

**TOWN OF WOLFEBORO
BUDGET COMMITTEE
July 30, 2019
Minutes**

Members Present: John MacDonald, Chairman, Bob Tougher, Vice-Chairman, Paul O'Brien, Selectmen's Representative, Linda Murray, Alternate Selectmen's Representative, Bob Loughman, Matthew Plache, John Burt, Steve Johnson, Robert Moholland, Brian Black, Members.

Member Absent: Tom Bell, Member.

Staff Present: Jim Pineo, Town Manager, Troy Neff, Finance Director, Lee Ann Hendrickson, Administrative Secretary.

Chairman MacDonald opened the meeting at 6:31 PM at the Great Hall.

**I. Consideration of Minutes
May 23, 2019**

It was moved by John Burt and seconded by Bob Moholland to approve the May 23, 2019 Wolfeboro Budget Committee minutes as submitted. All members voted in favor. The motion passed.

II. Discussion Item

A. Introduction of Finance Director

Troy Neff introduced himself and provided his background information to the Committee. He distributed the MS-9 and MS-535 documents and noted the Town Audit is not quite complete – the Town is currently contracted with Roberts & Green and they are awaiting information from the previously contracted auditors. He noted that once the audit is complete he would forward such to the Committee.

John MacDonald asked if the audit will be posted with the State.

Troy Neff replied yes and noted there would be an additional copy available at the Town Hall for the public.

John MacDonald asked if there is a timeline as to when the audit is required to be done.

Troy Neff replied no. He stated the MS-535 has a timeline and noted the Town met that submittal deadline. Referencing agencies, he stated payments were distributed in June and another will be distributed in September.

B. 2019 Budget & Expenditure Reports

Troy Neff reported the overall budget expenditure is at 43%.

John Burt confirmed the cost allocation is distributed at the end of June.

Troy Neff stated such is a quarterly allocation.

John Burt stated the Department of Public Works' allocation is paid from the water and sewer enterprise funds however, the allocation is part of the operating budget.

Bob Tougher requested the summary sheet to the budget and expenditure report be provided in the future. He noted 01-49020 100 and 200 series are already over expended by \$600,000.

Troy Neff stated he received a request from the BOS for the summary sheet as well. He stated an error was found on the spreadsheet and is in the process of adjusting such. He stated he is reviewing potential future changes with regard to reporting (report portal for citizens) to provide complete transparency. He recommended the Committee view the City of Keene Finance Department webpage. He stated the program can be used on top of Munismart; noting Munismart will continue to be supported however, additional developments to the existing system will no longer be provided.

Bob Tougher requested a revenue report.

Referencing the Police Department overtime funds, specifically funds received from details, John MacDonald questioned the status of how such is currently being processed.

Troy Neff stated the detail account is billed and the funds received are placed in the General Fund.

John MacDonald questioned whether overtime could then be decreased next year.

Troy Neff stated such would be a question for Chief Rondeau.

John MacDonald confirmed the funds received for the details are not going back into the Police Department's operating budget.

Brian Black stated it is his understanding that the revolving account was created so the chief didn't have to budget overtime for details that he may not be aware of that would occur throughout the year.

John MacDonald stated the last several years the money received from the details has been going back into the overtime line of the budget rather than the detail account.

Linda Murray stated it is her understanding there was a miscalculations to benefits and therefore the fund continued to increase.

Jim Pineo stated the miscalculations was specifically related to retirement.

John MacDonald asked who bills for officers from two different towns.

Troy Neff stated the Police Department bills the department the officer is from.

Bob Tougher stated the Fire Department's overtime budget is up.

Jim Pineo stated a firefighter left in February and the new hire did not start until the end of April/early May which impacted overtime.

Robert Loughman stated the enterprise funds carry the costs for the Administrative Cost Allocation and questioned how the expense is being paid. He questioned why such isn't processed monthly.

Troy Neff stated the Administrative Cost Allocation is processed quarterly; noting he is following the protocol that has been done previously.

Robert Loughman asked if the Administrative Cost Allocation offset is from the revenue of a given enterprise fund.

Troy Neff verified that Mr. Loughman is asking where the money comes from the pay the Administrative Cost Allocation. He stated the enterprise funds pay the Administrative Cost Allocation through revenue that the enterprise fund generates.

Robert Loughman stated he has been told by a department manager that if the Administrative Cost Allocation is eliminated that the tax rate will increase and asked if such is true.

John Burt stated the tax rate would increase because the consumers will pay less and the loss of the revenue will have to be covered.

Robert Loughman stated the Administrative Cost Allocation should be included in the rates.

Bob Tougher stated the Administrative Cost Allocation is listed on the revenue sheet as \$691,000. He stated when the tax rate is estimated all appropriations are listed (budget and warrant articles) and revenues are then subtracted. He stated the money left is the taxable amount of money that is prepared for the tax rate. If the Administrative Cost Allocation (\$691,000) is eliminated the tax rate has to increase. He stated some Budget Committee members feel that some of the departments are paying too much; noting such is the issue (questioning the formula used to determine the Administrative Cost Allocation). He stated such needs to be reviewed.

John Burt asked if any steps are being taken between now and November to address the issue.

John MacDonald asked if there are any accounting practices to establish the percentage.

Troy Neff stated the qualitative and quantitative measures need to be identified. He stated the same methodology has been applied for fourteen years and there is no documentation that supports the existing methodology. He stated he is currently reviewing the Administrative Cost Allocation.

John MacDonald asked if the Committee would see a change to such in the upcoming budget.

Jim Pineo stated he is hoping to present a resolution to the BOS this year; noting options are currently being reviewed.

Steve Johnson asked who makes the decision to change the Administrative Cost Allocation.

Jim Pineo stated the existing format would be maintained for 2020 and a determination would be made for 2021. He noted they are actively pursuing another methodology.

Steve Johnson asked if there are any other communities that deal with such.

Robert Loughman feels that an increase to the tax rate has to be proven and that the duties of the employees are already being paid.

Matt Plache asked if the \$691,000 is being paid by the tax payers and rate payers.

Bob Tougher replied no, only the rate payers.

Paul O'Brien stated billing activity has increased over the past fourteen years (invoicing occurring monthly rather than quarterly. He stated a model needs to be produced that directly outlines the cost.

Troy Neff stated the NH Department of Revenue calculates the Administrative Cost Allocation as income.

Jim Pineo stated the department goals and objectives and budget guidelines for 2020 is being finalized.

John MacDonald asked if the Police Union and AFSCME Union Contract Agreement warrant articles included raises for the Police Department and Town employees.

Jim Pineo replied yes, for union employees; noting such should automatically be calculated in the budget. He noted this year the employees would only be receiving a COLA. He stated the AFSCME Union only had a one year contract.

Troy Neff stated the 2020 budget will include 53 weeks because it's leap year; noting all budgets will be over from the 2019 budget.

Robert Loughman questioned COLA for nonunion employees.

Jim Pineo stated such will be discussed with the BOS. He stated the 2016 Wage and Classification Study recommended such be re-examined if the step program was not going to be implemented. He noted there are 34 employees in the AFSCME Union and noted there is a need to negotiate for noncontract employees.

Robert Loughman stated they have received a 2.5% increase the past several years.

John MacDonald stated historically, the nonunion employees have received what the union employees have received.

C. Town Docks Project Update

Bob Tougher read the following statement he prepared for the Committee; *Dock Extension Committee was established on 7/20/16 and its first meeting was on 9/14/16. A few initial plans were established, such as hiring a surveyor, Jim Rines, to do the survey work, checking boat facilities in other towns and speaking with the officials of the MS Mount Washington. After further analysis we realized that the Dockside area needed much more than a dock extension, so Dave Ford hired the engineering firm, Tighe and Bond in 2017, and in September 2017 they released their report, which is included. The report indicates repairs to the seawalls, finger docks, the dolphins, the Mt. Washington dock and the docks extension. The total price tag is over \$1.8 million. The committee*

last met on July 2 to review the engineering report and Dave Ford's letter to the Board of Selectmen on June 14th. In that letter Dave recommended applying for a BIG grant and doing all of the work in phases. The committee also discussed reducing the cost of the project by possibly not moving the Mount Washington berth and facilitating that by not extending dock F. The meeting on July 2 was not well attended and we are planning on meeting again very soon. Several purposes of phasing are to spread out the funding mechanisms and possibly applying for the BIG grant in more than 1 year. The BIG (Boating Infrastructure Grant) grant is new, and it is a tier 1 federal grant in the amount of \$200 thousand, and this grant will be submitted by the NHDES.

The Committee discussed the extension of Dock A and noted the abutters are not in agreement to extend Dock A.

John MacDonald asked if the project would be included in this year's budget.

Bob Tougher stated he doesn't know however, the BOS may introduce a warrant article for Phase I of the project.

Jim Pineo stated Dave Ford presented to the CIP Committee in September 2015 repair to the cross bracing; noting such has been completed. He stated repairs to the super structure and finger docks is the next step. He stated phasing has been discussed and a grant has been applied for; noting the Town would be notified at the end of this year if they are awarded the grant. Therefore, he stated he would anticipate a warrant article for Phase I (repair existing infrastructure not including seawall). He stated the balance of the capital reserve account is \$103,000; noting the original cost of the project was \$428,000 however \$28,000 has been expended for the cross bracing.

Paul O'Brien confirmed the grant the Town has applied for is typically awarded for work done on the seacoast.

Bob Tougher stated Lake Winnepesaukee can be included.

Bob Moholland stated the report speaks to repairs that have to be done. He expressed concern regarding extending the docks when the parking lot still needs to be addressed; noting there are major issues with such. He stated the dock extension is a want and not a need.

Paul O'Brien stated the docks and walls holding up the docks have to be fixed. He stated Phases IV and V address the Mount Washington and dock extensions.

Jim Pineo noted the balance of the parking lot capital reserve account is \$157,000.

Paul O'Brien stated consideration should be given to adding additional funds to the capital reserve account for the parking lot.

Bob Tougher stated the total cost of the project is \$1.8 million which includes the Mount Washington dock. He stated the final total cost could be \$1.3 million depending upon the expenditures.

Steve Johnson asked if the Town has been in touch with the person writing the grant.

Jim Pineo stated Dave Ford has been in contact with him.

Steve Johnson questioned the cost of \$60,000 to write the grant.

Jim Pineo stated the cost includes the management of the grant.

Steve Johnson stated he feels the extension of the docks will only create more congestion.

Bob Tougher stated he spent a lot of time at the docks last summer; noting there were no issues during the weekdays. He stated there were only issues approximately 24 days/year.

John MacDonald noted there is no parking enforcement.

Referencing the grant, Matt Plache asked if the cost of the writing of the grant is contingent upon the receipt of the grant.

Jim Pineo replied yes.

Robert Loughman asked if there has been discussion of a valet service to be paid for by the Town.

Linda Murray stated the Committee has discussed a Harbor Master.

Paul O'Brien stated the discussion should go back to the Committee.

III. Town Manager Report

Jim Pineo noted the following updates;

Finance Director and HR/Finance Officer Positions

Jim Pineo stated the Town has a new Finance Director and Michelle Chamberlain has accepted the HR/Finance Officer position. He stated the Town is currently seeking to fill the Finance Associate position.

Railroad Station Playground

Bob Moholland asked if the equipment at the Railroad Station playground is being removed.

Jim Pineo replied no.

Bob Tougher asked if Amy Muccio is still the Welfare Officer.

Jim Pineo replied yes and noted the Welfare Office will be relocated to the Town Hall. He stated Amy would continue to perform the duties as Welfare Officer; noting she works a 35 hour work week as the Town Manager's Executive Secretary therefore there is some flexibility with additional hours.

IV. Informational Items

CIP Memorandum

Robert Loughman stated the CIP is laid out specifically by Matt Sullivan.

John MacDonald asked if the Committee would be reviewing capital reserve funds.

Robert Loughman replied yes.

Bob Tougher stated the Department Heads provide spreadsheets on the capital reserve accounts.

V. Other Business

- Next meeting scheduled for September 26, 2019 at 6:30 PM at the Great Hall.

VI. Public Comment

None.

It was moved by John Burt and seconded by Bob Moholland to adjourn the July 30, 2019 Budget Committee meeting. All members voted in favor.

There being no further business before the Committee, the meeting adjourned at 8:08 PM.

Respectfully Submitted,

Lee Ann Hendrickson

Lee Ann Hendrickson