

**TOWN OF WOLFEBORO
BUDGET COMMITTEE
November 7, 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, Brian Black, John Burt, Robert Moholland, Members.

Members Absent: Tom Bell (excused), Steve Johnson (excused), Members.

Staff Present: Jim Pineo, Town Manager, Troy Neff, Finance Director.

Staff Absent: Lee Ann Hendrickson, Administrative Secretary.

Chairman MacDonald opened the meeting at 6:32 PM at the Great Hall.

I. Consideration of Minutes

September 16, 2019

Correction: Page 1, Members Absent; note Brian Black, John Burt and Tom Bell as excused

It was moved by John MacDonald and seconded by Bob Moholland to excuse Brian Black, John Burt and Tom Bell from their absence at the September 16, 2019 Budget Committee meeting. All members voted in favor. The motion passed.

It was moved by Robert Loughman and seconded by Bob Tougher to approve the September 16, 2019 Wolfeboro Budget Committee minutes as amended. All members voted in favor. The motion passed.

II. Discussion Item

A. 2019 Budget & Expenditure Reports

Jim Pineo stated the 2019 tax rate was signed last night by the BOS; noting the estimated tax rate was \$6.97 which represents an 81 cent increase in the tax rate. He stated the tax rate is set by DRA and noted the tax rate for the municipal portion is \$6.09/\$1,000 which represents an overall increase of eleven cents on the Town's portion. He stated the County tax rate is \$1.27, local education is \$6.24, State education is \$2.24 for an overall tax rate of \$15.84; noting such is an increase of four cents from 2018.

Bob Tougher questioned the assessed valuation associated with that tax rate.

Jim Pineo replied the assessed valuation associated with the tax rate is \$1,998,172,625.

Troy Neff stated the Library is over expended by \$238,000; noting such is an accounting issue related to the quarterly distribution. He stated health insurance and dental premiums for two months in September. He noted a cost overrun in the Libby Museum's budget. He stated the Technology and Debt Service budgets were under budgeted; noting the Debt Service budget did not include the \$26,000 betterment bond. Regarding revenue for the water and sewer funds. He stated as of September the charge to the Water Fund was running at 69.1444%; noting after some research was done it was found that the Town Departments were not being properly

charged for the water. He stated Dave Ford and Brenda LaPointe is working on such. He stated October represents 79.607%. He stated the Sewer Fund (residential) for September was at 54.205% of the estimated revenue and was 60.410% for October. He noted there seems to be a coding error and believes the estimated revenue for the sewer fund was over estimated. Relative to the audit, he stated the audit is being processed.

Bob Tougher stated he doesn't ever recall coming up short on revenue for any of the Enterprise Funds. He stated he believes one year the Town deliberately held back to make up for a year. He asked what will happen if 100% revenue is not received and asked if the fund balance would be brought down automatically. He asked how such would be reflected in the following audit.

Troy Neff stated he couldn't speak to such.

Matt Plache requested the expenditure report be distributed sooner in the future.

Jim Pineo stated the healthcare rate will not be set until next week and noted the budgets will not include such.

John MacDonald asked what percentage of the budget has been expended.

Troy Neff replied 89% expended through today. Referencing the 2020 budget, he stated appropriations from 2016 through 2020 are laid out and the budgets include a dollar change and percentage variance. He stated the departments were instructed to have a 0% increase; noting 45 budgets are represented and of those 45 budgets there are 12 budgets that include both a discretionary and nondiscretionary component that did not meet the 0% goal. He stated Fund 1 is up 4.04%, not including capital outlay. He reviewed health and dental insurance figures. Referencing Fund 2, he stated the Water Fund is up \$29,469.11 (1.62%); noting such includes capital outlay projects and a decrease in the Administrative Cost Allocation. Referencing Fund 3, he stated the Electric Fund, is up \$118,045.28 (1.17%) which includes an increase of \$100,453.12 in the administrative allocation calculation. Referencing Fund 4, he stated the Sewer Fund is up \$12,742.64 (.74%). Referencing Fund 5, he stated the Pop Whalen Fund is down \$40,626.10 (14.39%); noting such is due specifically to the change in the administrative allocation methodology. He stated across all Funds, the budget is up 2.45% (\$682,606.76).

John MacDonald confirmed the General Fund is up 4.04% and questioned the increase in the total budget.

Troy Neff replied 2.45%; noting such does not include any wage increase for employees.

Jim Pineo stated he is presenting a couple of options relative to raises to the BOS tomorrow.

John MacDonald confirmed the raises are for the nonunion employees.

Jim Pineo stated the Town is in negotiations with AFSMCE and the Police Union have a current contract. He stated the BOS adopted his recommendations for the Fire Department employees that he presented last year.

Brian Black confirmed the figures include the Police Department's contractual raises.

Jim Pineo noted a \$156,000 increase in the Assessing budget due to the revaluation.

Bob Tougher stated the idea of having a capital reserve account for the revaluation is a good idea.

John MacDonald stated the Police Department's budget is up 6% for 2020 and up 22% from 2016.

Troy Neff stated the Police Department tends to rank in the top 10 for budget increases; noting the increases since 2017 has been significant.

John Burt questioned the cause of the increase.

Jim Pineo stated the health insurance line for 2019 was \$349,000 and for 2020 is \$419,924; noting such is due to the transition of employees that now have families and children.

John Burt asked if the 2020 budget includes increase in staff.

Jim Pineo replied no.

John Burt questioned the increase in the supervisory pay.

Jim Pineo stated at this time the nonunion employees have not received a pay increase.

John Burt questioned the increase in supervisory salaries for the Police Department.

Jim Pineo stated there is no wage adjustment for that line however, we have 53 pay periods in 2020.

John Burt stated he reviewed supervisory salaries from 2015 through 2019 and noted the following increases in such; Finance – 36%, Electric - 21%, Police - 16.7%, Library – 12.5%, Public Works – 11.4%, Town Clerk – 11.9%, Tax Collector – 10.9%, Fire Department – 5.6%, Parks & Recreation – 4.4%, Town Manager down 5%.

Jim Pineo stated with regard to the Police Department compensation line, the Police Commission hire, fire and set compensation.

John Burt asked that when the budget is presented to the voters is the budget the Police Department's budget or the Budget Committee's budget.

Troy Neff stated that according to the Department of Revenue the Committee signs the 737 therefore, it is the Budget Committee's budget.

Jim Pineo stated the Tax Collector's office will have an increase in health insurance.

Bob Tougher questioned the increase in the Communications budget.

Troy Neff stated there have been some costs moved out of the Police Department's budget into the Communications budget such as telephone lines and other items.

Jim Pineo stated the Communications Department is proposing to hire additional part time staff.

Bob Loughman asked how much was transferred from the Police Department to Communications.

Paul O'Brien stated there was a net \$3,000 gain that showed up within the Communications budget therefore, he requested an explanation for such.

John MacDonald asked why Communications is not governed by the Town Manager and where does it state that it falls under the jurisdiction of the Police Commissioners.

Jim Pineo stated he could research the history of such. Referencing the Communications budget, he noted part time wages is up approximately \$7,000 and health care will be adjusted down. He stated there is an increase in telephone, communications maintenance, safety equipment, furniture & fixtures and travel & meetings and professional development.

Bob Tougher questioned the increase in their discretionary spending.

Jim Pineo replied \$19,670.

Troy Neff replied 70.38%.

Jim Pineo stated the department dispatches for Fire, Police, Electric, Animal Control and Public Works and operate under the authority of the Police Department.

Bob Loughman asked what numbers within the Communications budget is related to the Police Department.

Jim Pineo stated that is a question for the Police Department.

Bob Loughman asked if phones lines for other departments are included in the budget.

Jim Pineo stated phone lines for the Fire Department are not included in the Communications budget.

Bob Loughman stated it should be placed under the Police Department.

Brian Black stated all communications is not related to the Police Department.

Matt Plache recommended reviewing the breakdown of the two budgets. He asked if the Police Commission oversees the Communications budget.

Jim Pineo replied yes. He recommended the Budget Committee liaison speak with the Police Department regarding such.

John MacDonald questioned whether the Water and Electric Departments should pay the Police Department for their services.

B. Administrative Cost Allocation

Bob Tougher stated Troy Neff collected all the data, analyzed and presented conclusions relative to such. He stated the analysis was well done.

Troy Neff stated he couldn't find the genesis of the documentation where the methodology originated from. He stated one of the changes to the methodology is including the Executive budget and the purchase power cost. He stated the amount of effort of the Treasurer and Finance Director was captured. He stated the total number of employees from each fund were reviewed and total amount of the Block 5 contract and number of devices that are covered by that contract (to determine the technology allocation). He stated the Committee received an explanation of the methodology and noted the 2020 budget includes the new methodology.

Bob Loughman questioned the increase in the total allocation.

Troy Neff stated the old allocation figure was \$691,217 (2019 budget based off the 2018 budget). He noted the following administrative cost allocations for each department;

	<u>Old Methodology</u>	<u>New Methodology</u>
Water	\$165,636	\$145,245.52
Electric	\$390,422	\$488,273.79
Sewer	\$70,986	\$85,615.84
Pop Whalen	\$64,173	\$23,813.76

Troy Neff stated there is a total increase in the allocation of \$5,311.20.

Jim Pineo stated the new methodology was adopted by the BOS.

III. Town Manager Report

N/A

IV. Informational Items

N/A

V. Other Business

NHMA Seminar

Bob Tougher stated he, Linda Murray, Matt Plache and Steve Johnson attended the NHMA budget seminar. He reviewed the history of the State's Room and Meals tax distribution. He stated this year the Town is at 21%; noting that such is half the amount promised when the bill was first enacted. With regard to setting the tax rate next year, he stated an overlay feature was discussed at the seminar which would cover tax abatement requests.

Jim Pineo stated that when the tax rate was set, Brenda Vitner (Town's consultant) worked with the assessor and was able to find out what the outstanding numbers were and used a \$72,000 overlay for that purpose.

CIP

Bob Loughman summarized the 2020 project costs and tax rate impact; noting a \$2,273,000 of current revenue project costs (\$1.13/\$1,000 on the tax rate).

Troy Neff reviewed the debt service.

John Burt questioned the amount the Town should have for debt service.

Robert Loughman stated it is his understanding that the DRA recommends a threshold of 3%; noting he believes the Town's debt service ratio is .09% of the valuation of the Town.

Bob Tougher expressed concern regarding the DRA threshold.

The Committee further discussed the debt service.

VI. Public Comment

None.

Next Budget Committee meeting scheduled for November 12, 2019; agenda to include Patriotic Purposes, Parks and Recreation, Clark House and Pop Whalen. Budget information is available at the Town Hall and Library.

It was moved by Bob Tougher and seconded by John Burt to adjourn the November 7, 2019 Budget Committee meeting. All members voted in favor.

There being no further business before the Committee, the meeting adjourned at 8:13 PM.

Respectfully Submitted,

Lee Ann Hendrickson

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