



### **Budget Committee**

**Margaret Allen  
Dickie Garnett  
Michael Golden**

**Robert Hamilton  
Victoria Kilroy  
Larry Miller**

**David Peck  
Richard Stanton  
Michael Walzak**

### *Budget Committee Minutes*

Wednesday, November 28, 2012 at 7:00 pm

Where: Town Hall

**Attendance:** Selectman Maggiore sat in for Selectman Miller, all other Budget Committee members were present.

### **Pledge of Allegiance**

### **Review FY13-14 North Hampton Town Budget with Interim Town Administrator, Dave Caron and Department Heads and Staff.**

Ms. Grant reviewed the Library proposed budget with increases in salary and programming. Mr. Stanton inquired about Warrants and Ms. Grant responded there would probably be one for about \$100.0K per approval of the trustees. Mr. Stanton read the proposed budget number of \$354,175.51, +1.5% over last year. Mr. Stanton asked how much was in the Building Fund for which Ms. Grant responded \$500.0K which included the Capital Reserve Fund. Mr. Golden asked for a detail of the Warrant when it is approved.

Mr. Caron spoke to the status of the Conservation Funds. Capital Reserve #8 is \$465.0K, Little River \$34.0K, Saltmarsh Preservation \$7.9K and Dalton Forest \$4.3K. He then discussed the following document with the Budget Committee, appendices and schedules are available at the Town Office.

DAVID R. CARON  
INTERIM TOWN ADMINISTRATOR  
dcaron@northhampton-nh.gov



MUNICIPAL OFFICES  
233 ATLANTIC AVENUE  
NORTH HAMPTON, NH 03862

TEL: (603) 964-8087  
FAX: (603) 964-1514

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE  
OFFICE of the TOWN ADMINISTRATOR

TO: Municipal Budget Committee  
FROM: Dave Caron, Interim Town Administrator  
RE: Supplemental FY14 Budget Information  
DATE: November 26, 2012  
CC: Select Board

The Budget Committee at its November 7, 2012 meeting requested additional information on a number of various topics. Staff has developed data which we hope is responsive to your request:

- 1) Status of Conservation Funds – Finance is currently updating month end reports and reconciliations – we expect to share this information tomorrow.
- 2) Document Management Program – As the BudCom is aware, there is approximately \$42,000 in a capital reserve fund to address the Town's document management needs. The Town currently manages its documents through paper copy only, and needs to look at electronic conversion and a more efficient method of cataloging the paper copies which by statute may need to remain in that format. Staff was collaborating with town volunteers on this project; we have received and are reviewing information on this project. We will be developing a project budget and timeline, after which the Select Board may determine its priority within the goals and objectives.
- 3) Recreation Facility Upgrade – The Recreation Department has requested \$25,000 through the Town's Capital Improvement Plan process to address drainage and parking lot deficiencies at Dearborn Park. First, staff will be approaching Aquarion to cost-share on this work as both entities utilizing the entrance for access to their respective facilities.

The BudCom had inquired whether the Town could use a portion of the Cap Reserve Fund #3, Tennis Courts for this work. We have researched the authorizing language, which specifically restricts expenditures to "repairs and refurbishment of the Town's tennis courts", therefore, these funds are not available for this project.

Approved

- 4) Analysis of 2011 and 2010 tax rates – Earlier, we had sent out under separate cover an explanation of the tax rate decrease from 2010. Finance Director Doug Smith completed an analysis of the 2012 Tax Rate compared to the 2011 Tax Rate; that information is listed in **Appendix A**. Generally, the rate decrease is attributable to these main factors:
- The net local school appropriation decreased by \$136,308.
  - The Town experienced a slight increase in its assessment base.

If the Town's assessment base had remained constant, the 2012 rate would have been \$16.18, an increase of \$0.07; the increase in the assessment base reduced that rate by \$0.13 to the final rate of \$16.05.

- 5) Breakdown of Estimated Town Tax Rate – The BudCom requested a breakdown of the anticipated tax rate with the current proposed budget (the Select Board will be reviewing the warrant articles at its December 3 meeting):

Article 5 – Operating Budget	(\$5,863,326)	\$ 4.32
Article 6 – Health Stabilization Fund	(\$ 25,000)	\$ 0.025
Article 7 – Mosquito Control CR	(\$ 158,597)	\$ 0.16
Article 8 – Earned Time Settlement	(\$ 10,000)	\$ 0.01
Article 9 – Bldg. Maint. CR	(\$ 110,000)	\$ 0.11
Article 10 – Road Resurfacing	(\$ 165,000)	\$ 0.13
Article 11 – Lease Purchase Cruiser	(\$ 26,400)	\$ 0.00
Article 12 – Lease Purchase Truck	(\$ 177,100)	\$ 0.025
Article 15 – FD Ambulance	(\$ 200,000)	\$ 0.00
Article 17 – FD Protective Clothing	(\$ 18,500)	\$ 0.00
Article 18 – PD Portable Radios	(\$ 31,500)	\$ 0.00
Article 19 – Dearborn Park Drainage	(\$ 25,000)	<u>\$ 0.025</u>
		<b>\$ 4.79</b>
Property Tax Overlay	(\$ 125,000)	\$ 0.12
Veterans' Exemptions	(\$ 178,250)	<u>\$ 0.18</u>
		<b>\$ 5.09</b>

- 6) STD/LTD Waiting Period – The following provisions apply to Short Term Disability policy provided to various employee groups:

Non-represented employees	2/3 salary after 15 days disability, up to 24 months
Fire employees (LTD only)	2/3 salary after 23 shifts up to 24 months
Police and DPW employees	2/3 salary after all leave is exhausted, up to 24 months

- 7) Lease/Purchase Schedule for Equipment – Attached as **Appendix B** is a spreadsheet which displays the current lease/purchase agreements for equipment, and those future agreements contemplated in the CIP.
- 8) Street Lighting – The Energy Committee developed a comprehensive report on the inventory of street lights in the community, along with identification of lights to be considered for removal. After review and discussion last year, the Select Board decided not to remove any street lights.

Approved

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- 9) Updated CIP – Attached as **Appendix C** is the CIP Committee’s most recent draft listing of projects.

Lastly, DPW Director John Hubbard has prepared a brief description of accounts within his budget, which is attached for your information.

Approved

After discussion regarding Street Lights with Ms. Kilroy and Messrs. Maggiore and Caron, Mr. Stanton suggested the Select Board re-visit the Street Lighting report prepared by the Energy Committee.

Mr. Stanton proceeded to note that the CIP is public information. He then read through the prioritized CIP list and explained this was an effort to level off spending in the coming years.

Mr. Peck reviewed his 12 month rolling expenditures analysis noting that our original goal was to have a 1.8% increase based on affordability for taxpayers. He further noted that the Town budget exceeded that goal and his analysis highlighted potential opportunities to bring the proposed budget to the goal.

Discussion of the 12 month expenditure analysis occurred. Mr. Peck emphasized that his analysis was an effort to find a compromise between the 12 month actual expended plus 5% and the proposed budget on controllable line items. Mr. Stanton noted that this was a useful tool for asking questions about what appears to be significant increases.

Mr. Caron offered that he is used to looking at FY v. FY and that some line items show a large increase because in order to hit the bottom line departmental number, particular line items were purposely under spent and that the 12 month expenditure does not reflect that. He further explained that of the 83 line items analyzed, \$704.0K was expended but using the 12 month expenditures plus 5% calculates to \$663.0K. Or, \$40.0K underfunded than what was spent 2 years ago.

A discussion of various line items occurred including town elections.

Mr. Golden requested the Committee get back to addressing the budget and proposed going line item by line item as it was currently 33% over the run rate.

Mr. Caron reviewed the Executive proposed budget, from which a discussion of Merit Pool ensued.

Mr. Peck suggested the Department Heads discuss their proposed budgets.

Chief Page discussed his department's budget specifically explaining the line items high-lighted in the 12 month rolling expenditure spreadsheet. It was found that there was a miss on the set-up of the new payroll software in calendar year 2011. Holiday Pay was not a line item at the time but Holiday Pay was spent through the Salary line. Telephone increase was due to the switch from Hampton NCIC hook-up, which was free, to Brentwood which has a fee plus a need for 4G air cards.



Mr. Peck requested telephone analysis across all departments as they all show an increase over expenditures.

Chief Page remarked that the 12 month expenditures does not include new equipment, its hook-up cost and if the budget gets cut 35%, it will run in the red 35%. Chief page also noted that office supplies historically has been under spent to cover other overages, but since he was under staffed, he used those funds to update the Records Room and even encumbered \$2.0K in order to complete the Records Room. He ended with stating the Police Department gave back \$59.0K in FY12 and that a new officer costs \$74.0K.

Mr. Stanton inquired about recycling old radios to DPW, Chief page stated they would only work on short distances without a repeater.

Chief Page distributed a detailed report for the 13 employee Police Department.

Chief Cote came next to discuss the Fire Department proposed budget. Mrs. Allen handed out her analysis of the Fire Department budget noting the retirement pushdown from the state and the contractual obligations outside of wages and healthcare.

Chief Cote stated that a majority of the lines not affected by the CBA or State/Federal regulations show a budgeted decrease. Salary shows an increase greater than 3% because of step increases, FICA and Retirement also were effected by the step increases.

Mr. Stanton asked if \$22.4K in Healthcare was the savings from switching to the Lumenos Plan. Chief Cote agreed.

Chief Cote stated that the Overtime liability for the Fire Department should be \$183.0K, but because there are two individuals with 26 years of experience each, it costs \$12.0K just to cover their vacations.

Mr. Peck questioned the increase over expenditures for Equipment Maintenance. Chief Cote responded that the Department of Labor inspection of all extinguishers for the town, which the FD is responsible for, revealed a need for many to be replaced.

Mr. Stanton inquired about the number of calls the ambulance made in the past year and explained that the number of calls made pays for the amount of dollars in the Reserve Fund. Chief Cote stated that \$102.0K in revenue was added to the account but the actual number of calls would have to be researched. Mr. Stanton emphasized the need to explain that to the public especially during Deliberative Session so they understand that the service provided pays for new equipment.

Mrs. Allen stated she hoped to find cuts to this budget but there seemed to be valid reasoning for each line item. Mr. Peck noted that two physicals cost \$1500.00. Mrs. Allen asked the Chief to look at the potential savings for new hires versus cutting the number of budgeted physicals from six to two. Chief Cote felt that the dollars would either have to come from one line or the other but that he would look at that.

Mr. Hamilton noted that FD budget only went up 0.5% net of the leased equipment but that the salary line had a greater increase than the CBA amount of 3%. Mr. Caron explained the FY13 Budget was constructed without the CBA so there would be a greater difference.

Chief Cote briefly discussed a 50/50 grant used to purchase six new pagers. He also discussed the potential Warrants of 10 sets of bunker gear \$18.9K, a new defibrillator with more services \$30-35.0K, and about \$200.0K for a new fire truck.

John Hubbard next discussed the Highway and DPW proposed budgets.

Mr. Peck asked for a definition of "On Call Pay". Mr. Hubbard said it was pay for being on call from November 15-April 15, for winter emergencies. Mr. Peck noted that there was no expenditures from the line item for the last several years. After some discussion, Mr. Caron indicated that the pay came out of the salary line but wasn't in the On Call line item due to the same accounting error found in the software change that lost track of Holiday Pay for the PD and FD.

On Overtime discussion led by Mr. Peck asking why the proposed budget was \$22.3K, \$8.0 more than expended the past 12 months. Messrs. Peck and Stanton requested a 3-4 year study of actual expenditures for Overtime and noted this might be an opportunity for a decrease. Mr. Garnett asked if Mr. Hubbard had an average expenditure. He said he did not, he felt the weather has been too erratic year to year and has gone to planning \$200.00 per employee per FY.

A discussion of the Highway Department lease schedule and replacement of equipment plan took place. Mr. Peck noted that maintenance should decrease as new equipment is purchased. Mr. Garnett noted that the CIP reflected a higher expense than expected for a 6 wheel dump truck.

A discussion of salt/sand purchases occurred. Mrs. Allen wondered if there was still inventory from last winter. Mr. Hubbard indicated the shed was full but replenishment in season should be expected. Mr. Hubbard reviewed tonnage for the past four years. Mr. Stanton calculated that the average was 600 tons per year and asked what does a ton cost. Mr. Hubbard responded \$59.52 per ton.

Mr. Peck re-opened the Overtime discussion and Mr. Hubbard indicated he would be in agreement with level funding that account.

Mr. Peck also noted that Electricity was +9%, Telephone +12%, Contract Snowplowing +65% over actual expenditures.

Mr. Hamilton stated that FY11-12 the budget was up 1.8%, excluding leases and that FY12-13 was +1.1% and FY13-14 +1%. He averaged this at about 1.3% over three years and felt this was very reasonable and good as long as there was money returned to the town.

Mr. Peck stated that we are trying to get closer to what our citizens' increases in income are, we can't say we can't find anything to cut.

There was discussion of the entire Highway budget report. It was noticed that perhaps the report had errors across several line items and that the numbers were not correct. Mr. Stanton requested a re-run of page 17 of the Town Budget. A request for an updated 12 month rolling report was also requested.

Mr. Hubbard began discussion of Solid Waste and stated there was a slight increase in tonnage but an increase in cost due to contractual obligations. Messrs. McCormick and Peck had a discussed tipping fees, tonnage and new accounting for those payables per the new auditors. It was decided that Mr. McCormick would construct a spreadsheet explaining all of the above.

Mr. Walzak asked if the auditors moved the Town from a cash to accrual basis and what impacts are there are from that change. Mr. McCormick answered that he

just received the auditor's adjustments and will better be able to respond later. He agreed that the Town was now on a modified accrual basis.

Discussion of Recycling decided that salaries, FICA, electricity, heating oil all had to be reviewed again.

Mr. Stanton suggested the rest of the review and questions wait until the next meeting with the Town when the Warrant Articles could also be reviewed.

### **Minutes of November 14, 2012**

Ms. Kilroy moved to accept, Mr. Peck second, approved 8-0-1

### **New Business**

North Hampton School tour this Saturday, December 1 and 8:00am to view the renovation needs in School Warrant.

Next meeting: December 5, 2012 Town Hall for second review of NHS Budget

### **Adjourn**

1. Motion to adjourn by Mr. Garnett, second Mr. Walzak. Meeting adjourned at 10:04pm