

Enfield Budget Committee (EBC) MINUTES (Draft)- Wednesday, February 3, 2016 Public Hearing- DPW Building 6:00PM

Members present: Sam Eaton (chairman), Shirley Green (vice chair), Janet Shepard, Mike Diehn, Annabelle Bamforth, Mark Eisener, Steve Schneider (town manager) David Stewart, Fred Cummings, James Buffington, Holly West

Excused: none

Others present: John Kluge, Lee Carrier, Philip Cronenwett, Bob Cusick, Dan Kiley, James Bonner

Administrative:

The meeting was called to order at 6:05 p.m.

Discussion of minutes: Shirley made a motion to approve, and Mike seconded.

Dave said he'd like the minutes to include a statement he'd made at the previous meeting regarding TIF funds. He'd said that the fund generates around \$250,000 a year, and he was concerned about it being used for various projects while the TIF district's initial purpose was to pay for the Route 4 sewer, and now it's being used for more than that, perhaps more than necessary.

The minutes were approved with those changes.

New Business: Steve brought out a budget sheet to be signed by the committee. The budget to be signed is for the New Hampshire Department of Revenue, and this sheet appears differently than the town's budget that has been provided this season. The worksheet includes the water/sewer budget and warrant articles to be discussed at town meeting.

Steve said that it looks like a \$12 million budget, but it's because of the NHDR's requirement to add various costs which are not relevant to the operating budget. The state requires this type of form. This sheet contains numbers that have not been discussed at length because it's not really part of the tax rate.

Sam stated that he'd allow public comment following each presentation.

Mike asked if perhaps some people in attendance believed this is a deliberative session in which residents can offer amendments to articles. Sam confirmed that it this meeting is not a deliberative session.

Sam called a recess at 6:18.

Sam called the meeting back to order at 6:30.

Sam discussed the purpose of the meeting to clarify that no amendments can be made tonight, but questions and comments are welcomed.

Mike made a motion to open up the public hearing, and Shirley seconded. The committee approved.

Library Presentation:

Philip Cronenwett presented the proposal for library funding, discussing some of the specs of the proposed building. He said he did not foresee a need for increased staffing, and noted a \$6,450 estimated heating/cooling cost. Philip said that following the 2008 meeting, volunteers pushed to fundraise. Current estimate is \$3.2 million, and the exact cost will be known at town meeting March 12. Mascoma savings bank offered a 3.2 percent, 20-year loan. The estimated tax impact is 31 cents per thousand. Phillip said this is the current number, but it is not locked in.

Philip acknowledged the expense, and maintained that the town library currently sees a great deal of use between books being checked out, various children's programs and use of the computers.

Philip said that similar new libraries built in towns such as Sunapee have seen success.

Tim Lenihan said that his kids use the library for several purposes. He remarked that based on his experience, he's seen Sunapee have at least 15 people in it at any given time, and that library has plenty to offer. Tim went on to state that Enfield is not a town similar to New London, Sunapee, or Durham. He said that local kids get great service at the schools and that will become even better once the new high school is built.

Fred said he supports the library and has been speaking to Shirley, who is a library trustee. He brought up the \$945,000 that Philip said has been already raised. Fred clarified that \$400,000 of that is from the town and \$150,000 is from TIF. Fred said when Enfield gave a "boost" to stimulate fundraising, the assumption was that the town library would not return for more funding.

Fred continued that of the total amount pledged, over half of it is from the town and less than half is from private funding. Fred said he'd feel better about this situation if more money had come from private funding. Fred concluded that this is not a good year to ask for funding.

Doug Smith asked if there was an assumption that Fairpoint would offer some space for parking and asked if that has been resolved or finalized. Philip answered that should not be an issue. Steve said that he reached out to Fairpoint to continue the discussion. Doug asked if it was plausible that the Fairpoint land would become available. Steve said yes.

John Kluge said this is a tough decision. John said he is a lifelong lover of reading and noted that he was an English teacher. He said he likes the idea as an individual, but not as a select board member. John said there has not been the right amount of independent fundraising. He recommended scaling back and continuing to fundraise. He agreed that Enfield does not have the same tax base of New London or Sunapee.

David said he remembered when the bond went forward initially and failed. He said it went on to go to town again as "seed money." David said he remembered there had been discussion that they would not return to town for more funding. Shirley, a current library trustee, said she was not a trustee at the time

and searched for the claims that David had spoken of. She asked why such an important statement was not recorded in earlier minutes. Dave responded that was not included in written minutes.

Mike stated that he will support the library at town meeting as an individual, but as a budget committee member he does not believe it's the right time for the town to go through with this. Mike brought up the increase in school district spending and how that affects other spending. Mike pointed out that there was a big jump last year in school taxes, another jump this year, and another jump is expected next year.

Holly noted that she is on the CIP and TIF committees. She said that she wanted to mention that the library is in the TIF district, and TIF may be able to help lessen the tax impact. Holly said that there are plans to coordinate meetings and reach out to the trustees to further discuss this issue.

Bob Cusick, a current school board member, discussed the growing school budget and he said that he anticipates just a 2% increase next year. Fred asked what the average school tax increase is year-to-year. Bob responded that he did not have that answer immediately available.

Lindsay Smith said that libraries are not just for kids. She added that they are also useful for adults who cannot afford computers, and those who visit to file their taxes. She said things like a good recreation department, good schools, libraries, etc. attract new residents and help strengthen the tax base.

David said that if the economy was better, perhaps more people would be in favor, and maybe the library trustees could attract more donors.

Shirley stated that she is a library trustee as well as a budget committee member, and expressed concern about how to balance being a member of the two in light of the library proposal. She has decided that she will recuse herself from voting on the library warrant article as a budget committee member.

Paul Hartnagle questioned if there's going to be multiple uses for the town library. He said that it struck him odd that there's a school library and separate town library.

Sam said that his child loves the library, but as a budget committee member, the town is not prepared to fund this project again. He agreed that he would like to see more private fundraising. He said he does not believe the tax base is ready for a new library.

Lakeview Sewer Presentation:

Steve presented the warrant article regarding the sewer. He said there is a proposal to enter into an agreement to extend the sewer line from the Route 4 pump station to Lakeview.

Steve said that Lakeview received letter of deficiency from the Department of Environmental Services in April 2015.

Steve said that the town and Lakeview had a conversation to remedy this situation. The town is agreeing to act as a fiscal agent so that Lakeview can apply for federal and state funding. One of the requirements is that the town must approve this. Lakeview and the owners themselves shall be responsible for paying back the loans. He believes it would be a 20-year note at 3 percent financing. For the length of the loan, residents would get a betterment assessment that includes the year's payment on the loan.

Steve went on to say that the big issue is making sure owners have adequate infrastructure to meet needs, and to assure that the town will not be on the hook for repaying the loan. There has been work done on a structured agreement to make sure that it's clear and well known who will bear the responsibility.

Steve said the proposal involves a force main. It does not mean that non-Lakeview property owners will be forced to connect, but it would be permissible. The sewer line itself is a town resource, not Lakeview's. The property that will be freed up is uncertain and would need rehabilitation time.

Holly said that the septic field owner has interest in selling to the Upper Valley Land Trust, and said that it's unlikely there would be a lot of development there.

Mike asked Steve to explain what happens if this article does not pass. Steve said he'd encouraged Lakeview to seek an alternative. If it doesn't pass, there is still a problem to be solved. There is possibility for Lakeview to become a village district like Eastman, where they can take out own loans. The town would have to approve that as well.

John Kluge said he supports this greatly as a selectman, and added that he made clear in every step of the process that Enfield taxpayers outside Lakeview will not be on the hook for this project.

Fred said he was concerned about a federal 40-year note, and said that is a very long time to have liens out. He said he prefers a 20-year, 3% loan. Steve said 40 years is the maximum term for the federal loan.

Shirley noted that Mascoma Lake is a valuable resource and should be protected, and she said this project would increase values of Lakeview properties.

Steve responded that after the Route 4 sewer project, homes with the water/sewer hookup were assessed at up to 20% more.

Keith Dwyer identified himself as a Lakeview resident and said that the systems that have totally failed at Lakeview are being transferred several times a week at a huge cost. For members of Lakeview, Keith opined that a longer loan with less interest and more forgiveness may be preferable. Keith added that the dues have increased considerably each month.

Dan Kiley noted in that 1.5 mile stretch, there are other properties also close to the lake, and the sewer would be a great addition for those homes as well.

Lindsay asked if the article allows voters to approve the dollar amount only, and not the type of loan. Steve said he has applied for both federal and state loans and Lakeview definitely qualifies for state funding. The federal loan is still being processed.

Sam added this proposal does not affect non-Lakeview residents and for each owner that has that lien attached, the town is positioned to not be on the hook.

Bob Cusick suggested a shorter, limited term for the loan. Steve said that would change the intent of the article and it cannot be amended in that fashion.

David agreed that 40 years is a long loan term.

Mike agreed with Bob's argument and hopes to amend without changing the intent of the article. Steve said he would ask the town attorney if a change could be made.

Fred said that the town sponsoring this loan process for Lakeview provides a low interest rate. If this does not pass, Lakeview will not be able to get such a low interest rate.

CIP Presentation:

Lee Carrier made the CIP presentation.

Enfield is in year 5 of the CIP plan. Lee pointed out that over 6 years, the average change has been a 1.8 percent increase in the town tax rate, and the CIP and budget committee has helped the rate remain steady.

Lee noted that the town is still unsure of frozen \$300,000 in trust funds.

Capital items to be paid with capital reserve funds include an HVAC air conditioning unit for \$12,000; a 30-yard dumpster for \$6,500; a DPW furnace for \$5,000; and a Zoll defibrillator for \$11,000, which is a share of the defibrillator's total cost.

Proposed large items requiring financing include the new Boys Camp bridge, via a 15-year loan which would cost \$12,432 for the first year. The proposed boat launch upgrade and paving would also be paid with a 15-year loan with a cost of \$12,432 for the first year. There is also the proposed F550 plow wing spreader via a 7-year lease which would cost \$15,063 for the first year; two police cruisers via a 4-year lease which would cost \$17,004 for the first year; and truck body replacements for two trucks via a 6-year lease which would cost \$7,296 for the first year.

Lee stated that the Boys Camp Road bridge is close to failure and has been "redlisted" by the state. The new bridge would be wider- 16.5 feet over the current 11 feet. The new bridge will also allow plows to pass over the bridge without having to raise the plow wing.

The boat launch and bridge would add additional parking. The engineering and necessary permits have been completed. Lee said the launch needs an upgrade, though he acknowledged that non-boat owners are likely not aware of its current condition.

Doug Smith asked about the capital reserves. As the town builds up its reserves, someone has to manage them and he asked what is being done about that. Steve said the trustees of the trust funds manage the trust funds and CIP reserve fund. The group has gone out to bid for a manager to assist them. Steve said the fee for a manager is built into their earnings.

David asked if in the future CIP could take minutes of its meetings.

Sam presented the proposed 2016 budget. The actual town tax rate for 2015 was \$6.60/\$1000. The average tax rate increase has been about 1.8 %. Sam said the CIP is preventing spikes in the rate and is working beautifully. At the end of 2015, the town is fundamentally sound. Non-property tax revenue (NPTR) has improved. 95% of property taxes have been paid.

Sam told the committee that the undesignated fund (UDF) balance has taken a huge hit and there is nothing left in there. Improvements that have been made include having the budget committee meet earlier in the year, and more often, to watch over spending across the cost centers. Sam noted that there is still \$300,000 in frozen funds.

Sam said the overall town and region continues to have some concerns including a weak economy; with all this in mind, the budget committee worked hard to keep the tax rate at an increase between 0 and 2 percent. The committee went over each and every line, discussing what each potential adjustment would mean for the corresponding department.

Sam discussed increasing employee benefits and health care costs. Sam said the trash costs have gone up far more than projected, and it has been adjusted in this year's budget to prevent further underestimation. Sam encouraged residents to recycle more, as it costs less than trash removal.

Sam commended the CIP for its ability to purchase needed items without fluctuating the municipal tax rate. There is \$3.535 million to be raised, and the proposed tax rate is \$6.72, a 1.9 percent increase. This includes increased pay for police officers, and Sam also noted an ongoing agreement that was struck last year to pay firefighters more in increments over 3 years in order to stay competitive.

Bob asked about the UDF, which is at zero, and where was it at over the last 3 years. Sam said the town has tried to keep it at about 5% of the operating budget. Sam added that it was never agreed upon how much was going to be used out of the UDF.

Steve said that 2015 will have a surplus to cover the deficit article that will be coming up for discussion, plus there will be more left over.

Shirley said that for many years, the town had more in the UDF than recommended. She noted how fast it can disappear.

David said that it's important to have money in the UDF, and he said he remembered that years ago the town had been "nibbling away" at that fund to help keep the tax rate low, but also adding back to it. Fred said it's been chipped at over the last 4 years. David expressed disappointment that it's down to zero. Fred said this hasn't been a matter of spending over budget, but rather a matter of revenue not

coming in as high as expected. Sam said it's a combination of revenue coming in lower than expected and some overspending. Sam pointed out the significant state-mandated increase in worker's compensation costs, and the town had no choice but to comply. David said that no one appeared to be aware that UDF money was being spent.

Dan thanked Sam for taking on the role of chairman, and Dan also thanked the rest of the committee for being part of a process that is difficult.

Pat Carrier asked where the UDF appears in town report. Steve said perhaps in the audit section. Steve said the audit is less than what the state claims the town has. It's a different accounting of those funds.

Paul Hartnagle said the town is missing the mark on the trash removal. Steve said it's the pickup part that's been difficult. Paul said trash removal is an area of the budget that the town might be able to control better. Steve said the recycling rate has improved. It's not great, but has gotten a bit better. Every pound that is recycled is one less pound to be put into trash at a higher cost.

The public hearing closed at 8:42.

The committee went on to vote to recommend, or to not recommend, the following articles.

#3, Library: - Mike motioned to make a recommendation, Mark seconded. Shirley recused herself from voting. The committee voted 0 to recommend, 8 to not recommend, 1 recusal.

#4, Lakeview: Shirley motioned to make a recommendation, Janet seconded. The committee voted unanimously to recommend.

#5, Lease for truck bodies/F-550/ vehicles:- Mike motioned to make a recommendation, James seconded. The committee voted unanimously to recommend.

#6, Boys Camp Bridge/ boat launch: Fred motioned to make a recommendation, Shirley seconded. The committee voted unanimously to recommend.

#7, Operating budget:- Shirley motioned to make a recommendation, Mark seconded. The committee voted 8 to recommend, 1 to not recommend.

#8, Funding CIP: - Mark motioned to make a recommendation, Annabelle seconded. The committee voted unanimously to recommend.

#9, Capital improvements: David motioned to make a recommendation, James seconded. The committee voted unanimously to recommend.

#10, Reducing general fund deficit: Mark motioned to make a recommendation, Mike seconded. The committee voted 8 to recommend, 1 to not recommend.

#13, Funds for Cemetery Trust: Mike motioned to make a recommendation, Shirley seconded. The committee voted unanimously to recommend.

Mark made a motion to close the meeting and Mike seconded. The meeting was adjourned at 8:50 p.m.