

NEW DURHAM BUDGET COMMITTEE & BOARD OF SELECTMEN
Joint Public Meeting
New Durham Town Hall
September 3, 2014, 7:00p.m.

DRAFT: These minutes are strictly a draft copy and are awaiting amendment or approval at a subsequent, duly noticed public meeting. Amendments to these minutes will be noted in the minutes of said meeting. The draft will be posted on the website as a draft copy for public informational use only.

Present:

Chairman David Swenson, Board of Selectmen
Selectman David Bickford
Selectman Theresa Jarvis
Chairman David Curry, Budget Committee
Catherine Orlowicz, Budget Committee Member
Ellen Phillips, Budget Committee Member
James R. Jones, Budget Committee Member
Tony Bonanno, Budget Committee Member
Dave Shagoury, Budget Committee Member

Also Present:

Jeremy Bourgeois, Town Administrator
Jennifer Riel, Minute Taker
Corkey Mork, Videographer
Judith Krause, Finance Officer
Gregory Anthes, Resident

Call to Order

Chair Swenson called the joint Board of Selectmen meeting to order at 7:00 p.m.

Chair Curry called the Budget Committee meeting to order at 7:00 p.m.

Introductions were made.

2015 Budget Discussion

Chair Swenson explained that since the SB2 form of government was voted in at the last Town Meeting, there are a few things there different in the budget process. These were reviewed.

The draft budget schedule was also reviewed. Chair Swenson stated that if the draft schedule is adhered to as written, the Board of Selectmen's review and decisions on the budgets would be completed by December 1. He stated there may be changes due to discussion areas that need to be revisited.

Chair Swenson stated that per the SB2 guidelines, the Budget Committee must have a

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complete budget by January 20, 2015 and all budgets must be posted no later than January 26, 2015. He stated the deliberative session would be set for the end of January or first week of February. The Board of Selectmen and Budget Committee would meet after the deliberative session to prepare the budget for a final vote.

Chair Swenson stated that as the budget for 2015 is developed, a default budget must also be developed. Chair Swenson suggested it would generally be similar to the 2014 budget with a couple changes relative to contractual obligations of 2015.

David Curry, Chair of the Budget Committee, stated his understanding is any kind of meeting after the deliberative session that may be held, is only to judge whether the Committee would continue to recommend the budget. Chair Swenson concurred that is correct and they will only determine a recommendation or non-recommendation following the deliberative session.

Catherine Orlowicz, Budget Committee member asked that a timeline be distributed for all members.

Chair Curry replied that since the Board of Selectmen has now developed a draft schedule, he would develop a staggered schedule for the Budget Committee meetings.

Chair Curry noted that historically, there is more than one meeting between the Budget Committee and Board of Selectmen, particularly with the larger accounts and departments. He stated he liked the process used in the past, where each Board of Selectmen member reviews suggestions, makes notes and then the Budget Committee receives and reviews that information.

Selectman Jarvis replied in the past she did not get the questions in advance but if that can be done, it would be a good process to follow. Chair Curry stated he understands the challenge in asking a question can generate another question, but he wants there to be a record kept that can be forwarded to the Committee so the same questions are not repeated. Chair Swenson asked Town Administrator Bourgeois to be sure to distribute the responses to questions to the Budget Committee.

Selectman Jarvis noted many members will be attending the NHMA budget training sessions and would be able to bring back information regarding final dates. Chair Swenson noted the NHMA website also outlines important dates for review.

Tony Bonanno, Budget Committee Member, asked if Committee members need to bring their budget books from last year. Chair Swenson replied they would receive new information by piece-mail to update their own books. Chair Curry suggested Budget Committee members plan to arrive 15 minutes early for meetings in order to review the information distributed.

Selectman Jarvis stated that unlike last year, each committee and department has a staggered due date for their reports. This is reflected in the schedule showing when they

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are due to the Finance Officer and then the Board of Selectmen.

Chair Swenson stated that in his opinion, the schedule developed by the Board of Selectmen is a fair schedule in terms of when information is due, and he is going to hold to the due dates.

Chair Curry replied the Budget Committee is driven by what is completed, and it has happened numerous times where the Budget Committee is pre-approving things when the Board of Selectmen hasn't had time to review it and this creates a lot of re-work. He stated there was time in past years to do that but SB2 changes that. Chair Curry stated he is in favor of the submittal of the default budget but needs the Board of Selectmen to resolve issues such as policy issues, before they get to the Budget Committee.

Chair Swenson outlined five headings to be covered in the budget information sheet: 2013 Actual Budget, 2014 Budget, 2014 Projected Budget, 2015 Budget and 2015 Default Budget. Chair Curry asked why the 2013 Budget was not included. Chair Curry stated it is helpful to know what is budgeted for past years that is not being spent. Chair Swenson suggested if there is additional information needed that would be helpful, the Finance Officer may be able to provide it.

Ms. Orlowicz asked if there would be a standardized form for reports being submitted. Chair Swenson replied there would be and it will include the above five headings. If additional information is needed, they need to request it from the Finance Officer.

Chair Curry added that the spreadsheet being used for the budget from each department has subheadings for each account and is divided into lines. He stated the backup request goes through the line items, stating why the money is needed. He noted he did not see anywhere noted that it is an assumed zero-based budget. It was clarified there is a requirement behind every cost. Chair Curry stated that for every line the department head is justifying, there should be a justifiable purpose and explanation.

Chair Swenson stated the Board of Selectmen also wants the reports to include the year-to-date expenses of departments and accounts. Selectman Jarvis stated she finds it interesting to look at the accounts from this perspective.

Chair Swenson stated in the past few years, the Board of Selectmen recognize there is a separate account used for raises, which are dispersed as necessary with favorable evaluations. He suggested they use the same approach in this year's budget.

Chair Curry asked how that would be reflected in the default budget. Chair Swenson replied the default budget is a contractually obligated budget and would reflect the raises given in 2014. Chair Curry suggested that would show up in the salary lines of each department. Chair Swenson stated the 2014 Projected would not be the same as the 2015 default budget because the raises would not actually occur until roughly April. It was clarified the default would be calculated a little higher because of that.

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Chair Swenson explained the Board of Selectmen has a series of goals for this year, one of which was to establish a percentage for the fund balance. He stated at the last Board of Selectmen meeting the undesignated fund balance of 8% was set as a goal and guideline.

Chair Swenson stated the Board of Selectmen also has to make a determination as to the use of impact fees. He stated historically it has been applied to the school tax rate but in actuality that is not required although it easier for tracking if it is applied that way. He stated the taxpayers get the net benefit, whether it is applied to the school or Town rate.

Chair Curry asked if there has been any budgeting guidance advice offered to the operating department heads as to what their raise figures should be. Chair Swenson replied he is not aware of any. He clarified that historically the department heads use the current rate in planning but because raises are put in a separate account, the Board of Selectmen usually determines that number. Chair Curry clarified that by November 4, the Board of Selectmen will have made the decision as to what amount of money will be put there. Selectman Jarvis replied they will have made the determination as to the percentage of money put into that account.

Ms. Orlowicz asked if there was any money remaining to be appropriated to that account. Chair Swenson confirmed there was in 2013 and there is in 2014. Selectman Jarvis replied they used the money that remained in that account for the upgrading of the IT equipment because there were no solid figures that could be put in to the budget back in October 2013.

Ms. Orlowicz asked if there is an expendable trust fund where this money is held and where it goes if it is not expended by the end of the year. Chair Swenson replied the Board of Selectmen can determine the use of the funds if not otherwise assigned. Selectman Jarvis replied that because it was in the operational fund, the Board of Selectmen had the authority to transfer it to other funds from one account to another to spend the money, but any that is not used by the end of the year, is put in to the unexpended fund balance which can be used in a variety of ways. Selectman Jarvis stated that last year, these funds were used to offset warrant articles. Ms. Orlowicz asked to get the amount that was left over last year from the raise pool. Chair Curry stated that in 2013 some was allocated to the technology fund but the remaining balance is unclear. Chair Swenson stated the Finance Officer could get the information. Ms. Orlowicz stated her point is that they are expecting department heads to have zero fund balances but the Board of Selectmen is taking what ever is left over and spending it however they want.

Chair Swenson stated the Board of Selectmen can allocate the money in any department in any way they so choose. Ms. Orlowicz suggested they ask for only what they are going to spend.

Selectman Bickford stated if there is a historical pattern, that is what needs to be watched and the Board of Selectmen need to close the gap with what they are requesting and what is being spent.

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Chair Curry asked what the Board of Selectmen proposes as the uses for money left over in the unexpended trust fund. He stated it has been discussed about buying down warrant articles, lowering the tax rate for the school but he stated he doesn't understand what net benefit there is to the taxpayer when it goes to the school department. Chair Curry stated that if the Town saves money, it should be credited to the Town tax and not the school department budget.

Chair Swenson clarified that some of the unexpended funds were used to lower the New Durham operational rate, not the school rate. He stated there is an impact fee that the Town collects which at the time the Board of Selectmen were informed it needed to be used for the school but since that time further research has been done and it was determined that is not correct.

Chair Curry suggested that if there is money left over in the operating budget, after the 8% reserve is covered, it should go to reducing the tax rate for the Town. Chair Swenson agreed and stated it could also go towards warrant articles.

Chair Curry asked regarding the usage of impact fees, what are the allowable uses. Chair Swenson replied putting it toward the school one is the easiest way to track but it has to be clearly shown what the source of those funds are. He stated it could be used for solid waste, etc. Ms. Orlowicz stated as she understands it, according to the Planning Board, monies raised for a particular purpose, such as impact fees for the school, are to be used for the school. Other uses have to be specifically voted on and she stated the current impact fees were raised for that purpose only. Chair Swenson replied that is not clear based on the information he has seen.

Chair Curry clarified that at the time when the impact fees were enacted, the purpose was designated as use for the school. All agreed it was, however, according to the RSA, there can be other uses if they are predetermined.

Chair Curry asked about the Board of Selectmen goals and where he could get that information. Chair Swenson replied those were established in March and available for public review on the Town website.

Ms. Orlowicz asked what the 8% reserve fund balance reflects. Chair Swenson replied it is 8% of the total financial obligation of the Town, which is defined as the Town operational expenses, school expenses, State and county educational expenses.

Chair Curry explained expectations about the Budget Committee. He stated the Committee is not intended to be a rubber stamp and they are exercising their authority as representatives of the people, but they are not going to debate policy issues. In the end, there is reconciliation between the Board of Selectmen and Budget Committee's recommendations. He stated the Budget Committee is the recipient of the communication between the Board of Selectmen and department heads. Chair Curry stated the Budget Committee will not meet for more than two hours at any given meeting, with all members having an opportunity to speak. Chair Curry stated he doesn't want policy discussed by

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the Budget Committee but they will review and give their recommendations.

Selectman Bickford asked if Chair Curry foresees needing to have Town staff present for all the Budget Committee meetings. Chair Curry replied it is helpful to have the Finance Officer and Town Administrator Bourgeois available at the meetings during the budget process. He stated there needs to be someone at the meetings to defend the budget proposals in place of the department heads, committee members, etc. Chair Swenson agreed it would seem unusual if the individual responsible for administering the day-to-day budget were not present.

Selectman Jarvis asked if going forward, all Budget Committee meetings would be held on Wednesdays. It was agreed Wednesday works for everyone and the Town Hall is available.

Chair Curry stated the end of the quarter meeting for the Budget Committee needs to be set. After discussion, it was agreed to meet October 15, 2014.

Adjourn

Selectman Jarvis made a motion to adjourn the Board of Selectmen meeting. Selectman Bickford seconded the motion. Motion passed, 3-0.

Chair Curry made a motion to adjourn the Budget Committee meeting. Dave Shagoury seconded the motion. Motion passed, 6-0.

Meeting was adjourned at 8:04 p.m.

Respectfully Submitted,

Jennifer Riel, Minute Taker