

**TOWN OF WOLFEBORO  
BUDGET COMMITTEE  
March 28, 2019  
Minutes**

**Members Present:** John MacDonald, Chairman, Bob Tougher, Vice-Chairman, Paul O'Brien, Selectmen's Representative, Bob Loughman, Matthew Plache, John Burt, Steve Johnson, Robert Moholland, Tom Bell, Members.

**Member Absent:** Brian Black, Member.

**Staff Present:** Jim Pineo, Acting Town Manager, Lee Ann Hendrickson, Administrative Secretary.

Chairman MacDonald opened the meeting at 6:33 PM at the Great Hall.

Tom Bell stated he has not been sworn in.

John MacDonald asked who approves the Deliberative Session minutes.

Jim Pineo stated he does not know and would look into such.

**I. Consideration of Minutes  
January 3, 2019**

It was moved by John Burt and seconded by Bob Moholland to approve the January 3, 2019 Wolfeboro Budget Committee minutes as submitted. John MacDonald, John Burt, Bob Moholland, Steve Johnson, Matt Plache voted in favor. Bob Tougher abstained. The motion passed.

**January 3, 2019 Public Hearing**

It was moved by John Burt and seconded by Robert Loughman to approve the January 3, 2018 Wolfeboro Budget Committee Public Hearing minutes as submitted. John MacDonald, John Burt, Bob Moholland, Steve Johnson, Matt Plache voted in favor. Bob Tougher abstained. The motion passed.

**II. Discussion Items  
A. Appointment of Chairman and Vice-Chairman**

It was moved by John MacDonald and seconded by Robert Loughman to appoint Bob Tougher as Vice-Chairman of the Wolfeboro Budget Committee. John Burt, Matthew Plache, Robert Loughman, Bob Moholland, John MacDonald, Steve Johnson voted in favor. Bob Tougher abstained. The motion passed.

It was moved by John Burt and seconded by Bob Moholland to appoint John MacDonald as Chairman of the Wolfeboro Budget Committee. John Burt, Matthew Plache, Robert Loughman, Bob Moholland, Bob Tougher, Steve Johnson voted in favor. John MacDonald abstained. The motion passed.

**B. CIP Committee; Appointment of Budget Committee Representative**

Robert Loughman volunteered to represent the Budget Committee on the CIP Committee.

It was moved by John Burt and seconded Steve Johnson to appoint Robert Loughman as the Budget Committee representative to the Capital Improvement Program Committee.

**C. Budget Committee Next Meeting**

John MacDonald stated the next meeting is scheduled for May 23<sup>rd</sup>.

**D. Assignment of Departments for 2020 Budget Review**

**Public Safety (Police Department, Communications, Fire Department):** Tom Bell & Matt Plache

**Parks & Recreation Department:** John Burt & Bob Tougher

**General Government:** Bob Tougher & Tom Bell

**Public Works and Water & Sewer Departments:** Bob Loughman & Bob Moholland

**Electric Department:** John MacDonald & Steve Johnson

**Library:** John Burt & Matthew Plache

**Libby Museum:** Bob Loughman & Brian Black

**E. 2019 Budget & Expenditure Reports**

Referencing the February report, Jim Pineo stated some lines are beyond 17% expended.

Referencing page 2 of the report, specifically Revenue, Interfund Transfers, State of NH joint project reimbursements, Bob Tougher stated he believes there is an error with such. He noted the 2019 estimated revenue is zero however, the Town is expected to receive \$992,000 for the project.

Paul O'Brien stated that since the project is occurring during the winter perhaps the funds are not expected until 2020.

Bob Tougher stated the amount should be reflected as a 2019 revenue because it has been reported to the State. He stated that if the \$992,000 is not reported as a revenue then the \$1,240,000 will affect taxes and the Town will be overtaxing the people in November. He distributed and reviewed a worksheet he prepared, see attached.

Referencing the Pleasant Valley Road Bridge project, Jim Pineo stated some of the costs associated with the project have already been paid (engineering). He stated that once the contract is signed the Town will receive \$400,000 from the State; noting he is unsure of the payment schedule for the remaining balance.

Bob Tougher stated the Warrant Article states the amount to be raised is \$248,000; noting the voters are expecting to be taxed on \$248,000. He stated the Town should not be raising \$1,240,000 come October/November.

Jim Pineo stated he would speak to Brenda Vitner about the issue.

Bob Tougher expressed concern for inaccurate information being communicated to the public; noting the Committee needs to be very careful with the information it puts out. He stated he feels the information relative to the tax rate was not correct when it was presented at the Committee's public hearing. He stated that when he joined the CIP Committee the goal was to

reduce the Town's debt service; noting in 2009 the debt service was \$32 million and in 2018 it was down to \$21 million.

Paul O'Brien asked if the CIP Committee calculated debt to revenue.

Bob Tougher replied not the Committee however, he informed the CIP Committee that the debt service should never exceed 20% of the operating budget. He stated he now believes that the debt service should never exceed 15% of the operating budget.

Tom Bell asked if there is a standard ratio for debt to revenue.

Jim Pineo stated the Department of Revenue Administration (DRA) have regulations with regard to bonding; noting the Town is not allowed to bond more than 3% of its assessed value. He stated he would forward the information to the Committee.

Tom Bell stated the auditors would have statistics and benchmarks.

Bob Tougher asked if the bond for the library would be in the 2020 budget.

John Burt stated it takes 3-4 months to complete the paperwork and the Bond Bank is only open twice per year to book a bond.

Jim Pineo stated he believes the bond payment will be due in 2020.

Referencing capital reserve accounts, John Burt stated it bothers him that the general capital reserve accounts have no end value. He stated he doesn't feel the BOS are doing a good job shepherding undefined capital reserve accounts.

John MacDonald questioned the status of the money received from the lawsuit for the RIB site.

John Burt stated the Town received \$7.5 million; noting \$3.5 million is in a CD for the final solution and \$500,000 is in a money market account for testing this year.

John MacDonald asked if there is enough money to address the issue or if additional funds will be needed.

Jim Pineo stated the final pilot testing is underway. He noted there is dissention from Tuftonboro; noting the Town of Wolfeboro is conducting water quality testing.

Paul O'Brien questioned the Town of Tuftonboro's stance.

Jim Pineo stated the belief is that there are contaminants leaching into Nineteen Mile Brook and noted that currently the levels are not concerning. He stated the Town of Tuftonboro is also conducting water quality testing.

The Committee continued to discuss the wastewater treatment system, build out and alternatives.

Referencing his email dated March 21, 2019, Bob Loughman stated the increase in the tax rate is unacceptable. He questioned where the increase in water and sewer rates comes from (see attached email).

Paul O'Brien stated a presentation was provided to the BOS last month and he would forward the presentation to the Committee.

Bob Loughman stated he spoke with Linda Murray regarding the Administrative Cost Allocation; noting Ms. Murray has committed to meeting with the Budget Committee prior to budget review to explain such. He stated his position is to vote to zero out the line items in order to force the issue; noting the problem needs to be fixed.

Paul O'Brien stated he met with the auditors who offered thoughts on how to address the issue.

Bob Tougher stated formulas need to be determined however, does not agree with zeroing out the line items because revenue will decrease and taxes will increase.

John MacDonald asked that the issue be brought to the attention of the new Town Manager.

John Burt agreed that the allocations need to be removed.

Jim Pineo stated it is his understanding that the Administrative Cost Allocation was established in the 1990's and never revisited.

Referencing Warrant Article 28 Police Union Contract, John MacDonald confirmed the 2020 increase for wages and benefits would be \$59,670.

Jim Pineo stated there may be ancillary changes due to retirement and healthcare.

Steve Johnson asked if the Town Manager would be providing budget guidelines to Department Heads.

Jim Pineo stated the BOS usually initiate such; noting the BOS set the budget directives to the Town Manager.

**It was moved by Steve Johnson and seconded by Bob Tougher to recommend the BOS establish no more than half of one percent increase above the 2019 budget for the 2020 budget.**

Bob Tougher expressed concern that next year brings an increase in the Town's assessment, the library bond and year two for the Police Department's salary increase. He stated the Committee could ask the BOS and Town Manager to limit the capital outlay requests.

John Burt asked if the motion refers to the operating budget.

Steve Johnson replied yes and noted it does not include warrant articles.

John Burt expressed concern regarding rolling stock expenses.

Jim Pineo stated he has a plan to reduce the Fire Department's fleet by one truck over the next five years.

It was moved by Steve Johnson and seconded by Bob Tougher to recommend the BOS establish no more than half of one percent increase above the 2019 budget for the 2020 budget. John Burt, Matthew Plache, Robert Loughman, Bob Moholland, Bob Tougher, Steve Johnson voted in favor. John MacDonald opposed. The motion passed.

**III. Town Manager Report**

Jim Pineo noted the following updates;

**Town Manager Position**

Paul O'Brien stated Linda Murray is running the process for the hiring of the Town Manager; noting interviews are expected to be scheduled for late April. He stated there will be a Citizen's Committee to assist with such.

**Finance Director Position**

Jim Pineo stated Deb Zabkar has resigned; noting she is pursuing a CPA and going into the private sector. He stated Ms. Zabkar is assisting on a per diem basis and the Town has contracted with MRI to hire an interim Finance Director, Brenda Vitner, for one day per week. He noted Ms. Vitner was employed by the Town of Meredith for fifteen years and recently retired; noting she has significant history/experience with Munismart. He stated Pete Chamberlain is also assisting through the audit. He stated the application acceptance period has closed and the applications are currently being evaluated; noting the hope is to have the new Finance Director on line by May 6<sup>th</sup>.

**Warrant Article Projects**

Referencing the Downtown restroom project, Jim Pineo stated he spoke with Milestone Engineering today and noted the preliminary work is beginning; noting construction is expected to begin in the fall. He noted the Pleasant Valley Road Bridge bid opening was last week; noting the Town received three bids and one of the bids is within budget. He stated the bids are currently being evaluated.

John MacDonald asked if the existing bathrooms at Dockside can be used.

Jim Pineo replied yes, throughout the summer.

Tom Bell questioned the difference in the bids for the bridge project.

Jim Pineo stated Quantum Construction Consultants is evaluating the bids.

**IV. Other Business**

N/A

**V. Informational Items**

The Committee was provided the following informational items; Capital Projects Report (submitted by Dave Ford) and Trustee of the Trust Funds Report.

**VI. Public Comment**

None.

It was moved by and seconded by to adjourn the March 28, 2019 Budget Committee meeting. All members voted in favor.

There being no further business before the Committee, the meeting adjourned at 8:10 PM.

Respectfully Submitted,  
*Lee Ann Hendrickson*  
Lee Ann Hendrickson

----- Forwarded message -----

From: **Robert Loughman**  
Date: Thu, Mar 21, 2019 at 1:20 PM  
Subject: some thoughts for our Mar 28 meeting

1. The tax rate has increased from 13.01 in 2014 to 15.80 in 2018, 21.4% increase. This, to my mind is unacceptable.
2. According to the Town report, water/sewer revenues were a combined \$3838669 compared to actual expenses of \$3447028, a \$391641 gain. So where does the increase in water/sewer rates come from (must be the \$40000 reduction in hydrant fees a/c Dave Ford)?
3. We need to compare Dept Mgrs compensation to other towns. If they have reached their "cap", no more of this 2.5% increase as determined by the selectmen.
4. The 10 year average inflation rate according to the Feds is 1.99%. So why the arbitrary 2.5% increase in compensation for the non-contracted town employees?

Obviously, there are more fiscal issues that need to be addressed.

1. Administrative Cost Allocations in the Enterprise funds budget(s) need to be eliminated since, if you remember, the Finance Director admitted that this calculation was "creative math". It was supposed to be fixed. Has it been? Maybe we should force the issue by voting to zero the line(s) in those Departmental budget lines.

Look forward to your input and discussion.

Bob Loughman

Article

12	Pleasant Valley Rd Bridge	1,240,000.00	
13	Town Road Upgrades	800,000.00	
14	Operating Budget	27,893,891.00	
15	Dockside Restrooms	150,000.00	
18	Fire Capital Reserve	186,000.00	
19	DPW Capital Reserve	170,000.00	
20	Wastewater Capital Reserve	125,000.00	
21	Dispatch Cap Reserve	102,000.00	
22	Carry Beach	50,000.00	
23	Bldg Maint Capital Reserve	50,000.00	
24	Abenaki Capital Reserve	16,750.00	
25	Public Safety Capital Reserve	20,000.00	
26	Water Quality Improvements	50,000.00	
27	AFSCME Contract	50,711.00	
28	Police Contract	55,860.00	30,960,212.00
11	Elect Dist	3,675,000.00	
16	Effluent Disposal	500,000.00	
17	Libby	40,000.00	
29	Special Detail	52,721.00	4,267,721.00
			35,227,933.00

Estimated Revenue:

Per Schedule 22,040,946.00

NHDOT Reimbursement -

22,040,946.00

Subtract Rev from Warrant Requests

13,186,987.00

Additions

214,500.00

Amt to be Raised

13,401,487.00

Assessed Value

1,977,376,243.00

Tax Rate

6.78

Article

12	Pleasant Valley Rd Bridge	1,240,000.00	
13	Town Road Upgrades	800,000.00	
14	Operating Budget	27,893,891.00	
15	Dockside Restrooms	150,000.00	
18	Fire Capital Reserve	186,000.00	
19	DPW Capital Reserve	170,000.00	
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21	Dispatch Cap Reserve	102,000.00	
22	Carry Beach	50,000.00	
23	Bldg Maint Capital Reserve	50,000.00	
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25	Public Safety Capital Reserve	20,000.00	
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28	Police Contract	55,860.00	30,960,212.00
11	Elect Dist	3,675,000.00	
16	Effluent Disposal	500,000.00	
17	Libby	40,000.00	
29	Special Detail	52,721.00	4,267,721.00
			35,227,933.00

Estimated Revenue:

Per Schedule	22,040,946.00	
NHDOT Reimbursement per Article 12	992,000.00	23,032,946.00

Subtract Rev from Warrant Requests

Additions		12,194,987.00
Amt to be Raised		214,500.00
Assessed Value		12,409,487.00
		1,977,376,243.00

Tax Rate	6.28
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