

BOARD OF SELECTMEN BUDGET WORKSHOP
Minutes of 11-29-11
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

Call to Order: Chair Worsman called the meeting to order 5:00 p.m. at the Town Hall Annex. The sole agenda item is the 2012 budget.

Director of Administrative Services Brenda Vittner updated the Board on revenues. She does not forecast any significant increases in revenue through year end. Revenues began to decline in 2008 and have remained down.

- Fund Balance is proposed at the 2011 level, and will be a topic of discussion as the budget moves forward.
- The transfers from water and sewer to the general fund are debt payments. The amount varies each year as the principle decreases.
- The highway block grant of \$190,305 is reflected in the DPW's budget.
- There is no indication that rooms and meals revenue will be any less than what was received in 2010.
- Except for a few exceptions such as zoning, licenses, solid waste stickers, and the metal market, revenue has remained level for several years.
- The total estimate for 2011 revenue is \$5,216,513.64.

The Board has charged administration with presenting a budget that will keep the amount of money to be raised by taxation level with 2008, which is \$7,716,458.00. In order to do so, the use of fund balance will have to increase in accordance with the increase in the budget that has been presented with any other additions. An alternate strategy would be to reduce the budget, but that would require a further reduction in services, and there is no elasticity in any of the department budgets. The Board is not adverse to using fund balance in order to keep the levy stable during these economic times however, the Board has conveyed the message to administration that it doesn't wish to use fund balance as a means of supporting an endless operating budget. When revenues begin to increase, funds will be returned to reserve. The Board acknowledged that there is no end in sight to the downturn in the economy and that to raise taxes in a significant amount would be a burden to many citizens.

A general review of matters related to the budget ensued:

- An additional \$10,000 is anticipated in tax interest.
- The Town Manager does not recommend selling any town owned property in the current market.

- The Town Manager made a recommendation not to make any additional cuts to the budget because they will mean a reduction in service. The proposed budget as it stands at this time necessitates taking an additional \$119,000 out of fund balance, for a total of \$840,000. The only alternative is to raise taxes, and that is not the direction he was given by the Board.
- If the warrant article for the bargaining unit passes at town meeting, the value added to the budget will be \$31,611. In addition, there is a warrant article for the conservation commission that was reviewed at the November 28 budget workshop, and a petitioned warrant article to designate a new scenic road.
- The current town evaluation is \$1,845,422,650.
- Elderly, blind, and war service credits must be considered. In 2011, war service credits were \$227,250.
- The proposed budget calls for using \$850,000 from fund balance.
- Ms. Vittner explained the method for calculating the amount to be raised by taxes.

Dialogue ensued regarding the funding of regional agencies, which is an area where the Board can effect changes that will decrease the budget without reducing services:

- The Board acknowledged that cuts in funding regional agencies can result in increases in other types of assistance.
- Selectman Torr favors level funding all regional agency requests.
- There is a net increase of approximately \$2,300 over 2011 appropriations for regional agencies. This includes a withdrawal of Lakes Region Tourism for \$2,500, a new request from CASA for \$500.
- There was an increase in eight regional agency requests.
- The request from Meredith Public Nursing was submitted late and it was level funded by the Town Manager at \$78,000. Selectman Brothers does not wish to see the enhanced operational costs of the new building passed along to the Town. Selectman Lovett remarked that based on inside knowledge, their budget cannot be squeezed any further.
- It is anticipated that the fuel assistance program administered by CAP will see reduced funding from the federal government.
- The request for the Red Cross is based on population, not specific service. Selectman Vadney pointed out that anyone who wishes to support the organization can do so on their own and made the argument that perhaps it is not a town function.
- The Greater Meredith Program is a partnership with the town and would not exist without the towns support. The Town has benefited on projects such as the beautification program and the courtyard through the program.

Dialogue ensued regarding the distinction between services that are essential as opposed to beneficial. In November 2010, criteria was developed for outside agencies that divided them into three areas: health and human services, economic and community development, and subscription and service organizations, all of which perform a service or function to the town. The Board acknowledged that all three types of agencies benefit the area and support citizens. Consideration should be given to some of the hardships experienced by the Town's employees and the reduction in service levels provided by the town. Selectman Vadney pointed out that the three cost drivers are CAP at \$37,000, InterLakes Daycare and Kidworks, at \$33,000 combined, and Meredith

Public Nursing at \$7,800. There was an agreement among the Board to level fund regional agencies for \$224,184, which is a net decrease of \$2,000 from 2011. This includes a decrease of \$2,500 for Lakes Region Tourism and an increase of \$500 for Casa.

Dialogue ensued regarding various budget matters:

- The Town Manager shared photographs of the trucks that are slated for replacement. A majority of the things that are portrayed will prevent the trucks from passing inspection. Chair Worsman suggested putting another plow route out to bid and not replacing the trucks. The Town Manager would recommend doing so as retirements take place and staffing levels decrease.
- The water department dump truck is used system wide. It is too light for a construction job but can be shared with parks & recreation and other departments. In addition, a plan is being considered to reduce the water department fleet in the coming years.
- The budget could be reduced by \$29,284 by including a salary for a full time tax collector while filling the position as a part time position. If the part time employee departs service, the funds will be in the budget to hire a full time employee. If the position remains filled at a part time level through year end, funds can be returned to fund balance. There would be a reduction in the line even if a full time employee is hired because they would be compensated at a lower rate. Selectman Lovett believes that funding the position at a part time level is a more accurate prediction than a full salary, however, a controversy could arise if the amount appropriated at town meeting is exceeded in the event a full time person is hired. Selectman Brothers pointed out that in the past, there has been a concern that if money is appropriated it will be spent.
- The Town Manager does not recommend that holdbacks come out of capital as it is a separate revenue stream and should not be injected into the budget. If necessary, he would ask for the Board's direction in cutting services.

The following recommendations have been made:

- Septic Repair ETF - reduce by \$10,000
- Exotic Weed Control - reduce by \$10,000
- Network Upgrades - reduce by \$5,000
- Microfiche - reduce by \$2,500

There was an agreement among the Board that there is merit to funding all four items, however, because there is a \$30,000 contingency for septic systems, it was agreed that the septic system ETF be reduced by \$10,000. Exotic weed, microfiche, and network upgrades will remain in the Town Manager's budget.

Ms. Vittner provided examples of how an additional \$100,000 in the budget would affect various tax bills: \$100,000 home: 5 cents per thousand; \$150,000 home - 8 cents per thousand; \$200,000 home - 11 cents per thousand; and \$250,000 home - 14 cents per thousand. All calculations are based on today's values.

In summary, there are three alternatives to keep the levy at the 2008 level: cut services, take money from fund balance, or raise taxes. If a reduction in services is the strategy the Board wishes to employ, the Town Manager requested the remainder of the week to compile his recommendation. Selectman Torr requested that the Town Manager consider that the library and recreation department see increased use in tough economic times. Selectman Lovett suggested

that instruction be given to the Town Manager to find cuts in services through the year and anything that is appropriated and not expended can be returned at year end. Selectman Vadney is concerned with the philosophy of passing a budget that is not good and fixing it during the year, and cautioned that not raising taxes this year might put the town in a worse position next year. Selectman Brothers suggested splitting the burden between the use of fund balance and taxes. The Town Manager pointed out that unlike fund balance, taxes are a sustainable revenue. Chair Worsman cautioned that the Board must be sensitive to those residents who are not working or are underemployed and are struggling to survive.

Ms. Vittner informed that once a decision is made on the use of fund balance, it must be posted on the warrant and MS6. The only time that amount can be changed is in when the MS4 is submitted (September or October).

The Town Manager informed that any additional service that is outsourced at this time will cost the town equal to or more than it is now paying.

Ms. Vittner reviewed the changes made to the proposed budget to date:

- The new net budget amount is \$12,707,555.
- The pending union contract brings it to \$12,739,299.
- Revenues and the use of fund balance, with consideration for overlay and war service credits brings the amount to be raised by taxes to \$7,849,597, which is an increase of \$133,139 over 2008 and would amount to a 7 cent per thousand increase.

The budget discussion will be continued at the workshop scheduled for Monday, December 5. The Town Manager will not have a proposal regarding a reduction in services for the Board's review until the close of business on Friday. In addition, any recommendations he makes will not result in a significant savings.

The Town Manager asked that the Board move into a non-public session under RSA 91-A:3 II, (a), the dismissal, promotion or compensation of any public employee or the disciplining of such employee, or the investigation of any charges against him.

Selectman Torr motioned to adjourn the Workshop at 7:35 p.m. Seconded by Selectman Lovett. 5-0. All in favor. Motion passed unanimously.

Respectfully submitted,

Phillip L. Warren, Town Manager

Colette Worsman, Chairman

Peter F. Brothers, Vice Chairman

Miller C. Lovett

Nathan J. Torr

Herbert R. Vadney