

TOWN COUNCIL/BUDGET WORKSHOP
October 27, 2008

The Town Council/Budget Workshop meeting was held in the Moose Hill Council Chambers, Town Hall, 268B Mammoth Road, Londonderry.

PRESENT: Town Council: Chairman Marty Bove; Councilors Kathy Wagner, Paul DiMarco, Mike Brown; Town Manager, Dave Caron; ATM/Finance Dir., Sue Hickey and Margo Lapietro, Executive Assistant. Absent: Vice Chairman Brian Farmer.

Budget Members: – Jay Hooley, Mark Oswald, Deb Nowicki, Joe Green, and Tom Freda

CALL TO ORDER – PUBLIC SESSION

Chairman Bove opened the meeting at 7:02 PM with the Pledge of Allegiance. This was followed by a moment of silence for the men and women fighting for our country.

PUBLIC COMMENT

Chairman Bove clarified Halloween hours for the public. Trick-or-Treat will be celebrated on Friday 10/31/08 from 6-8 PM, and 7-9 PM at the Cable Studio.

OLD BUSINESS

FY10 Budget Presentation

General Government – Town Manager Caron presented the following budget:

The Town Council Budget has a reduction of \$500 in expenses. Councilor Brown questioned if Council actually spends \$1,500/yr. on expenses. Town Manager Caron said it depends on activities in the communities, some years it was over-expended, last year it was not.

Moderator – level funded no changes

Budget Committee – level funded, no changes – Councilor DiMarco questioned the \$50.00 listed in the budget. ATM/Dir. of Finance S. Hickey responded the last time the Budget Committee used that it was to publish the white paper or attend a budget workshop

Legal – Town Manager Caron stated that it continues to be funded at \$110K, we have \$10K for expenses related to collective bargaining. Councilor DiMarco asked if this was level funded because we only have used \$68K in 2008. He responded the legal activity varied. Our insurance company covers the defense cost and we pay the co-pay. Councilor Brown asked for a history of actual monies spent for legal issues for the past 5 years. Town Manager Caron said he would get that history for him.

General Government – Shows an increase of about 11 ½% or about \$56K. The increase is due to gasoline, and that number is expected to change. PSNH is expected to increase rates by up to 10%. Management Services are down by \$3K. The largest area for spending is for ground maintenances for all areas around all school buildings and town facilities. The school is responsible for all athletic fields. Councilor Wagner asked who is responsible for maintaining areas around historic buildings and the library. Town Manager Caron responded it was part of this contract. Councilor DiMarco asked about the Town Common, Town Manager Caron responded he believes it is part of this contract. .Rentals & Leases are up by \$4,460, most town owned buildings use natural gas; heat and oil are stable; expect same level of expenses. Repairs and maintenance of services are down almost \$10K. This item funds testing and monitoring various environmentally challenged properties owned by the town. We were scheduled this year for a planned 10 year review of the town garage site. EPA was alerted to our budget constraints, they agreed to partner with our consulting firm and will do some work themselves. That portion was taken out of the FY10. Councilor DiMarco questioned the line item for water services, are they utilities for all town owned buildings and are we expecting a rate increase. Town Manager Caron responded that hydrants went up significantly this year. The vast majority of that expense is not for the water we use, but rather the renting capacity for the sprinkler systems. Regional transportation went up \$6,500 this year; we are currently in the third and last year of this service contract. We are waiting for a report from them; they will be coming to speak with Council next summer to see if we want to continue with the project. Councilor Brown suggested letting the voters have a say in this program. Councilors Wagner, Brown and Budget Member Oswald said it would be a good idea to get statistics before we make a decision. M. Oswald suggested getting them in here this fall. Councilor Wagner said the amended budget is higher than the actual budget it would be a good idea to explain the reason for the increase. M. Oswald said due to the sensitivity of discussing salaries if necessary we should go into non-public to discuss salaries.

Town Manager – The budget is up about a ½ percent due to salary, wage and benefit adjustments. All operating costs are level funded or reduced from last year. Councilor Brown, DiMarco and Bove asked for clarification of the report due to the use of the new software program that generated the report. Mark Oswald, Budget Committee member requested if any line items exceed the budget amount, could the report list the explanation for the increases for all departments. Councilor Brown asked for an explanation of “level-funded”, Town Manager Caron responded unless it was reduced it has been budgeted for what it was the previous year.

Finance & Admin

Finance Dept. – presented by Susan Hickey. The total increase is \$45,410 or 8.3%. Increases were due to a one position salary adjustment; overtime; contractual and federal mandates; and tuition reimbursements. Decreases were in health insurance; seminars & workshops and bank services – specifically armored car services.

HR – This budget is included in the Finance Division Section. S. Hickey provided statistics for total full time and part-time employees; new hires; retirees; and terminations. An adjustment was made to one salary of \$18,600 to compensate accurately with the market and required responsibilities. Councilor Brown questioned how many of the total of 14 new hires were police. S. Hickey responded approximately 10. Councilor Brown said the policy direction from Council was not to add to staff but if the majority of new hires were related to the police it was different. Councilor Brown said close to half of the increase in her budget was for one position. S. Hickey responded the salary increase was \$12K for the one position and \$6K for the

retirement, benefits, etc for that position. Town Manager Caron said the MRI report recommended paying the higher salary for the town accountant position. Councilor Brown stated that he thought the goal for the MRI study was to reduce the budget, not increase it. Town Manager Caron responded the consultant was asked to look at whether the positions were needed and to see if there were any potential efficiencies between the school and the town. The report stated that everyone was working at 100% efficiency. The town was looking at maximizing the efficiencies of all of their positions; MRI alerted the town that one position is severely under compensated. He said the market salary is higher for the accountant position. T. Freda asked about the \$12K for armored car service. Town Manager Caron stated prices have been rising, currently reviewing alternate arrangements which would cut down that cost. Right now it has been eliminated from the budget, it may increase or it may stay the same. T. Freda asked why finance did not outsource payroll. Town Manager Caron explained MRI did an extensive analysis on that subject. S. Hickey directed him to page 8 of the MRI Report ending on page 12. She said the report said it was not cost effective to outsource. Discussion ensued about the processing of payroll.

Assessing – Town Assessor Karen Marchant said her budget increased by \$700. The Town Manager reduced that by \$175, resulting in a \$525 increase in the line item for postage. Next year if they send out an update and send out the notices she increased that budget by \$700. She will need to encumber the remaining postage remaining in the existing budget, use that \$700 plus other budget money just to send out the notices. Line items have been level or reduced and then added to another line so the only increase is the \$525 for postage. M. Oswald asked why the notices can't be mailed out bulk rate. J. Hooley, Budget Member and Postmaster responded the town would incur some costs prepping it for zip mail. The problem with bulk rate is if it is undeliverable the mail is disposed of. If you wanted them back you would have to endorse them "Return Service Requested" and that would be subject to additional fees. K. Marchant said she would have to check with LHS services to find out how much they would charge to do bulk rate as apposed to first class. Discussion ensued about bulk rate. Councilor DiMarco suggested sending e-mail invoices. K. Marchant responded we would have to have e-mail addresses for 9,200 people. Town Manager Caron responded we are regulated by state law, we have to follow a process and at this point in time we could not do that with e-mail.

Town Clerk/Tax Collector – TC/TC Meg Seymour stated her department was able to save money since going on e-reg, which resulted in a decrease in her budget of \$3,413. She also saved money by having the renewal notices list multiples on one sheet. She reviewed increases and decreases. She spoke about the armored car service and the involvement of her staff taking the money to the bank on a daily basis. She cited security issues were a major concern. She said she will try to re-negotiate the contract for lower rates. She addressed the part-time clerk position cut in the proposed 1% budget. She reported that since 2001 we have added an additional 4,500 vehicle registrations, the last year and a half they have had an additional 1,000 sewer bills; now processing 4000 every year. Since 2003 we have added an additional 227 tax bills. Since 2004 they have added one part-time position for 20 hours. The reclamation fee collected from vehicle registrations pays part of this part-time salary, \$18,500 collected last year. Her salary is \$21,315 of which most is covered from this fee. Other ways to increase revenues would be a Municipal Agent Fee, which could be increased and bring in an additional \$15K. She said they could increase the dog licensing by a \$1 and increase photo copy charges. Councilor Brown said he will give her points some thought but he said the status quo does not cut it now; he wants a default minus one percent budget. M. Seymour said most departments have one program they are responsible for; her department has 6 programs they deal with every day. Councilor Wagner

said she agrees with Councilor Brown but they have to do what is best for the community. The Town Clerk's office generates revenue like the Assessing Dept. If the part-time position is removed are we at risk of losing revenue, M. Seymour responded yes basically with the rental cars.

IT – S. Hickey reported there is a decrease of \$11,551 or 3 % in this budget. MRI recommended an increase to 1.6 full time employees. This will allow support of implemented technologies we currently have. She reviewed increases, adjustments and decreases. Councilor DiMarco questioned the decrease in the Management Services contract. S. Hickey responded prior years a lot of items went into Management Services, this year contracted services were broken out. Councilor DiMarco questioned why toner cartridges went up. Guy Blanchette, form EagleVue said it was a combination of an increase in prices and also it was due to the new printers in TC/TC, they now have 6 of them. M. Seymour said they have a contract with the state and have to purchase the toner cartridges through state suppliers. S. Hickey said for the most part we use recycled toners to save some money. The recycled toners do not work as well on the state printers. Deb Nowicki, Budget Member asked if we own the printers, why do we have to buy the toner cartridges. M. Seymour responded the state donated the printers, but according to their contract they have to order the supplies and cartridges through the state suppliers. J. Hooley questioned the budget differences from FY08 and FY09; S. Hickey explained it was the one time expense for implementation of our new software package. Councilor Brown asked why the report didn't summarize why the school and town couldn't work together. S. Hickey responded that MRI realized that the school and town IT did things different. The school side builds and fixes computers, the town side does a lot of management services and is MIS driven. The MRI report found that both the school and town were understaffed. S. Hickey said the increase is necessary at the very minimal. D. Nowicki asked if the outside consultants have the expertise to handle problems every day of the week, S. Hickey responded they do.

Debt Service – S. Hickey reported the budget decreased by \$15K from \$2.870 to \$2.855. The Net Property Tax Supported Debt was approximately \$2,487,462. T. Freda asked if the bond issue has changed, are we now selling bonds. She responded it has changed, the availability of buyers has gone up, the interest rate has dropped and the Town will go to market again in a couple of weeks.

Revenues - S. Hickey reported they have decreased due to: a drop in motor vehicle permit fees, and interest on deposits. An increase has been shown in impact revenues. Councilor Wagner questioned the drop in motor vehicle fees; asked if that was because people are not buying newer cars. M. Seymour confirmed that people were not buying new and more expensive cars with higher revenues. Town Manager Caron stated that revenues will be adjusted; we see some significant impacts that are a reflection of the economy. He said he wants to make sure that Council is presented a true picture of what the Town can expect starting 7/1/09. Discussion ensued about various line items in this budget. Town Manager Caron said the bond expense will go down, if we bond more than one bond issue, we can bond them together to save money.

Property Taxes – Town Manager Caron said he anticipates an increase of \$20M in assessed evaluation which is low. Undesignated fund balance and its accounting practices were discussed. Councilor Brown questioned how taking on debt is a revenue. S. Hickey explained it is a financing source; we have the expenditure side offset by loans. She said she has to record the revenue on the gross basis and gross up the revenue on both sides to balance the budget.

Councilor Brown also questioned the Open Space department head budget, S.Hickey explained the CIP Committee is the department head.

Municipal Insurance – S. Hickey explained the funding and municipal pool insurance. Town Manager Caron explained the increase has resulted in two things: what our exposures are in property and equipment and the second is the program with the Local Government Center (LGC) they anticipate a 9% adjustment for last year, this year and next year. That was preceded by no increase in the past 15 years. The costs are under market and they have been essentially using their fund balance the past 15 years. LGC is looking at it and may have adjustments sometime in December.

M. Oswald suggested that for the meeting scheduled for 11/3 that Council allow the Supervisors of the Checklist to be heard first. S. Hickey said she asked them if they wanted to come in on the Saturday 11/1/08 meeting but they chose the 11/3 meeting day and requested to be heard first.

S. Hickey announced the Budget Schedule for 11/1 has changed. Community Development will be first, followed by Public Safety, followed by Public Works. The 11/3 meeting has been adjusted which allowed the 11/6 meeting to be cancelled.

Councilor Brown asked when staff is going to meet with the School District to get their analysis of the MRI report. Town Manager Caron said he is waiting for the school to get back to him. He reminded Council that the report only covers HR, Finance and IT. There are a number of other areas they are continuing to collaborate on. Councilor Brown would like to ask the Council Chairman to speak to the Chairman of the School Board and set a date to meet jointly right away. Chairman Bove will arrange a date. Councilor Wagner requested that future Council meetings be conducted on the computer like the Planning Department is doing. Cut down the paperwork. S. Hickey said we have to provide copies to the public. The consensus was to do less paperwork and to use electronics.

ADJOURNMENT

Workshop was adjourned at 9:02 PM.

Notes and Tapes by: Margo Lapietro **Date:** 10/27/08

Minutes Typed by: Margo Lapietro **Date:** 10/30/08

Approved; Town Council **Date:** 11/03/08