

LONDONDERRY BUDGET COMMITTEE

Agenda

June 28, 2018

The Budget Committee meeting is at 7:00 PM in the Moose Hill Council Chambers, 268B Mammoth Road, Londonderry, NH 03053.

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. PUBLIC COMMENT
4. ACCEPTANCE OF MINUTES
5. COMMITTEE BUSINESS
 - a. Update on the Town budget
Presented by Kevin Smith, Town Manager and Doug Smith, Finance Director
 - b. Presentation on School Administrative Unit Building proposal
Presented by Robert Slater
 - c. Vote on adoption of Town Council rules for public comment
 - d. Second reading of guidelines for allocating Town funds to charitable organizations
 - e. Liason reports (if needed)
 - i. School Board: Alex Rego
 - ii. Town Council: Tim Siekmann
 - iii. CIP: Christine Patton
 - iv. DPW: Greg Warner
6. PUBLIC COMMENT
7. ADJOURNMENT
8. MEETING SCHEDULE
 - a. Thursday, July 26th, 2018 at 7:00pm, Moose Hill Council Chambers
 - b. Thursday, August 23rd, 2018 at 7:00pm, Moose Hill Council Chambers
 - c. Thursday, September 27th, 2018 at 7:00pm, Moose Hill Council Chambers

Londonderry Budget Committee
Meeting Minutes
5/24/18

The Budget Committee meeting was held at 7:02 pm,
Sunnycrest Conference Room.

Present: Kyle Foden, Kirsten Hildonen, Edgard Medina,
Christine Patton, Alex Rego, Tim Siekmann, and Greg
Warner

- I. Call to order at 7:03pm.
- II. Pledge of Allegiance: None. No flag present
- III. Public comment: None present
- IV. Committee Business
 - Approval of minutes from 3/29.
 - Scott Laliberte gave an update on the school budget. Budget should be as expected since no unexpected issues arose through the winter. Will be looking into a facility study for future planning which is a different way of planning. A combination of old method and program needs will be used.
 - Discussed charity evaluation criteria
 - Guidelines approved by Budget members. Now on to Town Councilors for approval.
- V. Liaison Reports
 - School board – Kirsten, Town Council – Tim
 - Tim brought up the undesignated fund issue of the town holding funds for school and now that will change.
- VI. Public Comment: None Present
- VII. Adjournment: 8:34pm

TOWN OF LONDONDERRY, NEW HAMPSHIRE							
Expenditures by Department							
General Fund - Fiscal Year 2018							
May 31, 2018 - Unaudited - 91.67% of Fiscal Year							
Description	Original Budget	Adjusted Budget	Expenditures This Period	Expenditures Year To Date	Enc.	Available Budget	% Expended
Town Council	12,099	12,099	-	12,995	-	(896)	107.40%
Town Manager	1,817,556	1,815,351	(19,110)	1,097,888	-	717,463	60.48%
Budget Committee	1	1	-	-	-	1	0.00%
Town Clerk	487,765	486,491	42,067	429,993	-	56,498	88.39%
Finance	680,830	678,522	52,008	542,207	-	136,315	79.91%
Personnel Health Insurance Holdings	20,600	151,192	2,124	9,756	-	141,436	6.45%
Assessing	349,723	351,223	29,665	295,506	-	55,717	84.14%
Information Technology	380,440	380,440	39,571	391,238	-	(10,798)	102.84%
Legal Expenses	174,500	174,500	18,025	100,416	-	74,084	57.55%
General Government	503,514	503,514	27,320	523,954	-	(20,440)	104.06%
Cemetery	38,000	38,000	770	34,356	-	3,644	90.41%
Insurance - Property & Liability	218,792	218,792	-	206,052	-	12,740	94.18%
Conservation Commission	3,350	3,350	-	2,947	-	403	87.97%
Police	9,063,054	9,480,842	1,017,820	8,083,170	36,463	1,361,209	85.64%
Fire	8,032,129	8,114,296	732,470	7,360,299	16,636	737,361	90.91%
Building	427,373	425,754	37,181	379,771	-	45,983	89.20%
Highway Administration	2,095,969	2,249,187	175,876	1,857,403	-	391,784	82.58%
Highway Operations	1,230,882	1,750,705	142,704	1,065,795	1,717	683,192	60.98%
Solid Waste-Waste Collection & Recycling	1,947,371	1,946,682	269,124	1,403,487	-	543,195	72.10%
Social Services	46,687	46,687	-	43,687	-	3,000	93.57%
Welfare	78,000	78,000	1,782	62,144	-	15,856	79.67%
Cable	300,633	303,539	25,605	239,534	7,607	56,398	81.42%
Recreation	152,814	153,388	19,577	119,139	3,522	30,727	79.97%
Library	1,408,690	1,403,450	127,443	1,264,936	-	138,514	90.13%
Senior Affairs	61,726	97,610	5,151	51,385	-	46,225	52.64%
Community Development	458,631	457,012	36,950	351,342	-	105,670	76.88%
Debt Service	2,310,065	2,310,065	11,850	2,268,145	-	41,920	98.19%
Capital - Land	-	361,100	-	361,100	-	-	100.00%
Capital - Buildings	350,000	35,000	-	35,881	-	(881)	102.52%
Capital - Other	1,165,000	1,204,000	-	1,144,121	-	59,879	95.03%
Transfer to Special Revenue Fund	350,000	-	-	-	-	-	0.00%
Transfer to Capital Reserve Fund	292,000	292,000	-	292,000	-	-	100.00%
Taxes Paid - County	-	3,822,337	-	3,822,337	-	-	100.00%
Taxes Paid - School District	-	59,604,334	4,565,000	52,625,000	-	6,979,334	88.29%
Total Expenditures	34,458,194	98,949,463	7,360,973	86,477,984	65,945	12,405,534	87.46%
						FY 2017-88.52%	

Revenue by Source

General Fund-Fiscal Year 2018

May 31, 2018 - Unaudited - 91.67% of Fiscal Year

Description	Original Budget	Adjusted Budget	Revenue This Period	Revenue Year To Date	Revenue Due	% Recvd
Land Use Change Tax	-	-	-	-	-	0.00%
Yield Taxes	5,000	5,000	199	4,589	411	91.79%
Payment in Lieu of Taxes	672,675	672,675	672,675	672,675	0	100.00%
Excavation Taxes	5,000	5,000	507	11,136	(6,136)	222.73%
Interest & Costs on Late Property Taxes	175,000	165,000	36,282	204,099	(39,099)	123.70%
Business Licenses & Fees	6,000	6,000	29	4,334	1,666	72.23%
Motor Vehicle Permits	6,850,000	7,500,000	885,377	7,865,798	(365,798)	104.88%
Boat Licenses	-	-	2,471	3,668	(3,668)	0.00%
Building Permits	500,000	500,000	19,012	266,706	233,294	53.34%
Dog Licenses	15,000	17,500	5,981	25,627	(8,127)	146.44%
Marriage Licenses	5,000	6,000	693	6,993	(993)	116.55%
Reclamation Fees	16,000	16,000	1,702	15,718	282	98.24%
Other Licenses and Permits	1,500	750	250	546	204	72.74%
Marriage Ceremonies	-	-	150	1,575	(1,575)	0.00%
Meals & Room Tax	1,287,101	1,307,291	-	1,307,291	0	100.00%
Highway Block Grant	591,600	1,134,244	-	1,133,894	350	99.97%
Water Pollution Grant	40,196	38,792	-	38,792	-	100.00%
Other State Grants	8,000	5,000	-	-	5,000	0.00%
Zoning Review	30,000	45,000	12,838	34,703	10,297	77.12%
Police Department	263,894	258,594	2,290	251,916	6,678	97.42%
Fire Department	755,000	760,000	95,108	947,762	(187,762)	124.71%
Public Works Department	90,000	95,000	14,696	117,124	(22,124)	123.29%
Cable Department	475,000	500,000	125,619	525,942	(25,942)	105.19%
Recreation Department	5,000	5,000	-	5,250	(250)	105.00%
Senior Affairs Department	2,200	2,200	203	1,956	244	88.91%
Interest on Investments	35,000	100,000	35,654	191,871	(91,871)	191.87%
Insurance Reimbursements	50,000	50,000	-	-	50,000	0.00%
Other Miscellaneous Revenue	1,300,000	1,301,000	442	141,338	1,159,662	10.86%
Sale of Town Property	-	403,350	0	433,207	(29,857)	107.40%
Transfers from Special Revenue Fund	415,000	315,000	-	-	315,000	0.00%
Transfers from Capital Reserve Fund	212,570	212,570	17,500	142,322	70,248	66.95%
Total Revenue	13,811,736	15,426,966	1,929,679	14,356,832	1,070,134	93.06%

I want to start by thanking all of you for taking the time to allow me to present this to you. It is a proposal that I feel would be of great benefit to the citizens of Londonderry and to the school district. I spoke with the Town Manager, Mr. Smith, a couple of times concerning whether or not it would even be possible for the town to build a new SAU Office for the school district, and he felt that it would be a possibility with the consent of the Town Council and School Board.

Some of you may already know that I gave the school board and superintendent a general outline of some of this information, in hopes that they would at least meet with the town on building a new SAU Office. They discussed it at their May 8th Meeting and took a consensus deciding not to pursue it at this time as they have other priorities, and are too busy. But I believe that if I show them this detailed presentation and can tell them that the town is willing to work with them on this, they may reconsider. The town and school district always have a lot on their plates. I don't know that either can expect to be less busy any time in the near future. Although the school board and superintendent would have to spend some time on this now, it is a lot less time than if they wait a few years and may have to build it on their own, and even possibly have to deal with purchasing and developing land. Also, after reviewing the minutes from that meeting, I truly believe that some of the school board members do not have a full understanding of the potential savings for every year sooner that we end the lease, for the overall total savings, or for the fact that the town may not have the money available in the future to fund much of the construction to save on bond costs. That is if the town is willing to do so.

Building a new SAU Office has been on the CIP for approximately 10 years, and the air quality issue has been known since at least 2010, yet we ended up in a situation where we had little time available to relocate which greatly limited our choices. Time flies. People are busy. Let's make sure that doesn't happen again by taking care of this sooner, rather than later. Every year sooner that we get out of the lease results in greater savings that can go towards the cost of building the new SAU Office. We will not only save the lease payment amount, property tax, and possible bond costs, but we will also save in construction costs. In 2010 when the SAU Office was put on the 2012-2017 CIP Plan, the cost was 3,000,000. In

2017 for the 2019-2024 CIP Plan, the cost was up to 4,000,000. So in 7 short years, the cost went up by \$1,000,000. That's 1/3 of the original cost.

This proposal shows a very substantial savings to the school district and ultimately the taxpayers of Londonderry. So I am asking the town council if they will consider building a new SAU Office for the school district on the existing site. And if possible, use the unfund balance to finance most of the costs of construction so the school district, and the Londonderry taxpayers, can save on the bond costs.

Year	Lease Payment(1)	Property Tax Est. (2)	Fit Up Fee (3)
1.	\$123015.75 - \$123015.75	\$19522	\$40700
2.	\$125476.07 - \$127936.38	\$24674	\$40700
3.	\$127985.59 - \$133053.84	\$24674	\$40700
4.	\$130545.30 - \$138375.99	\$27385	\$40700
5.	\$133156.21 - \$143911.03	\$27385	\$40700
6.	\$135819.33 - \$149667.47	\$27385	\$40700
7.	\$138535.72 - \$155654.17	\$27385	\$40700
8.	\$141306.43 - \$161880.34	\$27385	\$40700
9.	\$144132.56 - \$168355.55	\$27385	\$40700
10.	<u>\$147015.21 - \$175089.77</u>	<u>\$27385</u>	<u>\$40700</u>
	\$1,346,988.17-\$1,476,940.29	\$260,565	\$407,000

1. The variance in the yearly lease amount is the annual increase allowed per year, at a minimum of 2% and a maximum of 4%.
2. The property taxes are estimated. Based on a tax rate of \$21.61. Chances are the total paid in 10 years will be higher than the estimate. I feel the estimate is conservative.
3. The total fit up fee of \$407,000 is to be paid, regardless of the length of the lease. The balance owed becomes due in full if the lease is ended early.

Below are numbers based on keeping the lease for only three years, and building a new SAU building on the old building’s site:

- 1) Savings on lease payments years 4 thru 10- \$970,510.76 - \$1,092,934.32. Lease may be terminated for convenience at any time with an 8 month notice.
- 2) Savings on property tax payments year 4 thru 10 - \$191,695. (When the school is leasing the building, the taxes get paid out of their pocket, go into the town’s pocket, and then the school gets a portion back, but if the school isn’t leasing the property, then the taxes are paid by a different entity resulting in more money to the town and school which is the reason it is being included as a savings).
- 3) Penalty- Security Deposit of \$13, 642.98 may be kept by the Landlord.
- 4) Penalty- 7 years of realtor’s commission \$28,000 (\$4000 per year).

The above shows a savings of approx. \$1.2 Million that could be used towards building the new SAU Office. Approximately another \$811,000 in interest savings* for a total of over 2 Million in savings, if the town is willing, and able, to build it without a bond, or with a smaller bond amount for any excess cost above the 2.5 million. This savings would possibly pay for 1/2 to 2/3 of the cost of the new building.

*based on a bond amount of 2.5 million for a 20 year term @ current interest rate.

Benefits to having the town build a new SAU Office soon:

- 1) The rental of the Kitty Hawk property is just a temporary fix. We would still need to build a new building in the future. Every year sooner that we can end the lease results in more money that can go towards the building of the new office (an asset for the town/school), rather than spent on rent.
- 2) If we wait, the town/school may not have a piece of property to build the SAU Office on. This could result in having to buy and develop a piece of land. This would add on substantial costs to the price of building the SAU office.
- 3) If the Town is willing to build it for the School, this would take the majority of the work involved away from the superintendent and school board which would allow for them to continue to focus on their current concerns.
- 4) Chances are costs of building and interest rates are going to continue to rise. There is little chance that it would be cheaper to build in the future than it is now.
- 5) The funds that are available now may not be available in the future, which would result in having to get a bond for the full amount, rather than partial.
- 6) The chance of getting a warrant article passed for a new Sau Building is greater now as the taxpayers would appreciate the cost savings of doing it in the next few years versus later, if these savings are explained to them. Who wouldn't want 1/2 to 2/3 of the building paid for?

MODEL RULES OF PROCEDURE FOR PUBLIC COMMENT

The following rules of procedure have been adopted by the Town Council of Londonderry to govern citizen input during public hearings and during “public comment” sessions and may be enforced at the discretion of the Chair:

- There shall be a TIME LIMIT for each individual speaker of 5 MINUTES.
- Speakers are not permitted to donate time to other speakers.
- During public hearings, speakers are required to limit their comments to the topic which is before the Council or Board and which is the subject of the hearing.
- During “public comment,” speakers are required to limit their comments to matters of public concern, relating to Town governance.
- Placement on Agenda: Individuals or groups wishing to speak at a regular Council or Board meeting at a time other than public hearing shall submit a written request to the Town Manager or Board Chair as well as the Administrative Assistant. The Chair of the Council or the Board retains the discretion to allow or deny permission on the agenda.
- The following conduct is prohibited:
 - ❖ Using profanity or vulgar language or gestures;
 - ❖ Using language which is likely to lead to a disturbance or disorder, because it insults or demeans any person or which, when directed at a public official or employee is not related to his/her official duties; however, citizens have the right to comment on the performance, conduct and qualifications of public figures;
 - ❖ Interrupting other speakers or engaging in behavior that disrupts the meeting including but not limited to applause, cheers, jeers, etc.;
 - ❖ Engaging in behavior that threatens or intimidates others; or
 - ❖ Addressing the Council or Board on issues that do not concern the services, policies or affairs of the Town.

LONDONDERRY BUDGET COMMITTEE
GUIDELINES FOR ALLOCATING TOWN FUNDS TO CHARITABLE ORGANIZATIONS
Draft version 2 – second reading on June 28, 2018

MINIMUM QUALIFICATIONS

The organization must be a 501(c)3 nonprofit organization whose services are available to all residents of Londonderry with no discrimination on the basis of race, color, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, sexual orientation, or military status, except insofar as the organization offers services that are only applicable to certain segments of the population.

Any charitable organization applying for public taxpayer funds must be willing to supply proof of nonprofit status and tax returns extending back at least three (3) years. Organizations will be invited to give presentations to the Budget Committee between the months of September and November prior to the start of budget hearings for the following fiscal year. No applications for funds will be considered after the Budget Committee votes on the final allocation for submission to Town Council.

All allocations are subject to adjustment and final approval by Town Council.

CONSIDERATIONS IN ALLOCATING FUNDS (in no particular order)

- I. How long has the organization been serving Londonderry? What has its prior relationship with the town been?
- II. How many Londonderry residents has the organization helped in the past five (5) years? Is that amount increasing or decreasing? What proportion of the total population served is from Londonderry?
- III. What percentage of funding goes directly to helping people in need as compared to administrative and overhead costs?
- IV. What is the average monetary value of the services provided? How are services provided?
- V. Does the organization receive federal, state, or county funds? Does the organization have a revenue stream (does it charge for some services) or are all services provided to individuals free of charge?
- VI. What population is the organization serving? What need in the community does the organization address? Where else are these services available to Londonderry residents and at what cost?
- VII. What are the organization's requirements for providing aid (for example, maximum income, concurrent enrollment in other aid services, etc)?
- VIII. How many of the organization's volunteers come from Londonderry?
- IX. What is the overall impact of the funds provided by the Town of Londonderry to this organization? What percentage of their budget is our contribution? How does the town's donation enable the organization to continue/enhance/expand services?
- X. Where is the organization located? What is the organization's service area?