



BUDGET COMMITTEE MEETING

December 13, 2016

Call to Order: 6:32 p.m.

ROLL CALL

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

Also Present: Sean Fitzgerald, Town Manager

The Pledge of Allegiance was led by S. Cafiso

REVIEW/APPROVAL OF MINUTES

★S. Cafiso moved, second by D. Nifakos, to approve the minutes of the December 06, 2016 meeting.

D. Voss noted that there was a cut and paste error at the top of the minutes. It should not read “and public hearing.”

B. Hamilton questioned whether or not the Highway Department used any fuel oil as noted in the minutes.

S. Fitzgerald offered that he misspoke, adding the Highway Department uses diesel oil, not home heating fuel.

S. Cafiso offered a correction to a statement attributed to him at the bottom of page three (3).

“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.”

The second sentence should read: “He noted that there **shouldn’t** be that big of a fluctuation in a building that is open 24/7 and always has been.”

There was no additional discussion on the motion. The vote was 8-0-0 U/A to approve the minutes with the noted correction.

BUDGET REVIEW

S. Fitzgerald offered a memorandum with changes approved by the Board of Selectmen at their last meeting:

<u>Budget Line</u>	<u>Account Number</u>	<u>Adjustment</u>	<u>Revised Request</u>
<u>Executive Budget:</u>			
Contract Consulting Services	01-4130-10-310	-\$ 2,500	\$ 2,500
Events & Activities	01-4130-10-840	-\$ 600	\$ 3,400

Discussion:

S. Fitzgerald noted the decrease in contracting was made after review of the number of buy projects that the Town is involved in. He noted that the current funds have been important in securing a number of grants.

S. Fitzgerald offered that the decrease in the events line was based on historical usage of that line.

Town Clerk Budget:

Town Clerk Salary	1-4140-10-140	-\$ 2,759	\$ 49,008
Salary – Deputy & Assistant	1-4140-10-110	-\$ 1,607	\$ 46,425

Discussion:

S. Fitzgerald noted that there had been a 2% error in the calculation of the Town Clerk/Deputy Town Clerk salaries. It was noted that the Town Clerk was anticipating a 2% raise based on the pending Town Hall Employee Union contract negotiations.

Financial Accounting

Salaries	1-4150-10-110	-\$10,000	\$100,670
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Discussion:

S. Fitzgerald reminded that the new Finance Director had been hired at a \$75,000 base salary, plus roll up costs, which is a \$10,000 downward adjustment from what was initially proposed.

Assessing

Mapping	1-4150-30-315	-\$ 2,000	\$ 7,000
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Discussion:

S. Fitzgerald noted the decrease was based on historic usage of the budget line.

Government Buildings

General Supplies	1-4194-00-610	-\$ 1,200	\$ 3,200
Uniforms	1-4194-00-291	-\$ 400	\$ 1,350

Discussion:

S. Fitzgerald offered that the Building Facilities Supervisor will be purchasing items out of this year's budget in an effort to reduce costs in next year's budget. It was cautioned that the request will have to be increased with the 2018 budget request.

Highway

Drainage Improvements	1-4312-10-730	-\$30,000	\$ 20,000
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Discussion:

S. Fitzgerald noted that the Town now has a Transportation Capital Reserve Account (CRA) for these purposes. He noted that budget request will go towards funding the design for needed repairs to the drainage on Pollard Road.

Sanitation

Solid Waste Collection	1-4323-10-570	-\$25,000	\$600,000
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Discussion:

S. Fitzgerald noted that the Board of Selectmen (BOS) had discussions regarding cost reductions, including mandatory recycling. It was also noted that the Solid Waste Committee was looking at strategic ways to reduce tonnage. S. Fitzgerald added that this line was very tight for the budgeted amount.

S. Fitzgerald summarized the presented changes noting that the new bottom line budget request for 2017 was \$9,097,802, a reduction of \$76,066. The total request is a 1.8% increase, without including the Police Station's debt service, over the 2016 approved budget. He added that he will continue to look for ways to reduce the budget.

D. Nifakos offered that he still had the same question that he's had through the process. Which is why not take more of the surplus out of the budget, based on historical usage, and not collect that money instead of returning unspent fund to the Unassigned Fund Balance (UFB) account. He noted that average surplus to be ~\$.5M based on a three (3) year average.

S. Fitzgerald noted that the budget was not a spending plan, but a plan to maintain a level of service. He reminded that much of the surplus in recent years has been because there has not been a full staff, particularly in the Police Department. He added that some projects have also been delayed in recent years. S. Fitzgerald offered that this was a well thought out budget to support the costs of services to residents. He added that if there was a Warrant Article that didn't end up getting approval there could be significant impact on the budget.

B. Hamilton added that he was looking at the historical usage as well. He suggested that with only one month left the year-end spending numbers could be predicted.

S. Fitzgerald noted that November month-end expenditures will be available soon. He added that a number of departments have been consolidated in recent years for cost savings. He noted that not all positions were filled when they became vacant which prevented the need for furloughs or layoffs during the recession. He noted that more positions have been filled at Town

Hall and the Police Department, which affects those budgets as well as the personnel budget. S. Fitzgerald reminded that the Town previously had to take out an expensive Tax Anticipation Note (TAN) when they could not meet obligations and the UFB was low.

B. Hamilton offered that a budget surplus of \$200,000 was reasonable, but \$400,000-\$500,000 in surplus was not.

J. Sherman added that it had been mentioned at least twice the Police Department has not been at full staff which is not usual, explaining why the budget is under spent.

B. Hamilton responded that he was seeing it as a trend.

J. Sherman offered that the budget will again be under spent because the Police Department was not staffed. He added that when the budget is under spent it goes back to offset the taxes in the next year.

B. Hamilton noted that he was not suggesting that the Police Department budget be touched.

There was continued discussion over cutting what is seen as surplus from the proposed budget. It was noted that when budgets are too severely cut, but services still need to be provided, then the costs have to be made up from other budgets in order not to overspend the bottom line of the overall budget. It was noted that not every expenditure possibility can be predicted with 100% certainty. It was also noted that infrastructure and technology can be expense replacement items. It was noted that there was not disagreement that there will be surplus, but that surpluses at the current levels was excessive. It was noted that it was important to keep in mind some of the fixed costs, such as insurance and retirement.

F. Hart offered that she was looking at a bigger picture view, adding that the increase in revenues needed to be considered as well. She suggested that the Police and Fire Department budgets were sacrosanct in the interests of public safety. She added that there will always be 2-5 vacancies there that could be counted on to cover the bottom line.

J. Sherman asked for evidence that there are always 2-5 vacancies every year.

D. Heffernan noted that it's not always vacancies, adding that some long time officers retire and are replaced by new officers at a lower pay rate.

S. Fitzgerald added that the workforce census is changing over time. He reminded that the State has down-shifted many of the retirement costs to communities. He added that there has also been a re-organization of the Police Department. The Fire Department is working hard to balance his staff between regular and on-call personnel. He said that some of these changes will need time to settle out. He added that the Police and Fire Departments are a significant piece of the personnel budget.

D. Heffernan offered that he understands the importance of the Police and Fire Department budgets, adding that all departments are important because it's all what makes up this town.

J. Sherman added that welfare may be the most important budget because the town has to spend money there if an applicant meets the criteria. He added that not all the numbers in the Town Report are the final figures.

B. Hamilton asked why they weren't.

S. Fitzgerald explained that it's a timing issue. He noted that it could be sixty (60) days into the next year before all invoicing is completed and the Town Report has to be to the printer by the second or third week in January to be available in time.

J. Sherman added that he had a conversation with Jim Peck about how the numbers can be misleading in that way. He noted that he has been looking at other town's reports trying to come up with the best way to indicate that some numbers may be incomplete. He offered that improvement was needed.

B. Hamilton asked if the Town Report could not be relied upon than what could.

S. Fitzgerald replied that they could rely excel spreadsheets and the monthly reports generated from the BMSI system.

J. Sherman added that he was not saying that they cannot be relied upon, only that they are not end of year.

L. Lambert suggested that a small supplement to the Town Report be produced and made available once all the year-end numbers are finalized.

There was discussion as to how best update financial information once it is all finalized. Suggestions were made to post an update to the town website. Another suggestion was to put an "accurate as of date" on the information in the Town Report. J. Sherman offered to research what other towns are doing in their town reports and bring the information back to the BudCom. (Parking Lot Item)

There was discussion about how next to proceed in the budget review process. Some members had suggestions about particular department lines. It was suggested that the items outlined in S. Fitzgerald's memo be addressed first. Any new changes that the BudCom may make at this meeting will be brought back to the BOS. Also if there are any large cuts proposed those department heads will be invited back to participate in the discussion. It was noted that the BudCom will take changes under consideration until the meeting (January 10, 2017) before the public hearing (January 17, 2017) where all final budgets will be voted on for approval.

★F. Hart moved, second by B. Hamilton, to take under consideration the proposed adjustments to the listed budget lines as outlined in the Town Manager's memo of December 13, 2016 in the total amount of \$76,066:

- **01-4130-10-310 (EX - Contracted Consulting Services)**
- **01-4130-10-840 (EX - Events & Activities)**

- *1-4140-10-130 (TC - Town Clerk Salary)*
- *1-4140-10-110 (TC – Salary-Deputy & Assistant)*
- *1-4150-10-110 (FA – Salaries)*
- *1-4150-30-315 (Assessing – Mapping)*
- *1-4194-00-610 (Government Buildings/Gen Supplies)*
- *1-4194-00-291 (Government Buildings/Uniforms)*
- *1-4312010-730 (HW – Drainage Improvements)*
- *1-4323-10-570 (Sanitation Solid Waste)*

There was no discussion on the motion. The vote was 8-0-0 U/A.

Other Budget Recommendations

F. Hart noted that she and B. Hamilton had met with S. Fitzgerald and she had a number of additional recommendations for reductions to make.

F. Hart offered that she would like to suggest a \$2,400 reduction in the Executive line, specifically 1-4130-10-341 (telephone expense). She offered the reduction would be intended to no longer pay for Selectmen’s cell phones. F. Hart further suggested a \$1,000 reduction in line 1-4130-10-620 (office supplies), offering that there may be over-ordering of supplies.

D. Heffernan noted that he would rather these suggestions be in the form of recommendations to be taken back to the Board of Selectmen and Department Heads.

L. Lambert agreed adding that departments should have the opportunity to be part of the discussion.

★F. Hart moved, second by B. Hamilton, to reduce the executive budget by \$3,400; \$2,400 in 1-4130-10-341 and \$1,000 in 1-4139-10-620.

J. Sherman asked if the BudCom was recommending that the BOS implement a policy that the Town will not pay for Selectmen’s cell phones.

S. Fitzgerald noted that the office supplies line would be spent out by the end of the year.

S. Fitzgerald noted that the rationale behind paying for the Selectmen’s cell phones is for emergency management communications. He added that in the technological world it was cumbersome to have personal (communications) comingled with town responsibilities.

There was additional discussion about the Selectmen’s cell phones. It was reminded that M. Sumner had noted at a previous meeting that she paid for her own cell phone when she was a Selectperson. She had noted that she felt it was part of her responsibilities when she ran for the position. It was further noted that the BOS have been giving a raise in their annual pay since M. Sumner was a member of that board. It was also noted that other board/committee volunteers do not get paid at all for their commitment and are not provided with cell phones. It was noted that the Selectmen’s cell phones are strictly used for town business.

B. Hamilton noted that office supplies were also being purchased out of this year's budgets. S. Fitzgerald suggested that the vote be deferred and department heads be given the opportunity to provide the BudCom with a justification or memo regarding any expense.

There was no additional discussion on the motion. The vote was 6-2-0 (Heffernan and Sherman dissenting).

J. Sherman noted that his vote would be against anything that was different than what was approved by the BOS.

B. Hamilton questioned why J. Sherman wouldn't abstain instead of voting against.

J. Sherman offered that he votes at the directive of the BOS.

L. Lambert asked if the budget line for the Town Manager's mileage was a stipend or based on actual usage.

J. Sherman noted that it was contractual.

F. Hart offered that she still didn't agree with the corrections made in the Town Clerk's salary line as it had been adjusted.

S. Fitzgerald noted that the difference may be in the timeline. It noted that the change in that line is calculated from an April 1 date, not a full year. He added that he would be happy to review the roll up with F. Hart at a date they had set for a meeting later in the week.

F. Hart suggested a \$150 reduction in the mileage line (1-4150-10-801) for the Finance Administration budget, noting that the historical usage of the line didn't support the request.

★F. Hart moved, second by B. Hamilton, to reduce line 1-415-10-801 by \$150.

J. Sherman reminded that there has not been a full time Finance Director for some time and the Town did not have to pay for mileage for the contractor who was filling in.

S. Fitzgerald offered that the line supported a minimal level of travel for the new Finance Director.

F. Hart suggested that it was only \$150 out of this budget and if funding was needed in the future then it could be found in other budget surpluses.

J. Sherman offered that he disagreed and felt that the mileage line was needed.

There was discussion regarding the mileage line as well as the training line for the Finance Office budget. It was noted that the training line is also used by the Trustees of the Trust Fund and if was not used was returned to the UFB, which could be used to offset taxes.

D. Nifakos reiterated his prior position that budgets should be more reflective of actual usage and offer a savings up front rather than with the perspective that surpluses could be returned for tax relief.

There was no additional discussion on the motion. The vote was 4-0-0 and the motion was defeated.

F. Hart questioned line 1-4150-30-625, which included a notation about mailing Town Reports to new residents based on deed transfers. She asked how many were actually mailed out.

S. Fitzgerald offered that he would get the number of Town Reports that are mailed to new residents. (Parking Lot Item)

F. Hart noted that it didn't appear that the tuition reimbursement line (Personnel Administration 1-4155-10-1200 was being used. She suggested that it could be reduced by \$2,500.

D. Heffernan asked if this line was a contractual obligation.

S. Fitzgerald noted that it was with the Town Hall bargaining unit. He offered to poll Town Hall employees who were will to commit to a class in the coming year. (Parking Lot Item)

There was discussion about the tuition reimbursement benefit. It was noted that there is a minimum grade requirement for reimbursement; but there was no requirement to commit to long-term employment to use the benefit.

There was a discussion about the New Hampshire Retirement System (NHRS) obligation. S. Fitzgerald noted that he had reviewed the employee census and the increases from the State downshifting responsibilities to the local communities. There was a request for aggregate data on retirement costs, but department. It was suggested that there may be additional shifting of costs based on the results of the recent elections, offering that shifting costs was an easy way for the State of balance their budget.

F. Hart suggested that the postage line (1-4191-20-625) in the Zoning Board budget could be reduced based on historical usage.

There was a discussion on the Zoning Board application and public hearing process. It was noted that all Zoning Board matters had to be noticed by certified mail, but the fund were collected from the applicant, creating a "wash line" for postage. It was also noted that the amount designated in the Zoning Board lines was a minimal scenario as it was impossible to predict how many applications there would be in a year.

There was discussion regarding a new Kubota tractor for the Government Buildings budget. It was noted that the Board of Selectmen had not executed any lease agreements regarding new equipment.

B. Hamilton noted that the Conflict of Interest Committee had not used their training budget at any time in the past. He added that he had been in email contact with the chair and the secretary who agreed to have a discussion regarding reducing their training line at a meeting the next week.

F. Hart suggested that the Building Inspection Department training line (1-4240-10-500) could be reduced based on historical usage. It was noted that the year-to-date usage that BudCom was using for comparison was not current and there was an approximate \$400 balance in that line, with a couple of items yet to be processed.

There was discussion regarding the frustration of not having current expenditures numbers as part of the review process. It was noted that it is cumbersome to refer back and forth between the BMSI reports and the Excel spreadsheets that are listed by department. It was noted that the spreadsheets for the next meeting will include the most current year-to-date expenditure figures.

There was additional discussion as to what happens when a department is forced to overspend in a budget line. It was noted that it is expected that another line would be underspent in order to make up the difference. In any circumstance the bottom line of the total Town budget could not be overspent.

There was a discussion about training budgets, which are noted in a number of individual department budgets. It was noted that many departments underspend this line each year, which would make it a good place to take reductions. It was also noted that when budgets are being crafted by departments that available training options and topics are not known; workloads cannot always be predicted; and office coverage was always a consideration. It was added that in some instances training is required to advance or maintain employee certifications.

B. Hamilton suggested that decreasing certain budget lines would encourage departments to use them knowing they could lose them if they don't.

S. Fitzgerald replied that there are times that he has to tell employees that they cannot attend a training as it would be too much of an interruption in the work flow.

There was discussion about additional departments where F. Hart would like to recommend reductions. She noted that she and B. Hamilton would be meeting with S. Fitzgerald to discuss reductions in Public Works, Highway, Recreation and Health Departments. It was suggested that those Department Heads be invited to the next meeting to be part of the conversation about their budgets.

F. Hart noted that she may have a recommendation for a modest reduction in the Health Department budget, but hoped to have a better understanding once she met with the department head.

S. Cafiso reminded that he had brought up the subject of a street light audit before knowing that one was being conducted by the Renewables Energy Committee (REC).

There was a discussion about the Town's efforts to convert the current street lights to LED fixtures, which was what the REC was working on. It was noted that as part of that program they would look at redundancy in street lighting and lighting provided by other sources, such as business lighting. It was also noted that there is occasional discussion on the topic of street lighting at the Highway Safety Committee meeting.

There was discussion regarding the Solid Waste Clean Up budget and a perceived miss-posting between lines 1-4324-10-310 and 1-4324-10-650 in the amount of \$10,000, which is still an item on the Parking Lot list. S. Fitzgerald noted that he would check into the matter.

There was discussion about monies collected from businesses for the fire suppression line and how that money could be used. It was noted that this was a multi-million dollar asset for the town and the possibility of converting the system to potable water was being evaluated. It was noted that expansion and maintenance of the system is included in the CIP (Capital Improvement Plan) and that monies collected in fees related to the fire suppression system could only be used for the purpose of maintaining or expanding the existing system.

There was a discussion regarding what impact department revenues have on their budgets. It was also suggested that a better job could be done showing department revenues as part of the budget request process.

There was additional discussion about the Health Department's Budget. It was noted that the budget request was nearly level funding, but had been underspent by nearly \$6,000 each of the past three (3) years. It was offered that was due to the fact that the town had not needed to adulticide for mosquitos in the last three (3) years, but the money was budgeted each year just in case. It was suggested that since the region had been experiencing a drought for some time that it wasn't likely adulticiding would be necessary. It was offered that reducing this budget for that reason could potentially impact public safety.

★D. Heffernan moved, second by L. Lambert, to leave the Health Department Budget as it currently is.

J. Sherman offered that he agreed that reducing the budget could impact public health. He added that Dennise Horrocks (Health Officer) put together the best mosquito control plan in that State, which has been used as the model.

D. Nifakos asked if an overspent line was expected to be compensated for by underspending a line in that same department or in the overall budget.

J. Sherman replied that it is usually within the same budget.

D. Nifakos offered that from an overall bottom line perspective there will be surpluses based on historical numbers.

J. Sherman responded that less underspent budgets means less returns to the taxpayers.

There was no additional discussion on the motion. The vote was 4-0-0 and the motion was defeated.

F. Hart noted that when she previously asked for information on Old Home Day she should have asked for the expenses itemization. She suggested that there could be some creative fundraising done that would allow for a reduction in the budget for that event.

There was discussion about possible reductions for the Old Home Day event. It was noted that all police personnel are ordered into work for the day and are paid from the Police Operating Budget. It was also disputed that the costs for the event were increasing each year.

B. Hamilton noted that as a new member of the Committee and with a budget increased \$1M over the previous year he felt it was his duty to shave the budget as much as possible; particularly in light of the new bond debt service.

S. Fitzgerald noted that all department heads have a keen understanding of keeping their budgets in line. He offered that there were good and important things happening for the town including increases in property values and motor vehicle registration being up. He added that the Town has been responsible in their financial planning with Capital Reserve Accounts and disciplined use of the UFB with healthy reserves to support the expectations of the citizens.

There was additional discussion of Old Home Day activities. It was noted that the road race is run by the Lions Club and staffed by their volunteers. It was also noted that while police personnel are scheduled to work, fire department personnel, based on the different nature of their staffing, are not required to work the event.

There was discussion about additional budget review at the next meeting. It was decided to invite the Recreation and Highway Department Heads to the meeting to participate in the discussion. It was noted that it wasn't necessary for the Health Officer to attend the meeting.

COMMITTEE REPORTS

Public Safety Building Committee (PSBC)

D. Heffernan reminded that there will be a site walk on December 15, 2016 at 8:00am. The site walk has been posted for members to be able to attend.

Capital Improvement Plan (CIP)

F. Hart noted that CIP is done for this year.

NEW BUSINESS

J. Sherman noted that he did find information on the width of town roads and which streets exceed the standard 24' road and how it impacted plowing, sanding and paving.

There was discussion about contractor plowing of streets that may be unfamiliar to the drivers. It was noted that requirements for a road profile have changed over the years, accounting for the different widths in the Town's roadways. It was noted that J. Sherman's evaluation did not include information regarding streets that are less than the 24' standard width. It was noted that previously the Budget Committee had viewed a presentation by consultants on the RSMS (Road Service Maintenance System), but it didn't look like scheduling would allow for it this year. It was suggested that the RSMS be posted to the Town's website. (Parking Lot Item)

OLD BUSINESS

Parking Lot

Resolved/Updated Items:

- Item #25 - There is no fuel oil being used, only diesel
- Item #37 - Copy of BOS Unassigned Fund Balance Policy provided at meeting

New Items Added:

- Research how other Towns note incomplete financial information in their Town Reports (J. Sherman)
- Verification of Town Clerk and Assistant Town Clerk salaries
- Verification of how many Town Reports have been mailed to new residents
- Poll staff to see how many will be taking advantage of the tuition reimbursement program in 2017
- NHRS census data by category
- Re-Open Item#19 and see if the correction to the Town Clerk's salary line has been made in the department excel spreadsheets
- Provide list specific Old Home Day expenses
- Post RSMS to the Town Website

There was no additional business before the Committee and the meeting was adjourned at 9:13 p.m.

Respectfully Submitted:

Dee Voss
Recording Secretary