

NEW DURHAM BOARD OF SELECTMEN
Budget Meeting
Fire Station Community Room
October 28, 2014, 9:00 a.m.

Present:

Chairman David Swenson
Selectman David Bickford
Selectman Theresa Jarvis

Also Present:

Jeremy Bourgeois, Town Administrator
Corky Mork, Videographer
Judith Crouse, Finance Officer
Mike Clarke, Road Agent
Jennifer Nadeau, Highway Department Office Manager
Laura Zuzgo, Welfare Officer
Dave Valladares, Equipment Mechanic
Greg Anthes, Resident
Rudy Rosiello, Resident

Call to Order

Chair Swenson called the meeting to order at 9:04a.m.

Account Review

Account 4312 – Highway Department and Street

Mike Clarke, Road Agent, asked if payroll increases are being addressed. Chair Swenson replied they are budgeted in another account.

Chair Swenson stated the 2014 Budget was \$809,778. The 2015 Proposed Budget is \$807,647 and the 2015 Default Budget is \$788,820.

The line items were discussed. Jennifer Nadeau, Highway Department Office Manager explained the actual proposed expenditures for line 110 is over because there has still not been an increase in the account for the merit raises.

Chair Swenson questioned line 140, Overtime Wages, and why the 2015 Default Budget was not the same as the 2014 Budget. Ms. Nadeau replied it was based on the same average of 300 hours as was used in 2014 but includes the merit raises of 2014.

Mr. Clarke stated line 330 was a new line he added. Chair Swenson asked why he didn't reduce the overtime line or other related lines when adding this. Mr. Clarke replied no employee was being cut but they would be driving a smaller truck, and by subcontracting services, it is taking the use of the large truck out of the equation. It was clarified this contract would be effective for November and December 2015.

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Chair Swenson stated he still doesn't understand why if they are contracting out, they are not saving money somewhere else. He stated the same amount of miles of road are being covered. Mr. Clarke stated that has been his point, he agrees and doesn't think they are saving any money. Work being done by contracted services would be doing what he does and he would not be plowing. There would be no cost reduction because the Road Agent is on salary.

Chair Swenson clarified that the proposed budget would be using the contracting services to displace what Mr. Clarke currently does. Mr. Clarke stated it would take the 6-wheel plow truck out of rotation and it would be a private contractor doing the work. Selectman Jarvis stated that prior to filling the seventh position, the Road Agent didn't have a plow route. Mr. Clarke stated he used the services of the Town Mechanic but that was more expensive and he has been taken out of the rotation. Mr. Clarke explained they managed to fill the position with a part timer. Selectman Bickford stated it sounds like they are adding a contractor rather than replacing a position. Selectman Jarvis replied the subcontractor is replacing the position left open when an individual retired a couple years ago.

Selectman Bickford asked about the other part time line for 1800 hours. Ms. Nadeau replied those are for the spring/summer/fall part time individual. Selectman Bickford stated that is almost full time hours. Mr. Clarke replied the individual was hired at the request of the Board of Selectmen, with an end date of November 30 and started at the end of April. He stated that with the various activities, sick time, vacation time, comp time, activities at the Town Hall and recreation field, the individual has been busy all summer. Mr. Clarke stated he needs to keep the hours in the line so he can come back to fill the position this winter when he needs it. Chair Swenson stated the hours need to be clarified how they are split over two or three people. It was clarified there are two seasonal part time individuals.

Mr. Clarke noted a lot of towns in the area are trying to get away from contracted services. He stated out of the 7 or 8 contractors in Town, only one has a big truck that could do the Town roads. There would be the costs for setting up someone's truck.

Chair Swenson stated there have been various opinions relative to contracting out versus retaining people as employees and using equipment owned by the Town. He stated there are positives and negatives for both. Chair Swenson stated do to this, 1) it only works if the department head is committed to making it work and 2) there needs to be a more holistic plan to show where hours are being saved. He stated that while there are equipment savings, they need to know where. Also, are there unseen costs or will there be a savings? Chair Swenson stated he agrees with Selectman Bickford to keep the line but not spend the \$26,000 and leave it at \$1.00. Selectman Jarvis stated the contract would only be for November and December 2015. Selectman Bickford stated that just keeping a truck for a year is going to be \$10,000. Mr. Clarke explained the cost difference in keeping the equipment and the costs of running it versus paying a contractor.

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Mr. Clarke stated that there are some individuals in Town who are working on a long-range plan for the Department which includes a road agent, two full time employees, doing away with some big equipment and contracting out services. He stated that if they try contracted services for a couple years and find out that it doesn't work, he doesn't want to have to come back and ask for \$250,000 to buy replacement equipment.

Selectman Jarvis asked whether the 300 hours would be strictly plowing hours and it would not include paying a contractor to be available. Mr. Clarke replied it is something that would be worked out with the contractor but right now the State is currently paying their contractors a set amount of money every two weeks, regardless of how much they actually plow. He explained some roads in New Durham are currently being maintained by the State.

Mr. Clarke stated that if he ends up privatizing a route in Town, the taxpayers won't be getting the level of service they are now. Selectman Bickford stated he disagrees with that statement. Selectman Bickford stated last year he observed Route 11 being clear while the Town roads had a couple inches of snow on them and it's not fair to say the State contractors aren't doing a good job. Mr. Clarke replied he was not referring to the State.

Selectman Bickford stated that if they have a truck that is on it's last leg, he wants to start putting money in the budget for contracting. Mr. Clarke explained the State had to go out and lease their own backhoes, as the expenses for subcontractors were getting too high. Selectman Bickford stated many towns don't try to own all the equipment and some only use subcontractors.

Selectman Jarvis stated she is not convinced contracted services will be adequate for what residents have come to expect from the Highway Department. It was agreed more information including cost justification is needed before going forward with contracted services.

Selectman Jarvis asked Town Administrator Bourgeois when the report from the Capital Improvement Committee would be finished. Town Administrator Bourgeois replied it should be approved by the Planning Board at their second meeting in November. Selectman Jarvis stated that even if the report has not been approved, she wants to have the draft to see what their thoughts are. Selectman Bickford replied it is difficult for the CIP to know which direction the Board of Selectmen want to go. Chair Swenson stated it is up to the CIP to determine the options and make recommendations as appropriate.

After discussion, it was agreed by consensus to keep line 330 funded with \$1.00 at this point in time until more information is received.

Selectman Jarvis noted that line 440 has a 2014 Budget of \$39,800 and the 2015 Default Budget is \$15,800. It was clarified this was a contract for crushing gravel which will not be done in 2015 and that's why it was removed. Mr. Clarke stated it is an expense every few years and if it's not going to be used, it didn't make sense to keep it in there.

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Chair Swenson asked about the radios. Mr. Clarke stated he doesn't see a reason for replacing any right now.

Various contracts for supplies and whether the default budget should reflect these were discussed.

The increasing costs of health benefits were discussed. Mr. Clarke stated that with the benefits costs going up 7% a year and employees only receiving ½% raises, it ends up costing employees to work for the Town. He stated he wants the Board of Selectmen to take that into consideration and think about doing a percentage raise for employees.

Chair Swenson summarized the 2015 Proposed Budget is \$781,488 which is less line 330 than the budget presented, and the 2015 Default Budget is now \$796,290.

Selectman Jarvis made a motion to approve account 4312, Highway and Streets with a 2015 Proposed Budget of \$781,488 and a 2015 Default Budget of \$796,290. Chair Swenson seconded the motion. Motion passed, 3-0.

Account 4316 – Street Lights

Chair Swenson stated the 2015 Proposed Budget is \$5,000 and the 2015 Default Budget is \$5,100. He noted the 2013 Actual Budget was \$5,095.40. Selectman Jarvis asked if there are any projected increases for electricity. Chair Swenson replied the projected expenditures for 2014 are \$4,900 so it should be in good shape.

Selectman Bickford made motion to approve account 4316, Street Lights, with a 2015 Proposed Budget of \$5,000 and a 2015 Default Budget of \$5,100. Selectman Jarvis seconded the motion. Motion passed, 3-0.

Account 4441 – Welfare

Selectman Jarvis noted the changes between the default and proposed budgets.

Chair Swenson stated the 2014 Budget was \$24,535, the 2015 Proposed Budget is \$24,035 and the 2015 Default Budget is \$24,535.

Selectman Jarvis asked if the increase in line 853 was enough. Laura Zuzgo, Welfare Officer, explained the costs for medical depends on the client and what their needs are.

Selectman Bickford asked why the salary line increased so much since 2013. It was noted the administrative costs are also higher, indicating more help being administered. Ms. Zuzgo stated there has also been increase in the hourly wage. She stated it is hard to predict how much will be used each year and it depends on who comes in and how much time it takes to help them. Chair Swenson noted the salary is based on 276 hours per year or 5.3 hours per week. Selectman Bickford stated the administrative cost of welfare is 23% of the budget.

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Chair Swenson stated the 2015 Proposed Budget is \$24,035 and the 2015 Default Budget is \$24,535.

Chair Swenson made a motion to approve account 4441, Welfare, for the 2015 Proposed Budget of \$24,035 and the 2015 Default Budget of \$24,535. Selectman Jarvis seconded the motion. Motion passed, 3-0.

Account 4415 – Health and Other Agencies

Chair Swenson stated the 2014 Budget was \$3,200, the 2015 Proposed Budget is \$11,462 and the 2015 Default Budget is \$3,200.

Town Administrator Bourgeois explained the Town contacts the agencies that ask for funding in the past, they then submit their requests that are reviewed and approved by the Board of Selectmen.

Selectman Jarvis stated a few years ago they started asking the agencies in their requests to include information on how the funding was spent and identify their services to individuals in the Town of New Durham.

Town Administrator Bourgeois stated he has looked at other communities that support these organizations and thinks the Town should support them more.

Chair Swenson asked how many are private, not-for-profit. It was clarified all of these are. Town Administrator Bourgeois stated the other thing to consider, is if these services aren't available to Town residents, the Town could potentially have to support the individuals through the Welfare budget.

Selectman Jarvis stated that if a community does donate to the VNA, the organization will continue to provide services to individuals who may not have appropriate insurance coverage. For the communities that don't support the organization, the individuals are billed for the services.

The breakdown of services provided by each of the agencies were reviewed.

Selectman Bickford noted that many towns put this on the warrant articles to let taxpayers decide if they want tax dollars to go to charities.

Chair Swenson stated he has a problem with tax dollars going to private, not-for-profit organizations and believes these should be supported by the private sector. The key issue is if you fund one are you not then obligated to fund all.

Selectman Jarvis replied she does not have a problem with it. She stated the Town does receive services in return that helps New Durham residents. Selectman Jarvis stated CAP helps many residents with getting fuel assistance, reduced electric rates and ensure the Food Pantry gets federal food so the Town does not need to put funding in the Welfare

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budget for that. Selectman Bickford stated that CAP is federally funded so there is no need for municipal funds to go towards it.

After discussion, it was agreed to reduce the funding for line 351 to \$1,500; line 352 to \$1,000; line 353 to \$1,000 and line 361 to \$1,000.

Chair Swenson stated the new 2015 Proposed Budget is \$5,000 and the 2015 Default Budget is \$3,200.

Selectman Jarvis made a motion to approve account 4415, Health and Other Agencies in the 2015 Proposed Budget of \$5,000 and the 2015 Default Budget of \$3,200. Line 351 has been increased to \$1,500; line 352 remains the same; line 353 has been increased to \$1,500 and line 361 is a new line at \$1,000. Chair Swenson seconded the motion. Discussion: Chair Swenson stated he is seconding this with major reservation as philosophically he has a major issue with it but thinks this is a reasonable compromise. **Motion passed, 2-1. Selectman Bickford opposed.** Selectman Bickford stated he is opposed because of the funding for CAP.

Account 4196 – Insurance (Property & Liability)

Chair Swenson stated the 2014 Budget was \$46,572, the 2015 Proposed Budget is \$49,661 and the 2015 Default Budget is \$46,572.

Chair Swenson clarified with Ms. Crouse that this is a contracted increase. Ms. Crouse replied it was based on the maximum increase. Selectman Jarvis stated she recalled locking in with a three-year price. Chair Swenson stated the Default Budget needs to be the same as the Proposed Budget because it is an obligation of a prior agreement. Chair Swenson explained that by locking in with a contract, it was a significant savings and there was a guarantee of not going above a certain percentage increase.

Selectman Jarvis made a motion to approve account 4196, Property and Liability Insurance, with the 2015 Proposed Budget of \$49,661 and the 2015 Default Budget of \$49,661. Chair Swenson seconded the motion. Motion passed, 3-0.

Account 4711 – Principal: Long Term Bonds & Notes

Selectman Jarvis noted the grader is paid off this year; the sand and salt building in 2024 and Marshes Pond dam will be paid off in 2023.

Chair Swenson stated the 2014 Budget was \$87,721, the 2015 Proposed Budget is \$83,985 and the 2015 Default Budget is \$87,721. Chair Swenson asked if these expenses are obligated, why isn't the Default Budget the same as the Proposed Budget. Chair Swenson suggested that the Default Budget needs to be \$83,985. The reason for the difference between 2014 and 2015 is the grader comes off of the monthly payments in April of 2015.

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Selectman Jarvis made a motion to approve account 4711, Principal: Long Term Bonds and Notes with a 2015 Proposed Budget is \$83,985 and a 2015 Default Budget of \$83,985. Selectman Bickford seconded the motion. Motion passed, 3-0.

Account 4721 – Interest: Long Term Bonds & Notes

Chair Swenson stated this consists of the sand and salt building, March's Pond dam and the grader. He stated the 2014 Budget was \$28,764, the 2015 Proposed Budget is \$24,913 and the 2015 Default Budget is \$28,764. Chair Swenson stated that using the same rationale as in the previous account, the Default Budget should be the same as the Proposed Budget.

Selectman Bickford made a motion to approve account 4721, Interest: Long Term Bonds and Notes, for the 2015 Proposed Budget of \$24,913 and the 2015 Default Budget of \$24,913. Selectman Jarvis seconded the motion. Motion passed, 3-0.

Account 4723 – Interest on TAN

Chair Swenson stated this is currently a place-holder account in case there is a tax funding or loan requirement in anticipation of anything that might be required for a cash flow. He stated the 2014 Budget was \$1.00, the 2015 Proposed Budget is \$1.00 and the 2015 Default Budget is \$1.00.

Selectman Bickford stated they don't really need to do this account but it keeps the line open.

Selectman Jarvis made a motion to approve account 4723, Interest on TAN, the 2015 Proposed Budget of \$1.00 and the 2015 Default Budget of \$1.00. Selectman Bickford seconded the motion. Motion passed, 3-0.

The meeting was recessed at 11:27a.m. Chair Swenson reconvened the meeting at 1:04p.m.

Chair Swenson stated this session was scheduled for an Anticipated Revenues and Tax Rate discussion but information still has not been received from the State of New Hampshire. He stated the discussion date is to be determined, based on when the information is received from the State of New Hampshire.

Chair Swenson noted account 4952, Assessing, was postponed because they were going to be reviewing the contracted information yet to be received. He suggested it be put in for the December 1, 2014 meeting.

Account 4319- Equipment Mechanic

Chair Swenson stated the 2014 Budget was \$150,465, the 2015 Proposed Budget is \$138,915 with a 2015 Default Budget of \$149,436.

Dave Valladares, Equipment Mechanic gave an explanation and overview of the line items.

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Selectman Jarvis asked if there were any plans to replace the 2004 Highway truck or if it would affect the contracted services. Mr. Valladares replied this budget was designed with keeping the truck.

Mr. Valladares explained that any services he can't do, is paid out under the contracted services line.

Selectman Bickford stated the costs should come out of each department's budget rather than here. Mr. Valladares stated he can run reports for any equipment and show the costs associated with it for tracking. He stated he is not aware of any other town of this size that has it's own maintenance department. Mr. Valladares stated he can also run reports for each department.

Chair Swenson stated another issue is whether departments would be capable of determining what needs to be fixed by outside contracting or what could be fixed by Mr. Valladares' department. Selectman Bickford stated Mr. Valladares can make the determination but it would spread out the costs. He stated that if something is done for a department, it should be charged to the department.

Selectman Jarvis stated that an advantage to having everything in this budget, is when there is an unexpected expense, Mr. Valladares can take money from one line item to cover the expenditure but he would lose that flexibility doing it the other way. Selectman Bickford replied the Board of Selectmen always have the flexibility anyways.

Selectman Jarvis noted Mr. Valladares is working on researching a lot of different things ranging from staffing, etc., and stated there will hopefully be 11 months worth of data by December that is going to give more detail with what it takes to maintain a vehicle along with Mr. Valladares' time. She suggested that if they are going to switch things around, it should be done for the 2016 Budget. Selectman Jarvis noted that if they move the costs around, they will also need to prorate the mechanic and office manager's time, etc. to the other departments as well.

Chair Swenson confirmed it is the Board of Selectmen's' decision to keep the departments under the mechanic's budget or to do otherwise.

Chair Swenson referenced the Board of Selectmen meeting minutes of October 22, 2012, stating there was a motion by Selectman Jarvis, effective for the 2014 Budget, that departments will have as many specifics as possible to include benefits, electricity, and septic lines. He stated that was done for the 2014 Budget. Chair Swenson went on to reference a motion made by Selectman Bickford to change the budget for 2013 to reflect what the Library and Town of Barnstead do for their budgets. Chair Swenson stated it is not clear what he meant by that. Selectman Bickford replied they took a copy of Barnstead's budget and asked the Finance Officer to make it reflect what they do, which means it would be laid out the same way. He stated the idea is to break it down to the

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departments. Chair Swenson stated the specificity in the spreadsheets was clearly done. He stated it is still unclear in what was meant in the motion.

Selectman Jarvis stated that what was done, was similar to the Library, where they started including each subaccount.

After review, Chair Swenson summarized there are six line items that as a group need to be determined how to be handled. Those are line 330, Contracted Services; line 634, Recreation Equipment; line 660, Highway Vehicles; line 661, Police Vehicles; line 662, Fire Vehicles and line 663 for Solid Waste. Mr. Valladares stated he would include line 610, Supplies to be moved as well.

It was noted that the software database does allow Mr. Valladares' hours to be tracked with each vehicle as well. Selectman Bickford stated he wants to have in-house support services be able to break down what they are doing. Mr. Valladares clarified Selectman Bickford is looking to get accuracy and accountability for each department. Selectman Bickford replied that is correct. Mr. Valladares stated that is the intention of the software database.

Rudy Rosiello, resident, stated there are some direct operating expenses that the department heads have direct control over, and then there is this case where there are indirect operating expenses. He reiterated the software can flag accounts and follow expenses for departments.

Chair Swenson stated that while he sees the rationale for being able to track expenses with the appropriate accounts, he suggests making it a point for the 2016 Budget that the process include a rate that is charged to the accounts, an estimated projection for each, along with a contracted amount and then the departments would have in their respective budgets that amount. Selectman Jarvis agreed this would be a good approach.

Selectman Jarvis made a motion to approve account 4319, Equipment Mechanic and a 2015 Proposed Budget in the amount of \$138,915 with a 2015 Default Budget of \$149,736. Selectman Bickford seconded the motion. Motion passed, 3-0.

Account 4901 – Lands & Improvements

Chair Swenson stated the 2014 Budget was \$215,651, the 2015 Proposed Budget is \$256,050.

Chair Swenson stated the pieces being proposed for roadwork include $\frac{3}{4}$ mile on Brackett Road, $\frac{1}{2}$ mile on Wentworth Road, $\frac{3}{4}$ mile on Ragged Mountain Road, 1 mile on Kings Highway and 1 mile on North Shore Road. All with 1 $\frac{1}{2}$ " overlays.

Mr. Clarke stated they have received a State highway block grant for 2015 in the amount of \$97,687. Clarke stated the increase in the gas tax as passed by the legislature might affect them getting a little more money in the highway block grant. Chair Swenson confirmed the \$256,050 is not net of the grant amount that will partially offset the costs.

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Selectman Bickford stated it seemed like the roads were just done. Mr. Clarke explained a 2" base coat was done two years ago on these roads.

Mr. Clarke explained the usual process with reclaiming roads as well as how other towns do it. He noted he has not changed the RSMS scheduled from last year. It is anticipated to reflect the costs from 2013.

Mr. Rosiello asked if it is cheaper to maintain a gravel or paved road. He also stated there is logging going on at the Middleton and New Durham line and asked if when there is logging, are there any impact fees collected for the damage caused to the roads. Chair Swenson replied there are no impact fees. Mr. Clarke replied it is his decision whether he requests a road bond from the logger and typically on a dirt road, he doesn't request a bond. He stated he is not aware of the damage Mr. Rosiello is referring to.

Mr. Clarke explained the process in maintaining dirt roads, noting that typically the summer maintenance involved putting down calcium chloride and grading. He stated the roads are also posted during the spring to keep the logging trucks off and to prevent potholes.

Mr. Anthes asked about the four miles of paving and whether it is repaving. It was clarified it includes three miles of overlay and one mile of chip-seal on existing paved roads. Mr. Anthes asked if anything is going to be done about turning gravel roads into paved roads. Mr. Clarke replied not at this point, but it has been asked of him as part of the questions Selectman Bickford and members of the CIP have posed. Mr. Clarke stated that once paving is done, it does cost more to maintain a gravel road than a paved road.

Chair Swenson asked what the cost is of paving a mile of dirt road, with the base ready. Selectman Jarvis noted it costs more to get the road ready for paving. Mr. Clarke explained the town rules and regulations of building a road can be difficult with the existing gravel roads due to their widths. Selectman Bickford suggested considering how much they can expand and noted some of the areas that are gravel but basically ready to be paved.

Selectman Jarvis asked how long is the portion of Ten Rod Road Extension for which they have an estimate. Mr. Clarke replied it is 6/10 of a mile. Selectman Jarvis noted the preliminary estimate was \$502,000. Mr. Clarke replied that was done by CMA engineers and noted all the drainage was brought up and replaced but it would still need to be widened; stonewalls would need to be moved as well. He stated Selectman Bickford is correct in his statement that it would be the first dirt road in Town that still has minimal work to be done before paving.

Chair Swenson summarized the discussion that they will take a look at that and develop a priority plan as to when it would be financially appropriate to convert the roads.

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Selectman Bickford asked Mr. Clarke if there were any roads he would swap out in order to do that road. Mr. Clarke replied no, because to get that road to the proper standards, it is going to get into quite a bit of work that he hasn't budgeted for this year. He stated that when he does prioritize, he would consider putting a project like that out to bid.

Chair Swenson made a motion to approve account 4901, Land & Improvements, for the 2015 Proposed Budget of \$256,050 and the 2015 Default Budget of \$256,050. Selectman Jarvis seconded the motion. Motion passed, 3-0.

Account 4909 – Improvements Other Than Buildings

Chair Swenson stated there is nothing else in this account than a line for milfoil. This has already been discussed, and noted there is no other action needed than to accept the remaining lines at \$0.00.

Selectman Jarvis made a motion to approve account 4909, Improvements Other Than Buildings for the 2015 Proposed Budget in the amount of \$18,800 with a 2015 Default Budget of \$18,200. Chair Swenson seconded the motion. Motion passed, 3-0.

Chair Swenson reiterated that the Anticipated Revenue and Tax Rate discussion that was scheduled for today couldn't be done as they do not have sufficient information from the State of New Hampshire. The scheduled discussion will be determined after the information has been received.

Approval of Minutes

Postponed until the next meeting.

Adjourn

Selectman Bickford made a motion to adjourn the meeting. Selectman Jarvis seconded the motion. Motion passed, 3-0. The meeting was adjourned at 2:45p.m.

Respectfully Submitted,

Jennifer Riel, Recording Secretary