

**Approved
Candia Budget Committee
Meeting Minutes
September 12, 2012**

Members Present: Matt Broadhead, Lynn Chivers, Paul LeBlond, Judith Szot, Todd Allen, Emily Roster, School Board Representative, and Richard Snow, Board of Selectmen Representative.

The meeting was called to order at 7:01. Matt led the Pledge of Allegiance.

Old Business:

Approve Minutes of August 8

Todd asked to correct the spelling of Robert Dabrowski on page 6. Emily asked to add “The population at Central is much larger to divide the fixed costs amongst than our Candia population is.” at the bottom of page 6, after the sentence about comparing apples to apples. **Judith made a motion to accept the minutes as amended. Seconded by Emily Roster. All voted in favor. Motion carried.**

Matt reminded everyone that poor behavior such as at the Board of Selectmen’s meeting will not be tolerated at the Budget Committee meetings. It should not occur at any public meetings where people have a right to be there and speak. Everyone has a right to be safe at these meetings. He hopes this will not be repeated. This is supposed to be a safe place where people are not intimidated into believing one way or another. Everyone has a right to vote the way they want to vote on this Board and in town. At the ballot box is the way to express yourself.

Answer questions from last month’s meeting

Town - Dick presented a spreadsheet that shows all the employees work hours for 2011 and so far in 2012. This was in answer to questions about hours and wages. There are two reports, one by department and one by employee. The prorata numbers are arbitrary only. He took what was actually spent and divided by 34/52’s. Dick thinks that the issue of Deputy Town Clerk Cheryl Bond’s hours has to do with the fact that she works two separate positions, one as the Deputy and one as an election worker and they have different pay rates. He thinks the two positions have been combined in this one line. That is why it is looking to be overspent. He explained that Donna DelRosso, for example, works two separate positions and shows up both in the Police Department at one rate of pay and the Welfare Department at a different rate. He went on to say that the police special details may help answer the question about the police gas line being overspent, because when the officers are doing a detail, the cruisers are running, adding hours, and using gas, but they are not adding mileage to the cruiser. Lynn commented that all this information didn’t really answer the question of why the Deputy Town Clerks wage line is going to be overspent. Dick said he would clarify the Town Clerk office vs election work for the next meeting. Lynn said she thought the two separate positions would be paid out of two separate budgets, the Town Clerk budget and the Elections budget. Matt asked Dick to get a breakout of the hours and wages for Cheryl Bond in the two positions and also reminded Dick that the Committee is still waiting to get the number of gallons of fuel used by the Police Department and the prices paid. Lynn

read the minutes from the last meeting where it said that the question was the number of gallons used and the cost over last year. Emily thought it would also be useful to see what the expense was at this time last year, because maybe the budget was wrong. Maybe somebody didn't adjust the budget to what the inflated gas prices are. Dick said the issue is if we properly budgeted for gasoline. Todd said the answer would be no because over the last three years they have overspent that line in the budget. Lynn added that the Committee also asked about where they are getting their gas. Is it from the State shed, the Irving, and if so, do they match the prices? Dick said he has been reviewing the manifests as they come through. The police department is doing a very good job of taking each bill, figuring out how many gallons it was, dividing it and coming up with a \$3.13 number. They have solved the problem of paying too much through Irving. So now we are saving the time that we lost when the officers went to Manchester to get gas – and the increased mileage on the cruisers. Matt asked again to get the number of gallons of gas used and the breakdown of the salary line for the Deputy Town Clerk.

Lynn presented her draft of the cruiser maintenance report. She wanted to point out that not all the figures are correct because there were some expenses that were labeled as miscellaneous and she didn't know where to put those. Lynn stated that the description of each car will have to be added and the actual mileage info because she did not have that information. Dick asked if the committee wanted to see the mileage in relation to the date of the report. Lynn and Judith thought so. They felt it would be easier to track which car they use more, which car is costing more in repairs, and so forth. Emily suggested showing the mileage difference each month. Matt asked to have the date added to the top of the report. Paul asked if this was going to be a monthly report. Judith stated that the Committee has been asking for this information for about 5 years now. Todd felt to have it annually would be sufficient for the purpose of budget preparation, but to start it off monthly would be good. Judith thought this would help to see how they maintain the cruisers and also justify the expense of a new cruiser if the maintenance gets too costly. **Judith made a motion to accept the format Lynn had created and ask for the changes to be added for the description of the cars and the mileage and updated info on a monthly basis for the time being. Todd seconded. All voted in favor. Motion carried.**

School – Emily reported that she does not have the answer yet to the question regarding the tuition and capital expenses potential additional payment. She said the SAU has not seen the invoice yet so she is still not sure how it is broken out. She will ask Karen. There were an additional \$64,600 encumbered for the payment, but it hasn't been determined what the actual amount will be or what it consists of.

Member Absences

Matt announced that both Christine Watson and Carla Penfield had excused absences for tonight's meeting.

New Business

Review School Revenues/Expenditures – Year-end Reports on Revenues/Expenditures

Todd asked about the figure of \$358,391 on the "Surplus Fund Report". Matt asked why the report #9014 says no encumbrances, but the "Reserved for Encumbrances" report shows \$28,877. Emily reported that \$24,129.62 of that encumbrance is to purchase the entire Language Arts program for

grades 6, 7, and 8. It was purchased at the end of June and they had not received the invoice yet. Matt asked about the process of the reports. Emily said that the reports go to the School Board first, then they go to the Budget Committee. There was discussion regarding how the reports show encumbrances and budgets. Emily explained that the "revenue not collected" line is showing the funds that have not been received for this year. A majority of that is \$144,958 for the transfer of funds for the boiler from the Capital Reserve fund. They thought that this transfer would happen in the 2012 school year, but it will not happen until the 2013 school year, because that is when the project was finished. There was further discussion regarding how the revenue/expense for the boiler is shown on the reports. Emily reported that the funds that will be turned back to the town will be at least \$164,525.87. It could be more if some anticipated expenses don't actually occur or if revenues come in greater. She added that there was no so-called "spending spree" at the end of the year with the surplus. Lynn asked if the \$70,000 for the buy-out of teachers happened as had been planned and where it was showing up on reports. Emily said that it was done back in May. Emily added that there was one additional teacher added to the buyout that had not been figured in last year's budget. Mays reports were brought out to verify. Emily repeated that any funds at the end of the year that are not needed will be returned to the town. Emily warned the Committee that there will be some capital costs for maintenance items. Some immediate needs may be paid out of the surplus. The maintenance has been neglected for a long time and it is an old building. There is a facilities committee that is currently assessing the needs and will be making a prioritized list with projected costs. She went on to say that there are some serious safety and code violation issues that need to be corrected. Todd commented that the reports show there is a 2% – 3 % budget variance overall.

Review of "Open" Encumbrances from 2011-12

Matt said most of these had already been talked about.

Current Reports on Revenues/Expenditures

Matt commented that there is not too much to look at yet because it is so early in the budget year.

Projected Financial Position

Todd asked about how much any potential litigation with Manchester could affect the current budget. Emily reported that there shouldn't be any potential litigation because for now they are going to abide by the contract and see what Manchester does to solve the problem. By the contract, they have 180 days to fix a breach. Emily went on to say that the potential effects the Affordable Health Care Act could have on the insurance costs/penalties could be quite large. The details are still being created by the IRS. They have no idea at this point how much. The changes are effective January 1, 2014, so they are negotiating them now with the collective bargaining units for the staff. Discussion went back to the facilities issues that will be coming up. Emily said there are ADA compliance issues with non-working stair lifts and incorrect door handles, air quality issues, doors and windows rusting to the point of not opening properly, sprinkler system repairs, playground safety issues, the well periodically runs dry, and carbon dioxide concerns with the HVAC system. School Board member Nicole LaFlamme commented that maintenance has been neglected for a long time and a study will be done in October to work on a list of priorities. She said that the school is risking a serious lawsuit. Matt asked that any reports that

come out of the Facilities Committee please submit to the Budget Committee as well. Paul asked what had prompted the inspection. Nicole LaFlamme said that she is in her second year on the Committee and thought that the best way to see what needs to be done is to do a full audit of the facilities. School Board member Kim Royer added that Peter Barbuto, Maintenance Staff, is willing to meet with the Budget Committee to discuss the list and the work to be done. Nicole added that Peter has done a great job of band-aiding the problems. He received certification as an inspector so that he could do a required school inspection himself and saved the school over six thousand dollars to not have to pay the State to do this inspection. Citizen Ingrid Byrd said that five or six years ago there was an inspection with the Fire Chief and some of those items had been corrected. Nicole LaFlamme said that they have those records, but these are issues that go way beyond a fire audit. Todd asked that if the School Board decides to put some cost items in the budget, to please categorize the list between health and safety issues, security issues, and nice-to-haves. Matt also asked to have a breakdown of items that are required by law, and if there is any penalty for non-compliance, or if they would just be nice to have. He wants to know what the risks are for each situation, either through potential liability, or legal requirements. Nicole LaFlamme added that things like the stair lifts not working could be a major financial impact all at once if someone moves into Candia suddenly that needs them.

Emily also reported that she had just received word of increases in the New Hampshire Retirement contributions for teachers. She needs to look at that information before she addresses the Committee to talk about the financial impact.

Financial Impact of Incinerator Closure

Lynn commented that at the last meeting she asked how the town had gotten to this point with the closure. Dick had told her to come to the next Selectmen's meeting to find out. She went to the meeting and the Chair refused questions from the audience. Lynn asked if the town has something in writing from DES that says exactly what needs to be done. Dick said yes. Lynn asked again to confirm if they told us exactly what needs to be done at the site. Dick said he didn't say that. Dick said that the town has something that states that we have a mandate to do something with the ash residue. Lynn asked again if we have something in writing from DES that says what we have to do, step by step. Dick said yes. He said it is on the website. Judith said it is not on the website. Dick said the last e-mail on the website has the information. It has the characterization of the site, it gives you the volume of the residue that needs to go, and then they go in, start digging, and it's either less or more than the estimate, but it is already capped with a cost. The cost is fixed. The only variable is that he doesn't know what is under the ground. Nobody does. Lynn then asked if we don't know for sure what it is going to cost until we test the soil? Dick said that the cost will be \$129,300. We signed that contract and that is locked in. If it is more, it doesn't cost more. If it is less, we still pay \$129,300. It is a fixed price contract. Lynn asked if he is saying that the town signed a contract without really knowing what had to be done, because we don't know for sure what is in the soil. Dick said that was correct. Lynn thought this was shocking. Todd pointed out that the contractor was taking the same risk, because if it turns out there is more, the town is only going to pay them \$129,300 and the contractor is still obligated to get rid of all of it. Judith stated that the problem is that if you read the e-mails from Doug Kemp at DES, it refers to "the changes the town wants to make to their plan." The town has changed the plan

from just closing the site (we could have left the ash berms, covered them with soil and clay, and left them, and we would have been fine). She went on to say that some people in town decided on their own that they wanted to remove the berms, and they went in and tested the soil, but they didn't use best practices, so now we have to pay to do that all over again. Now they want to reclaim the site, for some incredible number like \$90,000, just for grading that site. Doug Kemp says we did not have to touch any part except the ash berms. If you work in that area, you have to cap the area and nothing else. There are people in this town who want what they call "access to their river". It is a marsh. I'm not sure how you get out there and if somebody put in a canoe, you can go 100 feet this way and 100 feet that way and that's it. It has changed from a closure site to a reclamation site. They want to reclaim that site and use it for a park. That is why we are where we are. There are people that can take down the buildings and remove the ash and the \$35,000 that we have will cover that. But there is a group of people that want to do something completely different and Doug Kemp's exact words were "the changes that the town wants to make". The town is choosing to change the plan that they originally had. And that is where the \$129,300 expense is coming from. People have spoken to Ron Severino and he said the grading costs are excessive. The Selectmen have refused to listen to the people in the audience. I can understand why people get upset. When you have a room full of people and they want to ask questions and they are gaveled to silence. People are angry. It appears that this one group has decided on this one thing and they are not listening to anything else. So, they decided at their meeting to ask for a warrant article. I would hope that when they write the warrant article they would describe it as it is – as a reclamation site. There is word out that this is a hazardous site, like a superfund site, and that is not true. Doug Kemp has said that some of the stuff is not incinerator ash. It is stuff from the burn pile that was legally done when it was done and it was buried and some of the stuff like from springs from mattresses. Doug Kemp has said if the land is left alone it will heal itself. Todd feels that issue has grown way beyond what it needs to and it won't be resolved until the town vote. We are not going to get anywhere. They have made up their minds. They can present the warrant article and when we vote on it as a Budget Committee we can vote however we want. Dick commented that the wording of the warrant article has not been decided yet. Dick wanted to add for the record that this is Judy's opinion. Judith said that Dick has been quoted as saying he wants to reclaim the site, which is different than closing. Dick stated again that was Judith's opinion. Judith responded that they are the facts. Dick stated that his opinion is that the warrant article amount would be the difference of the \$129,300 and the \$35,000 in the fund. He is going to propose the warrant article takes the money out of the unreserved fund balance, so there is no impact on the tax rate.

Review Town Reports

Lynn asked Dick if the Board has transferred any funds from one budget line to another. He said that none have been transferred yet. Dick said that he feels that the Board of Selectmen could do that, but is that the best way to get the use of the accounting reports? The accounting reports are tools that management uses to see if we have properly budgeted. If we take money out and move it around, that says that we changed the budget and did the right thing. I have no strong feelings one way or the other, but other than the point in time where we developed the default budget and presented that and voted on it, there has been no transfers between what was presented and voted on. We will have some lines that are over within the individual budgets, hopefully not have any bottom line departments that are

over budget, except maybe for the small ones where they have a one line budget. Matt asked if on the wages, for example, the lines will show that it is over spent, rather than re-adjust the budget figures through transfers. Dick said that he could make the budget look like there are no overages, by doing transfers. But then they would say we did a great job of budgeting last year, but we didn't, because we had to move money around. Lynn said that we have had this problem for many years because we look at the last year's budget and look at what we've budgeted, and we should have moved money. This happens a lot with the highway budget. We didn't have enough, and we should have moved money, but we stick with what we started with and then we look at last year's budget when it is not the correct amount. The salaries for example. We look at the budget, but that is not what we are actually paying because we gave raises. If we move the money around, then when you get ready for next year, we look at the budget and see where you needed the money, not just where you had it in the budget. Then you can see what you actually spent when you see the transfers. Just like in the school reports. Matt commented that the school is so different from the town because of things like special education. He does think that it would be good if there was consistency with both budgets, though. Lynn feels it is easier to see when you try to budget the next year. It doesn't look as skewed. Like in the gasoline line. We might have budgeted \$17,000, but we really should have budgeted \$22,000. So, this year we are going to budget \$24,000 and it looks like a huge increase. Instead money should have been moved into that line because we didn't budget enough. Road Agent Dennis Lewis added that in his department, sometimes over-expenditures are offset by things such as FEMA grants. They look overspent, but there is offsetting revenue and that way you don't have to take money from someone else's budget. Emily commented that the health insurance line looks grossly over-budgeted. She asked if something had changed. Todd added that the proposed budget this year had some of that broken out for buy-outs of insurance, but with the default budget, the lines went right back to where they were last year. Emily asked what is the criteria to be eligible for health insurance with the town. Dick told her that anyone who works over 32 hours per week can take the insurance. Lynn asked about something she had heard that last year the rates went down considerably because the average age of the employees dropped. Dick confirmed that when an older Building Inspector retired, an older police officer left, and we hired a young police officer, it dropped the rates. Emily asked to see the specifics for the various health insurance plans (single, 2 person, family) when they are available.

Proposed Budget Flyer

Language of flyer

The Committee looked at a draft of a flyer that Todd had written. Matt thanked Todd for all his work put into it so far. Lynn feels we need to add something about the 10% rule at the Deliberative Session. There was discussion of how to word the 10% rule without confusing people because the 10% rule also includes all warrant articles as well as the operating budget, and it is based on only the items recommended by the Budget Committee. Emily asked to remove the "(and is typically changed)" from the last paragraph. Citizen Ingrid Byrd asked, under the March section, to change "reduced and increased" to "reduced or increased". There was further discussion of the wording for the 10% rule subject. Matt felt that adding "the total amounts recommended by the Budget Committee cannot be increased at the Deliberative Session by more than 10%" would be better. Several other members agreed. Ingrid Byrd thought there should be an explanation at the top as to why this information is being

provided and who it came from. She also asked to add "s" on revenue in the first line. Lynn suggested saying this is a brief explanation of the Candia Budget Process. Judith suggested something like your Budget Committee is sending this to you to understand the budget process that takes place in our town. Lynn presented a draft from Carla that shortened some of the statements for brevity. Matt said that at the next meeting the Committee will finalize the changes. Citizen Sharon DeWitt said she thought this was a great idea because last year she tried to figure out ways to educate people about the process. She said the term "public hearing" makes it sound like people are just there to listen and are not able to ask questions or give input. It is a public hearing, and the Budget Committee has the right to vote however they want, but last year we heard from a lot of people, but it wasn't the people at the public hearing. She asked what is the purpose of the public hearing? She thinks it is important for people to come out to the public hearing, instead of having side conversations that not everyone hears. Lynn suggested saying something like "this is the opportunity to listen, ask questions, and provide input." Todd said that the definition that the Local Government Center gave for a public hearing is a time when anyone can express whatever they want about the budget. It is solely for the public. Matt clarified that it should say "for the public to provide input, get informed, and ask questions about the budgets and the warrant articles". Judith mentioned that after the Public Hearing, maybe the Budget Committee should not make a decision immediately, but maybe have another meeting another day. Matt said that a vote does not have to be taken right after the Public Hearing, but the RSA says that it must happen at some point after the public hearing is closed. Nicole LaFlamme asked if the Budget Committee is required to "present" the budget at the public hearing. Matt said that the Local Government Center said that the Committee needs to make some sort of a recommendation of some amount at the start of the public hearing, but they can change their minds afterward. Otherwise, it could be assumed that the Budget Committee is OK with the requested budget. Matt said that again this year the Budget Committee will announce a recommended budget prior to the public hearing. The law also states that no expenditures can be voted on unless it has been introduced or discussed at the public hearing. Todd added that "presenting" or "introducing" can be as simple as handing out a paper copy of the budget. Matt asked Todd for suggestions on the opening language of the flyer.

Funds to Distribute

Matt asked Dick to ask the Board of Selectmen for \$500 for the printing and mailing of the flyer, since those funds are not available in the Budget Committee budget. There was discussion of the approximate costs to print and mail this flyer. In the current budget, there are single dollar amounts in the lines for printing and postage in the Budget Committee budget, so more funds can be transferred into those lines to cover the costs. Matt feels this is very important and should be done every year. He wants \$500 transferred in and if not all of it is used, the balance will be given back. Dick suggested using just the website for distribution. Matt added that not everyone uses the web and he would rather go with a hard copy mailer, along with posting on the website. Paul asked when it would be mailed out. Matt would like to see it go out a week or two before the Deliberative Session, depending on how the calendar works out, but it is open for discussion. Matt said that at the next meeting he will have a calendar prepared for the budget season. Judith said that in the past the Budget Committee usually gets the Selectmen's budget in October, then they meet with Department Heads, then have a meeting after

that to talk about what they asked for. Typically November was reserved for looking at the school budget. Matt said he would have that all worked out by the next meeting.

Other

Dick asked Matt to provide a proposed budget for 2013. After discussion with the Committee, the following budget was approved:

Wages	\$1,400
FICA/Medi Taxes	103
Printing	250
Supplies/Postage	250
Seminars	1
Legal Notices	<u>100</u>
Total	\$2,104

Dick asked about the seminars line because the cost of the books from Local Government Center should be added somewhere. Lynn explained that the committee members pay for the books out of their own pockets, as well as any cost for seminars they may go to. **Matt made a motion to approve the above budget, with a total of \$2,104. Seconded by Judith Szot. All voted in favor. Motion carried.** Matt asked Dick to have those changes reflected in the 2012 budget as well.

Dick announced that the Board of Selectmen will be meeting on Saturday, October 13 to prepare a town budget.

Emily stated that the School Board will be holding their budget workshop on October 31 and November 1.

Emily commented that in light of what is happening in the city of Manchester, there are issues of money not being budgeted for education. She said it is pretty dire right now for a lot of the students. Some students can't get the classes they need to graduate, for example. There are lots of things that are bad that kids can still live with, but there are a lot of issues that the kids cannot live with. Emily wanted to make sure everyone is aware of those things when setting a budget. Last year they had a bottom line number but didn't know why we were making those cuts. She said she appreciated Todd's e-mail of today that said the Committee should be scrutinizing each line and see how it is going to effect the education. She appreciates it when people in town say there is excess waste, but without specifics of where they think the waste actually is doesn't really help. We are open to listening to and having an educated dialogue about those things. Lynn asked if the School Board might reverse their policy that kids cannot go to other high schools, such as Pinkerton, or Pembroke. Lynn can see that if parents have a kid that is one of forty in a class and sitting on the floor, they may want to go somewhere else. Todd stated that it is within the contract to be able to do that. Emily said they had made that policy to be in compliance with the contract with Manchester, but are working with legal counsel on that.

Matt announced that Todd had sent out an e-mail to all the Budget Committee members outlining his wishes for the coming budget season. Cheryl will have a copy in the Selectmen's office if anyone wants to view it, since it is legally a public document.

Matt said his plan for this budget season is to go through each budget line by line.

Dick announced that the Town Office will be getting retrofitted with energy efficient lights through a program with PSNH. There is a cost of a little bit over \$3,000, with a pay-back period of 1.9 years. We should see some savings with new efficient lights and on/off sensors.

At 8:55, Judith made a motion to adjourn. Seconded by Todd Allen. All voted in favor. Motion carried.

Respectfully submitted by
Cheryl Eastman