

**Minutes of the
Litchfield Budget Committee Meeting
Held on February 11, 2017**

The Litchfield Budget Committee held a meeting on Saturday, February 11, 2017 at Campbell High School, One Highlander Court, Litchfield, NH 03052.

PRESENT: C Couture (Chair), K Douglas (Vice Chair), D Miller, R Keating, B Bourque (School Board Representative), B Lemire (Selectmen Representative)

Absent: C Pascucci, A Cutter, J Bourque

1. CALL TO ORDER

Mrs. Couture called the meeting to order at 11:48 a.m.

- **PLEDGE OF ALLEGIANCE**

2. PUBLIC INPUT

There was no public input.

3. REVIEW/ACCEPTANCE OF MINUTES

- **January 12, 2017 Hearing**
- **January 12, 2017**

MOTION: by Mr. Miller

Move to approve the hearing minutes of January 12, 2017 and meeting minutes of January 12, 2017

SECOND: by Mrs. Douglas

VOTE: 4-0-2

The motion carried.

5. TOWN BUDGET

- **Voting on budget changes**

Mrs. Couture indicated there were no changes to the budget.

- **Voting on changed warrant articles**

Mrs. Couture indicated there were amendments to two warrant articles.

Mr. Lemire commented that he would like to assure there is no intention to deceive the Budget Committee or the voters when the Board of Selectmen changed the funding mechanism on Article 13. He indicated the Board of Selectmen were concerned about moving to push the fire station forward because of the need. He explained once they received the report regarding the condition of the existing station, the concern was more immediate. Mr. Lemire noted that it is not known how much longer the existing building can be occupied because it does not pass many

of the building codes. He commented there are several code violations and we are trying to avoid what has happened in several towns where the fire marshal had no choice but to threaten to close those buildings, giving them a finite amount of time to address the situation.

Mr. Lemire apologized for the last minute warrant article change, but explained that the Board of Selectmen felt it necessary to try to accommodate moving this project forward. He noted the language on Article 14 was an attempt to satisfy the Budget Committee's concerns about the relief. He indicated the fact is that the money going back into that fund cannot be used for anything except that by law.

Mr. Miller commented that the funds will be used next year. He indicated if the town votes to approve Article 14 and you were going to do a \$100,000 overlay, you would do a \$134,000 overlay.

Mr. Lemire commented it is a moot issue. Mr. Miller commented that you do not have to do an overlay, but could choose to not offset out of the general fund every year.

Mr. Lemire commented that is not the overlay money. He indicated the amount of money the Board of Selectmen use to offset taxes is not called overlay. He explained overlay money is used in the event of rebates and on tax bills and the overlay money has to be there. He noted when the Board of Selectmen sets the tax rate that is when they decide what amount to use in the unrestricted fund balance to offset the tax rate. Mr. Lemire commented that this article is about putting the money in the account so when the Board of Selectmen decides what amount to use to offset taxes in September that amount will be available. He indicated that we cannot just determine that is going to be the taxes.

Mrs. Douglas asked if the Board of Selectmen would use the \$38,000 toward offsetting taxes. Mr. Lemire indicated that is unknown until September.

Mrs. Couture commented that she is hearing the money will be used to offset taxes at some point in the future – perhaps this fall or the next – but that it will go back to offset taxes subject to tax setting in September.

Mr. Lemire commented the DRA sends all forms and figures to municipalities in September and at that point we can work to determine what will be used to offset taxes.

Mrs. Douglas commented that money is not available to be used for some kind of repair, but only for tax relief. Mr. Lemire indicated that she is correct.

Troy Brown, Town Administrator, indicated the Board of Selectmen can only use the unassigned fund balance to reduce taxes. He commented, as you just saw being proposed residents can approve articles to use the unassigned fund balance for anything you wish to do.

Mr. Miller commented when you get to the end of the year and you have an unassigned fund

balance of \$100,000, you can choose to use \$0 of that, and then what happens to the money? Mr. Brown indicated it stays in that fund.

Mr. Miller indicated he does not know what that collection of funds is officially called. Mr. Lemire indicated that is the unrestricted fund balance, which is the town's surplus. He explained that can be used for offsetting taxes either by putting money against an appropriation or putting money against the tax bill when the DRA sets the rate in September. He noted this article accomplishes that and that money will not be used for anything other than tax relief.

Mr. Miller commented that he was struggling to understand that if you had \$34,000 that was allocated for one thing, the people now say allow it to go into the general fund and that is an extra amount that was not appropriated for any expense, and you say you cannot spend it. Mr. Lemire indicated that Mr. Miller was correct.

Mr. Miller asked why the Board of Selectmen cannot say they are going to add \$34,000 to whatever the number is if the article is approved. Mr. Lemire indicated that would be the same as an appropriation. He commented what you want will be accomplished.

Mrs. Couture agreed.

Mr. Brown indicated the intent was always to use the money to reduce taxes this fall. He commented when we asked the attorney to write the article she wrote it not allowing flexibility to use it for whatever reason if something came up.

Mr. Keating commented that he appreciates the fact of the fire issue, but could not understand why a representative from the town did not talk to the Budget Committee. He mentioned he works in law enforcement. He indicated the moving around of that took operational funds out of the Fire Chief's budget for something catastrophic that may occur to a piece of equipment that is important to operation. He noted that he realizes the building is getting to the point of non-operation and wondered why someone did not talk to the Budget Committee.

Mr. Lemire apologized and commented that should have happened.

Mr. Bourque commented that Article 12 and 13 were switched. He indicated when presented to the Budget Committee the Fire Department was at the meeting. He noted someone should have talked to the Budget Committee then. Mr. Bourque did not understand why it appears that Article 12 is less important than Article 13.

Mr. Lemire commented that there was no intention to do that and offered to take responsibility for the situation. He indicated that the Board of Selectmen were trying to find a way to get the project moving.

Chief Fraitzl indicated that Article 13 was more of a priority than Article 12 and may have a better chance of being approved because it has a \$0 tax impact.

Mr. Lemire commented that is the only reason the articles were switched.

Mrs. Couture commented that we needed to understand this process and night of the hearing we did not have any explanation, which was frustrating for this Committee. Mr. Lemire indicated he understands and apologized for the situation.

Mrs. Couture indicated that Article 13 states:

*Article 13 – Architectural and Engineering Fees for New Fire Station
To see if the Town will vote to raise and appropriate the sum of \$66,000 for the purpose of funding architectural and engineering services to revise and update existing building and site plans for the future construction of a new fire station at Liberty Way. This sum to come from the unassigned fund balance and no amount to be raised from taxation. It is anticipated that an additional \$34,000 shall be spent from the Fire Station and Municipal Office Impact Fee Accounts for this purpose. Estimated 2017 tax rate impact: \$0.00.*

*Recommended by the Board of Selectmen 4-0-0
Not Recommended by the Budget Committee 2-4-2*

She asked if there is a motion to recommend the article.

MOTION: by Mr. Miller
Move to recommend Article 13 as presented
SECOND: by Mr. Lemire

Mr. Keating commented that Article 13 is more important than Article 12.

Chief Fraitzl commented that Article 12 is more of an insurance policy. He indicated we do not foresee any vehicle or equipment repairs. He explained we know the issues with the fire station and we know we have to have something sooner rather than later. He noted we do not want to have a situation with the fire marshal like other communities and we will be moving forward with this project if the article is approved.

Mr. Bourque commented in 1988 the town decided to build a new fire station and 30 years later the existing fire station is still standing.

Mrs. Douglas was concerned that there was no community involvement in this process.

Mrs. Couture clarified that at the time the original plans were made there were citizens involved.

Mr. Lemire commented the Fire Department is different in terms of what they have to cover and deploy as resources. He indicated sometimes a professional needs to assist in telling you what you need. He agreed community input is important in the process.

Chief Fraitzl apologized for not having a representative of the department at the meeting after the budget hearing. He noted he was out of town and the deputies at the hearing were not aware there was a meeting following the hearing. He commented the plans we have from 2004 and 2008 had community input. He indicated approximately three years ago the Board of Selectmen looked to get activity from the community, but there was very little interest. He noted once this article is approved and we move forward we would like to have someone from the community involved.

Mrs. Douglas asked how the plans would consider future expansion and if there will be a need for a new set of plans for expanding to a safety complex. Mr. Lemire indicated a new set of plans would be needed.

Chief Fraitzl explained the plans were designed for future living space and bedroom space in the event the fire department expands to 24 hour coverage. He indicated the way the building sits on the property as designed in 2008 and because of the constraints of the corner you could not add on to either end, but it may be that all it takes is to move that building 45 degrees.

Mr. Lemire commented that he was involved in the original planning. He explained with the original plans incorporating the building and housing inspection services into the fire department was considered. He indicated that cross-training could be done and work could be consolidated. He noted that resources could be increased, but at minimal cost while gaining more room at town hall. He commented there would not be a need for new plans for the safety complex and related resources, which was the thought process at that time.

Chief Fraitzl mentioned changes in the plans include bays, a gear room, a decontamination area and a reconfigure of space from the 2008 plans.

Mrs. Couture commented all of this has been encompassed in looking at the previous plans and coming up with something to present to the community.

Chief Fraitzl commented Article 13 is our priority and the support of the Budget Committee is important to us. Mr. Lemire agreed.

Chief Fraitzl commented that he has worked in communities with public safety complexes and it does work. He indicated that he and Chief O'Brion have a great working relationship.

Mrs. Douglas asked if part of the evaluation would be to decide what to do with the existing facility. Mr. Lemire indicated that is another discussion as we are not sure what we can do with it. He noted that community input would be important.

Mrs. Douglas asked if that would be the next step. Mr. Lemire indicated it would be the next step because so much is unknown. He suggested that the fire station could be used as a garage for town and school vehicles.

Mr. Keating asked if there are plans for build out or for future empty space. Chief Fraitzl indicated there are no such plans in the current plan.

Mr. Keating asked if plans for build out or for future space could be considered. He indicated there is very little cost to having empty space that would be ready in the event it is needed for expansion.

Mr. Bourque asked if the Fire Department has a study for 5 or 10 years out such as the one completed for the Police Department. Chief Fraitzl indicated a study has not been done.

Mrs. Couture indicated there is a motion on the table to recommend Article 13.

Mrs. Douglas commented that she appreciated the discussion and a more knowledgeable vote can be taken.

VOTE: 6-0-0
The motion carried.

Article 13 is recommended by the Budget Committee by a vote of 6-0-0.

Mrs. Couture reviewed Article 14:

Article 14 – Non-Lapsing Appropriation

To see if the Town will vote to revoke the non-lapsing provisions of Article 8 from the 2016 town meeting, which raised and appropriated \$37,600 for expenses associated with training one full time firefighter as a paramedic, as the funds are no longer needed for this purpose. This will allow the funds to lapse into the general fund, where they will be available for tax relief by the Selectmen in 2017. Estimated 2017 tax impact: \$0.00.

Recommended by the Board of Selectmen 5-0-0
Not Recommended by the Budget Committee 2-5-1

Mrs. Couture indicated the Budget Committee has the option of not providing a recommendation on the article or revising their recommendation.

Mrs. Douglas commented that she was concerned about the wording and not fully understanding how the fund is used. She indicated that her concerns have been answered and supports the article.

MOTION: by Mrs. Douglas
Move to recommend Article 14 as presented
SECOND: by Mr. Miller
VOTE: 6-0-0

The motion carried.

Article 14 is recommended by the Budget Committee by a vote of 6-0-0.

6. MEMBER INPUT/MISCELLANEOUS BUSINESS

Referring to the tax cap, Mr. Bourque commented when Mr. Byron showed the chart for 2016 – 2017 it seemed as if we exceeded the tax cap on that chart by \$56,000 for next year's budget.

Mrs. Couture clarified that is true if all warrant articles are approved.

Mr. Bourque commented his understanding is that if all warrant articles are approved the tax cap is exceeded. He clarified that is not by action of the Budget Committee.

Mr. Lemire commented that he believes at some point the tax cap renders all the work the Budget Committee does useless. He noted that he spent nine to eleven years serving on the Budget Committee and knows the work that the Committee does, but this basically renders that work moot. He indicated he does not support the tax cap and feels that the town will not be served well with it. Mr. Lemire pointed out that the Budget Committee discovered how difficult working with the tax cap can be and that there are issues the Committee may not be able to support because of the tax cap. He indicated for years the Budget Committee presented a budget they felt was good and necessary for the town. He noted this tax cap removes your ability to present an adequate budget.

Mr. Bourque commented that we may see more articles not supported by the Budget Committee because we are unable to support them.

Mr. Lemire commented it is appropriate to state that an article is not recommended because of the tax cap on the warrant.

Mr. Miller indicated the other issue is that we do not know what to do on the budget until we see the warrant articles.

Mr. Lemire commented that road maintenance articles are at risk by the tax cap, which may have to be overridden at Deliberative Session if we have an unusually harsh winter or additional salt has to be purchased later in the season.

Mr. Miller asked if bonds are excluded from the tax cap. Mr. Brown indicated that bonds are not excluded from the tax cap. He commented that he suggested to Mr. Byron that the Board of Selectmen look at the law and see if it can be changed. He noted that it was thought the tax cap would only pertain to the operating budget, but that is not the case.

7. PUBLIC INPUT

There was no public input.

8. ADJOURN

MOTION: by Mr. Miller

Move to adjourn

SECOND: by Mrs. Douglas

VOTE: 6-0-0

The motion carried.

The meeting was adjourned at 12:25 p.m.

Recorded by: Michele E. Flynn, Recording Secretary

Approved: