

**Charter Commission Meeting Minutes  
May 10, 2010**

**Meeting was held in the Moose Hill Council Chambers. 268B Mammoth Road, Londonderry.**

**In Attendance:**

Chairman Brian Farmer, Vice-Chair Cris Navarro, Secretary Lara McIntyre, Commissioners Al Baldasaro, Chris Paul, Deb Paul, Kathy Wagner, Steve Young

**Absent:**

Commissioner Marty Bove

Meeting was called to order by Chairman Farmer at 7:05pm. Chairman Farmer led the Pledge of Allegiance, followed by a moment of silence for the men & women serving in our military both here and abroad.

**Old Business:**

None.

**Public Session:**

Chairman Farmer addresses the audience, saying that this meeting is a continuation of educational meetings. This particular session is on budgeting and default budget. He asks Susan Hickey, Assistant Town Manager – Finance and Administration, to first speak about budgeting. She asks if she should give an overview of internal process or at the council level. Chairman Farmer says yes to both as well as the schedule of activities. Ms. Hickey says the process begins in August. They look at salary, insurance, union contracts, among other things. Department heads enter their own information based on contracts, vendors... They look at expenses they incurred over the past year and look at trend analysis for the past 5 years to make predictions for next year's budget. All get combined and then given to the Town Manager in mid- September. Town Manager meetings with department heads to understand some of their requests, line items... The Town Manager makes and cuts or changes and then puts together a "Town Manager's budget," which gets presented to the Town Council in mid-October. Mid-October through January are budget sessions and public hearings. There are two public hearings in January, including bonds, another hearing in February, and then wraps up at Town Meeting in March. Commissioner Baldasaro clarifies that the schedule is determined by the RSA's, which Ms. Hickey replies yes – they find out when the town meeting is and go backwards from there to see when it is necessary to hold hearings.

Peter Curro, the School District Business Administrator, then begins talking about their budgetary process and the calendar/time frame that they use. They do 2 budgets, the Superintendent's budget, which is just like the Town Manager's budget. Many of the requests come from their 5-year strategic plan. They look at enrollment, state minimum standards, and state law. Same process as Susan's (Hickey). The budget gets delivered to the School Board the meeting before Thanksgiving in November. The public hearing is in mid- January and deliberative session is in early February. Unlike the town, on

the Tuesday ballot in March you vote for everything on the school side – elected officials, bond and notes, operating budget trust fund and any other articles. They also calculate a default budget, which gets shown to the school board along with the Superintendents' budget in November. The school board uses the default budget as a guide, looking at current budget, plus or minus contracts, obligations, debt, and other stuff. So, when they give the budgets, they actually give three: the department head requests, the superintendent's budget and the default budget. Chairman Farmer asks if the three budgets are presented in the same table, different columns; Mr. Curro says yes. He also says no changes are ever made to the default budget - once it's calculated, it stays the same.

Commissioner Wagner asks Mr. Curro if the default budget is just the operating budget, not all the bonds and other stuff. Mr. Curro says she's correct – the default budget is also called the "general operating budget." Trust funds are not included, union contracts, special articles (e.g. buying land) are not included.

Commissioner Chris Paul asks Mr. Curro when the public hearings begin. Mr. Curro says for the school district they begin the 1<sup>st</sup> three weeks of December, where they go through the major parts of the budget: personnel, special education, curriculum / library / building, operation (business) side, such as school lunches, grounds technology. Last meeting is open for questions from budget committee. Deliberative Session is usually around last weekend of January beginning of February. Commissioner Chris Paul follows up his question by saying there is at least four times the public can comment on the budget. Mr. Curro says yes. Mr. Curro then says that at the deliberative session you have your last chance to talk about the budget, provided there is a quorum to look at and review the entire warrant. Any last changes then go onto the ballot.

Commissioner Chris Paul asks how it differs from the town, how much input can people give before it's actually cast in stone. Ms. Hickey says that the public is welcome to attend any of the budget hearings. This year, they started doing an all-day Saturday event where all the departments present their budgets. They also meet with the budget committee to answer questions. They have the two public hearings in January, and then a final one in February, which is like the deliberative session on the school side, where people can ask questions.

Mr. Curro explains that the difference between official ballot and town meeting is that at the deliberative session, you are voting to move the warrant forward to the ballot and not really talking about the dollar amounts but rather doing things like amending articles. Whereas at the town meeting, people will get up to ask for information and make motions to change things. For the school side, it's just at the ballot box, a simple yes or no.

Commissioner Baldasaro asks if you could make changes at the deliberative session if you had the quorum of 500 voters. Mr. Curro says you would have the power to amend articles, but the final vote is still at the ballot box in March. In Mr. Curro's opinion, the problems that he's heard about the deliberative session is that final decisions are not going to be made that night, so why bother to go? He does say official ballot does make it easier for absentee ballots, like those in military to have a vote.

Commissioner Baldasaro asks about the state budget. He says the state doesn't do theirs until February and March. He wonders why we don't do our budget in April or May like some other towns so we know what the appropriations from the state will be. Mr. Curro says you could, but it would be difficult. It may be too late if a budget isn't passed in May that you could run the risk of beginning the fiscal year (July 1) without a budget. March gives ample time to hold hearings and get a budget done.

Commissioner Young says that the state sometimes does not get a budget done until June 30<sup>th</sup>, and he can't imagine our town waiting that long to get things done. Mr. Curro says that operating without a budget in place would be very dangerous, not knowing how much money you can spend. This is critical for summer projects, such as road construction.

Secretary McIntyre asks for clarification on the public hearings – the people can listen and make comments, but cannot make any changes. Chairman Farmer answers by stating that the meetings are “public sessions.” He said during these hearings, people cannot make a change, but can use their influence on the council or school board to advocate for what they would like to see done on the budget (e.g. asking for more money appropriated to the library), then the council can take it up and make the change. Mr. Curro says that is the key difference between the school and the town side. At the deliberative session, the school board might bring up the change you'd like in the budget, but if the quorum is not met, there could be no further public discussion about it. At town meeting, the people don't have to convince the town council, but rather, they need to convince the other people at the town meeting to agree with you to make the change.

Commissioner Young asks Mr. Curro about the default budget – how do you come up with it? What guidelines do you follow and does anyone make sure you're doing it right? Mr. Curro says in RSA 40:13 there are general guidelines on how to do a default budget. He calculates it with the accountant passes it by the Superintendent for his review and then has the school board look at it. The school board has the final say on the default budget, because it is up to the governing body, technically, to calculate the default budget. It has been given to me, as the Budget Administrator of the school district, to calculate the default budget for the school board. Commissioner Young asks if anyone from the state reviews the work. Mr. Curro says no on two counts. The first is that the school district is not an official SB2 school district but rather they follow the SB2 rules. Because we're not an official SB2 town, they wouldn't check it, but we do fill out a state form that the school chose to fill out & submit. Commissioner Young follows up and asks when everything is submitted to DRA for tax rates, do they check the default budget? Mr. Curro is not sure, but points out that the budget that is filed with DRA is the one that got approved by the voters. Commissioner Young also asks if there is a way to manipulate the default budget (e.g. leasing items versus purchasing). Mr. Curro says that you could, but says that the main purpose of the default budget is determined by looking at the current operating budget, plus or minus contractual and other obligations as well as debt service.

Commissioner Wagner asks for clarification from Mr. Curro about the default budget – is the starting point from what they spent last year, then adding in debt service, contracts, benefits, utilities? Chairman Farmer clarifies the default budget starts with the appropriated amount from last year, not what was actually spent (e.g. if they saved money for some item).

Commissioner Young gets back to the topic of leases – are they considered a contract? Mr. Curro says they are considered debt. Commissioner Young states that leases would always be part of the default budget, but if there was a purchase, it wouldn't be, therefore you could make the default budget always higher. Mr. Curro says that can happen, but there could also be a policy of purchasing items that becomes a reoccurring expense (e.g. police cars every three years), which would then become part of the default budget.

Vice Chair Navarro asks if one-time expenses are itemized on the default budget. Mr. Curro says no. Chairman Farmer asks if they provide the report. Mr. Curro says no.

Continued discussion on default budget and why it grows. It is because of contractual obligations (e.g. electricity for past year calculated a \$.01 / kilowatt, next year the agreement is for \$ .015 / kilowatt).

Commissioner Baldasaro asks Mr. Curro if the default budget would be a hit to the town, based on his experience. Mr. Curro says that the school is a single purpose government, which is educating the youth of Londonderry. For the town, there are many different purposes (police, fire, public works, code enforcement). In his opinion, it is easier to for the school if you're given a budget at the ballot box to figure out if it's an appropriate amount of money to spend or not. For the town, with its different purposes, one number for a variety of services would be difficult to figure out. Commissioner Baldasaro then asks if you could do a petitioned article for the school of 25 signatures. Mr. Curro says yes, it would be a warrant article that would go on the ballot. Commissioner Baldasaro asks if the School Board could make changes to it, Mr. Curro says no, it just goes directly to the voters.

Commissioner Wagner asks if the default budget would be escalated if there were higher costs, for example, to pay for overtime. Ms. Hickey points out it the default comes from only what's appropriated, not what the actual costs that were incurred. Commissioner Wagner then asks Mr. Curro, in general, how much higher is the default budget from the actual budget. Mr. Curro explains that when official ballot was adopted in 1995/1996, there was tremendous growth going on in the town, and the default budget was put in place as a mechanism to help slow down costs. Now, enrollment is maintaining at best or really going down. So now, the Superintendent, due to staff reductions, etc. has been able to reduce the operating budget and it's now lower than the default. Chairman Farmer asks if it can be sustained. Mr. Curro says until enrollment flattens or starts going up again.

Commissioner Wagner wonders if the default budget hurts the process, because you only get two choices. Mr. Curro says it's nice to have the default budget there as a guide and as a benchmark – it is a good financial tool.

Commissioner Baldasaro asks Sue Hickey what she sees happening if there is a default budget. Ms. Hickey says it would be same as Peter on the school side. You would have the same process. Something that is different is that the town does not have as many one-time costs as the school. There are a lot of special & separate articles. She does think a lot of the one-time expenses that people enjoy, such as Pettengill Road project, economic development, fire station, could be taken away. The operations of the community, such as ambulance, would stay the same, day-today functions wouldn't change. Chairman Farmer asks Ms. Hickey to clarify how the one-time expenses would be taken away. Ms. Hickey says a one-time expense would have to be taken out of the following year's budget. Chairman Farmer says couldn't the Town Manager, if he saw a need for it for the following year, put it into the Town Manager's budget. Mr. Curro further explains that passing a default budget for a few years in a row could hurt in times of prosperity. Commissioner Deb Paul does point out that if businesses came into town, there would be more tax revenue for the town and tax rates for individuals could stay the same. Why would voters mind voting for the increase if the burden was on the businesses instead of them.

Commissioner Baldasaro asks Ms. Hickey if vehicles for the police and fire are not part of the budget because they are special articles. Ms. Hickey says that police cars are leases, so they are part of the operating budget, but it is clarified that the big vehicles / fire equipment are purchased through capital reserves.

Commissioner Chris Paul asks if the school has ever had to use the default budget. Mr. Curro says no.

Commissioner Young makes point that the school has very limited revenue accounts. On the town side, if we switched our town government, how would revenue change default budget? Ms. Hickey says there would not be much effect. The effect would be on the tax rate, not the budget. Continued discussion on revenue

Chairman Farmer asks Ms. Hickey if we said yes to move forward with SB2, would there be any change to how we do business in Londonderry. Peter Curro says the difference would be if there is a particular issue, you can get people to go to a town meeting because it's the final meeting where decisions are made. Chairman Farmer states that that is an impact on an individual, but asks Sue Hickey how it impacts the town as a business. Ms. Hickey says there will be no change business-wise, the town will make it work with what the voters say. The impact is more a political issue rather than an operational issue.

### **Approval of Minutes**

Vice Chair Navarro makes a motion to adopt minutes from the April 26, 2010 meeting. Motion seconded by Commissioner Baldasaro. **Motion passed 8-0.**

### **Other Business**

Commissioner Young would like to find out from the town what the number of absentee ballots is. It would be good to see how many in a Presidential year or not. Chairman Farmer says he will ask Meg Seymour. Commissioner Young would like to compare, find out the percentages (300 or 400 in November with 10,000 votes cast vs. 60 absentee ballots out of 1400 showing up).

Commissioner Baldasaro would like to ask the DRA when they come about the RSA concerning the budget committee. He said some towns have the budget committee do their own budget. Chairman Farmer says it's through their town's charter that gives them the power to do a budget. Commissioner Baldasaro would like to find out the pros & cons of having the budget committee do their own budget.

Vice Chair Navarro asks if we can ask DRA if we can specify how budgets are reported. If we make the change to SB2, could we have budgets be more detailed so voters can make a more informed decision? Chairman Farmer wonders if we write that into the change.

Reed Clark, 79 Stonehenge Road, wonders if the May 24<sup>th</sup> meeting will be another informative meeting. Chairman Farmer says the public can talk at any of the meetings. On June 6<sup>th</sup> we will have preliminary talk about how we're going to write the report. Mr. Clark asks if there will be another public hearing before we take a vote. Vice Chair Navarro says that the next hearing will be after the preliminary vote. Continued discussion regarding holding another public hearing, but everyone agrees that all the meetings that we are holding are public, that people can come and make statements or ask questions at any time. Mr. Clark says he's surprised more people aren't coming to the meetings since it's dealing with a whole change of the system.

Pauline Caron, 369 Mammoth Road, asks if the Commission is going to have the Town Attorney here again before the Commission makes the preliminary report. Chairman Farmer says yes.

Commissioner Baldasaro makes a motion to adjourn. Motion seconded by Commissioner Chris Paul.  
**Motion to adjourn passed 8-0 at 8:50pm.**

**Next Meeting: Monday, May 24, 2010 at 7:00pm.**