

Enfield Budget Committee MINUTES (Draft)

Thursday, October 20, 2016 DPW Building 6:00PM

Members present: Sam Eaton, Steve Schneider (town manager), Nancy Smith, Holly West, Annabelle Bamforth, Shirley Green, James Buffington, Janet Shepard

Excused: Fred Cummings, Mike Diehn, Mark Eisener

Absent:

Others present: Alisa Bonnette, Marjorie Carr, Philip Cronenwett, Melissa Hutson, Francine Lozeau

Administrative: Sam called the meeting to order at 6:01 p.m.

New Business:

Budget Presentations:

Historical Records:

Marjorie Carr, Enfield's town historian, requested funds for records preservation. She noted that no money was given for that purpose last year.

Library:

Melissa Hutson presented the library budget. She raised the office supplies line for book covers, which she noted are being used up quickly. She said that she has also been replacing some barcodes which happens once every few years. Melissa said that the repairs and services line has gone down as some contracts have become less expensive.

Steve noted that the library personnel line currently shows the "worst case scenario," reflecting the maximum possible amount of hours worked by all available employees. That line will be adjusted. Melissa noted that two part-time employees work about 10 hours a week, and one works about 4 hours a week. Sam suggested creating a part-time line for the budget.

The committee discussed the programming line, which used to be the "miscellaneous" line. Melissa said programming has been a hit with children and adults alike. The programming includes activities such as craft days, a homeschool book group, story time, and various presentations.

Melissa said she was hoping to update the 3 public computers; she mentioned that the library's technician has recently been busy upgrading other customers to Windows 10.

James asked if the Byrne Foundation has assisted the library. Melissa said the organization has been very helpful and have provided donations to go toward new library.

Administration:

Alisa Bonnette presented the administration budget. The proposed budget shows no big surprises. Printing is down, but postage is expected to increase.

Cable channel: this line is expected to reach \$24,000 for 2016. It was clarified that collected franchise fees offset the cost for the cable access channel. Franchise fees are not required to be allocated for a cable channel, but it's an option. There is no formal agreement.

Election registration: there will only be a town meeting next year, so that line will go down.

Finance: auditing may see a few small expenses this year.

Tax mapping: that line reflects the need to pay for the required updates.

Public information: There was discussion regarding the data collector hired for tax assessing. Alisa shared some concerns from residents who have complained about the data collector's approach to visiting properties. She said the collector's presence used to be a non-issue, but residents have recently become more concerned about unexpected visits. Julie Huntley has been reluctant to publicize news of an official visiting properties due to concerns over criminals exploiting that information. Alisa plans on issuing generic advisory postcards to property owners ahead of time to address this issue. While discussing collectors' visits, Sam pointed out that the assessor may not enter a property unless the owner gives permission; a gate or "no trespassing sign" must be obeyed by the assessor.

Alisa said there is a need for a new shredder because their current shredder has a broken wheel and is very old. She has requested \$250 for a decent replacement.

Steve pointed to page 6, legal defense. Steve said he could hold the legal defense line at \$10,000 and go down to \$2,000 for advice. Steve went on to say that the town is still involved in the Fairpoint lawsuit challenging the town's ability to tax their utility poles. There are about 100 cases all over the state which have been directed to one judge in Merrimack County. Steve said that judgements have generally favored the position of the towns.

Steve pointed to page 7, insurance. He said the line reflects the “worst case scenario” if all employees were to maintain the same plan the entire year. Steve said that historically, that is not the case. He noted that the number includes an 8-9% increase, and said he hasn’t received a 2017 quote yet.

Steve said the retirement line shows another “worst case scenario.” He said the return rate came in low and that number is likely to stay pretty close to that estimate. If returns are low, employees/employers have to make up the difference.

Unemployment line: Steve said the bill just came in from Primex. Steve said the number should be closer to \$1000 than \$5500.

Steve said that the workers’ compensation line should go down a bit as well. He noted that it’s the town’s first year with Primex as a provider.

Sam asked about the personnel benefits cost, which he calculated to be about \$40,000 per employee. Steve said that could be considered an average cost. Steve said that at one time, the state used to provide 35% of health costs as incentive for employment with the state. That incentive was phased that out over a number of years and the cost has since been passed down to the local level.

New tax rate:

James brought up the new town tax rate that was published earlier in the week. James said that at the beginning of the previous budget season, the committee was initially looking at a 6% increase. He recalled that the budget committee took great care and a considerable amount of time in lowering that increase by analyzing all of the budget pages line by line.

James continued to say that the revised budget, after the committee reviewed it in its entirety, brought the approximate increase down to about 1.9%, from \$6.60 in 2015 to a proposed rate of \$6.73 for 2016. James said the department heads indicated that they were comfortable with the budget and rate provided. The town of Enfield voted to approve this same tax rate.

James concluded that the ultimate increase was surprising: the tax rate has been set at \$7.00 despite both the budget committee and town voting on \$6.73.

James expressed frustration that the hard work from the budget committee resulted in such a different tax rate. He questioned the effectiveness of the budget process in his role as a committee member in light of the marked difference between the committee’s projected tax rate vs the actual tax rate that was issued.

Sam told the committee that Steve did not bring this issue up to him during any of the one-on-one meetings held this year between himself and Steve.

Steve said that it was tough to create a tax rate $\frac{3}{4}$ of the way into a given year, and it's dependent on estimates of a lot of things. One thing that Steve said he hadn't incorporated into the budget before the town vote was is an item called overlay, which refers to money put toward hardship abatements for property taxes. Holly asked why that item was never brought up. Steve said he hadn't intended to not bring it up.

Steve acknowledged that he set the rate higher than what the budget committee and town voted for, and maintained that he had the authority to do so. Sam expressed disappointment that as the budget committee chairman, he was never given an opportunity to discuss the issue ahead of time or to be involved with Steve in the setting of the tax rate. Sam went on to say that he felt that the work of the budget committee, as well as the voice of the voting public and the democratic process, has been undermined.

James brought up the fact that during a previous budget season, Steve had removed a portion of funds for roads that amounted to about \$50,000. The selectmen disagreed with that decision and ended up bringing a separate budget to town meeting, which led to a thorough discussion about the two budgets at town meeting. James asked why this issue couldn't have been discussed, and again said he felt that the committee's work appeared to have been for naught.

Steve said he hadn't had a separate number in mind earlier in the year that he could have brought to the committee. Sam responded that he felt that hurriedness in issuing a 27-cent increase was irresponsible.

Holly said that since there appears to be a pattern in which some items have been not considered while discussing the tax rate, such as overlay that Steve mentioned, it would be good to have a checklist so that items won't be forgotten.

The committee asked Steve: when did he become uncomfortable with the tax rate approved by the town? Steve responded that there wasn't an exact point in time where he felt uncomfortable.

Sam said he felt that there were several places in the budget that could have been cut before raising the increase. Sam asked Steve if the selectmen had been able to discuss the new rate yet. Steve responded that the selectmen had been informed of it at Monday night's meeting.

Sam brought up sanitation costs, specifically the trash contract with Casella, which led to hundreds of thousands of dollars in overspending that was covered by using the undesignated fund. Sam pointed to the trash contract line's consecutive inaccuracy and asked if the "worst case scenario" used in other lines had ever been provided on the trash contract line.

Steve acknowledged that the undesignated "rainy day fund," or UDF, which is now exhausted, had been used to cover budget overspending in recent years. Steve said the UDF had been used for stability's sake, to help keep the target rate close to the actual rate as the economy has

been in bad shape. Sam asked how a surprise increase would be a solution in helping taxpayers in a bad economy. Steve said the increase amounts to about \$40 more a year on the average house on top of the increase that was previously voted on.

James asked Steve again why he had never discussed the rate increase with the budget committee before setting the rate, which he believed would have been preferable to having a discussion after the fact with a frustrated committee. Steve answered that he didn't intend for anyone to be misinformed.

Sam asked Steve when the process for actual tax rate setting begins. Steve responded that the process begins in August.

Nancy said that it looked like the UDF had been covering budget discrepancies in previous years. She asked if it was possible for budget numbers to be more realistic in the future.

Sam asked why an increase was necessary, because it appeared that the town should have had an overall surplus last year. Sam added that as of right now, the town is estimated to be in a surplus once again, as revenues have been higher than estimated and spending appears to be on target based on the numbers that have been provided by Steve.

Sam went on to say that the committee had been confident last year in its process of making budget and revenue lines more accurate, and said he had been proud of the members' commitment to creating a solid budget. He said that he believed the committee had done a great job helping to "turn the ship around" in regards to preventing overspending, and seeing the tax rate increase by a significant amount without warning was troubling. Sam noted that he has been aware that the budget committee has always been advisory, but he maintained that this rate does not reflect what the committee had worked for.

Janet asked where the committee should go from here.

Steve moved to explain that overlay funds are used when property owners seek abatements or tax relief of some kind. Sam asked what was overlay costs were the year before. Steve responded that it was about \$15-20,000. Sam asked where that number would be shown in the budget. Steve acknowledged that it's not a line in the budget regularly handed out; the committee agreed that it really should be.

In responding to Janet's question about where to go from here, he said the committee should continue reviewing departments and become more comfortable with the process. Steve said that the committee is welcome to see the process between the state and Steve regarding setting the actual tax rate. Sam, Holly and Annabelle said they'd like to see that.

James asked Steve to be more communicative in the future, as he felt blindsided.

Annabelle said she wanted to make it known that she disagreed with Steve's decision to increase the tax rate higher than projected.

Steve told the committee that he hopes that the atmosphere of future discussions would not change in light of this situation.

Approval of minutes: James made a motion to discuss the minutes and Janet seconded. Janet suggested to Annabelle some changes including changing the word "approve" to "discuss" in regards to discussion of approving the minutes, as well as a few grammatical errors. Those were made. The minutes were passed unanimously.

Public comment: none.

Other business: none.

The meeting was adjourned at 7:39 p.m.

Budget Committee minutes taken and submitted by Annabelle Bamforth.