MUNICIPAL BUDGET COMMITTEE

Monday, January 7, 2019
Professional Development Room
Kennett Middle School, Conway, NH

Vice Chairman Dave Jensen called the meeting to order at 6:31 pm. The following members were present: Eric Dziedzic, Michael Tetreault, Greydon Turner, Diane Ryan, Joe Mosca, Terry McCarthy, John Edgerton, Steve Steiner, Ellin Leonard, Mike Laracy, Sarah Verney, and Ted Sares (6:40). Also present: Lisa Towle, recording secretary

Excused: Chair Jim LeFebvre.

Absent: John Colbath and Michael Fougere.

Mr. Laracy led those present in the Pledge of Allegiance.

REVIEW OF OUTSTANDING MINUTES (January 2, 2019):

Minutes are ready and will be sent out this evening.

TOWN BUDGET REVIEW- PART TWO:

Library
David Smollen, Director of Conway Public Library:
• Proposed operating budget for 2019 is $522,798, which is a 4% salary increase over 2018.
• The three categories reflected in the increase are: 30% fuel oil; 14% benefits; and 2% salaries, which equals 90% of the proposed increase.

Questions:
• Mr. Mosca inquired if the oil rate is locked in with the town and what is the price. Ms. Gilligan advised the town does not lock in rates or pre-buy. Bids are price over track and based on a 7-year average of gallons used. Mr. Steiner inquired the cost for over rack. Ms. Gilligan didn’t have the figures available but will provide later.
• Mr. Laracy inquired if the 14% in benefits was mostly healthcare. Mr. Smollen noted it is based on the choices eligible employees make and the 2018 Assistant Director did not take insurance and the new Assistant Director took a one-person plan as well as the increase in the health insurance rates.

TOWN OVERVIEW:

Ms. Gilligan explained based on Chair LeFebvre’s request to go over the default budget this evening, a revised budget spreadsheet that included a default budget column for each budget line item has been provided. The default budget is set by the Budget Committee and the figures that are provided are for your consideration.
Finance Budget; Lilli Gilligan, Finance Director:

- Finance and Tax Collector are one budget, which includes the Town Treasurer and audit expenses, with a proposed increase of $312,719 or 1.7%.
- The cost of the audit based on a contract ending in 2020, is $17,000, which is a $2,000 decrease from last year as the actuarial evaluation is only required every other year. This evaluation allows employers to look at OPEB (Other Post Employment Benefits). The town allows NHRS (NH Retirement System) retirees to purchase health insurance at the full cost which affects the bottom line experience rating which based on how many times they utilize the insurance. Currently, the town has 7 retirees who buy the health insurance.
- $2,750 is proposed for the Budget Committee, for minute taking and posting expenses.
- $153,886 is proposed to cover the Finance Director and Bookkeeper salaries.
- $40,000 is proposed for information technology, used to purchase computers through a replacement schedule for all departments except for the Police Department and Library. Additionally, this line item covers the cost of data bases for tax collection, town clerk functions, and the finance department.
- $2,400 is proposed for bank fees; including fees for direct deposit and the $20 cost of returned checks. The individual whose check was returned is charged $40 which comes in as revenue to cover related costs.

Benefits; Lilli Gilligan, Finance Director:

- The proposed budget is $1,01,886, which is a decrease of $12,600.
- Included in this budget is health, dental, workers compensation, social security, NHRS, and sick leave incentive, except for those employees of solid waste, library, and Police Department as the benefits are included within those budgets.
- There is a 40% decrease in workers compensation, based upon the experience Primex has determined we are eligible for a $46,000 credit. (The current documents do not reflect this credit as it came in at the end of the day).
- **Mr. Mosca** noted nothing is budgeted for earned benefits as there are no planned retirements, however, people are eligible for retirement and should there be some money budgeted in the event an unanticipated retirement occurs. **Ms. Gilligan** advised a capital reserve fund had been established 3-4 years ago for such instances with a current balance of $31,000.
- $10,000 or 5% increase in health insurance premiums. The town contributes 80% of the premium for the cheapest plan and there are 4 plans for the employees to chose from.
- NHRS will go from 11.38% to 11.07% in July, which will reflect a small amount of savings.
- **Mr. Jensen** inquired if the town carries liability insurance. **Ms. Gilligan** advised liability insurance is discussed on page 15.
- **Mr. Jensen** inquired if the insurance cost noted are net or gross and if the employee contribution comes in as revenue. **Ms. Gilligan** advised the noted amount is the cost to the town and the money collected from employees is their contribution for their own health insurance.
• Ms. Ryan inquired how many people are covered under by the health insurance. Ms. Gilligan advised there are 100 lives on the plan (excluding the Police Department), which includes dependents and propose there were 30 people on the insurance and would provide an exact number later.

Insurance; Lilli Gilligan, Finance Director:

• $35,065 is proposed for 2019; covers liability and automobile insurance.

TANS; Lilli Gilligan, Finance Director:

• Tax Anticipation Notes, have not been used in 4 years based on maintaining proper fund balance and anticipation of how many people will pay their taxes on time. On average the town is owed $2.1 million in taxes, therefore the town maintains a fund balance of $2.1 million so they never have to borrow.

Revenue; Lilli Gilligan, Finance Director:

• Revenues are discussed, budgeted for and posted with the budgets for expenditures for deliberative and town meeting. They are readjusted and set by the Board of Selectmen then sent to the DRA in August. DRA readjust the figures based on the actual State monies received.
• $4,063,256 is projected for 2019 from non-tax sources; motor vehicle registrations, sale of town property, building permits, and recycling, all of which affect the tax rate by lowering the amount money to be raised and appropriated.
• This figure is $200,000 lower than 2018 based on; the new law effective in May 2019 the interest rate on late tax payments, which is anticipated to be a $30,000 loss, building permits are decreased in half based on statistics, and there is currently no approved town property to sell.
• $2 million revenue is projected from motor vehicle registrations for 2019.

Questions:

• Mr. Jensen inquired about the meaning of sale of town property being property that has been forfeited for nonpayment of taxes and how long the process takes. Ms. Gilligan explained the process for sale of town property including properties forfeited for nonpayment of taxes.
• Mr. Mosca inquired about the increase in abatements. Ms. Gilligan advised with this being a reevaluation year it is anticipated the property taxes will increase and residents will be seeking abatements.
• Mr. Mosca inquired of the library funds. Ms. Gilligan advised the projected revenue was provided by Mr. Smollen based on anticipated monies received from out of town use of services.
• Mr. Jensen inquired of the rooms and meals tax grant and how it relates to rooms and meals tax funds collected in Conway. Ms. Gilligan noted the measurable rooms and meals taxes collected in Conway do not compare to the grant.
Default Budget; Lilli Gilligan, Finance Director:

- The default budget for the town is set by the Budget Committee and the default budget for the school is set by the School Board.
- Within the default budget, any contracted services cannot be adjusted up or down and would mirror the 2019 proposed budget.
- The default budget is last year’s budget with adjustments up or down for contracted items such as, payroll, benefits, and NHRS.
- Note, in July the NHRS employer’s contribution will go from 11.38% to 11.17% and the police department will go from 29.43% to 28.43%.
- Heat and electricity will be last year’s budget figures as the town is not under contract for a specific amount of money.
- Within the new packet the summary of all operating budgets note in the second column the Selectmen’s recommendation and the next column is the Budget Committee’s default budget recommendation.
- Board of Selectmen’s recommendation including the $46,000 credit from workers compensation is $11,311,796, the default budget is $11,248,355.

- Mr. Sares inquired why the town and the school purchase oil in different manners and why one is considered contract and the other is not. Mr. Jensen further inquired if it has ever been determined who paid the least over the years. Ms. Gilligan noted she has not done that research; however, it is her firm belief the town uses the most cost-effective manner.
- Ms. Gilligan proceeded through each budget noting the default budget compared to the 2018 budget.
- Unbudgeted request for additional staff at the Rec Department and Transfer Station is not covered in the default budget.
- Under Government Building (supplies, heating, and electricity), there is a signed contract with the school district for heat, electricity, and maintenance ($19,000) for the Rec Department upon the move into the middle school in May.

- Mr. Sares inquired if the selectmen have reviewed and discussed the bids for moving the Rec Department into the middle school. Ms. Gilligan noted the selectmen will be meeting on Tuesday, January 8, 2019. Ms. Gilligan further noted the biggest cost savings will be in the HVAC system.
- The salary line in the Police Department budget mirrors the 2019 budget as they are covered by the CBA (Collective Bargaining Agreement).
- The worker’s compensation line will be dropping from $50,261 to $27,444 in accordance with the credit the town is receiving, and the 2019 default budget will mirror that amount.
- The $32,880 request within the operating budget to cover the cost of tasers is not part of the default budget until it passes at town meeting.

- Mr. Mosca inquired if the salary for non-union employees is guaranteed and should it be part of the default budget, as there is no guaranty of a pay increase where it states an employee can get up to a certain percent. Ms. Gilligan advised the personnel manual is the contract which determines starting salaries for all positions and merit increase adjustment factors for non-union employees.
• Mr. Edgerton suggested the street light default budget should be reduced to around $43,000 to $45,000, as the 2018 budget was before the change to LED lights. Ms. Gilligan noted the proposed budget for 2019 is $48,775.

Mr. Edgerton moved, seconded by Mr. Steiner to amend the default budget for street lights to $48,775. Motion Carries. (13-0-0)

Mr. Mosca moved, seconded by Mr. Edgerton to amend the default budget to match the selectmen’s proposed 2019 budget when it is lower than the 2018 budget. Motion Carries (10-0-3)[Mr. Laracy, Mr. Sares, and Mr. Dziedzic]

Discussion:

Mr. Jensen clarified that the default budget should not be higher than the selectmen’s request unless it is for a contractual reason.

Mr. Edgerton noted it is small amounts, but it makes a difference. Ms. Gilligan advised the biggest change would be for the legal budget that would drop from $115,000 to $90,000

Ms. Gilligan will provide updated figures based on the votes taken this evening.

Ms. Gilligan advised that with the credit in workers compensation, the 2019 proposed budget combined with all warrant articles compared to 2018 there is only a .5% increase.

OLD BUSINESS: None

NEW BUSINESS:

The next meeting is Wednesday, January 9, 2019 at 6:30 PM at KMS.

A revised meeting scheduled was provided via email today and can be further discussed at the next meeting to clear up any confusion.

Mr. Sares commented on the procedure for when the public addresses the committee.

PUBLIC COMMENT: None

ADJOURN:

Mr. Edgerton moved, seconded by Mr. Steiner to adjourn the meeting at 8:05 PM. Motion carried unanimously.

Respectfully Submitted,
Lisa E. Towle, Recording Secretary