

Budget Committee Minutes
12/18/2018 6:30PM
Public Works Facility, Enfield, NH

Present: Eric Crate, Jean Patten, Erik Russell, John Kluge, Sam Eaton, Mark Eisner, Mike Diehn, Shirley Green, Nancy Smith

Excused: Dominic Albanese

Staff: Town Manager Ryan Aylesworth

Sam Eaton called the meeting to order at 6:30PM

Administrative:

- Jean Patten moved to take the minutes from 12/4/18 off the table for approval, Shirley Green second, vote unanimous in favor of the motion.
 - Jean Patten abstained from voting on these minutes as she was not present 12/4.
 - No modification was requested.

Sam request all those in favor of approving minutes with corrections, vote unanimous in favor of the motion with (1) Jean Patten abstaining as she was not present at the meeting.
- Jean Patten moved to approve the minutes of 12/8/18, John Kluge 2nd.
 - Modifications to be sent to Annabelle as Alice Kennedy was not present at this meeting.
 - Jean Patten requested the following changes:
 - P1, change 'Jean motioned to table' to 'Jean made a motion to table'
 - Under ambulance department, in the second sentence, it should read: "Richard noted his intent is to strengthen the department's policy calling for members to sign up for a minimum of 3 on-call shifts per month."
 - The last sentence of that paragraph should read as follows: "Discuss the cost for Enfield to provide these calls which is estimated to be about a third of Lebanon's mutual aid calls." Strike "using Lebanon mutual aid".
 - At the end of the next paragraph starting "Richard and the committee..." at the end, add "The town of Enfield does reimburse volunteers for the test when completed"
 - 2nd page under Police Dept "Roy and the committee..." add "through a bidding process"
 - Toward the bottom of this page, the sentence that starts "Nancy noted that she was the liaison, add "during his first year" rather than "in".
 - Under public works please add that Gordon Clef was discussing the scattering park, and please change mention of "scattering grounds" to "scattering park".
 - Add "Countryside" to the name of the cemetery/scattering park on Kluge Road.
 - Please add page numbers and dates to the pages.
 - Sam Eaton requested any further comment on the minutes, hearing none he requested that all in favor say aye. The vote was unanimous to accept the minutes as corrected with one abstaining (John Kluge due to absence).

New Business

- **Town Manager's 2019 Budget Recommendations**

Mr. Aylesworth explained that all requests from all departments comprising the general fund added up to just about 5.8 million dollars. Last year's approved budget was 5.406 million. This represents a 7-7.5% increase. This would result in an 11% increase in the tax rate. The town manager's recommended budget calls for \$257,000 worth of reductions from what was requested by the departments of \$5.532

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million. This represents a 2.3% increase in the general fund operating budget for the town. Inflation has been approximately 2.25-2.5% over the past year, so this increase represents us just keeping pace with inflation.

Mr. Aylesworth next referenced his Memorandum to the Board of Selectmen and Budget Committee of 12/17/18 which laid his recommendations and justifications in some detail. The combined operating budget request (\$6.7M) is approximately 4% more than last year's operating budget (\$6.4M), but given that much of that is offset by betterment assessments for the Lakeview sewer extension, it is really only a 1.94% increase. When you take Lakeview out as that debt is being paid by a small universe of people (i.e. the people who live at Lakeview and live at Shaker Landing Condos) the year over year increase is less than 2%. Mr. Aylesworth stated that it is a very reasonable increase on the expenditure side.

With regard to the revenue projections, a very conservative approach was taken – not so conservative that we are absolutely going to exceed them. While they are conservative, there is still a chance we could fall short overall. There is a good chance that our 2019 revenues will be 2% under what we had budgeted for 2018. For 2018 our revenues are going to come in comfortably in excess of what was budgeted due to circumstances that are beyond our control for example: 70K in FEMA storm reimbursement money, a piece of property on Birch Lane sold to an association so that was a big revenue. These one-time sources of income can help you in a given year, but there is nothing on the horizon for 2019 that leads Mr. Aylesworth to believe that it will happen again. That 2% decrease in revenue coupled with the modest increase in proposed operating budget, along with an increase in veteran tax credits due to broadening the definition of eligible veteran (making for a minimum of \$63,000 in available tax credits for veterans this year vs. last year's \$30-40,000 range), plus proposing to increase the level of appropriation to CIP by \$26,200 this year, will collectively contribute to a tax rate increase of somewhere between 3.4 and 6.5%.

Having said that, we are going into a reval year, and our assessor believes that our assessments are under market value right now. The current assessment of approximately \$538M is estimated to be a good 5% below what the actual values are, primarily for properties on the lake. It is important to have these values accurate as we assess based on 100% of value, not 95% or 105%, but 100%. Mr. Bernaiche thinks our next valuation will go up 3-4%. Using the 3% conservative estimation, that is where we end up with 3.4% increase of the tax rate.

In the recommendations memo, some of the bigger ticket items proposed by departments have been deferred, including postponing the 2 new full time ambulance staff and 1 new full time executive and finance person – they have been removed for the present time. When the facilities study is complete it will better inform what the town's needs are and filling them.

With regard to CIP, if we continue to follow the nickel-per-year increase, the appropriation next year will be \$422,000. Philosophically this increase is sound, however, when you do that you're effectively taking money from the operating budget. It's important to understand those tradeoffs. Do we want to increase CIP 7%, half that, what is the goal?

Mr. Kluge agreed that increases should match inflation.

Regarding Casella waste management services, Mr. Aylesworth recommends that in the next 6 mos – 1 year the town should look into alternatives to Casella waste management, what do our residents want and how can we meet these expectations. Mr. Kluge agreed that we are providing one of the most expensive services of surrounding towns. Ms. Patten asked is it typical to have a 10-year contract? Mr.

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Aylesworth stated that at this time, our contract is very strong due to the crashing plastics demand in China.

Ms. Patten asked, with regard to the ambulance, where are we in finding out what has been billed and what hasn't been billed?

Mr. Aylesworth explained that Comstar, our current company, is very large. He has emailed the president 3-4 times and not heard back. He realizes that we are not their largest customer, but this level of customer service is not acceptable in any circumstance. Medical Billing Services is the company that we have been looking to switch to. They are smaller, Vermont and New Hampshire only and the president is an attorney with a healthcare background. They have been working with Mr. Aylesworth to sort out the current situation we are examining. Hanover is very happy with them and their improved revenues that came from switching to their services. Ambulance Chief Richard Martin, Chief Holland, Mr. Aylesworth and Jeff Spencer from Medical Billing Services sat down to discuss realistically what are the factors that lead to reduced revenue. After their meeting, as a courtesy, he ran a bunch of numbers and he said we have had a number of towns that were with Comstar that are now with him. He had never seen a town with collections this low. Right now we are getting 27% of what we bill, and he thinks we can get to 50%.

Ms. Patten asked if, internally, are we doing everything we can to make sure we are submitting things when they should be submitted? Mr. Aylesworth explained that we have already made some changes to this end, Paula Rowe, of the PD, is now keeping a running log from dispatch of every time an ambulance is deployed and what happens. Medical Billing Services will take the responsibility to make sure that these calls are being billed for and followed up on. Comstar was not closing these loops or notifying us when unpaid bills were given up on.

Medical Billing services will also take all of our overdue bills from over the past year and try to collect on them.

Mr. Eaton asked why we can't bill insurance for what Lebanon charges us when they show up to a call (\$285)? Ryan will look into this and report back.

Mr. Eaton explained that CIP appropriation needs to be managed better. It is not feasible to purchase the \$550,000 fire department engine so this is deferred to next year. We would have been spending the whole appropriation this year. Interest rates are going up so we need to think about buying things after the facilities study.

Mr. Aylesworth agreed that Engine 4, per the Fire Department, is not in dire need of replacement so it can wait until next year when we have more information.

Regarding community building security and locks being deferred, Ms. Patten asked if this was going to happen. Mr. Aylesworth explained that it will be taken care of in early 2019 but exactly who will pay for what portion is still under discussion. The locks in the building are functional for the time being until it is sorted out.

Sam Eaton stated that CIP will have a more in-depth presentation at a later date.

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Mr. Aylesworth continuing on with budget development highlights: Executive department personnel has been reduced to reflect removal of the f/t executive staff (half of pay would be housed in Exec dept). There is the same exact reason for the reduction in finance budget request, the other half of the now eliminated proposed f/t executive staff would have been housed here.

Mr. Aylesworth clarified that these positions are NOT being eliminated, they are just not being added after having been requested.

With regard to planning board personnel, there is an increase in planning and zoning administrative costs due to the departure of Scott Osgood. We will fill it as a full-time job but we will add community development to the job description along with supporting master plan. "Land use and committee development administrator" will be the job title at a slightly higher rate of \$65,000/year. It is not exactly commensurate with the added responsibilities, but this keeps us competitive with surrounding areas. We have had three promising applicants already.

With regard to government buildings, heating oil and gas have been reduced by \$5,000 based on the last several years of usage. The budget committee agreed to reduce further, to \$20,000, to keep pace with what had been spent in past years.

Mr. Eaton asked to discuss the police budget request. Jeff Hunold is coming back as a part time police officer. Mr. Eaton expressed concern from himself and from members of the community that growing the police force may not be best for the community at this time.

Mr. Russell also stated that he has heard from fellow community members that we have an excellent and adequately sized force. Ms. Patten concurred. Mr. Kluge agreed that we have a pretty large department, but it may be appropriate.

Mr. Aylesworth stated that in conversations with Chief Holland they are very busy, but if there is feedback from the community we need to hear that.

Mr. Diehn wondered if there was anyone in the room that was part of the community that needs this policing most? This group may be underrepresented for this discussion. It was the consensus of the Committee that they would like to invite Chief Holland in to discuss statistics of the department, police and crime activity as the group does not feel well informed enough on these particulars to make a decision. The greatest need for police is 1AM-6AM. The group needs more information to move forward in a thoughtful way. Mr. Aylesworth will bring Chief Holland in for an informational session. Ms. Green agreed that she would like to know more about police activity so she can be educated about all that the police department does.

Mr. Diehn wondered if there was a more formal or robust regional or mutual aid structure? Mr. Aylesworth stated that this will likely be looked at in the future. New England is unique in that every town expects a higher level of local control. While this is likely inevitable to be moved toward in the future, it is a big project to undertake at this time. Mr. Kluge agreed that there would likely be great pushback to any attempt to regionalize service. Mr. Aylesworth stated that in the spirit of community policing it would be best to have officers who are members of and active in the community, not just 'responding to the bad stuff'.

With regard to the firefighting budget: if they do forego replacing the engine this year, we need to make sure that the repair and maintenance budget is healthy. They have a significant budget for training in

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accordance with the Strategic Plan, and it is the hope of this group that they use it all. Building maintenance funds for fire department have been decreased as we do not want to significantly invest in any buildings until we are certain of the results of the facilities study.

With regard to dispatch services, Hanover is likely going to be changing their formula for regional dispatch which will work in our favor. The current budget allocation will work no matter which way Hanover decides to go but may decrease pending their decision.

With regard to DPW, they have a great deal of land line phones and this is why the phone charges are a little higher. At this time it seems reasonable to have plenty of phones for this building as it is a potential command center in an emergency. Gas, diesel, and paving costs have all been reduced to stay more closely aligned with past usage. Mr. Eaton asked for clarification about the aggregate and fill costs – they have been overbudgeted every year. Mr. Aylesworth explained that this year they will be crushing a lot of stone, so decreasing more than \$5,000 could create an issue. At the request of the committee Mr. Aylesworth will bring a \$55,000 offer to Jim at DPW for aggregate and stone fill.

With regard to street lights, \$1,000 has been added to account for the addition of one streetlight and the decision by the Board of Selectmen not to eliminate the majority of 27 lights that had been proposed for decommissioning.

Dave Harper will be working at the transfer station now. With regard to cemetery grounds keepers, Jim had requested 2 full-time year-round grounds people and a 6-month person at 40-hour part time person.

The journal entry regarding CASA has not been fixed, but this error is administrative only and the money was appropriated to the correct recipient.

With regard to the recreation committee, \$500 was eliminated from the beach maintenance line which was agreed upon by Joel King, Recreation Director.

Regarding library personnel, going forward the budget will reflect coverage for Melissa Hutson in the P/T line. This has not been clear in the past, but this will be the rule going forward so we can effectively assess over/underbudgeting year to year. They have requested an extra \$828 to hire an official minute-taker. To date one of the trustees has been taking the minutes which precludes actively participating in the meetings. With regard to fundraising relative to a new/renovated library space, they requested \$3000 and Ryan recommends \$2000.

With regard to the Water budget, there is a slightly higher request in the personnel/wages line as we look forward to Jason Darling sitting for his D1 water distribution test – he has been working under Jim's license and this is not really appropriate for the long term. If he does pass the test we will offer more competitive compensation and we want to be prepared to do so.

Both water and sewer operating budgets are level funded or down from last year.

BOS had their rate setting hearing last night. Water fixed fees and consumption based fees will go up 5%. Sewer will go up 8% to keep pace with Lebanon. Sewer deficit surcharge will go up 2.5% to continue to work toward eliminating the deficit.

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Water, Sewer, TIF and general fund monies are accounted for in separate funds but go into the same operating account. Until the deficit is eliminated, we haven't fully 'paid back' all the funds that were borrowed. Any excess is going to pay back the previous debts. Once each fund has a positive fund balance we can state with confidence that no fund is temporarily relying on monies from another fund to meet its cash flow requirements.

Erik Russell asked if there was any thought given to separating the monies into different accounts, not just different funds. Mike Diehn stated that there had, just to put a little more fence between the funds. Mr. Aylesworth stated that the way we have these monies set up at this time is quite common for municipal accounting practice. He further explained that separation could be explored in the future, but the debts must be settled (none of the funds in question being in deficit) prior to this happening.

Eric Crate asked what is being done to address the article that created the TIF fund in 2004, wherein it was stipulated that the town would have to vote in 15 years to extend it – this would be April 1, 2020. Mr. Aylesworth stated that the actual sentence stated that you'd have to vote to stop or extend, and if nothing is done it goes away. Mr. Kluge stated that this cannot default to dissolution if it is being used to pay off a long-term debt.

Ms. Green stated that in 2010 the sewer fund started losing money and that is what brings us to the debt situation we are in today, that the TIF is helping pay off.

After much discussion, it was suggested that Ryan bring in the auditor to discuss the concepts of TIF to discuss legality and budgeting of TIF dollars as there may be a lack of understanding that is causing confusion and concern. All are in agreement that this would be a wise way to proceed.

Mr. Aylesworth also has an email in to the town counsel to find out what should be done with regard to the TIF vote. If no action was taken at this time it would automatically extend due to the current debt function it is serving. Mike Diehn stated that there is no law that says you can't dissolve it with outstanding debt. It says you have to deal with that – transfer it to another fund pay it off with the TIF funds – it is not a crisis, it is something we just have to prepare for well in advance.

Public Comment

No public comment

Sam requested any other comments for discussion, hearing none he moved to close the meeting without objection at 8:45 pm.

Next Meeting –

Tuesday January 15th at 6:30 pm

Upcoming Meetings (Generally meetings are at 6:30PM in the DPW Conference Room):

- Tuesday, January 15th
- Tuesday, February 19th
- Tuesday, March 19th