

BOARD OF SELECTMEN BUDGET WORKSHOP

Minutes of 11-28-11

5:00 p.m.

Selectmen:

***Colette Worsman, Chairman
Peter F. Brothers, Vice Chairman
Miller C. Lovett
Nathan J. Torr
Herbert R. Vadney***

Town Manager:

Phillip L. Warren

Recording Clerk:

Karin Landry

Chair Worsman introduced the Board and Town Manager.

Town Manager Philip Warren announced that the sole agenda item for the workshop is the 2012 budget.

The Board was able to review answers to questions submitted by Chair Worsman and Selectman Brothers prior to the meeting. The Town Manager answered questions posed by Board:

- Longevity is not the same as a step increase. It is a smaller cost item and does not include a salary adjustment. Pursuant to the personnel policy longevity is due regardless of whether there is an adjustment to salary. The schedule for longevity is \$150 a year for five years of service, \$300 a year for ten years of service, \$440 a year for fifteen years of service, \$600 a year for twenty years of service, and \$1,000 a year for twenty five years of service. The amount is included in every budget but can varies from year to year.
- The budget for the library includes the HVAC system and the card catalogue data processing system.
- While the premise of the proposed budget is no increase in the amount to be raised by taxation from the 2008 amount, the budgeted amount for 2012 requests are \$119,372 larger than the 2011 budget.
- Any changes to the proposed budget will increase or decrease the bottom line.
- In 2011, \$725,000 was drawn from fund balance and \$425,000 returned, for a net use of \$300,000. It is predicted that the same amount will be used for 2012.
- The discontinuation of the \$25 motor vehicle registration fee resulted in a decrease in highway block grant monies of approximately \$25,000. The money the town will receive from the state in 2012 will be at 2009 levels.

Dialogue ensued regarding the use of fund balance:

- When the amount of the budget is raised and the amount to be raised by taxation and revenues remain the same, the additional amount comes from fund balance.
- The budget is monitored closely through the year, and management works hard to keep expenses down with the goal of returning money to fund balance at year end.
- It is projected that if the proposed budget is approved as it sits, and revenues and billings are as projected, approximately \$300,000 of the reserve would be used in 2012.
- Fund balance is replaced over time as additional revenues are collected or by a reduction in expenditures.

- The Board's policy has been not to let the total fund balance fall below 7.25%, which is \$3.9M. A healthy fund balance allows for good rates when borrowing or refinancing.
- Selectman Vadney would like to monitor the use of fund balance because using it each year adjusts the tax rate and will eventually catch up with you.

A detailed review of revenues will take place at the Budget Workshop scheduled for Tuesday, November 29. There have been no substantial increases in revenue since the tax rate was set two to three weeks ago.

There was an agreement among the Board that it is not necessary to review each department's budget line by line. Selectman Vadney is involved in the budget process for the first time, and finds it adequate to review the summary sheet with an eye for percent variances and drivers of that particular budget. If an item is the same or close to what it was last year, he does not see a need to spend a lot of time on it.

Selectman Lovett requested that the Town Manager brief the Board on reductions. The Town Manager explained that meetings and trainings have been reduced globally as well as many mileage payments. Such items are economically driven, and are typically reduced in poor economic times. An attempt will be made in the future to recover a more robust employee retention and training program than what is in place today. Selectman Lovett pointed out that the world is changing rapidly and training and development are absolutely essential. When money is spent on training and development, it is expected that there will be a return on it. The Town continues to take advantage of free training in every way possible to ensure some ground is being made.

The Board reviewed the budget by department:

Executive Administration

Full Time Wages - \$141,000: The small difference in 2012 wages is because the wage adjustment for 2011 did not take effect until April 1, 2011 and the wage adjustment for 2012 will be in effect as of January 1, 2012.

Retirement Funding: The 2011 budget reflected the higher projections as computed by the retirement system in the fall of 2010. The percentages voted by the retirement system reflected as of August 1, 2011, are actually lower than what was paid in 2010, and will remain stable through June of 2013. The funds that were appropriated for retirement funding but not expended will be returned to the general fund at year end.

Municipal Administration

Property Liability Insurance: Property liability insurance is down by \$20,000 as a result of moving the policy to a different vendor. The renewal for 2012 is at the same rate plus any endorsements that are added or deleted. The new vendor quoted a rate based on the existing LGC coverage, with better rates in some areas than in the past. The Town has a favorable experience rating and was able to procure better rates on its own than joining with the school. The Town has entered into discussions with the school district for the procurement of electricity at a reduced rate based on an economy of scale. In addition, the Town joined with approximately 15 school districts and municipalities on an RFP for heating oil for additional savings.

Public Official Liability Insurance: There is an increase in public official liability insurance of \$1,000 because the town didn't have everybody bonded in the past. As part of the renewal process, a review was made of those who were and were not bonded. The bond cost remains the same.

Workers Compensation: The workers compensation policy is on track and more relative to the town's experience since a three-year agreement was entered into with Primex. There is no liability to the town if it wishes to withdraw from the agreement. The agreement limits increases to 8%.

Network Connection: It is necessary to upgrade technology in order to stay current. There are hardware and software wants that are moving into the needs area. The network will not fail if the funds are not expended, however, it will advance at a slower pace. Technology is an area that can be leveraged to some degree and a suggestion was made to revisit the subject, including plans for GIS, later in the budget negotiations.

Miscellaneous Service Contracts: Miscellaneous service contracts have increased by \$2,500. There are three contracts in effect at this time: postage machine, online municipal code, and ADP. The value received for each of the three contracts is far greater than the cost.

Reservoir Dam on Waukewan Highland: The reserve of \$27,733.90 should not be impacted unless there is an emergency.

Septic Emergency Repairs: The goal has been to keep approximately \$25,000 in the reserve account. It was reduced by \$10,000 in the 2011 budget cycle. At some point the reserve must be replenished, and 2012 would be a good time to start doing so. The fund is utilized in the event an owner is unable to cover the cost of repair or replacement of a septic system in failure, which can cost upwards of \$20,000. The fund is especially crucial if a property is on or near a water body. Typically, a lien is put on the property when the reserve is used to correct the problem.

Exotic Weed Control: The Town Manager made a recommendation to cut \$10,000 from this area if the Board is looking for cuts. \$25,000 was budgeted to exotic weed control, assuming no grant funds would be received, however, a grant of approximately \$10,000 was received that will cover half of the weed control piece.

Legal: The line item was reduced from \$50,000 to \$35,000, as the need for legal assistance has been sharply reduced. Legal expenditures are estimated at approximately \$25,000, and possibly an additional \$10,000 less. A couple of large matters have been resolved this year and LGC is being utilized often.

Microfiche Services: A reduction of \$2,500 was offered for microfiches services. The services are engaged based on legal requirements. The town is approximately one and one-half years behind at this point, which is an improvement over where it has been in the past. In addition to microfiching, the service will destroy records and provide a certificate of destruction. An intensive time study would have to be done to determine how much staff time is saved by using the service.

Road Evaluation: A road evaluation based on RSMS criteria was performed by LRPC staff this summer. The data will be entered in the RSMS system in 2012, and a presentation will be made for 2013 and beyond relying on the new data.

Personnel Administration

Meetings and Training: Previously reviewed.

New Hampshire Retirement: The line is utilized only when there is a change that is not budgeted under individual departments. An anomaly in the 2011 budget resulted in a reduction in the 2012 amount to 2009 levels. Based on present assumptions, there is no indication of an increase at this time. If a significant event takes place, a review will be made at that time. When a grant is received, the effect on salary and retirement is included. The strategy of spiking retirement benefits by working overtime during the last few years of employment is monitored by the Town Manager.

Health Reimbursement Account: The deductible expense for the health reimbursement account is approximately \$30,000, which is the same as 2011, however, a half year figure was utilized when the amount was budgeted for 2011. The net costs are lower than they were with LGC.

Unemployment Compensation: The Town Manager explained how the premium is determined and how the experience rate is phased out. If a part time Meredith employee is laid off from a full time job, the town has a liability under federal employment regulations.

Supervisor of the Checklist/Elections: Four elections will be held in 2012 (presidential primary and election, town meeting, and town elections) and \$2,500 is budgeted, for an increase of approximately \$750 over the budgeted amount for 2011. The estimated year end amount for 2011 is \$3,300. The increase is attributed to overtime, which is preferable to increasing the part time line. A clerical person is shared with the public works department, and the assumption is that the position will not be filled as a full time position upon termination of that employee's service.

General Assistance: There is an increase of \$10,000 in the General Assistance budget, which has gone from \$90,000 to \$140,000 in three years. Dialogue ensued regarding the relationship between funding general assistance and outside agencies. The Town Manager informed that there is little overlap in the services provided by general assistance such as rent, electricity, and food, and the service provided by other agencies. While the Board recognizes the value, legal requirements, and moral obligations of funding general assistance, it was suggested that some consideration should be given to level funding or slightly reducing other services in light of the continued increase in general assistance.

Assessing

Operations and Maintenance: The line is increasing yearly in order to comply with the requirement to have a full set of maps available to the public. While much of the work is done in house, and more can be accomplished with the expertise of the newly hired GIS person, the final product must be produced by O'Donnell & Associates. The town enjoys a great relationship with the company, which is cost competitive and has assisted with various needs from time to time. Mr. O'Donnell is acutely aware of the town's financial situation and that the town will make adjustments if necessary.

Tax Collector: The deputy tax collector retired and is currently working part time for the town. The position is budgeted as a full time position. The need for the expertise brought by this employee is still being reviewed.

Retirement: No change.

Lock Box/Bill Processing Center: Bills are no longer processed in-house. The data is forwarded to a bill processing company that prints and mails the bills. The arrangement saves a considerable amount of time. Tax bills are mailed two times a year and water and sewer bills are mailed quarterly. The lock box is located at Centrix Bank in Manchester which allows payments to be processed and deposited directly into the town's account on the same day received. The Town Manager is exploring the option of accepting credit and debit card payments through a third party vendor.

GIS Position: A 40 hour a week, \$21 per hour position was recently filled by an individual with a wealth of experience in the field. The town will now be able to move ahead with a number of vital projects such as finalization of tax maps and having the capability in house to do work other communities are hiring engineering firms to do.

Community Development

Overtime: Employees must now take time off to offset time spent attending planning board and zoning board meetings.

Police Department

County Dispatch Center: The County Dispatch Center is utilized for coverage daily from midnight to 8 a.m. The front desk is not manned during that time period and all calls are directed to Belknap County. The arrangement has been in place for 20 years, and results in a savings the equivalent of a 1.5 staffing of dispatchers 24/7.

Full Time Wages: The increase for full time wages is explained under Executive Administration.

Police Retirement: The line is up 23% due to changes in the retirement system. 2011 was underestimated by approximately \$13,000 and total expenditures will reflect that amount. The Group 2 retirement rate is up by .44%. Full time officers, training, overtime, longevity, detail, and grants are all part of the increase.

Administrative Services: There is a 19.95% increase on all lines for the police department and a slight reduction of \$1,800 for dispatchers because they are Group I but were budgeted at the higher Group 2 rate for 2011.

Propane and Heating Oil: Propane is \$2.239 this year, for a 52% increase per gallon. Heating oil was \$2.69 last year and is locked in at \$3.20 this year. In order to reduce the area being heated, the second floor of the police station has its own zone and is only freeze protected. When the building is not staffed, it goes into building cool down. Although the building is highly efficient, an energy audit identified items with associated costs that could save in the long run.

Cost Sharing: Discussions are ongoing regarding cost sharing options with Center Harbor for the police station and recycling center.

Fire Department:

Full Time Wages: The increase for full time wages is explained under Executive Administration.

Operation and Maintenance: The line item is well controlled with most items being done in house. There are some struggles with the costs of heating and lighting the building, but the Chief is a cost conscious manager and makes all possible adjustments. Because ice forms on the floor of one of the bays, the trucks are washed in another location.

Capital Budget: The CIP plan from the fire department was presented to the capital improvement committee. A ladder truck is proposed down for the future and two vehicles will come to end of life in 2012. The ISO rating does not call for a pumper for a community the size of Meredith, so the funds will be applied to a vehicle to respond to motor vehicle accidents that is between a large pumper and small pickup in size. The vehicle will carry extrication equipment and Class A foam so that fires can be addressed if it is the first vehicle at a crash site. In addition, it will relieve some of the space issues on Engine 4. The rescue truck, which is identified in the budget as a heavy rescue truck, will have many compartments and space for 4-5 responders. \$150,000 is designated for the purchase of the heavy rescue truck in 2012. In addition, Meredith Center station will have a truck with a small piece of extrication equipment on it.

DPW/Solid Waste

Wages: 2012 expenditures are down as a result of an employee retiring and the position not being filled. Part time employees are being utilized 20 hours per week during the off season and 40 hours per week during the summer season.

Retirement: Retirement is down 35% as a result of Group I and II retirements.

Capital Expense: The truck that is presently used by the mechanics will end of life and a replacement F350 4x4 pickup truck will be shared with Solid Waste to plow the yard. In addition, the truck will be used to pick up parts in Concord and Manchester and move equipment from spot to spot. Dialogue ensued regarding whether there is an advantage to spending extra money on a diesel engine that is not kept for its projected life span, as well as having to incur the additional expense of diesel fuel. The Town Manager explained that while the mileage on the truck is in the 135,000 - 140,000 range, if the hours on the truck are converted to mileage, it would bring it to the 250,000-300,000 range. In addition, the hours on the truck are hard hours. Chair Worsman does not believe that private industry would replace a 1999 pickup truck and would like to give the matter further consideration later in the budget process. Selectman Vadney pointed out that frame is a bigger problem with vehicles that do a lot of plowing, and agrees that the uses do not warrant the purchase of a new truck. The difference in price for a diesel engine is between \$8,000 and \$10,000, plus the additional cost of diesel fuel.

Recycling: The Town Manager reviewed the types of recycling available to residents. Because of the geographical location, privatization would not realize a cost savings. Labor and other costs are being monitored and economies are implemented where possible. Reducing the number of hours the facility is open would reduce utility costs, but the loss in service would greatly outweigh those savings. In addition, preventative maintenance is performed during the slow times of the year.

DPW Building and Grounds: The light duty 4x4 Ford Ranger formerly used by Code Enforcement officer Bill Edney and now used when Buildings & Grounds visits other buildings is near end of life and is scheduled for replacement. The Town Manager will provide photographs of the bodies of the Ford Ranger and the F350 at the November 29 budget workshop.

Cemeteries: There is a reduction in wages due to the retirement of one employee. All other lines have been reduced as well. The position has not been filled as a part time employee is used to help the remaining full time employee. The cemetery sexton indicates that the Meredith Village Cemetery has not been fertilized in over three years and is in need of attention. If something is not done this year, the grounds will deteriorate beyond repair. Non-PH fertilizer will be used at the cemetery. The trust fund is targeted for repairs to the gate, which is a historical structure and is in extremely poor condition. If it is taken down, it must be replaced. In addition, further repairs must be made to the stone archway.

DPW Highway: A reduction in full time wages is the result of the retirement of one employee. Other lines have been reduced as well.

Highway Block Grant: The Board is aware of the reasons why the highway block grant has been reduced.

Maintenance Supplies: The line item has been over expended for the last three years due to aging equipment and an increase in the cost of replacement parts.

Capital Expenditure: The Town Manager recommends the addition of \$100,000 to the DPW equipment ETF that is currently funded at \$60,000 for the purchase of one T800 Kenworth dump truck. The existing truck will be traded in. The purchase is a capital expenditure and should be clearly delineated from the CIP budget. Director of Administrative Services Brenda Vittner explained how the purchase is accounted for and likened it to the procedure that was used for Childs Park. The purchase is below the \$90,000 capital improvements threshold.

Roads: The roads in the subdivisions are public and are serviced by the Town. Upper Ladd Hill is being monitored for development. The project list includes needs and wants, and there is no intention of spending anywhere near the total amount. The list will be utilized when the time is right so the projects are publicized and staff and residents are aware of them.

Parks & Recreation

Full Time Wages: The increase for full time wages is explained under Executive Administration.

Overtime: The actual expenditures in 2011 are double the budgeted amount. It is anticipated that they will probably be the same in 2012 because staff helps the Town Clerk's office with elections.

Heating Oil: The difference in the line is attributed to price volatility.

Activities: Some line items are adjusted up and others down. Parks & Recreation Director Vint Choiniere has spent a lot of time trying to forecast programs as best he can and is surviving within the budget without adjusting the lines for programming. Doing so would not be an effective use of his time, especially with the staffing levels at this time.

Fees: People from outside the community were asked to help absorb some of the costs of operation and maintenance through increased fees for the use of the building. The Town Manager believes that additional fee increases would result in a sharp decrease in the use of the building. The taxpayers are subsidizing the department by roughly \$500,000 a year, which is down from almost \$700,000 four years ago. Selectman Brothers suggested that there are additional opportunities for ongoing fundraising and dialogue ensued regarding how to encourage

that. The Town Manager recommended that the Board reach out to Friends of Parks & Recreation as a policy decision.

Library

Summary Sheet: Ms. Vittner will correct a formula error on the summary page and provide an updated cover sheet at the November 29 budget meeting.

Full Time Wages: The increase for full time wages is explained under Executive Administration.

Books/Periodicals: The library is governed by the Library Board of Trustees who determines the expenditures as well as the budget amount.

Building Maintenance/Repairs: The amount shown as encumbered funds is an estimate and the final amount will be determined prior to year end.

Capital Outlay: There has been no discussion of the library trustees as to the use or classification of funds. At year end the library expenditures will equal the budget amount per RSA to utilize all their appropriated funds. The trustees made a presentation to the Board detailing what they predict to be available.

Water Department

Full Time Wages: The increase for full time wages is explained under Executive Administration.

Utilities: In order to obtain efficiencies, an upgrade and replacement of older equipment is planned for 2012. The plant is currently running a fraction of the time it ran in the past.

Distribution Maintenance: Over expended. The expenses are accounted for on a separate line as the town is seeking reimbursement. Expenses for distribution maintenance will be offset by the reserve in the department. A separate line item was set up for the emergency situation on Rte. 3/25 and will be reimbursed. The costs associated with Route 25 will be reimbursed by the insurance company and the costs associated with Route 3 will be reimbursed by the state. The town will be reimbursed for all costs including retirement and full time wages. The revenue will be totally segregated so it doesn't inflate the budget.

Consulting Services: The line item is for the groundwater study. That amount is reimbursed from the expendable trust fund.

Sewer

Full Time Wages: The increase for full time wages is explained under Executive Administration.

Overtime: The overtime line indicates a decrease, however, the Water Department overtime has a significant increase. It appears to be funded and charged to water but should be charged to sewer. An analysis will be done by Superintendent Dan Leonard and Ms. Vittner as the year is closed out.

Collection System Maintenance: These expenses are accounted for in a separate line item as the town is seeking reimbursement from the Winnepesaukee River Basin Program. There is also a reserve in the department.

Conservation Commission

Warrant Article: Under cost sharing, the first \$50,000 of land use change tax goes to the conservation commission. Anything exceeding that amount at year end is put in the land use change tax fund. Historically, if there is more than \$50,000, there has been a warrant article designating the additional funds back to the conservation commission. If this is not done by warrant article, the funds go to the general fund. A total of \$68,000 has been collected in land use change tax this year.

Cable Franchise

Capital Outlay: A capital outlay of \$4,000 will be used for permanent wiring for the sound system as well as any other equipment issues that may arise for broadcasting and maintenance.

Outside Agency

A discussion on outside agencies will take place separately.

Debt Service

The Town continues to take advantage of interest rates going down and has made the philosophical decision that any benefits will go to capital. The end of a 10-year refinancing for \$3 million will be coming off line by 2015.

Respectfully submitted,

Phillip L. Warren, Town Manager

Colette Worsman, Chairman

Peter F. Brothers, Vice Chairman

Miller C. Lovett

Nathan J. Torr

Herbert R. Vadney