

**TOWN OF WOLFEBORO
BUDGET COMMITTEE
November 25, 2014
Minutes**

Members Present: John MacDonald, Chairman, Frank Giebutowski, Vice-Chairman, Harold Parker, Brian Black, Robert Moholland, John Burt, Matt Krause, Steve Johnson, Members.

Members Absent: Dave Senecal, Selectmen's Representative, Bob Tougher, Member (excused).

Staff Present: Dave Owen, Town Manager, Pete Chamberlain, Finance Director, Lauren Hammond, Libby Museum, Stu Chase, Wolfeboro Police Department, Dave Ford, Director of Public Works and Water & Sewer Utilities, Lee Ann Keathley, Secretary.

Chairman MacDonald called the meeting to order at 6:01 PM at the Wolfeboro Public Library.

POLICE DEPARTMENT & COMMUNICATIONS BUDGETS

Referencing the stipends associated with the restructuring of the ranking system (previously approved by the Committee at its 11/20/14 meeting), John MacDonald stated he questioned whether the Town is authorized to approve stipends outside the collective bargaining agreement or whether such is required to be included in the union contract. He stated the Town Manager requested Town Counsel's opinion regarding such; noting Daniel Schwarz, Town's Labor Counsel, stated RSA 32:5-a requires all cost items in a proposed Collective Bargaining Agreement be submitted to a vote at the town meeting. He stated Town Counsel opined that the stipends are cost items which, if had been contained within the tentative agreement, the cost would have been subject to review by the BOS and approval by the Town. He noted Town Counsel stated the stipends were specifically withdrawn from consideration by the Town.

Stu Chase stated it would have been nice to know the information prior and noted the Police Commission hires, fires and establishes compensation for the Police Department employees. He stated the Police Commission approved a 3% COLA for nonunion personnel and the stipends at its November meeting.

Dave Owen stated the proposed stipends were on the table during the collective bargaining however, were removed at the end of the settlement because the settlement was reaching beyond what was agreed upon by the BOS. He stated the stipends were not included in the collective bargaining and noted the settlement includes language that all matters are referred back to the Police Commission. He stated he concurs with Chief Chase's statement that the Police Commission has the authority to establish new ranks however; compensation has to be subject to collective bargaining.

Stu Chase stated he is disappointed in the process; noting the issue was presented at the 11th hour of the negotiations. He stated the department saved \$10,000 related to the canine duties and the discretionary line is less 8% from last year; noting such is due to good management.

Bob Moholland questioned the total cost of the stipend in the overall budget.

Stu Chase replied \$2,000.

Dave Owen stated the current settlement is more generous than the last few settlements.

John MacDonald verified Chief Chase was advised of the direction to pursue the stipend issue.

Brian Black stated there is no need to debate the issue given Town Counsel's opinion. He stated he wished Chief Chase and the Budget Committee would have known the information prior.

Steve Wood stated he sat in on the negotiations and takes exception with Town Counsel's opinion. He stated the Commission followed the direction specified and subsequently took action on the matter.

John Burt stated the final approved budget is not the Police Commission's recommended and approved budget and agreed that the stipends should have been included in the collective bargaining agreement.

It was moved by Frank Giebutowski and seconded by Bob Tougher to decrease 42100.150 Other Compensation by \$1,200. John MacDonald, Matt Krause, Steve Johnson, Frank Giebutowski, John Burt, Bob Tougher, Brian Black voted in favor. Bob Moholland, Harold Parker abstained. The motion passed.

It was moved by Frank Giebutowski and seconded by Bob Tougher to decrease 42900.150 Other Compensation by \$400. John MacDonald, Matt Krause, Steve Johnson, Frank Giebutowski, John Burt, Bob Tougher, Brian Black voted in favor. Bob Moholland, Harold Parker abstained. The motion passed.

LIBBY MUSEUM

Lauren Hammond stated Cheryl Ross was hired as a Co-Director to assist with program development and other museum functions. She stated there are no other increases in the budget.

John Burt asked if there is a warrant article proposed for the repair of the building.

Dave Owen replied yes.

FIRE DEPARTMENT BUDGET; FIRE HYDRANT FEE, 42200.380 OUTSIDE SERVICES

Keith Pratt, Underwood Engineers, stated the last rate model was prepared in August 2014; noting when projected rates are determined the rates from the last two years, projected rates five years out and fire protection offsets are reviewed. He stated the fire protection offsets are targeted at 20% however; the Town has targeted less than 20% for the past several years. He stated the rate is based on the American Water Works Association Manual (industry standard); noting the manual has a chapter dedicated to fire protection charges. He noted a cost allocation study has not been done for Wolfeboro. He distributed information relative to the discussion, see attached.

John MacDonald questioned why the amount allocated in the budget for fire protection has to be that specific amount. He stated he wants to find logic why the number is set at 20%.

Keith Pratt stated the amount is a local choice however, if the amount is decreased then the burden falls on the users. He noted 20% is a typical and acceptable range. He stated to determine an exact percentage would require a cost allocation study. He stated true allocation costs would be between 22-34% and noted such is based on his experience and the AWWA manual.

John MacDonald asked who sets the rate.

Dave Owen replied the BOS.

Dave Ford noted the Town of Wolfeboro has the highest water rate in NH and stated that over 50% of the water budget is related to debt services.

Bob Moholland questioned the percentage of Town residents on sewer.

Dave Ford replied 1200 customers.

Bob Moholland stated his issue is that over half of the residents are not on Town water yet everyone pays for it.

Dave Ford stated he feels that everyone benefits from the fire protection services provided by the Town.

Bob Moholland asked who was hurt by the Budget Committee cutting the line item last year.

Linda Murray replied the ratepayer.

Dave Ford stated the Town is trying to stabilize the rates and build up cash reserves to decrease bonded projects. He stated revenue is needed either from the customers or the Fire Department for fire protection services.

Bob Tougher stated 40% of residents are on Town water; noting taxpayers are subsidizing sewer and perhaps the residents should not be subsidizing water. He stated capital projects in the water department should be paid out of the rates; noting a lot of people do not benefit from the water system.

Brad Harriman stated the residents do receive the benefits of fire protection services if there is a fire because the fire apparatus are filled at the Fire Department with Town water or water is shuttled from the closest hydrant in proximity to the fire.

PUBLIC WORKS DEPARTMENT

ADMINISTRATION

No changes.

HIGHWAY & STREETS

John Burt questioned the status of the sidewalk construction.

Dave Ford stated the sidewalk to Treadwell Lane will be completed in spring 2015; noting the Town will do the site work and drainage improvements associated with such. He stated NHDOT requested a design; noting such is being worked on. He stated the Railroad Station parking lot and beautification will be completed in spring 2015 as well.

John Burt questioned the status of improvements to Center Street.

Dave Ford stated such is a municipally managed project; noting the project will be going out to bid on 7/1/15 with construction scheduled for September 2015. He stated the State tabled such due to the Middleton Road project.

Frank Giebutowski questioned the cost associated with the purchase of a sweeper/catch basin cleaner.

Dave Ford stated the Town presently contracts out the sweeper. He stated he is requesting the purchase of such through a lease purchase agreement; noting the cost of such would replace the \$40,000 allocated for the rental in outside services. He stated more catch basins have been added and by purchasing the equipment the Town could clean the catch basins multiple times per year; noting the Town would provide a better service. He stated most municipalities have such.

Dave Owen stated the budget would not be increased as a result of the purchase through a structured purchase payment.

John MacDonald questioned the total purchase amount.

Dave Ford replied \$269,000.

John MacDonald asked who would operate the equipment.

Dave Ford stated two employees would be trained to operate such.

Steve Johnson questioned the buyout at the end of the lease.

Dave Ford replied \$1.00.

John Burt asked if the department would be focusing more on operation rather than construction in 2015.

Dave Ford replied yes.

John Burt stated he believes maintenance and repair should be the primary responsibility of the department.

John MacDonald expressed concern that the purchase of the equipment would cost the Town more; noting potential additional costs such as insurance, overtime, etc.

Frank Giebutowski questioned whether the overtime wages could be cut if the request is cut.

Dave Ford stated the labor costs are fixed with the existing employees. He stated the overtime wages is impacted by weather conditions; noting such will continue to be managed. He stated most of the work is done during regular work hours.

Bob Tougher stated he is in favor of the purchase.

GARAGE

John MacDonald questioned overtime wages and the year to date expenditure of such.

Dave Ford replied \$7,442.

It was moved by John MacDonald and seconded by Harold Parker to decrease 43191.140 Overtime Wages from \$11,000 to \$10,000. All members voted in favor. The motion passed.

BUILDING & GROUNDS

John MacDonald questioned outside services; noting \$34,748 was appropriated and \$23,918 has been expended.

Dave Ford stated benches for Dockside have not been purchased and the Library's maintenance was less than what was budgeted for.

John Burt questioned consultants.

Dave Ford stated such is for unforeseen circumstances.

It was moved by John Burt and seconded by Brian Black to decrease 43192.311 Consultants from \$3,000 to \$1,500.

Discussion of the motion:

John Burt questioned the five year average.

Pete Chamberlain replied \$43, not including 2014.

Brian Black questioned the last year the funds were utilized.

Pete Chamberlain noted the following; 2009; \$3,000, 2010; \$2,125, 2011; \$8,776, 2012; \$7,807.

Frank Giebutowski stated the department has an \$82,000 budget and if necessary, the funds could be found within the budget.

It was moved by John Burt and seconded by Brian Black to decrease 43192.380 Outside Services from \$3,000 to \$1,500. Frank Giebutowski, John Burt voted in favor. Matt Krause, John MacDonald, Steve Johnson, Harold Parker, Bob Tougher, Brian Black opposed. The motion failed.

Frank Giebutowski questioned the under expenditure of grounds maintenance.

Dave Ford stated that due to the over expenditure of the highway budget he held back on the expenditure of the funds; noting dock repairs and maintenance in addition to preventative maintenance are necessary however, have not been completed. He stated work at Mast Landing has not been done however; the dock at the Libby Museum is currently being repaired.

Pete Chamberlain stated the five year average is \$9,349.

SANITATION

SOLID WASTE FACILITY

John MacDonald questioned the under expenditure in part time wages.

Dave Ford stated a seasonal employee left prior to the end of the seasonal position.

It was moved by John MacDonald and seconded by Harold Parker to decrease 43240.117 Part Time Wages from \$33,654 to \$32,000. All members voted in favor. The motion passed.

Bob Tougher confirmed the tipping fees have increased.

Frank Giebutowski questioned the increase in electricity.

Dave Ford stated a horizontal baler was purchased; noting such has a heater in it.

John MacDonald questioned the under expenditure of general operating supplies.

Dave Ford stated it is projected that the line item will be under the appropriated amount by \$1,500.

Pete Chamberlain noted the five year average is \$4,545.

It was moved by Harold Parker and seconded by John Burt to decrease 43240.610 General Operating Supplies from \$8,100 to \$7,000. All members voted in favor. The motion passed.

Other Business

Department of Revenue Administration; Tax Rate Calculation

Dave Owen stated the Town received its new tax rate from the Department of Revenue Administration; noting such increased from \$12.83 to \$13.01. He noted the following rates; Town rate being \$4.79, local school rate being \$4.59, State school rate being \$2.50 and the County rate being \$1.13.

Revaluation Project Cost Proposal

Dave Owen distributed such, see attached.

The Committee tabled review of the Water and Sewer Utilities budgets and Capital Outlay requests associated with that and the Public Works Department's budgets to December 8, 2014, 6 PM at the Wolfeboro Public Library.

It was moved by John Burt and seconded by Bob Tougher to adjourn the November 25, 2014 Budget Committee meeting. All members voted in favor.

There being no further business before the Committee, the meeting adjourned at 8:27 PM.

Respectfully Submitted,

Lee Ann Keathley

Lee Ann Keathley

COST SHEET

COST PROPOSAL 2015

Appraise all real property, to include: analyze sales with existing rates; preliminary sales analysis, measure and list sales, final sales analysis and reconciliation; digital images; neighborhood delineation map; update neighborhood factors; set land values; develop building base rates; update depreciation tables, valuation notices; informal taxpayer hearings; USPAP Compliant Report.

TOTAL FOR REVALUATION PROJECT **\$139,000**

| | | | |
|----------------------------------|--|-------------|---------------------|
| Abatements | (Defense of 2014 values) 90 @ 2 hours each | \$49.50 hr | \$8,910.00 |
| Appeals | 14 @ 5 hours each | \$49.50 hr | \$3,465.00 |
| Hourly Assessing Services | 1 day per week plus <u>15</u> days | \$49.50 hr | \$23,215.50 |
| Pick ups | 425 parcels | \$24.00 pp | \$10,200.00 |
| SUBTOTAL FOR 2015 | | | \$184,790.50 |
| Rate for BTLA and Superior Court | | \$ 55.00 hr | |

COST PROPOSAL 2016

| | | | |
|-------------------------------|------------------------------------|------------|--------------------|
| Pickups | 425 | \$24.00 hr | \$10,200.00 |
| Abatements | 150 (2 hours each) | \$49.50 hr | \$14,850.00 |
| Appeals | 25 (5 hours each) | \$49.50 hr | \$6,187.50 |
| Cyclical Review of Properties | 1,430 parcels | \$24.00 pp | \$34,320.00 |
| Hourly Assessing Services | 1 day per week plus <u>15</u> days | \$49.50 hr | \$23,215.00 |
| SUBTOTAL FOR 2016 | | | \$88,772.50 |

Signature: _____
(Authorized Signatory)

Date: _____, 2014

FIRE PROTECTION CHARGES – DISCUSSION POINTS
Water System
Wolfeboro, New Hampshire
November 25, 2014

Water Rate Model Assumptions (August 28, 2014)

- Water Department Budget

| Period | Water Department |
|--------|------------------|
| 2010 | \$1,675,000 |
| 2011 | \$1,663,000 |
| 2012 | \$1,663,000 |
| 2013 | \$1,647,000 |
| 2014 | \$1,739,000 |
| 2015 | \$1,759,000 |
| 2016 | \$1,755,000 |
| 2017 | \$1,718,000 |
| 2018 | \$1,714,000 |
| 2019 | \$1,711,000 |

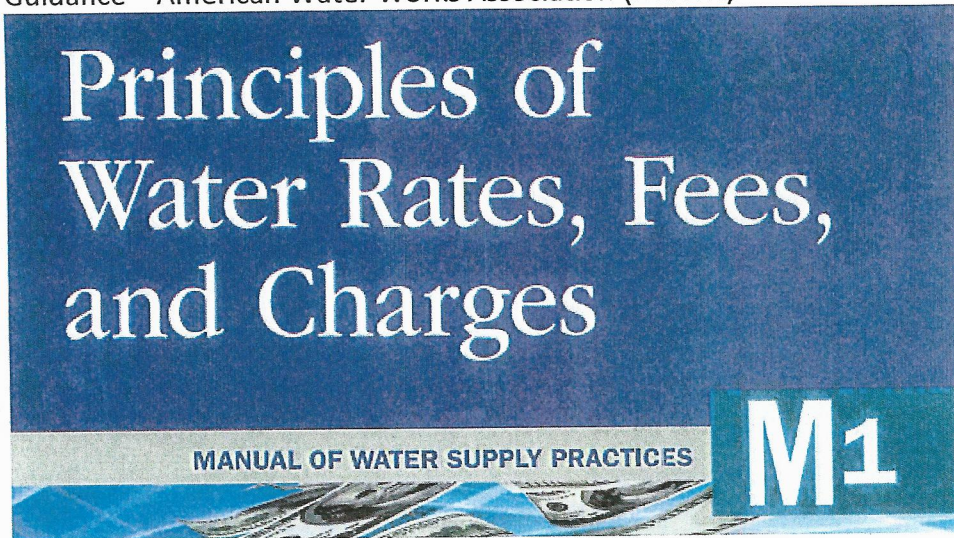
- Fire Protection Offsets (target 20% for Fire Protection Charges)

| Period | Water Department |
|--------|------------------|
| 2012 | \$300,000 |
| 2013 | \$325,000 |
| 2014 | \$325,000 |
| 2015 | \$345,000 |
| 2016 | \$351,000 (20%) |
| 2017 | \$344,000 (20%) |
| 2018 | \$343,000 (20%) |
| 2019 | \$342,000 (20%) |

FIRE PROTECTION CHARGES – DISCUSSION POINTS
Water System
Wolfeboro, New Hampshire
November 25, 2014

Fire Protection Charges – General

- Guidance – American Water Works Association (AWWA)

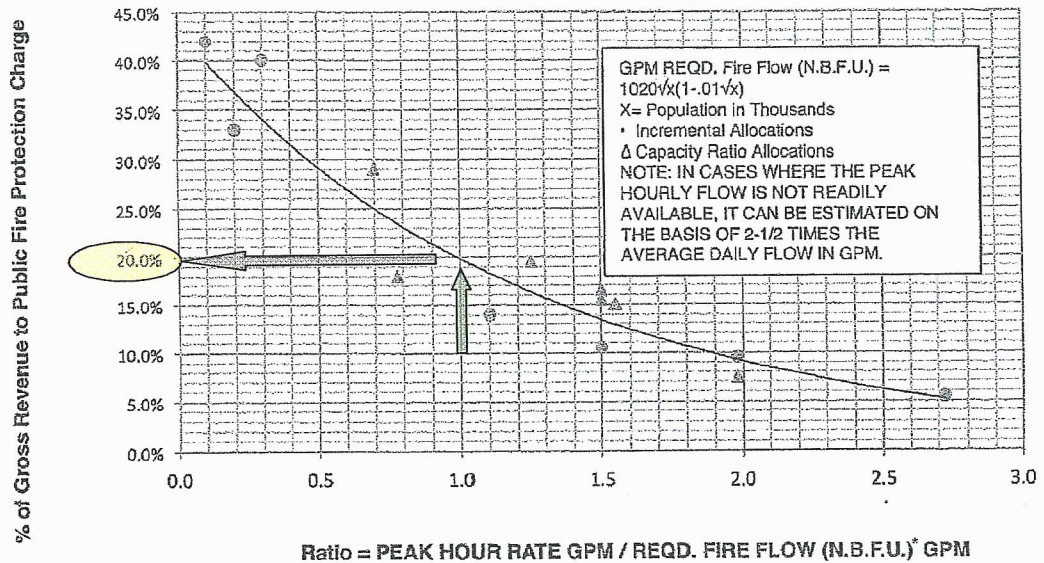


- AWWA suggests that costs associated with fire protection in a water system range from 5% (larger systems) to 40% (smaller systems).
- Two methods are generally used to establish the costs associated with fire protection:
 1. Cost curves generated from a Maine Water Utilities Association study
 2. Cost Allocation Study (Cost of Service)
- Fire protection charges include the costs associated with:
 - Larger tanks, larger mains, backflow preventers, hydrants, etc.
- Sprinklers (service connections) are another source of revenue relating to fire protection charges
- It is common practice that the General Fund (general taxation) is assessed a Fire Protection Charge because it is an obligation of general government. Other, less common, options exist such as establishing a separate rate structure based on user class.

FIRE PROTECTION CHARGES – DISCUSSION POINTS
Water System
Wolfeboro, New Hampshire
November 25, 2014

Fire Protection Charges – Wolfeboro

- Wolfeboro has not completed a cost of service study. Typical industry standards are used for the basis of assessing fire protection charges. Fire flows = peak hour flows.



- But, using calculated flows for Wolfeboro
 - Fire flows range 1700 gpm to 2700 gpm
 - Peak hour domestic flows range 900 gpm to 1,250 gpm
- Ratio for the graph
 - Range: 900 gpm / 2,700 gpm = 0.33 to 1,250 gpm / 1,700 gpm = 0.73
 - Fire protection charges range from 24% to 33% (20% currently used)

