

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
October 23, 2013**

A meeting of the Municipal Budget Committee was called to order at 6:30 PM in the Professional Development Room at Kennett Middle School with the following members present: Chairman Joe Mosca, Danielle Santuccio, Maureen Seavey, Peter Donohoe, Maury McKinney, Bill Marvel, Doug Swett, John Edgerton, Michael Fougere, Greydon Turner, Stacy Sand, Dick Klement, Frank McCarthy, Steven Steiner, Brian Charles and Mark Hounsell. Excused: Dick Pollock. Also present: Earl Sires, Town Manager; Lucy Philbrick, Town Finance Director; and Dr. Carl Nelson, Superintendent.

John Edgerton led those present in the Pledge of Allegiance.

APPROVAL OF MINUTES

Bill Marvel moved, seconded by Maureen Seavey, that the Minutes of September 25, 2013 be accepted, as amended. In favor: 13; Opposed: 0; Abstain: 1 - Brian Charles, Greydon Turner and Peter Donohoe.

Stacey Sand stated on page 4, last paragraph, line 11, should be changed to "He took his 10 year old ..."; on page 8, second paragraph, line 2, "no where" should be "nowhere"; on page 15, last paragraph, first line, should read "Maury McKinney stated that is still a sticky point for him."

Bill Marvel stated since we are going to do spelling, he noticed "alright" was spelled as one word once and should be "all right". Bill was not sure where the misspelling was in the Minutes.

TOWN REVIEW

Earl Sires stated that he and Lucy Philbrick were going to talk about the Town Budget through the third quarter into September. He will talk about expenditures and Lucy would be giving an over view of revenue. Earl wanted to start by letting the Committee know that they did meet with the Selectmen two weeks ago to look at the final information that goes into the tax rate calculation. That's been finalized on the Town's end and to make a long story short, there was a delay this year with the Department of Revenue Administration and some information having to do with the State School Tax such that the tax rate setting date has been delayed. The Town was not sure exactly when they would have an official tax rate, but it should be hopefully in a week. At that meeting a couple of weeks ago, the Selectmen decided to use \$380,000.00 of the accumulated Fund Balance. In other words, funding that was contributed to the Fund Balance at year end 2012 as Revenue to offset the tax rate. That, combined with the voted Budget and the revenue projections for 2013 yielded an unofficial tax rate of \$5.19. Again, not certified by the State yet, but that's their prediction or projection. They had predicted, or talked about a tax rate of \$5.41 during Town Meeting season last year. The good news is it wasn't \$5.41, the bad news is that it was \$5.07 the year before, so it did increase by \$.12, largely or at least significantly or in part addition to

the Police Department and some other things that were voted into the Budget. That's what we are looking at: tax rate of \$5.19.

Earl Sires further stated with respect to this year's Budget, at the end of September, the sheet the members have is a summary by department, and the current year budgeted expenditures showing how much in dollars is left and then the percentage of how much of the Budget is left. In the lower right hand corner, at the end of September, they had 27.82% or about 28% of the Budget remaining with about 25% of the year remaining so they are tracking how they do typically which is a 2%, 3% above the quarters. They have paid off all of their significant debt and principal payments so it's actually probably a little bit better percentage wise than that. In general they are tracking fine for the year.

Earl Sires stated there were some things he wanted to point out to the Committee and he would answer any questions any member may have. One the sheet presented, the third line down, Finance has 37% left and he thought for members that have been around know that one of the things that the Town does to be able to deal with any unanticipated expenses is defer capital purchases until late in the year. They have computers that have been budgeted to be purchased, so there's a little bit in there for those computers.

Earl Sires stated in Legal they have about 18% of the Budget left at the end of September. He has been meeting with Town Counsel and, looking at the end of the year, there are some things that they are going to be able to charge back, i.e. tax acquired properties and legal fees associated with that get reimbursed. They have deferred some of the Court proceedings related to Transvale Acres until the next year. They are managing that, he thought they would be fine, they are monitoring that but need to be careful there.

Earl Sires stated Government Buildings is tracking pretty well there, but we are coming into the heating season. He would say that they are seeing some very significant savings in the heating in the garages that they have rehabbed and also put the second waste oil burning furnace in and that's turning out to be a real savings.

Earl Sires stated in Fire and Emergency Management there is very little left because they have paid all of the Ambulance Contracts and the non-Precinct Fire Agreement is paid out of there also and that's all been taken care of.

Earl Sires stated in Highway that's a little under but the Town spends a lot of money during the summer on construction projects, asphalt, labor and that sort of thing. In the Welfare Department, there is about 50% of that Budget left and that's largely along the lines of providing direct assistance to folks, but as we come into the heating season, they will be seeing an uptake in the demands for that office starting soon.

Earl Sires stated Parks and Recreation shows just under 10% left. As members will recall, they fund about \$58,000.00 of the Operating Budget out of the Recreation Revolving Fund which accumulates fees paid during the year. That will be adjusted towards the end of the year and that will

bring that in line. In other words, they will reimburse the General Fund from the Rec Revolving Fund.

Earl Sires stated the Conservation Committee has about half of their budget left but there again they are entering into the fall season where they will do a lot of their projects and they will end up spending most of their budget.

Earl Sires stated Interest on TANS is not a lot of dollars. There is a Line of Credit they use for handling tax payments and Lucy (Philbrick) is anticipating drawing on those fairly soon because they have School payments to make and, as he mentioned, the tax bills are going to be late so they have to manage their cash flow with that account.

Earl Sires stated that was basically the over view and asked if there were any questions. Chairman Mosca stated he had 3: Planning & Zoning, Insurance and Solid Waste. Earl Sires stated for Insurance he thought they still had a payment to make. Lucy Philbrick stated the insurance has been paid for the year and that she actually miscalculated the way she was doing the insurance so it ended up that the Town Insurance is less this year. The Solid Waste, the Library and the Police is up because she was calculating it on expenditures and it is suppose to be calculated on payroll. The Town's was actually less and everybody else's was more.

Chairman Mosca stated he was wondering why there was still 35% left in Solid Waste. Earl Sires stated he believes the answer to that, and he will verify it, but they had budgeted for a new hire that was not hired. According to the schedule they had budgeted for later in the year than they thought. He will check on that to make sure.

Earl Sires stated in Planning & Zoning he thought what was going on there was that they had budgeted additional hours for Transvale for their Code Enforcement Officer. What has happened is that things have kind of shifted from the regular staff involvement, i.e. issuing citations and that kind of stuff. Things are getting into the courts now so the Town is paying the attorney more and staff less. It should be the other way around, but that's the way it is.

Maury McKinney stated in the Health line and he knows it's not much money compared to the others, but there is 79% left. Earl Sires stated he thought the main thing there is that the Health Officer is not paid until the end of the year and he is paid a grand total of \$1,500.00. He'll get paid at Christmas time.

Lucy Philbrick stated that she would point out that when they were putting together the numbers to set the tax rate, revenues increased from their original estimate by \$63,000.00 and they are currently about two-thirds collected. A major item for Revenues is the Rooms and Meals Tax and they don't get that until the end of the year; that's \$450,000.00. She believed everything else was pretty much in line.

Maury McKinney asked how late in the year does the Rooms and Meals Tax come. Lucy Philbrick stated sometimes the 25th of December. The State likes to hold on to it as long as they can.

Mark Hounsell stated this is just a curiosity question. The Land Use Tax last year was \$50,000.00. Lucy Philbrick stated that was land that was taken out of Current Use. This year there's been no land taken out of Current Use. Mark asked if last year was it a single. Lucy stated no, it was not a single.

Earl Sires stated one last thing, they were going to be interviewing 6, he believed, well-qualified candidates for Finance Director on November 6th so keep your fingers crossed that they get one that can come close to filling Lucy's (Philbrick) shoes, but we'll see.

Chairman Mosca thanked Earl Sires and Lucy Philbrick for coming out this evening.

SCHOOL REVIEW

Dr. Nelson stated the last time he was before the Committee he had stated that the School had anticipated returning \$700,000.00 or \$800,000.00 back to the taxpayers to offset the taxes. The actual number as shown on the sheet he passed out to the members is \$945,423.00 that will be used to offset the taxes this year; \$340,000.00 of that is Revenue that they received and didn't anticipate; and \$605,000.00 would be Expended Funds surplus. Right under that you can see the areas that the Revenue was over and if you turn the page over, members will see where the Expenditures were not spent, primarily in Regular Ed and also in the Operation and Maintenance of Plant they saved some money and that was primarily from a move to a new electrical supplier. In Transportation, they had less repairs than what they had in previous years. That's good news and better news than what he had the last time he was here.

Dr. Nelson stated the next item was the Budget to date. Dr. Nelson asked members to turn to the last page and stated they had about \$6 Million that was unencumbered now and that there would be another \$3.5 Million encumbered in Dental and Health insurance that hasn't taken place yet. They were not anticipating any where near \$6 Million surplus in this Budget. It is pretty self-explanatory, it is what it is.

Dr. Nelson stated for this year's Budget and where they stand. He provided members with two Memorandums and the first one is what was sent out to the Administrators regarding the Budget. Members will note that the Board's direction, second paragraph, was to provide a fundamental, needs-based operating budget. That was the direction given this year and they have completed Round 1 of that and will total it up. The second Memorandum provided is a schedule of meetings where the Board will be hearing Budgets. He urged the Budget Committee members if their schedule permits to stop in at these and he thought members would get a much more in depth explanation than what is done here in the one or two opportunities they have at it. This breaks it down and members can see that they will start on November 6th, on a Wednesday, and hopefully have an adoption of the Budget some time in December. All of those meetings will take place right here at the Professional Development Room.

Dr. Nelson stated those were all of the items he had for today and that he would be happy to answer any questions about the budget process or where they are. As he said, they have just completed the last of them and now

they are going to go back and re-tally everything and would be bringing it to the Board starting the 6th. Frank McCarthy asked if Dr. Nelson had another set of handouts as he did not get them. Dr. Nelson stated he did and passed same to Frank.

Chairman Mosca thanked Dr. Nelson for coming out this evening and for the use of the microphones.

OLD BUSINESS

Chairman Mosca stated the next scheduled meeting is November 13th and he doubted the Committee would get the preliminary Budgets from either the Town or the School at that point in time. The only thing we would be meeting that night for would be to approve Minutes and to go over whatever listed questions we have at that time. If it is the pleasure of the Board, we can cancel that or if people want to meet on that night, it will not be at this location because the School Department will be in this location.

Dick Klement stated his suggestion would be to move it because some of us may want to go to see the School Board talk about their Elementary and Middle School Budgets. Chairman Mosca asked what Dick would suggest. Dick stated a night other than the 13th of November, whatever the Chairman sees fit. Chairman stated he was away from the 18th until Thanksgiving. He would not be around and Danielle (Santuccio) would be running the meeting.

Mark Hounsell stated just looking at the schedule the School has, he was wondering if there was a need to meet in November at all, but could pick up December 11th which would be two days after the schedule for the approval of the School Budget. He was wondering if that might be the best course.

Bill Marvel stated he keeps going home and seeing evidence that there's been someone else there and he would like to kind of hang around one day and see if somebody doesn't actually come in the house. He thought it was his wife, but wasn't sure.

Chairman Mosca asked if any member felt there was a need for a meeting in November. If not, we will strike the November 13th meeting and our next meeting will be December 11th. Chairman further stated there was one other schedule change. The School Board is meeting on the 3rd of February and we originally had that scheduled for the final questions to the School Department. What he would suggest is that on the 29th the final questions for the Town and the School be on the same night. Last year there was not a lot of questions for either and that way the week of February 3rd, that night would be open and we would cancel that and would only have one meeting that week and that would be the non-profits on the 5th or we can leave it on the schedule as an open date in case we do need it for something.

Stacy Sand stated the schedule sent to the members by the Chairman does say the final questions are on the 29th. Chairman Mosca stated we need to vote on this; that was his suggestion based on what he knew coming into the meeting.

Frank McCarthy asked about the 3rd of February. Chairman Mosca stated it would remain open; we are not going to do anything that night; we will leave it open in case we need it. As we get into the budgeting season, if we need it we can use it, but he did not anticipate, based on last year, that we will need it.

Mark Hounsell asked if you did need it, where would we meet. Chairman Mosca stated we would have to find an alternate location, either the Police Department or Town Hall. That being said, striking November 13th and February 3rd will remain open in case we need it. Chairman asked if all members were okay with the schedule.

Dick Klement moved, seconded by Steven Steiner, to accept the schedule as amended. In favor: 16; Opposed: 0; Abstain: 0.

Chairman Mosca stated on the School Closing Report last Wednesday evening the School Board voted to accept the Report but did not move forward with the findings and they are going to continue to look at the School system, the numbers and make decisions as required. At the meeting Wednesday evening he misspoke so anybody out there watching or who may have watched last Wednesday's meeting, he made the statement that there were over 90 Administrators and it should have been 90 Administrative positions. Dr. Nelson and the Chairman will always argue as to what's administrative and what's not administrative; however, he needed to make that correction for the record and he told the Chair of the School Board that he would announce that tonight. Chairman asked if there were any questions on the School Closing Report. There were none.

Chairman Mosca stated everybody should have received an e-mail of the list of questions that have been compiled to date. There are three or four additional questions since that have not been entered on there and he will get them out to everybody. He would like to try to do if members could come up with questions, e-mail them to him and he will add them to the list.

Bill Marvel asked if one of the questions was his asking for the names of employees and salary. Chairman Mosca stated it is not, but it will be. Bill stated he could answer the Library questions now but the Chairman asked that he wait.

Frank McCarthy stated he had sent a couple of questions and Chairman Mosca stated they would be added on.

Maureen Seavey asked if the Chairman had a copy of the questions. Chairman Mosca gave Maureen a set of questions.

Dick Klement stated one of the discussion items during the last School Board meeting was to include people on this long-term committee and a representative from the Budget Committee was mentioned. Perhaps the Chairman could call for volunteers at some point. Chairman Mosca stated absolutely, but he didn't know if there would be just one because he was sure half of us would love to be on it. He did not know how big or small the committee is going to be, but when the time comes he will certainly ask for volunteers.

Bill Marvel moved, seconded by Mike Fougere, to adjourn the meeting at 7:00 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary