

**Minutes of the
Litchfield Budget Committee Meeting
Held on October 27, 2016**

The Litchfield Budget Committee held a meeting on Thursday, October 27, 2016 at Campbell High School, One Highlander Court, Litchfield, NH 03052.

PRESENT: C Couture, (Chair), K Douglas (Vice Chair), C Pascucci, A Cutter, D Miller, J Bourque, R Keating, K Bourque (Selectmen's Representative), B Bourque (School Board Representative), T Brown (Town Administrator)

Absent: J Bourque arrived late

1. CALL TO ORDER

Mrs. Couture called the meeting to order at 7:00 p.m.

• PLEDGE OF ALLEGIANCE

2. PUBLIC INPUT

There was no public input.

Mrs. Couture announced that Mr. Cutter and Mrs. Harrison (School Board) have been encouraging the public to attend the meetings on social media.

3. REVIEW/ADDITIONS TO AGENDA

There were revisions or additions to the agenda.

4. REVIEW/ACCEPTANCE OF MINUTES

• October 13, 2016

MOTION: by Mr. Cutter

Move to approve the October 13, 2016 minutes

SECOND: by Mrs. Douglas

VOTE: 8-0-0

The motion carried.

• October 20, 2016

The minutes of October 20, 2016 were tabled to the November 3 meeting.

5. CORRESPONDENCE

Mrs. Couture announced the following correspondence was received: an answer to the question about the Mosquito contract, an updated spreadsheet from Mr. Cutter, School Board changes to the FY18 budget, FY18 School Board Recommended budget books.

6. BUDGET REVIEW: Town Budget

• Warrant Articles

Mr. Brown reviewed the warrant articles with the Budget Committee.

ARTICLE 3 - 2017 OPERATING BUDGET

To see if the Town will vote to raise and appropriate as an operating budget, not including appropriation by special warrant articles and other appropriations voted separately, the amounts set forth in the budget posted with the warrant or as amended by the vote of the first session, for the purposes set forth therein, totaling \$X,XXX,XXX Should this article be defeated, the default budget shall be \$X,XXX,XXX which is the same as last year with certain adjustments required by previous action of the Town of Litchfield or by Law; or the governing body may hold one special meeting, in accordance with RSA 40:13, X and XVI, to take up the issue of a revised operating budget only. Estimated 2017 tax rate increase is \$X.XX

ARTICLE 4 - FULL TIME POLICE OFFICER

To see if the town will vote to hire a full time police officer effective July 1, 2017 at an annual salary and related costs of \$86,047 and further vote to raise and appropriate the sum of \$39,055 for wages and benefits for the period of July 1, 2017 to December 31, 2017. Estimated 2017 tax rate increase is \$X.XX

FT Officer	2017	2018
Wages	\$24,440.00	\$51,927.70
Health (2 person)	\$ 6,869.00	\$16,487.04
Dental (2 person)	\$ 340.60	\$ 817.44
NHRS	\$ 7,192.69	\$15,282.17
Workers Comp	\$ 366.68	\$ 778.91
Medicare	\$ 354.38	\$ 752.94
Total	\$39,054.47	\$86,046.20

ARTICLE 5 - ROAD IMPROVEMENT PROJECTS

To see if the Town will vote to raise and appropriate the sum of \$200,000 for the purpose of road improvement projects. It is anticipated that these funds will be used toward the cost of repairs to Roberts Way, Underwood Drive, Hildreth Drive, Whittemore Drive, Nathan Drive, Gibson Drive, McQuesten Circle, Parker Circle and other roads as necessary. Estimated 2017 tax rate impact: \$0.00.

ARTICLE 6 - SECOND YEAR OF LIBRARY NON UNION WAGE PLAN IMPLEMENTATION

To see if the Town will vote to raise and appropriate the sum of \$10,186.00 to fund salary adjustments to bring Library employee salaries in line with the non-union employee wage plan, as approved by the Library Board of Trustees in 2015 . This article represents the second year of

a three year implementation plan. Estimated 2017 tax rate increase is \$X.XX.

ARTICLE 7 - LIBRARY EARNED TIME ACCRUAL EXPENDABLE TRUST FUND

To see if the Town will vote to raise and appropriate the sum of \$5,000.00 to be placed in the Library Earned Time Accrual Expendable Trust Fund as previously established. Estimated 2017 tax rate increase is \$X.XX.

ARTICLE 8 - TOWN EARNED TIME ACCRUAL EXPENDABLE TRUST FUND

To see if the Town will vote to raise and appropriate the sum of \$60,000 to be placed in the Earned Time Accrual Expendable Trust Fund as previously established. This sum to come from the unassigned fund balance and no amount to be raised from taxation. Estimated 2017 tax rate increase is \$X.XX.

ARTICLE 9 - HUMAN SERVICES AND HEALTH AGENCIES

To see if the Town will vote to raise and appropriate the sum of \$23,050.00 to support the requests of Human Services and Health Agencies including but not limited to:

- Big Brothers/Big Sisters - \$500
- Home Health & Hospice Care - \$6,500
- St Joseph's Community Services (Meals on Wheels) - \$1,600
- Bridges (domestic violence) - \$300
- Greater Nashua Mental Health Center - \$9,000
- Lamprey Health Care - \$800.00
- Court Appointed Special Advocates - \$500
- American Red Cross - \$3,850

Estimated 2017 tax rate increase is \$X.XX.

ARTICLE 10 - FIRE VEHICLE AND EQUIPMENT REPAIR EXPENDABLE TRUST FUND

To see if the Town will vote to establish a Fire Vehicle and Equipment Repair Expendable Trust Fund pursuant to RSA 31:19-a for unanticipated repairs greater than \$5,000 for fire vehicles and equipment and to raise and appropriate the sum of \$50,000.00 from the unassigned fund balance to be placed in said fund. Further, to name the Board of Selectmen as agents to expend from said fund. No amount to be raised from taxation. Estimated 2017 tax rate increase is \$X.XX.

ARTICLE 11 - FIRE VEHICLE AND EQUIPMENT CAPITAL RESERVE FUND

To see if the Town will vote to establish a Fire Vehicle and Equipment Capital Reserve Fund pursuant to RSA 35:1 for the future purchase of Fire Vehicles and Equipment and to raise and appropriate the sum of \$XX,XXX to be placed in said fund. Estimated 2017 tax rate increase is \$X.XX

ARTICLE 12 - ARCHITECTURAL AND ENGINEERING FEES FOR NEW FIRE STATION

To see if the Town will vote to raise and appropriate the sum of \$XX,XXX for the purpose of funding architectural and engineering services to revise and update existing building and site plans for a new fire station to be located at Liberty Way. Estimated 2017 tax rate increase is \$X.XX

ARTICLE 13 - PFOA WATER CONTAMINATION EXPENSES

To see if the Town will vote to raise and appropriate the sum of \$XX,XXX to provide the Board of Selectmen with consultants and legal counsel and any other expenses related protecting the Town's interests regarding the recent discovery of PFOA groundwater contamination. Estimated 2017 tax rate increase is \$X.XX

Shall we adopt the provisions of RSA 32:5-b, and implement a tax cap whereby the Budget Committee shall not submit a recommended budget that increases the amount to be raised by local taxes, based on the prior fiscal year's actual amount of local taxes raised, by more that \$175,000. (3/5 vote required.)

Mr. Pascucci asked about the costs for water after the hook up. Mr. Brown commented St. Gobain will pay for the cost to hook up homes to town water, but we want the water bills paid and water for the fields for life. He indicated that the town has to determine if there is any loss in property value and, if that is the case, seek remedy.

Mrs. Couture asked if there has been any discussion [whether the tax cap amount is right or wrong] by the Board of Selectmen regarding the tax cap based on this year's experience.

Mr. Brown indicated the Board of Selectmen reviewed it for the first time on Monday and are still digesting it.

Mr. Pascucci commented, in fairness to the taxpayers, it is a redo and the article should remain the same.

Mrs. Couture commented it is a redo, but we are following it. She indicated this year will generate valid data that will impact it.

Mrs. Douglas commented we are actually following it and expressed agreement with Mrs. Couture.

Mr. Pascucci commented from 2015 to 2016, there was not much increase in spending by both the town and school district, but on a \$350,000 home taxes increased 6% or \$427. He asked if anything else would have an impact on the increase.

Mr. Brown commented the tax base is difficult to understand. He indicated the education taxes may have exceeded \$1 increase, but the town's tax base did not even increase \$1M. He noted the town picked up \$956,000 in tax base and 2017 is trending the same. Mr. Brown indicated that a subdivision and some new homes have been approved for next year.

Mr. Pascucci commented at this time, we are estimating a \$400,000 increase just in the town budget.

Mr. Brown commented if you look at the tax rate calculation for the town alone, we had to raise an additional \$99,000 for abating taxes. He noted the net town appropriation was \$176,468 and the tax base only increased \$956,000.

Mr. Pascucci commented in the past he focused on one thing, but now he accepts things for what they are. He indicated that is what it costs to live in Litchfield and all the reductions we made in the past are catching up.

Mr. Cutter commented it will cost much more when the fire station is built. He indicated in the next three years taxes will most likely increase \$4,000.

Mr. Pascucci commented people have to make a decision if they want to live in Litchfield.

- **Tax Rate**

Mr. Brown provided a breakdown of the tax rate. He announced the 2016 tax rate for Litchfield is \$21.60, which is an increase of \$1.23.

- **Tax Cap Calculations**

Mr. Brown provided tax cap calculations for the Budget Committee. He explained the tax cap calculation formula:

Prior Tax Year + Fund Balance Add Back + Tax Cap = Tax Cap Calculation Base.

Gross Appropriations less Revenues, plus Veteran's Credit, plus Overlay = Current Year Tax.

Tax Cap Calculation Base less Current Year Tax = Amount Over / Under Tax Cap.

For example:

2017:

Prior Year Tax	\$3,570,207
Add Back FB	+ 0
Tax Cap	+ 175,000
Total:	\$3,745,207

Gross Appropriations	\$6,198,104	
Revenues	- 2,483,193	
Veteran's Credit	+ 114,752	
Overlay	+ 100,000	
Total Current Year Tax		\$3,929,663
Over/Under Tax Cap		\$184,456

Mrs. Couture commented the Budget Committee has to present a budget that is within the tax cap. She indicated the warrant articles can remain and the voters can choose to override the tax cap by approving the articles.

- **VOTING : TOWN BUDGET**
 - **Town Budget**

Fire Department 4220.1

Mr. Brown reported that adjustments were made to Health Insurance in the budget as the town received the new rates, which have increased 20.79%. He indicated the new 2017 Fire Department Proposed budget bottom line is \$583,870.

Mrs. Douglas asked how much is being added because of the increase in the Health Insurance rate. Mr. Brown commented he is looking at an increase between \$75,000 and \$100,000, which will depend on enrollment and changes.

Mr. Bourque asked if the Fire Department is under contract and if their insurance can be changed.

Mr. Brown indicated the Fire Department is not unionized and the town can look at a comparable policy.

Mrs. Couture commented this will impact all accounts that include budgeting for health insurance.

Mr. Brown reported for those members who were not in attendance during the Fire Budget presentation, there is a \$40,000 increase in Equipment and Maintenance, which is driven by radio equipment.

Chief Fraitzl explained that at this time the Fire Department is operating dispatch with a borrowed radio as theirs died in July and we are requesting to replace it. He commented he would like to start replacing mobile and portable radios that are up to 15 years old at a cost of up to \$4,000 each through a multiyear process.

Mrs. Couture acknowledged the reason that dress uniforms are being requested in the budget. She indicated given the situation, she recommended purchasing two per year over a few years.

MOTION: by Mrs. Couture

Move to reduced Line 680, Uniforms & Accessories, in Account 4220.10 Fire, by \$3,000 for a new line total of \$4,500

SECOND: by Mrs. Douglas

Mr. Pascucci asked what the officers are currently using. Chief Fraitzl indicated they have no dress uniforms.

Mrs. Douglas asked if there is a way to raise funds through an organization or group for those items.

Mr. Cutter wanted to know why the dress uniforms are budgeted in this budget as opposed to past budgets. Chief Fraitzl indicated there was no uniform program when he arrived and officers were purchasing their own uniforms. He commented we started a program for officers to get uniforms. Chief Fraitzl clarified he would like to purchase the dress coat and pants for each firefighter, which cost approximately \$500 per person.

Mr. Keating commented if this were Personal Protection Equipment (PPE) he would be able to support it, but it is not possible to do so with this budget.

Mr. Cutter commented that we are looking at a large overall impact on the budget. He acknowledged the Chief's needs and supports the dress uniforms. He indicated if we are going to make reductions we need to make larger reductions somewhere.

Mr. Pascucci commented some of the thought process regarding this reduction is the tax cap. He indicated that some worry that the budget may fail, but if they need the money in that budget and want to leave it in there, this is the year to leave it in there. He commented that will not cause the budget to fail.

Mrs. Bourque commented we have to start somewhere. She asked is that not what we are here for. Mr. Pascucci commented we already reviewed the whole budget and we are \$450,000 above where we should be.

Mrs. Douglas commented to Mrs. Bourque's point, we have to complete the exercise and figure out which reductions can be made deeper.

Mr. Bourque commented that Mr. Pascucci's point at the last meeting was there is no need to make reductions until we know the tax cap. He indicated if we have information regarding the tax cap we need to know so we can make reductions.

Mr. Pascucci commented that he does not believe we have the money for a lot in here. He indicated the need for something does not mean we have the money to afford it. He noted for years we reduced more needed items than this for fear the budget would fail, but now he indicated he feels differently. Mr. Pascucci agreed to reduce where you can, but it will not make a difference in whether the budget is approved or fails.

Mr. Keating commented that is not what this committee is here for. He indicated we are here to make the decisions and do our diligence.

DRAFT

VOTE: 8-1-0

The motion carried.

MOTION: by Mr. Miller

Move to reduce Line 635, Vehicle Fuel, in Account 4220.10 Fire, by \$500 for a new line total of \$5,440

SECOND: by Mrs. Bourque

VOTE: 8-1-0

The motion carried.

Mr. Miller commented that the officer stipend in Line 120 is increased, but the numbers do not add up.

MOTION: by Mr. Miller

Move to reduce Line 120, Call Firefighters, in Account 4220.10 Fire, by \$2,240 for a new line total of \$7,800

SECOND: by Mrs. Douglas

Chief Fraitzl explained he wanted to raise the stipend to \$200 for an on call officer because of the amount of hours we need covered. He indicated the on call officer is expected to respond to most every call and to those calls that are not dispatched. He noted it is a way to have someone readily available instead of dispatching the entire department.

VOTE: 4-4-1

The motion failed.

Referring to Line 140, Overtime, Mr. Miller asked how the overtime rate was determined.

Chief Fraitzl indicated there are two individuals; \$88.50 is the combined rates of those individuals; 12 hours for each individual per month.

MOTION: by Mr. Miller

Move to reduce Line 140, Overtime, in Account 4220.10 Fire, by \$1,744 for a new line total of \$11,000

SECOND: by Mrs. Douglas

Mr. Miller indicated he looked at what is being spent and we are spending less than what has been budgeted.

Chief Fraitzl indicated that the year to date expense is \$1,713 and reminded the Budget Committee the department is down one full time firefighter for five months.

VOTE: 6-2-1

The motion carried.

Referring to the dispatch radio replacement, Mr. Miller asked if there is an opportunity to lease a dispatch radio.

Chief Fraitzl commented there is an opportunity to lease a radio. He indicated the more in depth answer is that this is scratching the surface of the town's infrastructure needs. He noted we are looking at a new facility and shortly thereafter we will be looking to replace apparatus. Chief Fraitzl commented we have some major items in the future and are trying to piece things together so it does not all occur in one year.

Mrs. Douglas asked how many radios are needed. Chief Fraitzl indicated approximately 18 mobile radios and we have 24 portable radios.

Mrs. Douglas asked how many people are in the department. Chief Fraitzl indicated radios are assigned to the seats in the apparatus. He noted the difference in price between mobile radios and portable radios is \$200.

Mrs. Douglas asked about overstocked radios or radios decommissioned from the State. Chief Fraitzl indicated there are none. He noted these radios were purchased with a grant.

Mrs. Douglas asked why not start a fund to spread the cost over several years. Mr. Keating asked for the total cost of all the radios. Chief Fraitzl indicated the cost is \$160,000 for 40 radios.

Mr. Cutter suggested using impact fees to purchase the radios. Mrs. Couture indicated impact fees cannot be used for replacement.

Chief Fraitzl indicated we are using impact fees for the start of the fire station project. He commented impact fees are specific to expanded growth and not replacement of equipment.

Emergency Management 4290.1

Mrs. Douglas asked who handled emergency management when the town did not have a stipend.

Chief Fraitzl indicated prior to his arrival the Town Administrator handled the administrative tasks and the Fire Chief handled the operational tasks.

Mrs. Douglas commented from the town's perspective no additional role was given to anyone.

Mrs. Couture commented the reason for the stipend is because the position does not have to be filled by the Chief. She indicated that emergency management directors became prevalent since 9-11.

Mr. Brown commented it is not included in the Town Administrator job description and is silent in the Chief's job description. He indicated typically we have to have someone on record as an emergency management director and it is best to have the Fire Chief in that position.

Mr. Pascucci commented he is hearing the position is not in any of the job descriptions and if this stipend is approved, it now goes into a job description. He indicated the position could be in a job description if that was the desire of the Board of Selectmen. He noted it is all about money, but what is the right number.

Mr. Keating commented it is important to have the Fire Chief involved in emergency management. He indicated we are very fortunate for the Chief's skill set and to have the Chief step up and advocate for the town.

Mrs. Douglas commented that in her opinion we are cleaning up paperwork because someone did not negotiate it very well and it is costing us \$1,500. She indicated she is philosophically opposed to the stipend.

Mrs. Bourque commented it is more likely that an error is being corrected.

Board of Selectmen Changes

Mr. Brown reviewed changes approved by the Board of Selectmen:

- Unemployment Tax \$2,020
- Workers Compensation \$69,159
- Personnel Administration decreased by \$11,346
- Town Insurance increased by \$1,650
- Ambulance increased by \$17,500.

Committee members discussed ambulance charges and bad debt. Mr. Brown indicated the town's cost is 25% of Hudson's budget.

Mr. Pascucci commented the alternative is for the town to have its own ambulance service, equipment, garage, fuel, and supplies. He indicated Medicare is paying for ambulance charges to the residents, but the town is still paying for infrastructure.

Mrs. Douglas commented that a better deal should be negotiated.

Mr. Brown commented that it would be nice to have a stand by fee at a fixed amount. He indicated that there is no way Hudson will pick up our bad debt.

Chief Fraitzl commented it is our bad debt whether we have our own ambulance or not. He indicated what we are paying is small in comparison to what the cost would be if we had our own ambulance service.

Ambulance 4215.1

There were no changes.

Town Insurance 4196

There were no changes.

Mosquito District 4411.2

There were no changes.

Library 4550.2

MOTION: by Mr. Pascucci

Move to add \$10,186 to Account 4550.20, Library, for the wage implementation plan

SECOND: by Mrs. Douglas

Mr. Pascucci commented that the Budget Committee will not be able to recommend any warrant articles because of the tax cap. He was concerned that when the Budget Committee does not support a warrant article, neither do the voters. He indicated that the library staff will be deprived of their increase in wages because of our opinion. Mr. Pascucci commented the town placed the second phase of their wage implementation plan on the warrant last year and although the operating budget failed, the town was able to provide wage increases. He indicated that the library staff will be penalized. He believes they are part of the town and that including their wage implementation plan in the budget is the right thing to do.

Mrs. Bourque commented that she thought the numbers presented included the numbers for the warrant article.

Mrs. Douglas indicated the town put the article on the warrant with no dollar amount and had to find the money for the employees.

Mrs. Bourque commented the library staff provide a valuable service.

Mr. Cutter commented the cost to run the library has increased 30% over the last five years.

VOTE: 1-8-0

The motion failed.

Mrs. Couture indicated the tax cap is our limitation. She asked Budget Committee members to look through the budget and think about bottom line reductions.

7. REPORTS

• School District

Mrs. Couture commented that the SAU received the enrollment projections from NESDEC today. She indicated the Budget Committee needs the projections as soon as possible.

Mr. Bourque indicated the Budget Committee will receive the projections Thursday morning.

• RSA 32:22; Review of Expenditures

8. MEMBER INPUT/NEW BUSINESS

Mr. Miller commented healthcare costs are becoming unsustainable. He indicated we are reaching a point where if we cannot get bargaining units to agree, it will be unsustainable.

9. PUBLIC INPUT

There was no public input.

10. ADJOURN

MOTION: by Mr. Cutter

Move to adjourn the meeting

SECOND: by Mrs. Bourque

VOTE: 9 -0-0

The motion carried.

The meeting was adjourned at 9:30 pm

Next Meeting: Thursday, November 3, 2016

Recorded by: Michele E. Flynn, Recording Secretary