

**Unapproved
Candia Budget Committee
Meeting Minutes
October 10, 2012**

Members Present: Matt Broadhead, Lynn Chivers, Paul LeBlond, Todd Allen, Carla Penfield, Christine Watson, Emily Roster, School Board Representative, and Richard Snow, Board of Selectmen Representative.

The meeting was called to order at 7:00. Matt led the Pledge of Allegiance.

Old Business:

Approve Minutes of September 12

Emily corrected that the sentence stating the buyouts was \$105,000 was incorrect and confusing. Emily said that \$70,000 was moved, but of that amount \$35,000 had not been budgeted for. The total amount of the buyouts was more than \$105,000. It was decided to remove the sentence completely. She added that under the "Projected Financial Position", it should say that Manchester has 180 days, per the contract, to correct a breach, not 30 days. **Dick made a motion to accept the minutes as amended. Seconded by Todd. All voted in favor, with the exception of Christine and Carla who were not in attendance at the meeting on 9/12/12. Motion carried.**

Excused absence:

Matt announced that Judith Szot had an excused absence for tonight's meeting.

Answer questions from last month's meeting

Town:

Dick reported that the **Deputy Town Clerk's** wages are being recorded correctly for her two separate duties, the town clerk work and her election work. She had worked more hours. He added that Town Clerk Christine Dupere had requested an increase in that line last year to cover increased hours, but because of the default budget the amount had not been increased, which is why it is looking like the line might be overspent. The Deputy will not be working as many hours as planned for the foreseeable future due to a personal problem, so the line will not be overspent by year end. Dick added that Christine had indicated that she would be asking for more hours for next year.

Dick presented to the Committee a copy of an e-mail from Joe Sobol of Irving regarding the intent of the agreement for **pricing for fuel** for the Police Department. He also gave out copies of the two most recent Irving invoices and copies of a refund that came from Irving. He explained that Irving is sending the town refund checks to adjust whatever the price of gas is when purchased to match the State gas price. He went on to say that he and the Police Department have been watching this item closely and will continue to do so. Carla commented that it didn't answer her question of why the Police fuel line will be so largely overspent this year. Dick explained that the default budget had not been adjusted properly. Last year, Chief McGillen had requested \$22,000 in that line, but in the default process the

same amount was funded from the year before, which was \$17,000. In addition to that, the prices have increased. Dick reported that the Irving invoices have the total gallons purchased and for last month it was 724 gallons. Dick said that if the Committee wants to see that every month, it could be added to the cruiser maintenance cost report. Road Agent Dennis Lewis asked if the town had been overcharged for gas at the beginning of the year, and if so, were we reimbursed? Dick said we are getting reimbursed on a monthly basis. Dennis asked again if we were overcharged at the beginning of the year, and if we were, did we get our money back? Dick said the memo says we started this program in May and we have been reimbursed. Dennis then asked if those refunds from Irving are being credited back into that account line, or just go into the general fund as revenue. He asked because if they are going into the general fund, then the Police fuel line is showing a higher number than it should. Selectmen's Assistant Cheryl Eastman reported that the refunds are credited directly back into the gasoline expense line, so the account is not showing as artificially inflated. Carla stated that if the Chief had asked for \$22,000 last year, and it is expected to have \$26,000 expended this year, what makes up the \$4,000 difference? Dick replied that it is either that the gas prices have increased or they are putting more miles on the cruisers. Carla said she knew that, but wanted to know if Dick knew which one it was. Dick could not answer that because he hasn't done an analysis of the number of gallons used last year vs. this year. Carla felt that the Committee should ask the Chief when they meet to discuss the budget if we are using more fuel this year than last. If not, then it is because the price of fuel went up. Dick stated that he feels the Department Heads should know that and put more money in their budgets. Dick expects to see more money requested by the Chief on Saturday when the Board of Selectmen conducts their budget workshop.

Dick presented a copy of the cruiser maintenance report in the format the Committee had decided on at the last meeting, with the added specific information for each cruiser, including the mileage. He said this is a reasonably accurate representation of the amount of money that was spent through the end of August. He still has the last two months to put into the report. He asked if this format was acceptable and if so, he would continue to update the report monthly. Dick added that all the cruisers have hours meters on them, except the Explorer that the Chief uses. These are helpful if they are doing a detail and they are not putting miles on the cars, but the engine could still be running. Dick said he would get the hours figures on the monthly reports as well. Matt said that since the Committee had approved the format at the last meeting they didn't need to do that again, but if they can just continue to get an updated report, it would be good.

New Business

Diane Philbrick – Chair, Heritage Commission

Diane addressed the Committee and announced that the Heritage Commission has the Old Smyth Library project coming up and it will be a major consideration this coming year. The Heritage Commission will hold a public hearing on November 5 where they will bring all the plans, uses, and money figures to the public. She wants the Budget Committee to know what they are looking at so there would hopefully not be too many surprises when they get to the public hearing. Diane gave copies of the plan for the top floor of the building. She said they started this project in 2010. They worked with The NH Preservation Alliance and NH Division of Historical Resources. They have applied for and

received grants to get an architect, Richard Monihan. They selected him from several proposals. He did all the architectural drawings, all the specs, and everything that the contractor will need. They met several times with him to rework the plan to get exactly what they wanted. They selected several bids for contractors and selected Bruss Construction. Bruss has experience with working with historic buildings. They have worked with the building inspector as far as what the building currently has and what it needs. This has all come together to this plan. The building is rated for 49 people at a time. In the back of the ell there will be a platform lift that will come up from the lower level. There will be a fully accessible bathroom. The parking lot will not change much except the two spaces that point towards the Mason Hall will be graded so there will be walk graded to the door on the bottom level. People will be able to go in that bottom door into the ell and take the lift upstairs. This renovation plan deals with the upper level only. There will be nothing done on the lower level at all. This has been on the town Capital Improvement Plan since the building was closed. The Town has put a figure of \$200,000 as an estimate for what the renovation of the building will cost. They received three bids. Two were significantly over \$200,000 and the third was for \$188,000. That was Bruss Construction and during discussions with him, he admitted that his bid was lower because he had made a mistake of \$20,000 in his calculations, due to one figure being omitted. He said that since that was the figure that he submitted, he would honor it. The Commission still felt that they needed to get the price down some more. They met with Bruss Construction and he came back with suggestions on how some figures could be reduced. They have not yet received the new contract, but are confident it will be a maximum of \$150,000. The Heritage Commission has applied for an LCHIP grant and a designation called "Seven to Save". This program is through the NH Preservation Alliance and they choose seven projects state-wide and say "these are the seven that need to be done". The Heritage Commission wants to get that designation. They feel that this building must be done. It is not a matter of whether it can be done, it is a matter of how can we do it. This building is a treasure to this town and in remarkable shape. The time is now. Seven to Save doesn't give us any money, but does give us notoriety. It gives the authority to go look for grants. The fact that it is already on the state and federal register was very influential in getting the two small grants they received to pay for the architect. They are trying for an LCHIP grant. They asked for \$40,000. If they actually come out with \$4,000, they will be happy. They will continue to look for other grants. One option to lower the price is to have volunteer labor. A lot of work can be done on the building that you don't have to be a qualified craftsman. Cleaning, basic painting, and removing the floor are some of those items. They would like to put together a couple volunteer days and Bruss Construction is very willing to work with volunteer laborers. He is also willing to work with local contractors with the hope that the prices would be cheaper. A fundraising campaign is a way to raise money for the project. This is already underway with the Ron Thomas Memorial Fund. They are open to suggestions to bring the cost down. Any needed funds left over will be asked for in a warrant article. The Heritage Commission will hear about the results of the Seven to Save program next Tuesday. The LCHIP grant will be announced closer to Thanksgiving. Cheryl informed Diane that the Board of Selectmen had changed their meeting dates in November because of conflicts with holiday dates. The Board is holding a meeting on November 5, the same date she announced for this public hearing. Diane reported that the Heritage Commission regular meeting is this coming Thursday, so they will discuss the date conflict then. Dick stated that as a Selectman, he would like to be able to attend the public hearing. Diane announced that they are going to do a postcard mailer to everyone in town with a

picture of the building. The post card will announce the meeting date for the public hearing (currently the text has November 5 at the town offices). Dick said he would talk to the Board of Selectmen about maybe combining meetings. Diane said the postcard is not printed yet, so at their Thursday meeting they could change the wording.

Answer questions from last month's meeting

School:

Emily answered the questions regarding the encumbrances that do not show up on the year-end reports from the school, but were showing on a separate report. She explained that the encumbrance column is blank because the financial software system does not handle carry-over encumbrances for their state reporting requirements. They track the encumbrances separately at the close of the year point. This has been the case since the software was installed in the '08-09 school year.

Emily also reported that the additional payment that will be due to Manchester has not been invoiced yet, but they do know that it will only be tuition costs, no Capital costs. They anticipate the invoice sometime in November or December.

Lynn said that at the last meeting Emily had requested specifics of the Town's health insurance plans. Cheryl informed the Committee that those figures had not come in yet.

Lynn asked about the results of asking the Board of Selectmen for \$500 to print and mail the informational flyer. Dick reported that the Board had approved up to \$300 and between that and the balance in the Budget Committee budget, they should be able to cover the costs for an Every Door Direct Mail distribution.

Budget Season Dates

After discussions of calendars, dates, and the law regarding Public Hearings, the following meeting schedule was created:

Wed, Nov 14 @ 7:00 p.m. @ the Town Offices - review and discuss the town budget

Thurs, Nov 15 @ 7:00 p.m. @ the Town Offices – Joint meeting with the BOS and Dept Heads

Wed, Nov 28 @ 7:00 p.m. @ the Town Offices – review and discuss the School budget

Thurs, Nov 29 @ 7:00 p.m. @ the School – Joint meeting with the School Board

Wed, Dec 5 @ 7:00 p.m. @ the Library reference room – drafting preliminary town and/or school budget

Thurs, Dec 6 @ 7:00 p.m. @ the Town Offices – drafting preliminary town and/or school budget

Wed, Dec 19 @ 7:00 p.m. @ the Library conference room – Public Hearing on the Town budget

Wed, Jan 2 @ 7:00 p.m. @ the School – Public Hearing on the School budget

Wed, Jan 9 @ 7:00 p.m. @ the Town Offices – Supplemental BC meeting to finalize budgets and review warrant articles

Sat, Feb 2 @ 9:00 a.m. @ the School – Town Deliberative Session

Sat, Feb 9 @ 9:00 a.m. @ the School – School Deliberative Session

(This schedule is subject to change). There was further discussion of the amount of time needed by the Budget Committee to review the school budget before meeting with the School Board. Dick reported to

the Committee that the Board of Selectmen is planning on holding a public hearing on their proposed budget on December 17. The Budget Committee members were not clear on the purpose of that since the budget will have already been turned into the Budget Committee by that date, so what was the point of listening to public input after it is already done. Matt is concerned that the two separate public hearings will confuse the public as to which one is the official public hearing and which one they should attend. Dick said he would think about it and the Board might change their mind on that issue.

Proposed Flyer

The Committee looked at the revised draft of the informational flyer. Matt asked to add the dates of the two Public Hearings and Deliberative Sessions on the timetable with an asterisk. Matt also wanted to add the date of Jan 9 to finalize recommendations, again with an asterisk notation. Lynn felt that the section “(in a public meeting...)” could then be removed completely if the actual dates were going to be included. The asterisk will say “Dates subject to change. See Town Offices and Post Office for actual time, date, and location of meetings.” Carla asked to change the heading description from “pamphlet” to “information”. Matt asked to also remove “informational guide”.

At 8:15, Christine Watson left the meeting. Emily noted that there is a printer in town who may be willing to do the printing of the flyer for the Committee. Kim Royer added that the dates can also be advertised on the signs at the Town Office and the School. **Carla made a motion to accept the language of the flyer with the changes made tonight. Matt seconded. All voted in favor. Motion carried.**

Review School Reports

Todd asked if the School Board’s plan is to use the Building Maintenance funds for the upcoming facilities repairs. Emily said she assumes so, but all those decisions will be coming before the School Board before being voted on. Todd asked if these items are deferred maintenance items – things that should have been done over the years but were not. Emily thinks that most of them are. There have been a lot of things that have been held together with band-aids, like in the kitchen, but the time has come where they cannot be ignored much longer. Todd asked if they were deferred by cost, by priorities, or by process? Emily thinks that most of them were money. Kim Royer added that it was also a matter of who was on the Board at the time. Emily stated it is something that they want to stay on top of moving forward. They want to have a five year plan, always going forward, the next five years out, looking at what has to be done. They realize not everything has to be done right away, but they want to have a good handle on what is a five year projection on that building. Todd is concerned about what the stabilized budget looks like for the items. He knows the School Board will come forward and say they need X amount of dollars for whatever, but what is the stabilized budget for the next five years that will fund all the needed repairs so that we don’t get hit all at once. Emily asked if he meant putting some money aside in a capital reserve fund every year for things like this. Todd said yes, or the budget needs to be adjusted by \$5,000 per year to prevent the School from having to come to them like this year and ask for a large amount all at one time. Emily stated again it is the goal of the School Board and the Facilities Maintenance Committee to have a long range plan going forward and not have the mess we have now. They want to be pro-active as opposed to reactive like they have been. There are safety hazards involved. Todd stated that it makes the budget committee happier when it is stabilized year to

year and only have a few minor adjustments. When we see this item and that item, it all adds up. He feels that is when we get the friction between the two boards and committees. Kim Royer, who is on the Facilities Maintenance Committee, said they are compiling all the issues and really looking at a five year plan to see if they can do what they need to with about the same amount of money each year. It will be much easier for the town, the Budget Committee, and for everyone to say, this is what we are thinking. They are working on prioritizing. She went on to say that there were so many items on the list for year 1 that are out of compliance that they know they can't do them all in one year. Carla asked why items like rusted doors and windows weren't replaced during the year when they were needed. Carla feels they could have paid \$500 here and there with the excess money they had in the budget. Emily said – yes, and that's why they are trying to plan that out now. She stated that maybe not all the doors need to be replaced right away. Carla asked why those maintenance items have not been fixed regularly. Emily stated that Peter Barbuto has been fixing things, but most of these issues had not been brought to the attention of the Board because there was no Facilities Maintenance Committee at the time. Emily believes the last time the facilities committee was active was when they were thinking of building a gym. They weren't necessarily the same people that were on the School Board and now they are identifying these things. Kim Royer stated that \$500 wouldn't buy a new door. The costs for the doors are upwards of \$20,000. They are the fire-safe doors that close automatically. There are a lot of specifications for these. Carla feels that these items are regular ongoing maintenance items. She feels there should be in the budget a maintenance line that can be spent for ongoing maintenance issues for the building. Emily said that the budgets have been so tight in the past several years and people didn't want to put \$100,000 line items in the budget when they also had to pay teachers. She feels it is coming to the point where they can't keep running the building that way. They need to look at those things and maybe put them in the budget, or in warrant articles. She doesn't have the numbers yet. Carla asked if the school has a fund already for maintenance items like this. Todd read from the trustees report in the town report and said it shows the School Maintenance Fund as \$35,000-40,000. The Facility Needs Capital Reserve Fund, which is for capital improvements, has roughly \$300,000 after the boiler is paid for. Emily said they could have a public hearing to ask to spend those funds. Carla pointed out that there could be a warrant article that asks to pay for those repairs from that fund. Carla stated that if that is the case, the repairs may not affect the operating budget much at all. At least some of the expenses could be offset. Carla thought that once they get caught up, then they should be able to go forward with a regular maintenance plan. Todd agreed, as long as the budgeted amount is sufficient to cover ongoing expenses. Carla asked that since the school has been giving money back to the town, what excuse is there to not fix the windows. Emily replied that the town likes to have the School give the money back, or we get in trouble for not giving it back. Carla said the School Board is not responsible to give money back. Kim stated that no, they are not, but there is a lot of pressure to give some funds back and not spend it all. Carla added that there is a lot of pressure on all of us.

There were no comments on expenditures or enrollment reports since the school year had just gotten started.

Carla asked if the School Board would be allowing high school students to enroll in any other public schools except Central, like they used to. Emily said that the current contract with Manchester does not allow them to do that. Todd stated that it is up to the School Board's discretion on a case-by-case basis.

Emily said that according to the legal counsel of the School Board it is allowed only if there is an educational hardship. Todd added that either way it doesn't change the cost because the parent pays for any difference in tuition anyway. Emily stated that if it is deemed a case of an educational hardship, the town pays for the entire cost of the school. The town only pays for children to go to a public high school, not a private, religious, or charter school.

Review Town Reports

Dick reported that the negatives are starting to show up on the expenditures report in individual lines because of the default budget. He added that we have no departments that have over-expended their bottom line except for the Planning Board because of the Capital Improvement program expenses that were charged to their budget. He feels that the spend basis is reasonable. There is 27% left to spend with 25% of the year left. He explained that the spend curve for expenses and revenues is not a linear curve. However, if you look at all of them across the report, it seems to be a reasonable number. He looks at it and doesn't see any significant problems. Some individual lines are negative and he watches those. The column that is called "Estimated Projected Expenses" has numbers in it that have been poorly adjusted for reality. Dick told the Committee that in the Estimated Balance Remaining and the Estimated Percent Remaining columns, if the numbers show as negatives, remember that those numbers are not necessarily factual. Dick intends to meet with Cheryl and see if we can get a more reasonable number in there. Dick doesn't foresee many of the lines coming out as negatives, with the exception of the Planning Board. Carla asked if the "Estimated Projected Expenses" column on the expenditures report was really necessary and she feels the Budget Committee doesn't really need to see it. There was further discussion about these columns and why they are on the report. **Carla made a motion to remove the last 3 "Estimated" columns from the report. Seconded by Matt. All in favor. Motion carried. (Note – Christine was absent for this vote).**

Todd asked exactly how the town had encumbered funds for a police cruiser over two years. Dick said that the Board of Selectmen voted at their December 31 meeting to encumber these funds. Todd asked if there was a legal instrument that encumbered those funds. Dick said yes, the Board had a piece of paper for that. It may have been an estimated cost that the Board may or may not have exercised, but they were legally encumbered. Matt asked if Dick meant to say that the Board had a piece of paper that said they had a contract. Matt asked if the Board had a contract for the purchase of a police cruiser. Dick said that they had a piece of paper that could be interpreted as a contract. Todd asked if the contract was from a dealer that was selling the vehicle. Dick said they had a piece of paper from the dealer that said "I will sell you this vehicle at that price." Todd stated that is a quote, not a contract. Dick replied that it is an implied contract.

Emily asked if the budget that the town votes in March actually goes into place January 1 – so that the town is already three months into the budget before it is voted on. She was told that is correct. Dick said that the law says that you are allowed to expend an amount similar to what you did the year before until the town meeting votes your appropriations. He stated that it is conceivable that someone could say that you shouldn't spend that. But, if it snows, you plow. If it snows more, you plow more. He went

on to say that the only solution to that would be to switch to an optional fiscal year and be on the same schedule as the school.

New Format Revenue Report

Carla commented that she liked the proposed new format for the revenue reports that breaks out recurring and non-recurring revenue. Dick said that he had personally handled the discussion the Committee had on the estimated revenues. He looked at the bottom line and saw that we are up \$100,000. Then he looks at the large numbers like Emergency Management grants that won't happen again. Dick started to go through all the revenue lines and explain which ones are recurring and which are not. Matt said the committee members can read it for themselves. Carla thought that the work Cheryl did separating them out on the report was helpful. Matt talked about the wording non-standard or standard or recurring. It was decided to have the word "standard" removed from the titles of the subsections and leave it as "operating revenues likely to recur" and "operating revenues not likely to recur."

Other

Todd said that he is growing concerned because when he attends the School Board meetings as a citizen to hear what is going on, there are a lot of discussions about "new" expenses and increases. He would like to see prioritizations when it comes to new or increased expenses against the existing items in the budget. He is talking about anything that comes up and the discussion leads to "this wasn't budgeted for, it will need to be in next year's budget." Emily asked for specific examples. Todd said like the retirement of the two teachers that was not planned for. Emily said that if they just find out about something then it has to go in the next budget. Todd didn't want to sound coarse, but doesn't the Board know when teachers are going to retire and budget for it. Emily stated that it is budgeted as it comes up. There is a deadline date that the teachers have to tell the Board they are planning on retirement. It is hard to guess because teachers retire at different ages. She added that they would be accused of over-inflating the budget if they consistently budgeted for five teachers retiring. And if they didn't retire, then the funds would be available to be transferred and spent somewhere else. She said there needs to be a happy medium – do you budget for 5 teachers in each year or just one? Todd asked if there is a line that covers the retirement costs in the budget. Emily stated it is in the salaries line. Emily said that the specific two teachers that were voted last week to be retiring, they will be budgeted for next year. Todd asked if the School Board typically prioritize expenses. For example, instead of purchasing new textbooks, do you put that off a year in order to be able to pay the retirement buy-outs that you didn't anticipate, instead of coming to the town for extra funds. It's a matter of shifting priorities. Emily said it would depend, because next year the School has to buy a new math program because the current program does not meet the common core requirements. The School has no choice in that. We will need to look at the budget and see what is in it. She hasn't seen it yet. Todd asked if, since they know they will need to buy the new math program, they are looking at something that can be forgone because of that large expense. Emily again said that the budget needs to be looked at when it is presented and decide what to do then. She reminded the Committee that there will be an increase in the retirement system costs because of down-shifting from the State. Emily will bring his advice to the School Board and they will see. She is not aware of any other "new" expenses coming as of now.

Dick said to keep in mind that the expenses are not the only thing that impacts the tax payer. The impact to the tax payer is expenditures, revenues, and funds that are available, or if somebody gives us money. He puts all those together and is interested in trying to maintain a stable tax rate. That is his goal. Saving money or focusing just on expenditures is not the whole picture. Todd stated that the expenditures are the only thing they have any control over. He said it comes down to, if he has to replace the roof on his house, then he may forgo cable or other expenses to pay for it. That is what Todd wants to see in the budget. He doesn't want to see five new spending items with no adjustments for them. He wants to see "we need this more than we need this". Dick said that if the school decides to use the established funds for the facilities repairs, then it would not impact the tax rate. Matt said that it doesn't really matter what the Budget Committee wants, it is up to the tax payers and what they want. If they are shown a budget that has massive increases in certain line items, they are likely to react more towards the default budget. That is less likely if the School comes out with a five year plan with moderate adjustments for those five years. The town is more likely to say yes if it is addressed in small increments. Dick said that when taxpayers look at their bill in December and the rate has stayed the same, they are much happier. Carla feels that is a separate issue from the school budget. She said there are lots of ways to keep the tax rate stable. But that doesn't justify budget building. Carla thinks that we know there are a lot of things that the school wants, there are a lot of things the school needs, and we hope that the school would make a list of the most important things and put the less important things on the table until next year. And what Dick is saying about a stable tax rate and increasing budgets are totally different. There are other ways we can stabilize the tax rate. Carla thinks we need to be careful about how we build the budget.

Lynn asked if there will be another Para-Professionals Collective Bargaining Agreement this coming year. Emily said that there will be two – one for the teachers and one for the para-professionals. They are currently being negotiated. Emily stated that last year the Para-Professionals Collective Bargaining Agreement had been turned down. Carla feels that vote represents the feeling of the community. It wasn't a whole lot of money, but it was definitely a statement that we want to pay attention to. Todd stated that he is not against legitimate increases, like if the maintenance fund has been underfunded year after year. He is not against raising it, but he would like to have some thought put into it and the prioritization of it. Carla said what she has heard tonight as far as maintenance is scary. How many \$20,000 doors do we need? And are we going to hit the public with a huge bill. Todd added that the Heritage Commission is looking for funds, there is the old incinerator site, and maintenance issues at the school to think about. Matt cautioned everyone to not prejudge the budget before they see it.

At 9:05, Lynn made a motion to adjourn. Seconded by Matt. All voted in favor. Motion carried.

Respectfully submitted by
Cheryl Eastman