we going to achieve \$100,000 probably not but maybe \$20,000. He stated that he appreciates the comment around the budget freeze and he would encourage the board to revisit that. He stated that at the city level there were years that we had a lot of snow and the city manager had to approve funding. Hiller stated that it sounds good to do a budget freeze but for the past three years we have cut and cut and cut the budget and part of our problem is finding things that we can cut. She stated that it is a good idea to go through and see what we haven't spent yet and what we can do without. She stated that we have a lot of contracts with unions, health and retirement that we are already committed to for this year. She stated that it would be difficult but it is worth going over to see if there is something. She stated that the HVAC came in lower so maybe the little things can add up. Mayor Hilliard stated that the city has the same problem with cutting year after year with the same obligations. He stated that both sides need to examine the budgets because they are stretched to the extreme and that should be a task both parties are charged with. Soldati stated that she wants to throw it out there that some districts contract out all the facilities maintenance and asked if that has ever been discussion and if it has, was it cost effective. Austin stated that the last time we negotiated we discussed if it would be beneficial to outsource and the board decided that it was not a route that they wanted to take as much for personnel relationships versus costs. He stated that it doesn't mean that it can't come up again. Soldati asked if they did a cost benefit analysis and compare bids to what we are paying. Rivers stated that we are very happy with our custodians. He stated that they investigated with Dover contracting out and it was sloppy maintenance and overuse of drugs. He stated that we took everything into consideration but we didn't do dollar by dollar. He stated that it would not work to our benefit and we are happy with the work the custodians are doing and the relationship that we have. Austin stated that we had an idea of what the costs were and outsourcing probably is a little cheaper but we wanted to maintain our staff. Hanlon stated that a lot of it came down to not just the cleanliness of the buildings but we know these people and we trust them with our kids and outsourcing you don't have the personal control of who is coming in and out of the building. He stated that he likes Dave's idea of a freeze oversight. He stated that in regards to the city taking over the finances and that is something that was discussed at the joint meeting so he hopes to have a further discussion on that. Witham stated that with regards to contracted services a lot of times they go back and forth in other communities kind of like a windshield wiper and at the end of the day you are not sure if you gain or lose and it is not going to solve the problem for us this year. He stated that having a more cooperative effort on finance he would support that effort to look at that. He stated that the SAU is a standalone separate employer so he sees that as a bit of a firewall. He stated that the SAU emerged in conversation and the SAU has a fund balance much like the city and he is wondering if there is access to some to help with the shortfall and if there is access what is the mechanism to get that. Dr. Brown stated that she spoke with Gordan Graham and he stated that the SAU board needs to meet to consider the release of money from the fund balance. It would not be an appropriation. She stated that if the SAU released fund balance money they would need to release it to both districts. Witham stated that he would assume that based on percentages the city would get a greater percentage than Rollinsford. Dr. Brown stated that would be logical. Witham stated that he heard 85-15% split, his numbers may be a little off but that would be the mechanism for how it would work. Dr. Brown stated yes. Witham stated that he would recommend looking at that. Hanlon stated that he made a motion to do that at the board meeting. Witham asked if the public could

speak at the SAU meeting. Hanlon stated yes. Paradis stated that in regards to contracting services Don and I attended a meeting five years ago at NHSBA best practices for consolidating services and Berlin is one of those cities that is very similar to ours. She stated that what they did with the janitors is had them do things that they would normally hire contractors for. It might be a headache as far as contracts go but if others can do it why can't we. We need to look at how they did and model that. She asked how much the SAU fund balance is. Hanlon stated \$180,000. Dr. Brown stated that currently there is \$280,000 and the 17/18 budget used \$100,000 as revenue, which brings it down to the \$180,000. Joanne Pepin stated that when Jen mentioned contracting janitorial services even if we did do it, this year's contracts with the current janitors go through the end of this year. Soldati stated that she prefaced it looking forward. Joanne Pepin stated that at the last council meeting they brought up that the SAU fund balance shocked them but if you look at the minutes, which are all public you would see that we take money from the fund balance to lower what it costs the taxpayers. Hiller stated that using our own facilities people, we have the ability to cut but if we contracted out, we are stuck in the contract so it gives us more flexibility. She stated that at the last building and grounds meeting we were going over the policy and there are charges that we could charge and they have asked the policy committee to go over that to see if the prices are old and who we charge and who we don't charge. She stated that if it is a school group we don't want to charge and if they are a Somersworth group we aren't charging either. She stated that we aren't charging anyone anything. She stated that we need to make it clear who to charge and who not to. Sprague stated that he appreciates the efforts brought forward earlier. He stated that he is concerned that we don't want to defer any maintenance. He stated that the sped fund was set up and this is exactly what it can be used for. He stated that if he looks at the pages from October 17th there are two things at the bottom that he would like clarification on. He stated that he is hearing the SAU fund balance of \$105,000 that might be tapped into as our share of the SAU. He stated that he would like to see as much of that used as possible. He stated that the kids didn't put us in this dilemma so they shouldn't suffer. He stated that in regards to the furlough day how real is that and would that include SAU members. Austin stated that it would be the whole district, from the superintendent all the way down. He stated that it can't be unilaterally dictated, the bargaining teams would have to agree to that. Sprague stated that the numbers are getting close to absorbing this. He stated that deferring maintenance is not a good option. He stated that he likes the direction we are going in and we are all sorry we are here. He stated that he would like to have the finance committee sit with the Rollinsford select people on their view of the SAU budget and he would like to know the members on that board. He stated that he is looking forward to a forensic audit on how we got here, he is not throwing fault but it would be helpful to have an outside look. He stated that my emotions got the best of me and I apologize to those I have affected. Witham stated that he agrees with Dale that the sped line to go for the \$104,000 and he fully supports trying to grab \$100,000 from the SAU fund balance, that brings us within \$100,000 from the \$637,000, and how do we get to that. He stated that from the city side the options that exist is to override the tax cap and I don't think we have the appetite to do that. The other option is to go after the fund balance from the city. He stated that the city has a healthy fund balance and he is reluctant to do that but it is there to deal with emergencies. He stated that any use should be limited and targeted around \$50,000 but I am only one of nine members. Mayor Hilliard stated that he has talked with the majority of the council and the 2/3 is not there to override the tax cap, which leaves us to the other option. Witham stated that Dale used the term forensic audit and that is not a term that was used here. He stated that there are firms out there for different financial matters. He stated that he would encourage the board to use an outside source to look at how we calculate revenue to help with the projections moving forward and to have a holistic view on revenue. He stated that MRI is a firm in New Hampshire and he doesn't know what that would cost but it would be money well spent. He stated that some areas deserve ownership by administration, building aid we should have known about and we should own it. It is hard to do but it is important so he would encourage that.

Austin stated that at our board meeting on Tuesday they had a detailed discussion on where the shortage came from and how we got to where we are. He stated that he made it clear that it was the board's responsibility and the board owns these errors to the extent that we made inaccurate projections and it is the board responsibility to do that. Witham stated that he is pleased to hear the jumpstart of the board's budget and revenue committee. On the city side that is the busiest committee and most expenses have to go through the finance committee. He stated that the HVAC units were vetted through the building, grounds and transportation committee but it should also be vetted through the budget and finance committee. He stated that it will slow up processes but it is that level of oversight that is important and the committee should meet a couple of times a month. Joanne Pepin stated that she would like to apologize to Dale on what I said about the state being wrong, I was uninformed and I am very passionate and when the memo came and it said the state lowered the percentage our finance person explained how it was done, so I apologize. She stated that one thing that she brought up is that the buck stopped with the school board. She stated that she neglected to not ask enough questions and not understanding the answers. She stated that we as a board need to rectify that and ask more questions for our superintendent and if we are not happy with the answers, get the answers. She stated that as board members, I was neglectful in asking those questions and I hope in the future that we will ask more. Hanlon stated that we have looked to see the lines that have traditionally run over budget. Dr. Brown stated that we started to look at staff, utilities are difficult to predict but we haven't gone back to do a full analysis. Messier stated that it gives us time between now and the close of the year to find the savings. He stated that he won't support a tax cap override but at the end of the year, he would support that. Mayor Hilliard stated that there is a timeline that the bodies need to stick to in order to have the state set the tax rate so there is urgency because the state needs to set the tax rate so the tax payers know what they are obligated. She stated that on November 6th if there is no override the school is obligated to meet that amount. He stated that there is another discussion on a supplemental appropriation to fit the shortage but that is up to the council. Witham stated that if the council does not vote to override they would need to vote to reduce the school budget. Smith stated that yes. He stated that an override would require 6 votes or you need to look at other areas of the budget or use the fund balance, which would only require a simple majority vote. Mayor Hilliard stated that any override of the tax cap would increase the obligation to the taxpayers. Rivers stated that he doesn't want to have a misconception of the SAU fund balance. He stated that the SAU budget has to be done by January 1st in order to go forward to the board and the town. He stated that they had a long discussion on how much should be in there and we are not hoarding money so he wants to make that point clear. Marty Pepin stated that we are still short \$236,000 and we are looking at \$105,000 and he is not sure if furlough days are going to work. He stated that when we passed the budget we were at \$1.18 and the state came back at \$1.09 so we still have a way to the \$1.18. Smith stated that we haven't received anything from the state nothing has been set with the tax rate so you could have as a goal to get back to the \$1.18 and increase the tax cap calculation but it would require six votes. Dumont stated that he agrees with what has been said. He stated that the forensic piece the joint council and board could have a discussion and review of better business practices versus what would be considered a full-blown audit. He stated that he would applaud the interim superintendent for her recommendations to look at how we are doing the process. He stated that during this process, things have become known along the way and that is nobody's fault and he doesn't want to point fingers at anyone. He stated that he has never seen anyone here walk on water unless it was willand pond frozen over. He stated that our property owners carry the full weight from the tax payment so we have a responsibility to control and manage the funds that the taxpayers give us. He stated that we are all going to make tough decisions as we finalize this and it will have a lasting effect on what a hilltopper really is. He stated that we are proud of this community and it is an opportunity for us to demonstrate that pride in what we do. Paradis stated that she would love to see the SAU board give us the \$105,000 but they are probably not really excited to help us. She stated

that might be the straw that broke the camel's back to have them leave the SAU, which we all have wanted for a long time. She stated that she is happy to see the extra \$4,000 go from the special education fund. She stated that if we use \$50,000 from the city fund balance she would like to see that matched with the individual school building accounts to add another \$50,000 and that would leave us with \$27,500 shortfall. She stated that there is a way to solve this if we just put our heads together. Bolduc stated that he is not ready to jump off the cliff there are a lot of moving parts. He stated that Marty mentioned unencumbered funds and we are working on a budget that Superintendent Brown didn't have anything to do with. This has been dropped in her lap and she is doing a fantastic job fixing it. He stated that he is not familiar with the city timelines and the tax cap he has always been not fond of because it puts us in a bind all the time. He stated that the council always finds ways to help us along with the budget and as you use this, it is dried up now. He stated that we get a revised number after the budget is passed so the state needs to look at the communities who have already passed a budget before they revise the numbers. He stated that some districts went up and others went down. He stated that an override is possible but that is up to the council. He stated that when we passed the budget with a certain dollar amount and we didn't have the budget where it should have been. He stated that he doesn't see the SAU fund balance working but that is just his opinion. He stated that Don often says to me that we can't operate in a deficit and he sort of understands that but he doesn't think we are in a deficit at this point. He stated that we may see more money in that unencumbered column, there are a lot of moving parts here so he would proceed with caution because sometimes a quick decision is not the best decision we can make. McCallion stated that he is infuriated with the whole process. He stated that to hear that we are in this because of cutting the budget every year; he would like Scott to get up and say the school budget has gone down because it hasn't. He stated that he used to have fights with the previous superintendent when he would ask for detailed budgets from the school and he would be told the council only has bottom line. He stated that he begged a year ago to have a joint school committee and we just got it this year. He stated that he gets frustrated when he hears the budget was cut because it hasn't gone down in ten years. He stated that he is glad the board said it is on them and when he was told they never got a detailed budget and you voted on this, shame on you. He stated that we need to get together and figure this out; everyone needs to know what needs to happen. Hiller stated that the amount of \$50,000 is for all the schools not per school. Paradis stated that she would like to change it to \$100,000. Hiller stated that she doesn't think that is possible. She stated that when Rollinsford left we had a deficit in the revenue stream and we did have to cut. She stated that we only added what the tax cap allowed and our contracts keep getting bigger and bigger. She stated that if the cost of utilities goes up we have no control over that. She stated that she agrees that we need to see a more detailed budget, it never occurred to me to question it but this year I did. McCallion stated that we knew for years that Rollinsford was pulling out and were in discussions for so long. He stated that you plan for those events. He stated that he doesn't want to sit here and go back but it is very frustrating to get to this point. Austin stated that he would like to clarify for the record that there was one year where the budget that was approved was less than the year before. He stated that in most budgets when you have increases in health and retirement that is well over the tax cap limits we have to cut existing services to fund those things that we have to pay for. He stated that he takes offense to comments on how we budget. He stated that the SAU fund balance is not just money the SAU holds. The fund balance is there to pay for payouts when people retire or emergencies if a server or phone system goes down. He stated that over the last several years we have worked to reduce that amount and return it to each community. He stated that it is 15% of the total budget, which is a reasonable place for unanticipated costs. He stated that we will meet and discuss possibilities. He stated that the fund balance is funded by excess revenues over a period of time due to grants that we receive that the SAU gets a percentage for administering the grants. Mayor Hilliard stated that goal number one was to demonstrate how we address issues and I think that has been demonstrated. Number two was to further strengthen ties

between the two bodies and I think that has been reinforced. Number three was to seek and find answers on how this came to exist and we met and will continue to meet through the coming weeks. Number four render a plan, approach and solution and have both bodies reach an agreement. He stated that he has a suggestion that we either continue this process until we reach some sort of agreement or we utilize the joint commission to dive deeper into the question and further explore where the additional \$236,000 will come from and make suggestions to move forward for both bodies to adopt. Witham stated thank you for the clarification on the SAU fund balance. He stated that at the city level, we have a fund balance policy and he hopes at the SAU level that you also have a policy. He stated that typically our fund balance is 7-9% so to have a fund at 15% is higher than what it is typically at. He stated that if this were November 6th he would reduce the school budget the \$537,000 and use the city fund balance for the \$100,000. Cameron stated that there is a lot of information to wrap our heads around. She stated that there is a solution here that needs careful consideration. She stated that we need some revisions to policies going forward so we don't run into this again. She stated that she likes the practice concerning the sub teachers and she appreciates the board owning this in public, now let's find a solution. Hanlon stated that he agrees with the idea of bringing the remaining \$236,000 to the joint commission to resolve. He stated that in regards to the SAU fund balance they don't have anything to fall back on so how would we raise funds if we ran short. He stated that he asked for a full budget last year and received one and he didn't see anything glaring. He stated that he believed the question was answered by the special education director that the revenue should have been pulled down. Paradis stated that she is interested to know what a healthy fund balance percentage is and take the remainder of that. Hiller stated that they have decided to have the finance committee meet monthly to fine tune things so our estimates this November are more accurate. It was our mistake we didn't ask enough questions and insist on seeing the whole budget. She stated that the estimates were real numbers from the state. She stated that nobody is at fault, we take responsibility for what happened, and we will make sure it doesn't happen again. She stated that in regards to the SAU as the superintendent said there are certain rules based on her conversation with the attorney that we need to do and she personally doesn't see people having a problem with it because they will get their portion. She stated that she has a problem with the joint commission meeting because we as the school board know what the schools need and she thinks that the board should meet to find money where we need to cut. Mayor Hilliard stated that with all due respect, you won't meet before November 6th and we are on a deadline so you would need to suggest items on where to find it. Hiller stated that she assumes that we will get the money from the SAU so we are down to \$111,000 and if we get \$4,000 more from the SPED fund and then the \$15,000 we didn't spend for the HVAC until and if councilor Witham is willing to go with the \$100,000 why not do \$11,000 more. Austin stated that the joint commission will bring proposals back to the groups with recommendations and it is comprised of two school board members, two city council members, the mayor, finance director, city manager and superintendent and business administrator. He stated that is a well-represented group there and they can come up with a well thought out proposal on things that we can achieve. He stated that the board has a meeting next Tuesday to look at recommendations so I am in support of that recommendation. Mayor Hilliard stated that we are in workshop mode so we can continue down the path of looking for \$236,000 or the joint commission can dive into the question and come forward with recommendations for adoption for us to render a solution. Soldati stated that this is a little off topic but it is in regards to a reference Karen made in regards to groups using the school facilities. She stated that property owners who pay taxes to fund the budget have already paid for the privilege of using our facilities. She stated that when the Somersworth Festival Association has craft fairs they are making money but those crafters pay money to be there. She stated that she doesn't want to nickel and dime community groups and she is disappointed in the policy decisions being made about the bluegrass festival but she doesn't want to get into that here. She stated that she doesn't want to charge community groups. Bolduc stated that often Don says to me we don't have a budget problem we have a

revenue problem. Cameron stated that when organizations use the school they pay for janitorial services. Paradis stated that we work closely with everyone and she has faith that if everyone here can put their heads together they can figure this out. Hanlon stated that he would like to clarify that the policy change was specific to the black box theatre due to the special equipment that there may be a special fee involved it was not about charging the festival association. Dumont stated that the evolution of the use of the facilities came from the planning process last time a school policy was developed and he is surprised it hadn't been developed. He stated that using the schools as community buildings allow the public to get to see the school and how their tax dollars are being spent. He stated that we had a food tasting here that was put on by the cultural commission and it was well attended. He stated that it marketed this facility so well that everyone knows it's here. He stated that the joint commission has proven its weight and I am sure we will have good discussion and input when we meet on Monday and we will come back to council and board and have a recommendation then you can accept or reject. Hiller stated that she wants to clarify for Jen that in the policy are changes for the facility use form and all we asked is for them to look at it and determine who should pay and who shouldn't. Austin stated that the policy committee is meeting on it in November. Mayor Hilliard stated that we met all four goals and once again reinforced on how the joint approach and team approach is within the best interest of Somersworth and is becoming a model in other communities. He stated that he is truly proud of what we have accomplished this evening and the \$236,000 deficit needs to be further reviewed and render a solution that will be brought forward and accepted by the joint commission as a recommendation to the city council and school board to finalize. He stated that he is proud of the collaboration despite the crisis that led us here and there are several issues we will address moving forward. Thank you all for your due diligence.

3. ADJOURNMENT: The workshop was closed at 7:52pm

Katie Krauss
Board Secretary

Pending Board Approval