

**BUDGET COMMITTEE
FEBRUARY 9, 2009
DPW – 6:00 pm**

Members Present: Lee Carrier (Chair), Judy Finsterbusch, Shirley Green, Gayle Hulva, Lori Saladino, Gail Malz, Roberta Morse, David Stewart (Vice-Chair)

Excused: Richard Martin

Absent: Don Crate (Selectman)

Staff: Steve Schneider

The meeting was called to order at 6:05 PM.

1. PUBLIC HEARING REVIEW FY 2009 BUDGET

It was moved by MORSE, seconded by GREEN, to open the public hearing. The Motion carried.

CARRIER's FY2009 budget presentation included the following overhead projection slides:

Summary:

- 2008 Municipal Tax Rate \$6.86/M
- 2009 Estimated Municipal Tax Rate \$6.81/M
- Budget reduced by 0.7% or \$0.05/\$1,000

FY 2009 Challenges:

- October 2009 – Budget submitted by staff \$5,254,000
- Revenue estimated to be down \$1,103,000
- This resulted in a tax increase of \$1.25/M or 18.2%
- Savings accounts depleted
 - Unreserved-Undesignated down \$550,000
 - Capital Reserve for DPW down \$7
 - Savings retainage below recommended level* 5.9% vs 8 – 9%
- DPW 2009 requests \$210,000
- Other Capital requests \$76,000
- We are in a major recession and our residents cannot afford a tax increase.

* CARRIER said the State recommends maintaining an Undesignated Fund Balance (UDFB) of 17% of a total operating budget. The Town has agreed to maintain a balance of 8-9%. The UDFB is used to cover unexpected town, counties and school system expenses.

Town Officials & Budget Committee Strategy:

- We do not want to mortgage our future and completely deplete our savings
- We need to re-deploy stagnate assets*
- We will not increase our taxes

- We worked with our employees to explore the necessary budget cuts needed to meet our tax goal
 - Everyone had to make sacrifices
- * CARRIER said the Town has monies in stagnate accounts. A warrant article has been proposed to transfer those funds to a capital reserve account where they will be more useful.

Outcome:

- 2009 Budget cut by \$576,000
- Capital requirements
 - DPW pick-up truck \$24,000
 - Police cruiser \$24,000
 - Water & Sewer pick-up truck \$22,000
- Article 4 – to re-deploy assets
- Monies will not be taken out of unreserved/undesignated fund balance
- Year tax rate reduced by 0.7% to \$6.81/M

Tax Rate Calculations 2008 vs 2009:

| | <u>2009</u> | <u>2008</u> | <u>2009 vs 2008</u> | |
|--------------------------|-----------------|-----------------|---------------------|-------|
| Total budget | 4,751,000 | 5,849,000 | (1,098,000) | (19%) |
| Revenue | 1,744,000 (37%) | 2,844,000 (48%) | (1,103,000) | (39%) |
| Municipal Tax | 3,007,000 (63%) | 3,002,000 (51%) | | |
| | 100% | 100% | | |
| Total Assessed Valuation | 442,000,000 | 437,000,000 | 5,000,000 | 1.0% |
| Tax Rate | 6.81/M | 6.86/M | (0.05) | 0.7% |

Why 2009 Revenue Declined by \$1,103,000:

| | <u>2008A Revenue</u> | <u>2009E Revenue</u> | <u>Change</u> |
|-------------------------|----------------------|----------------------|--------------------|
| Motor Vehicle fees | 770,000 | 725,000 | (45,000) |
| Rooms & meals tax | 218,000 | 175,000 | (43,000) |
| Sale of property* | 70,000 | 25,000 | (45,000) |
| Interest on investments | 90,000 | 25,000 | (65,000) |
| Capital revenue | 263,000 | 0 | (263,000) |
| Water & sewer | 526,000 | 476,000 | (50,000) |
| Undesignated Fund | | | |
| Tax Reduction | 150,000 | 0 | (150,000) |
| Library | 400,000 | 0 | (400,000) |
| SUBTOTAL | 2,487,000 | 1,426,000 | |
| 36 other categories | 360,000 | 310,000 | (50,000) |
| Total | 2,847,000 | 1,744,000 | (1,103,000) |

* The Town is hoping to sell 2 pieces of available land in 2009

Salaries & Fringes 2009 Compared to 2008:

| | <u>2009</u> | <u>2008</u> |
|---|-------------|-------------|
| Wages | 1,830,000 | 1,785,000 |
| Increase % | 2.5% | 4.5% |
| \$ | 45 | 61 |
| Benefits | 727,000 | 728,000 |
| Increase % | 0% | 5.6% |
| \$ | (1) | 38 |
| Wages & Benefits as a % of Operating Budget | 62.9% | 59.8% |

In Four Years 2005 to 2009:

| | |
|------------------------------------|--------------|
| Municipal tax rate | 6.59 to 6.81 |
| \$ Increase | \$ 0.22 |
| Four year impact on \$200,000 home | \$44 |
| Ave increase over four years | 0.8% |

Conversely, in last five years, the school budget increased \$4 or 95%.

2005 to 2009 Enfield Tax Rate:

| | | <u>Increase \$</u> | <u>Increase %</u> |
|------|------|--------------------|-------------------|
| 2005 | 6.59 | | |
| 2006 | 6.64 | .05 | .75% |
| 2007 | 6.65 | .01 | .01% |
| 2008 | 6.86 | .21 | 3.1% |
| 2009 | 6.81 | (.05) | (.7%) |

Capital Reserve Fund (Excluding Library):

| | <u>Spent</u> | <u>Year End Balance</u> |
|-------|--------------|-------------------------|
| 2005 | 144,000 | 866,000 |
| 2006 | 118,000 | 975,000 |
| 2007 | 98,000 | 1,021,000 |
| 2008 | 311,000 | 783,000 |
| 2009E | 0 | 798,000 |
| Total | 671,000 | 798,000 |

Undesignated Reserve Account:

| | <u>Withdrew</u> | <u>Year End Balance</u> |
|-------|-----------------|-------------------------|
| 2005 | 116,000 | 1,087,000 |
| 2006 | 129,000 | 1,175,000 |
| 2007 | 40,000 | 1,165,000 |
| 2008 | 550,000 | 758,000* |
| Total | 835,000 | |

* Balance of \$758,000 is 5.9% of total net appropriations. Selectmen and Budget Committee target is 8 – 9% retainage or \$1,100,000.

Budget Committee Commitment: “To wisely spend taxpayer’s money.”

2. OPEN DISCUSSION

CARRIER opened the floor to discussion.

MALZ asked if the library capital reserve funding is earning interest and if so, who the interest is credited to. CARRIER said the Town had expended \$130,000 of the \$400,000 commitment. The balance is earning interest at a rate of 1.1%. The interest is applied to the Town’s capital reserve account.

Selectman Stewart said it is important to differentiate between the town tax rate increase and school tax rate increase. Over the last 5 years the town's tax rate has increased 0.8% while the school's tax rate has increased 45.7%. CARRIER added that the majority of the school's tax rate increase is attributable to salaries. The school system employs 264 people. Teacher's salaries will increase 4% in 2009, all other staff will receive a 3.2% increase. Additionally, 131 teachers will receive \$1,000 on top of their annual step increase.

Kurt Gotthardt asked if the warrant article to redeploy stagnate capital reserves would specify where the funds would be deposited to. CARRIER said yes, the proposal is to move funds from a building reserve account, land acquisition account and sidewalks account into the Public Works equipment reserve account. Mr. Gotthardt suggested the Town was looking for land to construct a well and asked if it would make more sense to use the land acquisition funds for that purchase. CARRIER said he would recommend seeking a bond for a large expenditure like that. Mr. Gotthardt asked if consideration was given to conducting any projects the Town has not yet finished. CARRIER said the Committee thinks the transfer to DPW equipment reserves is the best way to address the stagnate funds.

Mr. Gotthardt asked what year the valuation numbers are based on. Schneider said the 2008 numbers are based on property values as of April 1, 2008. The 2009 numbers are estimates based on the average increase over the last 5 years. Schneider said the valuation does not have as big an impact on tax rate as one may think.

Mr. Gotthardt asked if the Budget Committee is willing to support public initiatives raised by the general public on ways for the Town to save on operating costs. Schneider said that is beyond the scope of the Committee's purview. He and the Selectmen are responsible for overseeing daily operations. CARRIER said the Committee looks at expenditures and revenue possibilities. Selectman Stewart added that the business of the Board of Selectmen is conducted in the public eye. The Board is open and willing to hear very specific proposals.

Mr. Gotthardt asked the Committee to reconsider their recommended appropriations to the Regional Associations. He provided handouts of various organizations' 990 Forms which list employee salaries and benefits. Several of these organizations pay their top employees more than the Town does its Town Manager, Police Chief and Fire Chief. CARRIER said the Committee spends more time on the Regional Association cost center than any other. No one can agree on spending amounts. There have been years when Committee recommended spending reductions were overturned at Town Meeting. For the 2009 Budget, the Committee agreed to decrease the agreed upon funding percentage and not to take on any new non-profits unless one of the existing agencies drops out. \$10,000 (20%) has already been cut from this cost center for FY 2009. CARRIER recommended reviewing Mr. Gotthardt's information in preparation for the FY 2010 Budget. MALZ expressed concern for cutting additional funding to these organizations which could result in layoffs within the organizations. She speculated that the CEO's Mr. Gotthardt spoke of would not be the ones to lose their jobs.

Mr. Gotthardt said these organizations need to be held to the same standard as the Town. They too should be required to find ways to save money. Mr. Gotthardt asked that the Town require these organizations to submit the 990 Forms annually with their funding requests. Selectman Stewart agreed that compensation is an important issue but reiterated that the Town's contributions are down significantly already. Not one of the organizations is receiving an increase. She too cautioned that petitioned articles would be brought forward if spending was cut to zero. Nancy **NAME** said emphasis should be given to the services these organizations provide, not how they compensate their employees.

STEWART commended Mr. Gotthardt for his efforts. He encouraged him to present any additional findings to STEWART personally for discussion of the FY 2010 Budget.

Dan **NAME** suggested the revenue numbers and timber tax numbers were conservative. He asked for confirmation of the interest numbers, whether they are based on receivables or what is actually collected. Schneider said they are based on collection.

Mr. Gotthardt questioned the \$24,000 street lighting expenditure for 2009. The 2008 actual expenditure is \$26,000. He said that is a set cost.

Burt Thurber, Library Trustee, asked to increase the Library Special Projects by \$10,000. He spoke of an invoice received 12/31/2008 that will have to be paid out of the 2009 budget and a \$5,000 bill to the architect and \$4,000 bill to the construction manager. He reminded the Committee that the funding would be covered by the Library Trust; there will be no impact to the tax rate if the increase is approved. The Committee agreed to the increase. Schneider advised Mr. Thurber that the December invoice will have to be paid out of the 2008 budget.

3. CLOSE PUBLIC HEARING AND OEPN BC MEETING

It was moved by FINSTERBUSCH, seconded by GREEN, to close the public hearing. The Motion carried.

It was moved by FINSTERBUSH, seconded by SALADINO, to open the Budget Committee meeting. The Motion carried.

4. APPROVAL OF 01/22/2009 MINUTES

It was moved by STEWART, seconded by SALADINO, to approve the minutes of January 22, 2009 as amended. The Motion carried.

5. TOWN MANAGER TO PRESENT WARRANT ARTICLES

Schneider provided copies of the Warrant. The Budget Committee is required to act on all monetary articles.

Article 2: This article is indicative of the operational appropriations for the Town Departments, including Sewer and Water, as depicted on the Form MS-7 Budget of the Town.

It was moved by Finsterbusch, seconded by SALADINO, to recommend to support Article 2. The Motion carried.

Article 3: (by petition) The purpose of this article is to encourage recycling, thus reducing solid waste disposal costs. The program is intended to be self-funding after the first year. The program would provide each household a voucher for 104 disposal bags per year for curbside pick-up or transfer station disposal. This equates to an average of 2 bags per week per household but does not limit how many bags may be utilized at any given time. Additional bags would be purchased at the Town Offices and/or other designated locations for an amount to be determined by the Selectboard. This article covers the cost of disposal bags and the mailing of vouchers. The tax impact will be reduced by additional bags sales, reduction of tipping fees and revenues from the sale of recycled items.

Schneider distributed a narrative on the Article. It was noted that the Board of Selectmen voted 2:1 not to support the article.

Dave Stewart, Petitioner, said this issue has been discussed since 2004 when the Solid Waste/Recycling Committee was formed. This does not represent a reduction in services. Additional bags would be available for purchase if a resident chooses to throw out more than the 2 30-gallon limit. Mr. Stewart said his research of towns with similar programs indicates that they do not experience problems with overweight bags or illegal trash dumping. Mr. Stewart said he is personally bothered by people throwing out excessive garbage. Schneider said the Town does have problem areas where dumping is an issue.

Ken Daniels, Public Works Director, stated that the Town's solid waste contract includes a \$5/ton surcharge because the Town does not meet a 40% recycling quota. The quota is determined by the weight of the waste as reported by the Town. Enfield's recycling quota is in the low teens. If the Town is able to meet the 40% quota, it would save \$8,700/year.

MALZ said she was originally against the idea. She considers trash pick-up to be one of the services provided for by her tax dollars. MALZ said she signed the petition as a personal choice because it is not fiscally responsible not to change.

GREEN spoke favorably of efforts to encourage recycling but suggested the petition would not pass without a public education effort. She further suggested seasonal residents consider trash pick-up the only service they receive for their taxes.

MORSE said she signed the petition due to the recycling portion. She said encouraging more recycling is a positive move.

FINSTERBUSCH said she does not want this complicating her recycling efforts. She suggested the proposed program would not be self-sustaining and questioned whether it would really reduce the tipping fee. FINSTERBUSCH said revenue gain from recyclables is declining.

SALADINO advised that she signed the petition. She said she opposes trash pick-up as a subsidy and this is a step in the right direction of eradicating that. She feels that people should be held accountable for their waste. She reported that Canaan does not have trash pick-up but their transfer station is one of the biggest revenue builders in their town.

Selectmen Stewart reported that she signed the petition. She said any reduction in weight going to the Lebanon landfill will be a reduction in tipping rates. This will also lessen people's household expenses as they will receive a year's worth of bags at one time. Selectman Stewart said people should be encouraged to recycle without having the issue shoved down their throats. She advised of a regional discussion she participated in regarding the limited lifespan of the Lebanon landfill. She shared her opinion that the decline in recycling revenue is temporary. Mr. Stewart added that the New England Recovery Association markets over 30 types of recycled products for its members.

Selectman Stewart said every town that borders Enfield has some form of pay-as-you-throw program that is working for them. The payoff is not always directly related to the bottom line. This program is directed at people that abuse the services provided. The Town's solid waste contract is based on collection of 2 33-gallon bags of trash per household per week. This will merely encourage people to stay within the Town's contractual obligations.

Selectman Kluge said he would love to see this kind of program go forward but given the current economic climate, this is the wrong time to impose such a program. People are not worried about the long-run picture. Selectman Kluge said he spoke with avid recyclers that oppose the program. He feels there is not enough lead-in time for the town to prepare for this proposal. The voters will be taken aback and not go for it. He suggested the issue needs a year of study at a committee level that allows public input. Mr. Stewart reiterated that this issue has been discussed and studied since 2004. The committee that studied it previously could not come up with programs. He insisted people around town are aware of the issue. FINSTERBUSCH suggested the general notion is known only within the recycling community; not throughout the public at large. Selectman Stewart said the issue was mentioned in the Town Report 4 years ago. She said residents look to the Budget Committee for guidance. She hopes they will support the article. Mr. Stewart said the article language is simple to understand. This will be a good way to get kids involved with recycling. Mr. Stewart suggested there will be plenty of bags to go around. People who throw out less will have extras.

CARRIER said the program supports recycling and could bring in revenue but the movement feels "last minute" to him. He said he would love to see the Town put a solid program together but he thinks the current proposal will be defeated at Town Meeting. He cautioned that it may be more difficult to get the town behind another proposal should this one fail. He recommended coming up with a strong program and doing the PR work to get the word out. MALZ said her experience, as an Enfield voter, has been that you must vote several times on the same issue before it's approved. She said now is the time to start talking about this.

Mr. Daniels agreed that the notion of pay-as-you-throw is not new in Enfield but expressed concern that the educational piece had not quite been achieved for this program. He said the town of Walpole has the most successful program due to their educational efforts. Enfield's solid waste contract is up for renewal in 2010. He said he hoped to develop a plan with his staff over the next year that he would present to Town Meeting in 2010. STEWART

suggested if the current article is approved, it would not have to be implemented immediately.

The Budget Committee voted 5 in favor, 3 opposed (FINSTERBUSCH, GREEN, HULVA) to support the article. The Motion carried.

Article 5 & 5a: To close three Capital Reserve Funds that are no longer needed and deposit an equal sum into the Public Works Vehicle & Equipment Capital Reserve Fund. Adoption of both articles will have no impact on the 2009 tax rate.

It was moved by HULVA, seconded by SALADINO, to support Article 5. The Motion carried.

It was moved by MALZ, seconded by STEWART, to support Article 5A. The Motion carried.

Article 6: To transfer funds in accordance with Section 9(a) of the Municipal Cemetery Rules & Regulations as revised, which states that monies from the sale of all cemetery lots sold after January 1, 1996 will go into a Cemetery Maintenance Trust Fund. The monies are used for the care and maintenance of all municipal cemeteries or left in the Trust to increase the Trust Fund.

It was moved by FINSTERBUSCH, seconded by MALZ, to support Article 6. The Motion carried.

Article 7: To expend \$19,200 for technology equipment and services. The entire expenditure will be offset by the use of Technology Capital Reserve Funds and will have no impact on the 2009 tax rate.

It was moved by GREEN, seconded by FINSTERBUSCH, to support Article 7. The Motion carried.

MS-7 Budget of the Town:

It was moved by SALADINO, seconded by GREEN, to approve Form MS7. The Motion carried.

6. **OPEN DISCUSSION ON MISC ITEMS:** None

7. **DISCUSSION ON MISC ITEMS:** None

8. **ACTION ITEMS:**

~~10/30/08: All departments are to submit their budget numbers to the Committee by the next meeting.~~

~~10/30/08: DPW is to provide a breakdown of their proposed \$180,000 funding request.~~

~~11/13/08: Members are to come up with \$560,000 in budget cuts.~~

~~11/20/08: Stewart will take up preservation concerns with the Library staff during that department's budget review.~~

~~11/20/08: Schneider is to provide stats on the number of employees per department.~~

~~11/20/08: STEWART was asked to follow up with Library staff concerns about preservation of WWII articles during the Library budget review.~~

~~11/22/08: CARRIER will provide an organization chart to Committee in the future.~~

11/22/08: Schneider will provide a list of the DPW Special Projects.

11/22/08: Mr. Daniels will provide calculations of savings from the reclaimer.

~~11/22/08: Mr. Daniels will provide a report on pothole maintenance.~~

11/22/08: Mr. Daniels will research other municipalities that have the infrared unit and how it is working for them.

11/22/08: Mr. Daniels will provide the cost to complete the Tax Mapping project.

~~11/22/08: CARRIER will provide a list of DPW equipment (vehicle inventory).~~

~~12/18/08: Beth is to email Lee Hanover rates/fees for permit applications.~~

9. ADJOURN: The meeting adjourned at 7:52 pm.

Respectfully submitted,

Beth Rivard, Secretary