

Minutes
Nottingham Budget Committee Meeting
December 7, 2017

Members Present: Jennifer Biron, Miska Hadik, Michael Koester, Carrie Lee, Karyl Martin, Les Thompson, Peter White, Anthony Dumas – BOS Rep, Susan Levenson – School Board Rep

Excused Absences: Suzanne Edin, Erin Maskwa

Other in Attendance: Secretary Dawn Calley-Murdough, Town Administrator Chris Sterndale

Chair Hadik called the meeting to order and introductions were completed.

1st Draft 2018 Town Budget/Current Financial Review: Mr. Sterndale summarized the proposed 2018 Town Budget and current financials. The expenses provided are through November 30th and are very close to where the town will be when the year ends with an approximate 7% overall returning surplus.

Mr. Sterndale answered prior questions about the postage expenses and the Building Inspection Supply account. The postage problem was a journal entry with a duplication of amounts and the Building Inspector account includes the new Building Permit Software that was proposed for 2016.

Mr. Sterndale reviewed the tax rate process and explained how the tax rates are determined. The Select Board decided to use some of the surplus fund balance to reduce the tax rate. The School also has the ability to use unused funds, from the prior school year budget, to help reduce the next year school appropriations. The town had an increase in property assessments in 2017, which also helps to keep down the tax rate.

Mr. Thompson asked if buying down the tax rate is a sustainable practice. Mr. Sterndale reported it is not sustainable, as using 20% of the fund balance every year isn't financially responsible and could deplete the fund balance quickly. Taking funds from the fund balance artificially reduces the tax rate, even though there are real savings seen in each individual tax bill. Chair Hadik stated he is concerned about the possible changes to the tax rate next year with increasing budgets, even understanding the savings seen in individual tax bills, is it worth buying down the tax rate.

Mr. Sterndale reviewed the highlights of the 2018 proposed/draft town budget. The towns proposed budget is currently at an approximate \$105,000.00 higher than the 2017 budget and a review of the big budget changes took place. There is a higher Election budget with three elections in 2018. Health insurance costs are down with an overall rate decrease. The town does have the statutory requirement to pay a large portion of the Police and Fire retirement cost despite a level funded percent set by the state in 2018. The Building Inspector position duties were separated out and the Inspector position is now a part time position and the Planner position has yet to be filled but will also be part time, and the amount is currently an estimate and may change.

Mr. Thompson asked why the budget comparison is completed with budget to budget versus budget to actual expenditures. Mr. Sterndale reported the town is in the tough position in setting a budget while they are still in the budget year. It could be possible to project out the estimated amounts to a full year actual, but he isn't sure how well he could do that. One of the biggest issues the town has seen in budgeting is personnel and then seeing a high number of vacancies; using actuals when the position was vacant knowing the position will be filled could cause serious budget trouble.

Mr. Sterndale reported the town has tried over the past few years to include a small amount of maintenance to the Community Center, with roof repairs and siding repairs taking place in the last couple of years, and this year will include needed security improvements to the Town Clerk/Tax Collector Office. These safety changes are recommended by the NH Department of Labor,

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especially when there are times they are in the building alone, given the perception that they carry large amounts of cash means there should be a bigger safety barrier between them and the public. There is currently video surveillance and the changes will be made in a way to balance the small town feel while keeping staff safe.

Electric rates aren't expected to change significantly, as the town is moving forward with the solar installation but those savings may take a couple of years to be seen. The anticipated time frame for installation is early 2018 and a larger return on investment is expected after year six with the eventual purchase of the solar system.

Mr. Koester asked if the solar purchase has been discussed with the CIP. Mr. Sterndale stated he would verify that the purchase price in year six was included in the CIP plan.

Mr. Sterndale reported he is shopping for a new telephone vendor at this time and expects changes to the telephone lines. There is the expectation for some savings on telephones.

There is a plan with the Cemetery Trustees to make some repairs to the cemeteries, both fences and road work.

Workers Compensation is tied to personnel costs and remain relatively stable and the Property Liability expense is decreased with a lower than expected do not exceed amount.

The Police Department added one more full time officer in the middle of 2017, and 2018 reflects that position for a full year. However, there should be some savings in the PD Overtime account with the new position, and the department is currently fully staffed at this time. Vehicles are on a four year replacement cycle and the proposed cost includes the trade-in payment.

The Fire Department is going to see an increase in the Part Time staff and Stipend account with a rate increase. These positions help the three full time staff members and staff the department when the full time staff isn't working, and it is important for the department to try and keep the part time and stipend staff.

Chair Hadik asked about the significant increase in the FD Training account. Mr. Sterndale reported more training has been provided to staff, it also helps retain current full time and part time staff at the department.

Mr. Sterndale reported the Select Board continues to work on the Highway department budget. The retirement of the prior Road Agent John Fernald has provided the town with some difficulties. A new position of Director of Public Works (DPW) was created, the position filled, and then vacated within a few weeks.

The Select Board will wait to hire for the new position after the winter season in order to find someone who can fulfill all the required skills needed for the DPW position. In addition to the new DPW the town will also hire a new plow driver/road maintenance crew member to try and alleviate the problem with a shortage of plow drivers in the winter. The town was able to find assistance to manage winter plowing this year.

Mr. Sterndale explained the Highway budget also includes a proposed purchase of a new plow/pickup truck, as the current pickup truck is being beaten up. The Select Board will make a decision to leave the vehicle in the operating budget or include it as a separate warrant article.

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Chair Hadik asked about the increase in the Highway engineering account and if road paving is included in the CIP. Mr. Sterndale reported as the town tries to move forward with proposed road paving work professionally, the Select Board expects to have more engineering expenses; engineering expertise will be required if the new DPW does not have that experience. Mr. Sterndale reported roads are included in the CIP, and for several years has budgeted a similar amount, with an approximate \$200,000.00 for Shim and Sealcoat work and another \$200,000.00 for road reconstruction. Going forward the plan will be a more methodical process for making decisions on how road repairs are completed, utilizing data about the use and condition of the roads to prioritize needed work. The Select Board has received requests to consider paving some of the higher used gravel roads, but a decision hasn't been made. However, any consideration of paving gravel roads should expect to add a significant amount of money to the 2nd draft of the budget.

Mr. Sterndale reported all towns and states expect decreases in recycling revenues, an increase to dispose of waste, as China has made big changes and is reducing the amount of US recycling materials they are willing to accept.

Social Services are in the budget for the second year, additional information is still being sought for those agencies that are supported. A discussion will be held with the Welfare Director will also help determine that services are still utilized and how much is needed for local welfare.

Recreation is planning few program changes, but is looking to consider staffing changes, specifically with summer camp and weekend lifeguard staff at the town beach.

The town is going to see savings in debt payments, an approximate \$30,000.00, as the last payment made for the Community Center renovations. Other debt payments should be completed in the next couple of years.

Mr. Sterndale answered an earlier question, stating the town has a \$120,000.00 payment for solar panel purchase in year 2024, with a 10 year bond. Mr. Koester asked about the electric supply expectation with the installation of the solar panels. Mr. Sterndale stated the town expects 100% of the Eversource coverage, but the town is covered by both Eversource and NH Electric Co-op. If more of an energy credit is received by the town, the school will receive the surplus.

Chair Hadik asked Mr. Sterndale to provide more precise narratives for those accounts with larger financial impacts.

Mr. Thompson asked when the budget would be finalized and when will the town receive the tax rate. Mr. Sterndale reported the budget will be set after the public hearing on February 8, 2018, but won't be finalized until after Town Meeting on March 17, 2018. The tax rate won't be set until October 2018.

The committee thanked Mr. Sterndale for coming.

Mr. Dumas provided information about general town updates. Several appraisers were contacted, two responded, and one will be hired to complete an appraisal for the Route 4 property and possible consideration for a sale, but the board hasn't made a decision yet. The Select Board are going to be very considerate about the desires of the voters in regards to the property.

Mr. White asked about the process of town owned property; does the town have to wait three years, can the board make a decision to sell property without voter input, and will there be public hearings. Mr. Sterndale reviewed the law on how town owned property is sold, stating property can be sold in

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the first three years after it is taken by tax deed (for non-payment of taxes), the Select Board can sell town owned property as they have been authorized to do so at previous Town Meetings, and there is an expectation to discuss the sale of the Route 4 property with the public before action takes place. General discussion took place about the history of the Route 4 property.

Mr. Koester asked for an update on the Marston property. Mr. Dumas reported the town has received an Alteration of Terrain Permit from NHDES and the Select Board will need to determine how the physical changes will be funded. Ms. Calley-Murdough stated \$200,000.00 were raised for Marston development, and a minimal amount has been spent.

General School Updates: Ms. Levenson stated the questions asked by the committee at the prior meeting were given to the SAU and School Administration for answers. The Joint School Board received notice that Superintendent Gadomski is not going to renew his contract, and after meeting a decision was made to promote the Assistant Superintendent.

The School Board reviewed the proposed and default budget at their prior meeting, which will be reviewed by the Budget Committee on December 14th, but expects to continue their review and will want to meet with the committee again on January 4, 2018.

The Joint Board held a hearing for the SAU operating budget and Pre-school budget, which was approved and will be reflected in the proposed budget at the next committee meeting. Mr. Reuning will speak to the changes in the pre-school budget and special education expenses at that meeting.

The Joint School Board created an Audit committee for further oversight of the financials of the SAU and all related towns. Future discussion will take place about the audits and the SAU and Pre-school surplus and how some can be returned to town to help reduce taxes. The next meeting is December 18.

The Transportation Committee will meet on Monday, December 11 to continue review and make a selection of the new transportation contract.

Ms. Levenson reviewed that over the past four years the school has returned an approximate \$1.8 million dollars back to the town to offset the tax rate. The draft school audit indicates a final amount of \$340,180.00 will be returned from the 2016/2017 school year, and \$489,036.00 was returned from the 2015/2016 school year.

Chair Hadik verified the school has returned a surplus of approximately \$400,000.00 to \$500,000.00 of surplus back to the town over the past four years. Ms. Levenson stated a big part of the return is from high school tuition, and Health Trust refunds. Discussion took place about how the school budgets for high school students moving into the districts. It was stated a problem for Nottingham is the need to pay tuition for any high school student that moves in, rather than being able to absorb the cost of those students into their own high school, which is how it is done with elementary students.

Mr. Koester asked if any work has been done to establish a trend for the number of actual students moving into the school system, from a historical five year perspective. Ms. Levenson stated she would have that information put together.

General discussion took place about changes being in seen in high schools with changes in student populations, both up and down, how population can change received revenues and expenses, and

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how to try and best estimate for the potential number of incoming students. This includes trying to base estimates on the number of births and new building permits.

The committee thanked Ms. Levenson for her report.

Approval of Minutes

Motion: by Mr. Dumas, second by Mr. Koester to approve the November 16, 2017 minutes as amended.

Vote: 8 in favor; 1 abstained.

OTHER BUSINESS: Chair Hadik stated a CIP review would be held at a future meeting.

Mr. Dumas stated he is unable to attend the next meeting and Mr. Eaton should be able to attend. Ms. Biron stated she is unable to attend the December 21st meeting.

Mr. White asked about the asbestos at the back of the building. Chair Hadik and Mr. Dumas recommended Mr. White talk to the Town Administrator and the Select Board. Ms. Levenson stated there is a history of discussing the matter, and it isn't a topic being ignored but it is an in process matter until a decision is made about the space. General discussion took place about possible plans for the space and the work that could be involved.

ROUNDTABLE:

ACTION ITEMS:

Town:

School:

ADJOURN: Having no further business,

8:56 PM Motion: by Ms. Lee, second by Mr. Thompson.

Vote: 9 – 0 in favor.

Respectfully Submitted,

Dawn Calley-Murdough