



BUDGET COMMITTEE MEETING

December 06, 2016

Call to Order: 6:31 p.m.

ROLL CALL

Present: Dennis Heffernan, *Chair*
Francine Hart, *Vice Chair*
Sam Cafiso
Laurie Milette
Tricia Holt
Bob Hamilton
Lisa Lambert
Dean Nifakos
Martha Sumner
John Sherman, *Selectmen Ex-Officio*

Also Present: Sean Fitzgerald, Town Manager

The Pledge of Allegiance was led by D. Heffernan

REVIEW/APPROVAL OF MINUTES

★D. Nifakos moved, second by M. Sumner, to approve the minutes of the November 29, 2016 meeting.

D. Nifakos questioned a statement on page 5 of the minutes that was attributed to J. Sherman.

“J. Sherman noted that it would be offset by another line being under spent, but it would still need to be recording the accounting.”

It was suggested that the last part of the sentence should read: “but it would still need to be recorded **in** the **correct** accounting **line**.”

J. Sherman offered further explanation of the intent of the statement offering that even if the monies for an expense are coming from a different line in a particular budget it must be recorded in the correct accounting line, even if it means that line would show as being overspent.

There was no additional discussion on the motion. The vote was 9-0-1 (Holt abstaining)

BUDGET REVIEW AND WARRANT ARTICLES

D. Heffernan noted a memorandum from S. Fitzgerald related to some changes that had been made to specific departments, mostly related to the utility lines. He asked S. Fitzgerald to step through the memo for the Committee.

It was noted that the Budget Committee (BudCom) would review all the proposed adjustments and then vote whether or not to take them under consideration.

S. Fitzgerald explained the process that he uses to review and prognosticate utility costs for the coming budget year. He noted that along with market trends, actual department usage costs are used to determine each request.

S. Fitzgerald noted the following suggested changes to utility/energy-related lines in specific budgets:

Gasoline (Using \$2.27/gallon):

<u>Department</u>	<u>BOS(previous)</u>	<u>Adjustment</u>	<u>BOS Revised 12/05/16</u>
Government Buildings	\$400	\$0	\$400
Police Department	\$30,984	\$0	\$30,984
Fire Department	\$8,975	\$0	\$8,975
Building Inspection	\$1,500	\$0	\$1,500
Water Department	\$1,500	-\$1,100	\$400
Highway Administration	\$21,000	-\$4,000	\$17,000

Recommendation: Motion to adjust the Gasoline Utility lines as presented for a total reduction in the 2017 proposed budget in the amount of -\$5,100.

Discussion:

S. Fitzgerald noted the year-to-date actuals for each of the affected departments. It was also noted that the Police Department averages 14,500 miles and will have to carefully manage their gasoline usage. S. Fitzgerald added that the Fire Department is looking to acquire a new vehicle, but they should be able to fuel it within their current budget request.

The most significant decrease was in the Water Department budget, it was noted that a laborer from the Highway Department was currently covering the Water Department on a part-time basis. It was also noted that the Highway Department gasoline usage was largely driven by the number of winter storms each year.

There was discussion on the actual price-per-gallon number that was used for 2016 and is being used for 2017. It was noted that \$2.60/gallon was used for budgeting purposes in 2016 and \$2.27/gallon is being used for 2017 predictions.

Electric Utility:

<u>Department</u>	<u>BOS(previous)</u>	<u>Adjustment</u>	<u>BOS Revised 12/05/16</u>
Government Buildings Town Hall	\$15,000	-\$1,000	\$14,000

Safety Complex	\$34,000	\$5,000	\$39,000
Museum	\$2,500	-\$500	\$2,000
Highway Administration	\$6,000	\$0	\$6,000
Water Department	\$6,000	-\$2,000	\$4,000
Recreation	\$5,900	\$0	\$5,900
Welfare Direct Assistance	\$4,000	-\$2,000	\$2,000

Recommendation: Motion to adjust the Electric Utility lines as presented for a total reduction in the 2017 proposed budget in the amount of -\$500.

Discussion:

It was noted that, despite the fact that electricity costs are predicted to increase, budget lines were being reduced based on actual usage figures.

Gas (Natural/Propane) Utility:

<u>Department</u>	<u>BOS(previous)</u>	<u>Adjustment</u>	<u>BOS Revised 12/05/16</u>
Government Buildings			
Town Hall	\$8,000	\$0	\$8,000
Safety Complex	\$18,650	-\$3,650	\$15,000
Museum	\$4,530	-\$530	\$4,000
Highway Administration	\$3,000	-\$500	\$2,500
Welfare Direct Assistance	\$3,000	-\$1,000	\$2,000

S. Fitzgerald noted that the reductions in the Welfare Direct Assistance electric and heating lines were based more on actual expenses. He added that the reduction did not mean that residents in need would not be assisted.

Recommendation: Motion to adjust the Gas (Natural/Propane) Utility lines as presented for a total reduction in the 2017 proposed budget in the amount of -\$5,680.

Discussion:

It was again noted that natural gas and propane costs were predicted to increase in 2017. There were questions regarding the Town Hall line, which was requested at \$8,000 with only a \$4,495 actual year-to-date. It was noted that Town Hall is being used more for extra activities and that it had also been a mild fall weather-wise.

F. Hart asked if the town buildings had programmable thermostats to automatically turn the heat down when the building was not in use. It was confirmed that those are in place. It was also noted that the Town Hall's HVAC system was installed new with the renovations about ten years ago.

S. Cafiso had an additional question about the electrical budgets. He questioned the \$5,000 increase in the actuals line for the safety complex. He noted that there should be that big of a fluctuation in a building that is open 24/7 and always has been.

S. Fitzgerald responded that part of the increase was based on the increase in electric costs. Other increases can be attributed to the increase in equipment and devices that add to the need for electricity.

It was noted that there will be natural gas at the new safety complex. It was also noted that the new building will be more energy efficient.

B. Hamilton asked if there was any fuel oil being used. It was noted that the Highway Department used oil. S. Fitzgerald was asked to provide information on that usage. (Parking Lot) B. Hamilton asked that recent invoices also be provided.

Additional Budget Adjustments:

Recreation:

Line 1-4520-20-864 (Youth Basketball) - \$4,000

S. Fitzgerald noted that the Recreation Department had been partnering with the YMCA to provide youth basketball so this line did not need funding.

Recommendation: Motion to decrease the line 1-4520-20-864 in the Recreation Department Budget by \$4,000, for a revised bottom line in the 2017 proposed Recreation Budget of \$189,898.00.

There was no discussion about this recommendation.

Highway Streets

Line 01-4312-10-731 (Pavement Management) - \$105,000

S. Fitzgerald explained that this will better support a change in how the Town gross appropriates expenditures from the Town's Operating Budget and the Highway Block Grant Funding.

Recommendation: Motion to decrease the line 01-4312-10-731 in the Highway Streets Budget by \$105,000 from \$185,000 leaving a balance of \$80,000 in this line and a revised bottom line in the 2017 proposed Highway Streets Budget of \$452,600.00

S. Fitzgerald mentioned the draft of a Special Warrant Article that will be presented for the appropriation and acceptance of the Highway Block Grant.

Discussion:

It was noted that the Town was going back to the methodology of the gross appropriation in the Highway Department for road pavement, with appropriation and acceptance of the Highway Block Grant (HBG) being a separate Warrant Article. It was said to be a more transparent method. It was noted that the total requested for roadway paving, between the Operating Budget request and the anticipated amount of the HBG, was \$230,000. If it became known that the amount of the HBG was different than anticipated then the amount of Operating Budget request may be changed.

★M. Sumner moved, second by S. Cafiso, to take the Personnel Department budget under consideration in the amount of \$1,951,230. There was no discussion on the motion. The vote was 10-0-0 U/A.

★D. Heffernan moved, second by M. Sumner, to take the Government Buildings Department budget under consideration in the amount of \$207,861. There was no discussion on the motion. The vote was 10-0-0 U/A.

★M. Sumner moved, second by F. Hart, to take the Public Works Administration Department budget under consideration in the amount of \$294,929. There was no discussion on the motion. The vote was 10-0-0 U/A.

★D. Heffernan moved, second by L. Lambert, to take the Highway Department budget under consideration in the amount of \$452,600. There was no discussion on the motion. The vote was 10-0-0 U/A.

★M. Sumner moved, second by B. Hamilton, to take the Water Department budget under consideration in the amount of \$34,860. There was no discussion on the motion. The vote was 10-0-0 U/A.

★M. Sumner moved, second by F. Hart, to take the Welfare – Direct Assistance budget under consideration in the amount of \$21,350. There was no discussion on the motion. The vote was 10-0-0 U/A.

★D. Heffernan moved, second by M. Sumner, to take the Recreation Department budget under consideration in the amount of \$189,898. There was no discussion on the motion. The vote was 10-0-0 U/A.

D. Heffernan asked if there were any Department Heads that the BudCom wished to bring back in for questions or clarification.

D. Nifakos questioned why the comparison sheet showed the 2016 budget request for each department instead of the actuals of what was spent. He added that it would be a more valid comparison.

It was noted that the individual department spreadsheets all showed the actual year-to-date expenditures. S. Fitzgerald offered to add it to the comparison sheet if that was what was wanted, but cautioned that the numbers in the columns would get smaller.

There was discussion about why some lines do not appear to be spent out in this year, but are included again in next year's budget request. It was noted that many of those lines are 4th quarter expenditures, such as renewal of licensing agreements and maintenance contracts. It was also noted that any monies not spent out of a budget are then rolled into the Unassigned Fund Balance.

There was discussion about revenues and how knowing which departments generate revenues to offset their budgets would be helpful. It was explained that revenues do not become part of a department's operating budget, but are deposited into the General Fund. It was also reiterated that the Town operates on a Gross Appropriation method, which is required by DRA (Department of Revenue Administration) for budgeting. This is different than normal business accounting, so it is sometimes very confusing. It was noted that those departments who generate revenues have a notation on their spreadsheets.

It was suggested that the discussion of revenues happen earlier in the budget review process. A Parking Lot item to review revenues was added with a September 2017 due date.

There was discussion about the Building Inspections Department lines for Plumbing and Electrical Inspections. It was noted that the monies paid out to the inspectors are collected at the time of permitting. The collected monies are returned to the General Fund, while the inspectors are paid from the operating budget. It was explained that the inspectors were employees, as opposed to subcontractors, so that they can be covered under the Town's liability and workman's compensation insurance.

D. Nifakos suggested that having the revenue with each budget at the time of that review would be helpful.

M. Sumner noted that it was also in the Town Report.

J. Sherman added that the process could be improved to show which departments generate revenues. He noted an analysis that Jim Peck had posted on Facebook showing where tax monies go once collected. J. Sherman offered that while it was a good analysis he wasn't sure if revenues were taken into account, if not then the costs may be overstated.

It was noted that all the Capital Reserve Account balances were up-to-date as of October in those related Warrant Articles. There was discussion related to when all the Warrant Articles will be complete and ready for discussion.

COMMITTEE REPORTS

Public Safety Building Committee (PSBC)

M. Sumner noted that there will be a site walk on December 15, 2016 at 8:00am. The site walk will be posted so that any BudCom member can attend.

Capital Improvement Plan (CIP)

J. Sherman noted that Tim Moore will be scheduling an After Action CIP meeting, but no date has been set yet.

NEW BUSINESS

There was no new business presented at this meeting.

OLD BUSINESS

Parking Lot

Resolved/Updated Items:

- Item #7 – BudCom Secretary Line Item – no change needed at this time
- Item #17 – Change Due Date to 12/13/16 so that it is after the BOS review of the RSMS (Road Service Maintenance System)
- Item #30 – Finance Director Salary and Roll-Up Costs – Provided at this meeting
- Item #31 – Is the Town Clerk’s Salary Line Correct? There was an error in that line and it is being corrected
- Item #32 – Correct Library Line in Comparative Budget Statement Spreadsheet – Provided at this meeting
- Item #33 - Finance Administration Budget – Update the Finance Director Line to the actual figure – New Finance Director has been hired and the line has been updated
- Breakdown, by Department, of what has been returned to the Unassigned Fund Balance – Provided at this meeting

New Items Added:

- Fuel Oil Costs for Past Few Years w/Recent Invoices
- Copy of BOS Unassigned Fund Balance Policy
- Review of Revenues was added as a new item with a September 2017 date.

There was discussion regarding the review process going forward. It was noted that if major cuts in budget were going to be talked about it was good practice to ask that Department Head to come before the Committee to participate in the discussion. There was a suggestion to start budget review process from the beginning. It was also suggested that there are some budgets that won’t need to be re-reviewed again and can be skipped. It was noted that if Department Heads are going to be called back before the Committee it was important to let them know so they can be available. It was also noted that any budget can be reviewed again up to the Public Hearing. It was also noted that the BudCom usually meets right after Deliberative Session to vote on any changes that may come from the process. It was decided that the Committee would review budgets first, in case Department Heads need to come in again; then move onto the Warrant Articles.

There was no additional business before the Committee and the meeting was adjourned at 8:04 p.m.

Respectfully Submitted:

Dee Voss
Recording Secretary