

Municipal Budget Committee - Town of Conway

Wednesday, December 11, 2019

Professional Development Room

Kennett Middle School, Conway, NH

Present:

David Jensen, Cherie Sullivan, John Colbath, Frank Jost, Diane Ryan, John Edgerton, Ellin Leonard, Greydon Turner, Michael Laracy; Also present, recording secretary Nadine Armstrong

Excused:

James LeFebvre, Michael Tetreault

Absent: Eric Dziedzic; Michael Fougere; Sara Frechette; Terry McCarthy; Ted Sares

Meeting called to order by David Jensen at 18:31; John Edgerton led pledge of allegiance

Dave Jensen - Jim asked Dave Jensen to fill in; introduction Nadine Armstrong; please use full names for now to make things a bit easier; no talking when someone else talking.

Copy of agenda - need copies? Passed out.

First two items:

Reviewing outstanding minutes - John Edgerton motion to approve June 22 minutes; Greydon Turner seconds motion. All in favor - Mike Laracy and Diane Ryan abstained

Approval of September 11 minutes; John Colbath motion to approve; John Edgerton seconds
Vote: John Colbath abstained from voting because minutes from last meeting were so long - 13 pages; John Colbath mentions that Robert's Rules does not require verbatim minutes, they are not necessary - had decided to do some years ago because of some debate over something that said. Dave Jensen - valid conversation to have at a later date

Town Manager review - Town Manager, Tom Holmes present -

Copies passed out of town budget

Tom - We are in good shape budget wise; most departments are ahead. There should be approximately 5.75% left in budget but bottom line shows we have slightly over 10% left in budget; running at a surplus

- *Executive department* - 20-21% left (one line in arrears is executive seminars, professional development - Tom made an unanticipated trip to a municipal conference and stayed an extra day and went to a Department of Revenue seminar to try to get a new assessor. Tom felt it was a reasonable expense to try and recruit someone in what has become a very narrow skill set in an aging profession - we have advertised across three states in NHMA and Assessor's List Serve as well as the assessors list site in NH, ME, MA and the IAAO website which is international and nationwide. We have only received 3 applications and have interviewed two and have a finalist but will explain later.

- *Elections* - ahead 9.41%
- *Finance* - 17.94%, no large issues there, a little deficit in tax billing, costs have gone up a little
- *Assessing* - we are ahead; part of that reason being during revaluation year, assessors opted not to hire summer help to go around measuring properties and to concentrate on the workload of doing a revaluation. Money was hardly touched. There was also extra money in there in case of consultants or contingencies in case of revaluation emergencies and that money was hardly touched.
- *Legal* - well ahead - hard to time when court cases heard will be heard; we just got notice that the leading case in the Market Basket vs. Grand Hotel, corporate name - Bellevue - accepting briefs in January and probably be heard in 2020. Proposing a cut in the coming year.
- *Employment benefits* - Ahead 5.75%
- *Zoning* - ahead 10.51% - postage has been hit; have to notify abutters and so forth
- *Gov't buildings* - overage in water system testing - we have completely shut down old rec including electricity, no heat, no water in the pipes, it's a dead building. We have discussed with selectman last night to sell building; have instructed Tom to put an ad in Conway Sun that it's for sale and start the recruitment for bidding process, RFP, for a realtor to get it into the MLS. Never know, lightning might strike if you put it in the paper if someone has been waiting to pounce.
- *Cemetery* - zeroed out; move money back into rec department and to give them the flexibility to use it; well-intended
- *Insurance* - zero
- *Police* - 8.97%
- *Ambulance* - 16.81% still more to pay out of that (Lillie said that the North Conway ambulance is paid monthly, and Conway village is paid quarterly- timing issue - all of money will be spent)
- *Fire Emergency* - 1.34% little bit stipend salary left for the emergency management personnel; contract has been fulfilled.
- *Inspections* - 8.04% - fine here
- *Highway Administration* - that's Paul D. 850-475 looking good
- *Highways*- 13.28% (overages worth note - highway inventory, number 128-1410 we get reimbursed for parts when we work on school vehicles. Reimbursement may be soon. Sand and gravel, unanticipated needs due to our deferred pavement plan - running around trying to catch up streets we had deferred during the recession and some of the streets that we tore up to repave required some sand and gravel that were not anticipated. Highway striping in deficit based on a court settlement with a vendor we had a lawsuit with, and we agreed to settle, and it ate that line item right up. **John Colbath** - usually at this time we are having a conversation about salt and calcium which we revisit at the deliberative meeting if we need to change it, this year fortunate compared to last year where in October and November we used a lot of it, so far we are not into using it and we are ahead on that line **Tom Holmes** - we will monitor that and come deliberative session if we find that the season is harsh we may need some more money we will ask the voters to increase that at town meeting
- *Solid Waste* - 23% over on landfill engineer; not quite sure why that is, I have that noted as PFAST requirement. I'm not sure if this is for well monitoring or not or if we took some money out for well monitoring, maybe my note is misleading; bottom line still ahead 14.59%

Dave Jensen - More on the revenue side but any news on recycling revenue and recycling markets evaporation, etc.yet?

Tom Holmes - I do have a document on revenues, currently as of 12/9 - solid waste, recycling and hauling revenues collected \$83,365 budget projection \$125,000 and will be proposing \$90,000 going forward in 2020.

Dave Jensen - Are there categories that are working or categories that we are stuck with?

Tom Holmes - I don't have an answer for that, I am sure that there are; if Paul were here, he would have the answer for that

John Colbath - quarterly meeting of Northern Carroll County solid waste committee and some things like newspaper no market and going in landfill; some of the plastics are doing better than others. Right now, there is a market for bottle caps right now, company making planters out of them, a lot that cannot because of Chinese tariffs will not take goods now.

Dave Jensen - If we are forced to use landfill more rapidly does that change our planning towards the later stages

Tom Holmes - it hasn't to date, same \$80k projected for a while; who knows a year from now we could have a better picture

John Colbath - because we are using it in phases and we are where we should be and had a market and landfill saved us, we are looking pretty good, Paul's opinion yesterday was we are where we should be and in last phase should

John Edgerton - conversation about plastic caps with plastic and metal caps with metal

Ellin Leonard - most people don't know this about caps

John Colbath - plastic cap container at plastic bin window

Cherie Sullivan - sign that caps recyclable would change how people recycle

John Colbath - engineering is there a line there that Paul said consulting fee that that engineering line is

Tom Holmes - my note is misleading, it's something that we got a hit on the voluntary PFAS testing leach aid at the landfill

John Colbath - and we had to have consulting services or something for it

- *Welfare* - there is irony in not spending money we budget 44.64% left - in one case, the economy very good, and those people that can work are able to find jobs and have lesser needs to tap into assistance from the town. In another case, due to the opioid crisis, we have a homelessness issue; but because no place to live, we don't have to pay out any money unless they find a place to live. And there is nothing available. If there is an apartment, we will help you get into it, but they can't, and they move on. So, it's an irony that we are not spending assistance. There is a need but there is no supply.
- *Parks and Rec* - not quite ahead, there have been some increased expenses, not sure what these are, I'm showing \$446.00 and \$442 dollars - one department showing less than 5.75%
- *Libraries* - at 9.7%, not bad
- *Patriotic purposes* - victim of inflation; John Eastman who puts on Fourth of July found that all of his vendors went up significantly from price of bands to trailer stage to sound system; tried to get lesser known bands that would play cheaper and that worked out. Probably the most popular event in the valley based on people who come there, thousands of people show up for the fireworks and the show - need to discuss whether we increase the budget or increase the fundraising for it.
- *Conservation* - comfortably ahead

Debt Principals -

- *TANS* - while I'm on TANS, the state was late in setting tax rates this year, and the school had a need and we did exercise a TAN to meet our obligations to the school. Our line item is only \$2000 in interest and it hasn't been hit yet but going forward we are going to be starting the Main Street project this spring and there is going to be some pretty massive set up costs we are responsible for the financing of the project, the state is paying for 90% of the project however we feel the state is not always quick to reimburse when we put in the bills so we may have cash flow issues going forward on millions of dollars of obligations over the life of the project so we are going to have a TAN line item to even out the cash flow to make sure we meet our obligations to school and precinct and not disrupt that but that is an added expense and our share of the westerly Main Street Project.

Ellin Leonard - what does TANS mean -

Tom Holmes - Tax Anticipation Notes - short term borrowing to cover cash flow obligations

Tom Holmes - nothing else but bottom line - Overall - 10.08% near the end, \$1.4mil left over and a couple week to go

Dave Jensen - anyone have any questions for Tom? No **Dave Jensen** - thanks

Lilli Gilligan - Director of Budget and Finance for SAU 9 - school budget (SAU 9)

Superintendent apologizes for not being present - 5-year strategic planning meeting tonight at high school tonight and he is participating in that

- 3rd page - adopted budget for this year which ends on June 30 was \$36,541,842; Conway paying for portions this year's taxes assessed \$19,323,019 (sent out in tax bills in June and November)
- Budgeting done in such a manner so that funds that are identified and promised for certain things are encumbered through purchase orders so all known labor and benefits has been encumbered as well as any special education requirements that are known and under contract; as soon as that contract comes in purchase orders are entered - that being said we have spent \$14,668,252 so far and there encumbrances through purchase orders of \$18,830,665 balance of \$3,244,579 of the year which ends June 30. Many things that will come up that will go into an invoice or purchase order; new conferences of staff, any/all conferences - have to be approved through budget set for those; they can't exceed those or fund money from other budgets and move through transfers if approved; future special ed needs could throw budget; unencumbered balance is \$3.2mil in order to continue operations.

Happy to answer any questions; please remember, new to position and the level of detail might not be there yet but would be happy to get back to you on. We are moving forward fast and furious with budgets; Conway School Board moved forward with a budget that is decrease of 1.83% over this year's current budget but does not include warrant articles, just the current general fund request for supporting all services at the schools.

Questions: **John Colbath** - numbers as of what date **Lilli Gilligan** - 12/10; **John Colbath** - where the budget runs through 6/30 are they approximately 50% of the budget or halfway through? (know there are encumbered numbers) **Lilli Gilligan**: amount that has been *paid* out of the \$36 mil is \$14.7 mil (reported period) so that's less than 50% **John Colbath**: is there a

percent remaining like with the town budget? Are we where we should be now percentage wise? **Lilli Gilligan:** 8.83% remaining currently. **John Colbath:** Is that where it should be benchmark wise? **Lilli Gilligan:** Benchmark wise, yes, it is pretty standard that this amount of money at this point in time should be between 8-10% **John Colbath:** continuing the tans discussion - tax bills go out and the town collects money for school **Lilli Gilligan** - and the county and all your precincts **John Colbath:** so it gets paid to school in what manner? **Lilli Gilligan:** there is an agreed upon schedule that is sent from the school to the town that is saying in order to maintain a cashflow this style of payment schedule set up by John Edgerton in the 70's or 80's; John Edgerton set up cash flows so that no tans would be needed - by moving school to different fiscal year, no borrowing money, or mostly no borrowing money **John Colbath:** So it is monthly, quarterly, what is it? **Lilli Gilligan:** every two to three weeks there is somewhere between \$1.2 mil and \$950,000 that is requested from the town to the school in order to meet payroll and AP obligations; there are special increaser periods when we are paying the bonds; had a bond payment due on December 1 and so that request for cash-flow was more, approximately \$2.1 mil **John Colbath** - so Mr. Edgerton, because the tax bills went out late this year, because the DRA set the tax rate late for every town in the state, we were in a catch up point so we did have to use the TANS to meet school obligations which is the first time in a long time **Lilli Gilligan:** 6 years, the last one was pulled by me 6 years ago. **John Edgerton:** to give an example I was treasurer, we used to have to borrow the whole \$26 mil and the expense was about 2% so that was a huge expense that we did away with by moving it this way. **Lilli Gilligan:** any questions; **John Colbath:** Anything we should be aware of or is all pretty good? **Lilli Gilligan:** no, it's good

Dave Jensen - do you know when we can expect to get packages needed for January? We get books for...

Lilli Gilligan: by January 6 per request for James LeFebvre; right now we are working on the public hearing and vote to move forward the SAU 9 budget which effects all other school district budgets which is tomorrow night; so that figure gets programmed in and any changes which occur for health insurance in the next two weeks, we have a scheduled school board hearing on the 23rd and hopefully that is not necessary but very possible that it could be because there is one final warrant article which is the CBA for the teachers - CBA - collective bargaining agreement;

John Edgerton - Every year I've had to ask about a census for the number of students by class - how many 1st graders how many 2nd graders in each of the schools

Dave Jensen: Lilli, I will make sure it's part of the questions, call it a student census

John Colbath - while Tom still here - finance director looking for - **Tom** - had a lead candidate - lives in Las Vegas, was supposed to start Monday morning and withdrew application - home had been vandalized with elderly mother home alone; then found out the house he was supposed to live in out here had been yanked and applicant due to come out to no place to live out here. Shock to Tom - asked to make offer to second candidate - made offer and accepted and they start December 31 - got someone and hoping for best going forward. Getting close to hiring an assessor as well

Dave Jensen- any questions for Tom or Lillie while they are here? No more questions - thanks Tom and Lilli

Dave Jensen - quick other notes from Jim - student census - anyone have any questions that budget committee should be asking of the school or the town, put in email to Jim and when have them accumulated, we will bring them back to our next meeting and vote on submitting them; secondly - finance director for town has not started yet, it was Jim's thought that it might be a good idea for the budget committee to form a default budget subcommittee, for those that have been here (I think everyone has been here for at least on cycle) remember that the municipal budget committee has greater responsibility with regards to the towns default budget than with the schools; given the situation Jim thought it would be a good idea to get a few people (3-4) have more intense impact review of default budget, please let Dave know after meeting, or email if you are interested in doing that or what it would entail; would be good to help town to extent we possibly can

Dave - any old business - none

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Public comments - Lilli - default budget for town - budget committee responsible for creating default budget for town - default budget for school set by school board -

Next meeting on January 6, Monday, here at 18:30 - going over more things with town and Tom Holmes will be present again.

John Colbath - we were sent article by chairman, the Municipal Association article on town meetings; **Dave** - the ten things you should know about town meetings - **John Colbath** - it was eluded that we would be discussing the moderator's position, will that be on next agenda?

Dave Jensen - we will bring it up with the chairman **John Edgerton** - what was it?

John Colbath - we were sent an article from the NH Municipal Association on the ten things you should know about town meeting and Jim said to pay particular attention to the position of the moderator because someone had asked that we discuss that at this meeting **Dave Jensen** - correct and that board member who is not here tonight wanted to ask how the moderator runs the meeting but since they're not here, it didn't seem pertinent tonight **John Edgeton** - in NH law reads moderators rules override Robert's Rules - unless body does not like what moderator has to to; body can override the moderator; Robert's Rules is not the rules, it's a guide **Dave Jensen** - I'm fairly sure the budget committee doesn't get to decide **John Colbath** - RSA's very specific as to duties of moderator (in article)

John Edgerton - motion to adjourn; Greydon Turner seconds

Meeting dismissed at 19:14