

**Minutes of the  
Litchfield Budget Committee Meeting  
Held on April 13, 2017**

The Litchfield Budget Committee held a meeting on Thursday, April 13, 2017 at Campbell High School, One Highlander Court, Litchfield, NH 03052.

**PRESENT:** C Couture (Chair), A Cutter (Vice Chair), K Douglas, J Bourque, C Izbicki, R Keating, J Spotts, J York (School Board Representative), T Brown (Town Administrator)

Absent: C Harrison (School Board Representative), J Brunelle (Selectmen Representative)

**1. CALL TO ORDER**

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

● **PLEDGE OF ALLEGIANCE**

**2. ELECTION OF CHAIR, VICE CHAIR, WELCOME NEW MEMBERS**

Mrs. Couture asked members for nominations for Chair.

**MOTION:** by Mrs. Douglas

*Move to nominate Cindy Couture as Budget Committee Chair*

**SECOND:** by Mr. Cutter

**MOTION:** by Mr. Keating

*Move to nominate Andrew Cutter as Budget Committee Chair*

**SECOND:** by Mr. York

**VOTE on motion to nominate Mrs. Couture as Chair: 4-2-1**

**The motion carried.**

Mrs. Couture, Chair, asked for nominations for Vice Chair.

**MOTION:** by Mrs. Douglas

*Move to nominate Andrew Cutter as Budget Committee Vice Chair*

**SECOND:** by Mr. Spotts

**VOTE: 5-0-1**

**The motion carried.**

Mrs. Couture welcomed new members Corey Izbicki and Jim Spotts, as well as returning members, Andrew Cutter and Keri Douglas. She introduced Mrs. Flynn to the new members and commented that Mrs. Flynn takes excellent, detailed minutes and the Budget Committee is lucky to have her as recording secretary.

Mrs. Couture mentioned that Christina Harrison is the School Board representative and John Brunelle is the Selectmen representative. She noted that neither could attend this evening, so, Mr. York is standing in for Mrs. Harrison, and Troy Brown is standing in for Mr. Brunelle.

**3. PUBLIC INPUT**

There was no public input.

**4. REVIEW/ACCEPTANCE OF MINUTES**

- **February 11, 2017**

**MOTION:** by Mrs. Douglas

*Move to approve the hearing minutes of February 11, 2017*

**SECOND:** by Mr. Keating

**VOTE: 3-0-4**

**The motion carried.**

**5. CORRESPONDENCE**

Mrs. Couture announced that there was much correspondence with regard to the delayed annual voting. She indicated that legal counsel was confident that the Moderator had the authority to move the meeting. She commented that the Legislature passed a resolution that allows ratification of towns that moved their voting day.

Mr. Brown commented that it was approved by the Senate with an amendment. He indicated the House will vote on the legislation April 20. He noted once the legislation is approved, the Board of Selectmen would hold a public meeting and vote whether to ratify the votes.

Mrs. Couture indicated that legal counsel from the NHMA and the Town concurred that the Moderator had the authority to move the meeting.

Mrs. Couture mentioned that correspondence was received with regard to NH Retirement System. She recommended questions about the NHRS should be directed to either the Board of Selectmen or the NHRS.

Mrs. Couture mentioned that the NHMA has a weekly legislative bulletin and asked if the Budget Committee would like to be on the weekly list. She indicated that she agreed to be on the list and will send the information she receives to Committee members.

**6. ELECTION RESULTS**

Mrs. Couture reviewed the Town and School District election results from March 2017.

Town Election Results (financial warrant articles):

Operating Budget 2017: passed	Full Time Police Officer: passed
Road Improvements: passed	2 <sup>nd</sup> Year Library Wage Plan: passed
Library Earned Time Trust: passed	Town Earned Time Trust: passed
Human Services: passed	Fire Vehicle Repair Trust: passed

Architect/Engineer Fees New Fire Station: passed  
Non-Lapsing Appropriation: passed  
Tax Cap: passed

Mr. Cutter commented voters did not know what they approved.

Mr. York commented he was under the impression that, including the warrant articles, the budget can only go up 2%. Mr. Cutter clarified that it can only increase by \$175,000.

Mrs. Douglas asked how the overlay affects the tax cap.

Mr. Brown indicated that is where the Veterans' Credit can have an impact. He commented there was some discussion around town about the possibility of looking at the state law and that perhaps Litchfield attempts to change the tax cap calculation, but that is not clear. He noted voters can change the Veterans' Credit, which can have a huge impact. Mr. Brown commented that in the beginning, he thought the tax cap was a way to keep control over the operating budget and did not have anything to do with the warrant articles, but some people believe the tax cap includes the warrant articles.

Referring to the tax cap, Mr. York asked why the town is spending money on an architectural design for the new fire station with no way of funding the project. Mr. Brown indicated it can still be funded. He noted the Budget Committee has the responsibility for recommending raising funds.

Mrs. Couture indicated the restriction for the tax cap is only on the Budget Committee. She noted the Board of Selectmen can proposed any number they choose and the voters can add to it, but the Budget Committee cannot recommend more than the tax cap.

Mr. York asked if there were a warrant article with a \$3M bond cost, the Budget Committee would have to reduce the budget by the annual payment amount each year. Mr. Keating commented that the Budget Committee would not be able to recommend the article.

Mrs. Douglas commented that the voters can still vote for the article, but the Budget Committee would not be able to recommend it.

Mr. York commented that he does not understand why voters approved a tax cap. Mr. Brown commented it forces healthy discussion at the Budget Committee level about prioritization each year.

School District Election Results:  
Operating Budget: passed                      LEA Contract: passed  
LSSA Contract: passed

Mr. Cutter commented the School Board recommended the budget article and wondered why

they are blaming the Budget Committee for the reduction in the operating budget.

Mr. York commented he has only attended two School Board meetings and both seemed to focus on the CHS French and Music reductions. He indicated the \$300,000 reduction in Salaries seemed to cause angst. He noted at the last two meetings, the School Board encouraged people to attend Budget Committee meetings.

Mrs. Douglas commented the Superintendent sat here and thought the reduction was reasonable.

Mr. Cutter commented cutting positions and programs is a difficult choice. He indicated the Superintendent was reasonable about it.

Mr. York commented the French program had the biggest impact. He indicated there were several other courses that are not being offered next year. He noted when the schedule for the 2018-2019 school year is presented to students, French will be offered as will the other courses that were not run the previous year. Mr. York indicated that the music position will remain full time. He commented the frustration that results as they go through the scheduling process is that AP classes are drawing students and it is challenging to prioritize the courses that are needed.

*(Mrs. Bourque arrived at 7:26 pm)*

Mrs. Couture commented the Budget Committee has historically been the scapegoat for reductions to positions and programs.

Mrs. Douglas commented the Budget Committee could have recommended a budget that was \$400,000 or \$500,000 higher and the district could have a default budget. Mr. York commented that is unknown.

Mr. Cutter indicated the Budget Committee discussed many items and areas.

Mr. York commented that operations is 20% of the budget and salaries and benefits are 80% of the budget. He indicated the School Board has to negotiate better contracts. He added he was surprised by the vote on the Budget Committee contracts.

School District Election Results continues:  
Special Education Coordinator: failed

Mr. Keating commented that is because people who do not have special education children do not know what that is all about. He indicated the School Board did not publicize or explain the purpose of that position. He noted a letter should have been featured in the HLN.

Mrs. Bourque commented there was much momentum behind the contracts and the budget, but not a lot behind the other articles.

Mr. Keating commented if it was publicized in the newspaper the article would have been approved. Mrs. Bourque indicated that Mrs. Harrison (School Board member) did a good job of publicizing it via social media.

Mr. Keating commented there are many 55+ communities in town and many residents that are in that age bracket who read the newspaper. He indicated the article was overwhelmingly recommended by both the School Board and Budget Committee, especially when it was explained that 1 in 4 of our enrollment has special needs and the position is needed.

Mrs. Couture commented these results indicated people do not always base their decisions on what the Budget Committee recommends.

Mrs. Douglas suggested they most likely felt it would decrease the tax impact.

Mr. Keating indicated communication is the most important resource.

Mrs. Bourque commented the votes were very close, which indicates many did pay attention.

School District Election Results continued:

Security upgrades: passed	Special Education Capital Reserve: failed
Building Maintenance Capital Reserve: passed	Technology Capital Reserve: passed

Mrs. Bourque believes there was a clear message from the voters regarding what they want to spend money on. She commented she was pleasantly surprised by the votes. She indicated it makes her think of how to prioritize going forward.

Mrs. Couture pointed out that social media has a huge impact. She indicated people that do not have the time to read the news or go to meetings can have the information quicker.

## 7. REPORTS

### • Town Business

Mr. Brown provided a report on what has been transpiring in the town. He reported that a mailbox replacement policy was discussed with the Highway manager; Mrs. Flynn and the SAU Office did fantastic job working with Pennichuck at the start of the water main construction. He commented they have a completion date of July 4. He indicated they want to install the water main and the service so the town can begin grinding the roads, applying the binder course and finish course. Mr. Brown noted that St. Gobain has been very good about financing the project and the roads. The Board of Selectmen are in discussions with St. Gobain to reimburse residents that will be paying for water on a monthly basis, compensation for fire hydrants and payment of legal fees.

Mr. Brown reported the fire station leach field is in a state of failure. He noted it cannot handle the discharge from washing out the equipment. He indicated that Hudson and Londonderry volunteered to allow our fire department to wash their equipment at their facilities. Mr. Brown

commented quotes and proposals are being solicited from designers. He indicated the plan at this time is to try and utilize the existing leach field on the old town hall property, but we will need a contingency plan in case that leach field fails. Mr. Brown noted there is a Capital Reserve Fund to address the issue. He reported he and the Fire Chief discussed meeting with the architect to discuss design work for the new fire station. He indicated we will look at the old plans and modify them to house the police station as well.

Mrs. Couture asked about the process and if there will be a committee for the new fire station project. Mr. Brown indicated that he and the Fire Chief are coordinating and will recommend a committee to the Board of Selectmen. He noted the town would be well represented.

Mr. Brown reported that the town will be working on a capital improvement plan this summer and offered to have a Budget Committee member on that committee.

Mrs. Couture commented historically Budget Committee members have been on various town and School Board committees, but over the last few years, the Committee members have not favored that.

Mr. Brown indicated a public hearing will be scheduled and a draft document will be posted on the website.

Mr. Izbicki asked if the plan will include the school district. Mr. Brown noted the old plan included the district. He indicated the capital improvement plan is the basis for charging for impact fees.

Mrs. Couture commented it has been her experience that the Business Administrator wrote down the numbers pertinent to what is coming up and that is what was submitted.

Mr. York commented that the School Board is not planning on building a school anytime soon and that there are no capital improvements we can see coming. He indicated that improvements to the systems need to be done.

Mr. Brown indicated those items fall under the capital improvement plan. Mr. York noted the School Board will be receiving the results of the Building Condition Assessment next week.

Mr. Brown reported the operating budget looks great; however, the highway department has used almost all of their salt and the plow money has been depleted. He indicated there are catch basin problems and the town still has to make some accommodations for legal costs. He noted we do not have any idea what kind of fall we will have and we still have the months of October, November and December for snow removal. He commented storms vary and storms that drag on cost much.

- **School Business**

Mr. York reported the School Board received the FY18 budge, but did not address it last week.

He indicated it will be discussed going forward. He noted the SAU is reallocating funds.

Mrs. Couture commented that there are significant funds being allocated at the end of this year, which occurred at the end of last year as well. She indicated there have always been some projects that are paid for with unexpended funds. She was concerned that last year \$168,000 of the last budget was pushed back and in the FY18 budget there is \$235,000 proposed to pay ahead with FY17 funds. Mrs. Couture commented that renders our budgeting invalid. She asked if the School Board feels there is a need to pay for those projects now, then why were they included in the FY18 budget?

Mr. York commented he cannot speak to last year's use of funds. He indicated the School Board has historically used end of year funds to pay ahead items from the next budget. He noted end of year funds are based on how well the expenditures are managed through the year. Mr. York commented some of those funds are being used ahead for warrant articles and some actual projects have been moved forward. He indicated that has not yet been presented to the School Board for approval. He noted if the SAU is making those decisions they will have to have approval from the School Board.

Mrs. Couture asked about the status of the FY18 budget that was provided to the Budget Committee. Mr. York indicated it is a draft.

Mrs. Couture commented the Budget Committee made no reductions in the Technology budget because it is a priority and many people testified about the importance of technology. She indicated there have been no Budget Committee reductions in that account for the last two years. She noted in this draft, \$135,000 of the technology budget is being removed and paid ahead in FY17. Mrs. Couture asked if that money was not needed in technology, why was the Budget Committee berated for two years? She commented that anticipating deferred projects is expected, but items have been paid ahead for two years.

Mr. York commented if certain items were in the budget, but did not make it through the budget process, the School Board cannot use money for those items if they are not approved. Mrs. Couture clarified that the School Board can use the money for those items.

Mr. York commented when he was on the School Board, end of year funds were only used for items in the upcoming year. He indicated if we pull something from next year's budget into this year's budget it has to meet certain criteria according to the auditor. He noted in the past, we have done that with certain items. Mr. York commented as long as the money is in the budget for next year we can use end of year money this year for purchases. He noted the Superintendent was concerned about how tight the budget is for next year. He indicated moving dollars forward has to be approved by the School Board. Mr. York commented the School Board should receive that information in their May meetings and not at the end of the fiscal year as has been done in the past. He indicated that information can be shared with the Budget Committee after the School Board has reviewed it.

Mrs. Couture requested that her feedback be provided to the School Board.

Mrs. Douglas commented it is one thing to purchase what is already budgeted, but if the money is not going to be used for projects, it should be returned.

**o Enrollment**

Mrs. Couture commented that, in terms of grade 1 registrations, we are at least 20 students behind the total from two years ago. She indicated if the trends hold true, we will have one less teacher in grade 1 and may not need to hire an additional teacher.

Mr. York commented there is other information to consider. He indicated there are 32 two bedroom apartments being constructed on Page Road that will be occupied beginning in September. He believes children will be coming into the district and that those units will have an impact on enrollment in September.

Mrs. Douglas commented she would not expect 20 students from 32 apartments.

Mr. Cutter commented homes are selling in town.

Mr. York indicated we can look at the apartments in town today and correlate what is coming out of those units, expecting it to be the same, plus or minus 5%. He commented there is some concern there and it may not impact the district until the start of the school year.

Mrs. Couture commented Kindergarten is trending where it was last year.

**8. MEMBER INPUT/MISCELLANEOUS BUSINESS**

**• Budget Calendar 2017-2018**

Mrs. Couture provided a meeting calendar for 2017-2018. She indicated it is basically the same format for meeting dates as last year.

Mr. York commented that October 14 is the School Board budget work session.

Mr. Keating commented on the format of the budget meetings. He expressed appreciation for the analysis Mr. Cutter prepared last year with budget lines and budget items, as it brought attention to the areas that could be reduced. He asked if the Budget Committee could follow a different method this coming year. He suggested Committee members with particular expertise can drill the budgets down and provide a more focused look at areas that can be reduced.

Mrs. Couture commented this is a good discussion. She indicated we can get the bottom line and ask for parameters.

Mrs. Bourque agreed, indicating that puts the onus on the administrators and town officials, who are more educated and know where to place the reductions. She commented bottom line reductions make sense.

Mrs. Couture commented this Committee discussed setting a dollar limit and a percentage of increase, but the School Board has said they will not abide by it.

Mr. Izbicki suggested to set the parameters for the next budget and they are free to go over it. He indicated we state where the Committee is comfortable and if they over that amount we provide a bottom line and let them figure it out.

Mr. Cutter asked how that is justified when last year the large item was Chromebooks.

Mr. York commented that when John Harte was Budget Committee Chair he had the Committee provide a percentage increase for the School District and Town budgets. He noted that the School Board came close to their request; however, there are some items that are going to increase the budget. He indicated that Mr. Harte had experience writing budgets, but things changed on the Committee and there were more challenges. The School Board members are aware of the limitations on the budget and what they are trying to do, and they understand the constant growth of salaries and how challenging that is compared to operations. The School Board tries to make correct choices when encumbering funds at the end of the year and returns as much as they can to the taxpayers. Mr. York commented as the funds are encumbered during the year and the end of year funds are forecasted, they are creating an area so that there is money for items that may be needed at the end of the year or that can be spent ahead for the next year. He noted that the legislature passed a law allowing districts to retain a percentage of end of the year funds to use in the following year with the consent of the Budget Committee and the NH DOE, but it was not supported by the Budget Committee at the time. He indicated had it been supported it would have solved many issues and all the towns/districts that adopted it have had no issues.

Mr. Izbicki commented the law allows districts to retain an amount of the fund balance and go through the Budget Committee to use it, but if it is not used, it is returned to the town.

Mrs. Bourque commented when reviewing the budget, we poured over every page and ended up reducing salaries by \$300,000. She indicated we are not equipped to make decisions on what the town or school district should reduce from the budget. She added, respectfully, there were portions of the budget review that felt like a bit of a waste of time only to result in reducing the bottom line.

Mr. Keating requested [when the Committee receives the budgets] to let members that have the skillset ferret out the areas of the budgets to reduce. He suggested this analysis can be provided and discussed prior to start of budget reviews.

Mrs. Couture clarified that the Budget Committee ending up taking attrition cuts because that process occurred as we went through the budgets, but motions were not supported.

Mr. Keating commented that we were aware of the two areas we reduced at the first meeting last

year and then tabled it until we were done going through the budget. He proposed to have that presentation earlier in the process so Committee members can have their questions or concerns about certain items/pages prepared for the night of the presentation.

Mrs. Couture commented one of the things that is important is for the department heads to come and talk about what they do. She suggested having all the presentations first and then work on the budgets and bottom line.

Mr. Keating believes the process can be more streamlined and going line by line is counterproductive.

Mr. York indicated in the past, the only department heads that were requested at the budget reviews for the district were the Special Education Director, IT Director, Superintendent and Business Administrator. He commented the School Board representative should be able to answer your questions. He noted the direction for the School Board budget reviews was to focus on increases or decreases of \$2,500 or more in the budgets. Mr. York indicated the School Board can do that in one day without drilling down.

Mrs. Couture indicated there will be an agenda item for a discussion regarding the budget process parameters for the next meeting. She commented that she likes the idea of a high level look as long as we provide an opportunity for people to come and justify their budget.

Mr. Cutter commented there are problematic areas: there is no transparency into the default budget. He indicated if we are going to provide a dollar based bottom line, he would like to see the default budget.

Mr. Izbicki agreed the default budget can be provided sooner. He indicated that revenue projections should be provided earlier as well.

Mr. Cutter agreed. He commented the town is held up until December. He asked how we come to a bottom line number based on that.

Mr. York commented none of those facts has any impact on what you do with the budget. He indicated if you are trying to make the operating budget match the default budget that is disingenuous.

Mr. Izbicki commented if you have an approved budget from last year and don't know your default number, you do not know where the difference may be. He indicated the closer you are between the proposed and default budgets, the better the chances of getting the budget approved.

Mr. York commented that is on the School Board. He indicated if they are playing a game on that respect they deserve what they get. He noted the default budget is not hard to calculate.

Mr. Izbicki commented the more information we have sooner in the process the better decision we can make.

- **Bylaws**

Mrs. Couture commented the Budget Committee will review the bylaws annually. She noted one change in Section VI, D:1, which currently states:

*“The Chair shall announce each budget request and the Committee’s recommendation, explain the basis for such recommendation, and the results of the vote taken for such recommendation. In the case of a tied vote, the article shall have the wording, “Neither Recommended nor Not Recommended by the Budget Committee” applied to the Article.”*

She indicated that it has been determined that the Budget Committee must make a recommendation (recommended or not recommended), and that a tie vote will be “not recommended”.

**MOTION:** by Mr. Cutter

***Move to revised Section VI, D:1 of the Bylaws to reflect that a tie vote shall be recorded as “not recommended”***

**SECOND:** by Mr. Bourque

**VOTE: 8-0-0**

**The motion carried.**

Mrs. Couture indicated the Budget Committee can readopt the bylaws at the next meeting.

Mr. Cutter spoke to the strategy of communications this year using social media. Mrs. Couture commented if Mr. Cutter would like to take on that task that she is amenable to it. She indicated it was well received by the community.

Mrs. Douglas commented it opened up a level of transparency that was lacking.

## **9. PUBLIC INPUT**

There was no public input.

## **10. ADJOURN**

**MOTION:** by Mrs. Douglas

***Move to adjourn***

**SECOND:** by Mr. Izbicki

**VOTE: 8-0-0**

**The motion carried.**

The meeting was adjourned at 8:55p.m.

**Recorded by: Michele E. Flynn, Recording Secretary**

**Approved:**