

ENFIELD BUDGET COMMITTEE (EBC) MINUTES (Approved)

Thursday, January 8, 2015
DPW BUILDING 6:00PM

Members Present: Annabelle Bamforth, Sam Eaton (Vice Chair), Shirley Green, Dan Kiley, Doug Pettibone (Chair), Lori Saladino, Janet Shepard, Dave Stewart

Others Present: Steve Schneider (Town Manager)

Absent: Fred Cummings, Mike Lorrey

The meeting opened at 6:05 PM.

Administrative:

A motion to approve the draft December 17, 2014 minutes was made by Dan Kiley and seconded by Sam Eaton. The minutes were approved with no changes and one abstention.

New Business:

Undesignated Fund (UDF): At a couple of previous meetings, it was noted that the UDF balance at the end of 2013 has dropped considerably from the balance at the end of 2012. The UDF is basically the amount of money left over in the town's 'checking account' at the end of the year after all of the bills have been paid. It has been used as a 'rainy day' fund in emergencies, as well as for planned expenditures for certain capital items when the UDF is at a relatively high balance.

At the end of 2013, the UDF stood at about \$440K, down from about \$720K -- an apparent loss of about \$280K. The fund balance of \$440K includes a 'deposit' of \$265K made in 2014 when the loan from Mascoma Bank was taken out to pay for the Jones Hill Road project completed in 2013. The possible causes of the loss are lower than expected revenues and/or higher than budgeted expenditures. Steve Schneider looked into the possible causes and brought the EBC up to date. Schneider reviewed the list of revenue sources and noted that non-property tax revenue for 2013 was actually higher than planned by about \$17K. Since property tax revenue was at its usual high level of around 95%, it is clear that the cause of the drop in the UDF fund balance was due to over expenditures beyond what was budgeted. Schneider prepared a memo to the Enfield Selectboard outlining the specific sources of the overspending in about 12 cost centers. Here is a list of some of the sources of the overspending: Personnel Administration (by \$53K; unexpectedly high costs of employer-paid retirement contributions, workers' comp), Government Bldgs (by \$20K; heating gas and Whitney Hall painting), Police (by \$18K; Part-time and overtime payments, vehicle repairs), Bldg Inspection (by \$7500; salary and health insurance buy-out), Highways and Streets (by \$30K; winter sand and aggregate), Solid Waste Collection (by \$57K; miscalculated contract cost of curbside pick-up). All told, these over-expenditures amounted to about \$170K. Some of the overspending shown as actuals in the budget spreadsheets were reduced or eliminated by offsetting revenues (e.g., fees received from Parks and Recreation activities, franchise fee collected from Comcast to support our local Channel 8 TV).

It was noted that the UDF had been built up over the last decade by under-spending the budget year-after-year. This occurred by inadvertently over-budgeting especially in the area of personnel salary and benefit costs, the town's largest expenditure (about 60% of the budget). For example, when an employee left employment in the middle of the year, the town did not pay salary and benefits for that period of time, an amount that was budgeted. The town could have several turnovers per year. As a result the UDF built up. Over the past few years, however, the town has been budgeting much closer to real spending taking into account personnel turnover and other line items. While this is overall a better way to budget, the downside is that any over-expenditures will become that much more apparent and the UDF cannot act as much as a buffer and will be more sensitive to being impacted. To get a better handle on expenditures, Schneider plans to track expenditures every time vendors are paid which will allow tracking of expenses every week instead of end-monthly.

Discussion of 2014 Revenues and Projected 2015 Revenues

Schneider distributed a spreadsheet listing the Town non-property tax revenues for 2014 and the projections for 2015. The 2014 revenue numbers are probably 95-98% complete but may be adjusted if additional revenue from last year is settled. By and large, the 2014 revenues are as expected. On a bright note, revenues have been trending steadily upwards, led by our biggest source of non-property tax revenue, automobile registrations. For end-2014 and 2015 car registrations are expected in the \$860K range. Car revenues dramatically dropped off from 2005 during the recession and have been slowly coming back as more people buy new cars. The town will continue to receive state funding in 2015 from the Rooms and Meals Tax (about \$220K) and Highway Block Grant (about \$125K). Sales of several parcels of town property are hoped to bring in about \$45K. Ambulance soft billing for insurance reimbursement continues to work well contributing about \$30K, two-thirds of which goes to pay for paid On-Call for the F.A.S.T volunteers, the rest goes into the general fund. HealthTrust (the old Local Government Center) will pay Enfield again next year (about \$57K) as a result of the litigation that found that HealthTrust overcharged towns and employees for their health insurance coverage over a period of years. A significant reduction in transfer station recycling revenue has occurred as a result of the curbside pickup program – projected for 2015 to be about \$8500 vs actuals of about \$30K before the new program. Overall, non-property tax revenue has gained about \$150K/year vs a few years ago. This will certainly help ease the pressures towards higher municipal taxes.

Discussion of Selected Line Items in 2014 Draft Spending Plan:

Schneider and Doug Pettibone reviewed the proposed budgets of each department and spending center and committee members weighed-in on certain line items. While the EBC recommends a certain total spending package and recommendations on certain line items, it is up to the town administration, however, to determine how the taxpayers' money is actually spent. The target has been to achieve a budget that will keep any muni tax increases below 2%, as has been the case in recent years. Schneider indicated that there was nothing unusual in this year's spending requests over last year's and that the budgetary target should be achievable. Sam Eaton raised a question about the tax rate for the 2nd tax bill of 2014. Pettibone noted that there is some confusion about the current muni tax rate approved by DRA for December's 2nd 2014 tax bill (\$6.25/\$1000 valuation) which appears not to have taken into consideration the drop in the tax base (~ 6%) as a result in this year's town-wide revaluation. Our estimate was that the tax rate should have been adjusted upwards to about \$6.65/\$1000 to compensate for the lower tax base in order to receive the needed tax revenues. It turns out that DRA's number for the amount to be raised by taxes is \$3.2MM and the town's number is \$3.4MM which accounts for the lower tax rate set by the state. The downside of this discrepancy would be lower-than-planned-for tax receipts. Pettibone and Schneider will be in touch with DRA soon to resolve the discrepancy.

Here are highlights of the departmental line item discussions:

Executive Office (4130): Schneider announced that Alisa Bonnette has been promoted to Asst. Town Manager who will be in charge of Assessing, Financing and Tax Collection. The EBC offered its congratulations to her.

Financial Administration (4150): Schneider is to look into the \$4500 line item charge for bank fees and charges. Schneider mentioned that the town will soon allow the use of credit cards on-line and in person for residents to pay taxes and fees. This new practice is for the convenience of the residents, and the credit card transaction fees will be paid by those using the cards.

Personnel Administration (4155): Schneider reiterated that we will have a small drop in employee health insurance costs (~ \$530K vs the anticipated ~10% rise ~ \$590K) which is welcome news. Part of the basis for the lower premium is going to a higher deductible plan. The town will subsidize this employee cost at about \$15K. The town's contributions to the employee retirement fund is a large nonnegotiable number (~\$275K) and is dictated by the state, so it is non-discretionary.

Gov't Bldgs (4194): Schneider indicated that Jim Taylor is looking into alternative electricity suppliers after projected electricity costs have gone up considerably after Liberty Utilities raised their rate by 100%. Expenditures in Street Lighting (4316) would also benefit from a lower cost provider.

Cemeteries (4195): Dave Stewart, a cemetery trustee, spoke to the needs of cemetery maintenance. There are 23 cemeteries in town, all of which require continual maintenance. Stewart indicated that one cemetery in particular needs to have a number of head stones professionally cleaned for about \$3500 and that about 16 trees need to be removed from several others for about \$3K. **Motion**: Lori Saladino made a motion to go forward with these maintenance projects and to use the Cemetery Maintenance Trust to pay for them. The proceeds to the trust come from the sale of cemetery plots, so this is an appropriate use of the trust. The motion was seconded by Janet Shepard and passed unanimously.

Regional Associations (4197): The nonprofits will be funded at the level approved at a previous meeting and in accordance with town policy for total funding not to exceed 1% of total general fund appropriations. **Motion**: A motion to fund the Mascoma River Local Advisory Council (MRLAC) for \$500 was made by Eaton and seconded by Dan Kiley. The motion passed 7 to 1. The MRLAC line item will appear under the Conservation Commission (4611). MRLAC is encouraged to make sure that Canaan contributes funds to their efforts along with Lebanon and Enfield, as well as to pursue grants as soon as they become available.

Fire Department (4220): Any substantive discussion was postponed until the next meeting in order for Fred Cummings, a fire ward, to be present. Pettibone mentioned, however, that the request to increase fire fighter salaries seemed excessive (\$8K or 25%). Last year, a 4% increase in hourly wages was recommended and put in place. Also, any pay increases should be according to specific hourly wage increases and not a lump sum. A proposed salary matrix on such specifics has been requested.

Solid Waste Collection and Disposal (4323 and 4324): It appears that, so far, the new trash and recycling curbside pickup has not achieved the savings that originally was projected. Pettibone noted that it actually appears that the new program is costing quite a bit more overall. He indicated that he was going to try to get an approximate dollar figure on the increased cost of the program.

Parks and Recreation (4520): Eaton and Stewart opined that having the town run the Farmer's Market is inappropriate and that the vendors or a nonprofit should run it. Currently, Jeanine King runs it for Enfield and finds that she does not have enough time to do it properly. Schneider stated that Lebanon Parks Dept. runs its market and is recommending that a Market Manager be hired on a very limited part time basis (budgeted, \$4200) and to take responsibility over from King. Part of the pay would be offset by Market fees (\$10/week/vendor). The goal of the manager would be to expand and improve on the Market. Lori Saladino noted that the Market is a quality of life enhancement. Pettibone noted that EVA, who started the Farmer's Market but then gave it up to the town, is going to look into its ability to re-take it over. Pettibone thinks that this would be a very appropriate activity of EVA and that it would be hard to justify the cost of a Market Manager when this option is available. He asked if Schneider would follow-up with EVA on this possibility.

Debt Service (4700s) and Capital Outlay (4900s): Schneider indicated that he still needs to get the final projected costs of the financing options for the proposed CIP plan. With those numbers, he will then make final adjustments to the line items in order to finalize the entire budget within our target.

Monied Warrant Articles: At this point, it appears that the only warrant articles that the EBC will have to weigh-in on for Town Meeting are those related to the CIP plan and the budget itself. No one was aware of any additional petitioned warrant articles requesting appropriations from the Town.

Old Business: None

Public Comment: None

The meeting was adjourned at 8:25 PM. There are 3 more scheduled EBC meetings in January where adjustments in the spending plan will be discussed further and relevant warrant articles considered. The meeting next week on Jan. 15 may be cancelled awaiting final work by Schneider. (**Post Meeting Note**: The Jan 15 meeting was cancelled; the next meeting is Thursday, January 22). The Public Hearing for the proposed 2014 municipal budget will take place on Wed. Feb 4 (snow date, Thursday, Feb 5).