

**Draft Minutes of the
Litchfield Budget Committee Meeting
Held on October 15, 2020**

The Litchfield Budget Committee held a meeting on Thursday, October 15, 2020, at Litchfield Town Hall, Two Liberty Way, Litchfield, NH 03052 and remote locations.

In response to COVID- 19 and the resulting need to practice social distancing, the meeting will be held remotely via Webex and be broadcast live via LCTV

PRESENT: A Cutter (Chair), N Fordey (Vice Chair), K Douglas, W Hayes, B Hodgkins, J Son, S Taylor, C Harrison (School Board Representative), R Leary (Selectmen Representative)

Absent:

1. CALL TO ORDER

Mr. Cutter called the meeting to order at 6:30 p.m.

Remote Attendance: A Cutter, N Fordey, J Son, S Taylor, W Hayes, C Harrison.

Town Hall In Person: K Douglas, B Hodgkins, R Leary.

● **PLEDGE OF ALLEGIANCE**

2. PUBLIC INPUT

Residents were encouraged to submit comments via email to Andrew Cutter, Budget Committee Chair, acutter@litchfieldnh.gov. Messages must include commenter's first and last name & address.

There was no public input.

3. REVIEW / REVISION OF AGENDA

There were no revisions to the agenda.

4. CORRESPONDENCE

Mr. Cutter shared correspondence that included (video began recording after the announcement of correspondence by the Chair).

5. REVIEW / ACCEPTANCE OF MINUTES

- **October 1, 2020**
- **October 8, 2020**

Approval of the minutes was deferred to the next meeting.

6. REPORTS *(The order of budget reports may be discussed out of order)*

- **Town Business**
 - o **Review of Accounts**

Mr. Brown, Town Administrator, commented that the 2021 Town Budget consists of a running total of \$110,000 in reductions and the tax cap is exceeded by \$27,306, which includes budget

totals for all health, dental, workers compensation and property/liability insurances. He indicated on Monday night he will be presenting information to the Select Board to look at the current budget and project where we will end up, as well as recommendations for prepaying some items from the 2021 budget with end of the year funds. He mentioned that the Select Board will also have to decide on revenues and will work with the NHMA to get some direction on the rooms/meals tax. He noted it is unrealistic to believe that revenues will remain the same in light of pandemic.

Mrs. Douglas asked about the deadline for credits and abatements.

Mrs. White, Assistant Town Administrator, indicated that the deadline for abatements is March 1st as taxpayers have to wait until they receive their second tal bill to apply.

Mrs. Douglas commented this is the first year the changes will be implemented and are expected to be an offset.

Mr. Brown indicated the Veterans credit increase has been added to the tax cap calculations.

- **Health Department**

Mr. Brown presented the 2021 Health Department budget with a total of \$2,030, which represents no increase.

- **Ambulance**

Mr. Brown presented the 2021 Ambulance budget with a total of \$69,225, which represents an increase of \$1,725. He commented the Town carries \$10,000 in the Bad Debt line to cover any bills not paid for transports initiated in Litchfield. He noted the town obligated to pay that. He explained that Litchfield pays the Town of Hudson for unpaid bills and then Litchfield reaches out to the resident customers to collect; if unable to collect then a collection agency pursues the deb. He indicated the contract with the Town of Hudson is based on their ambulance budget and our projected calls, which are difficult to predict.

- **Fire Administration**

Mr. Brown presented the 2021 Fire Administration budget with a total of \$649,232, which represents a decrease of \$29,222.

Deputy Chief Nicoll highlighted increases and decreases in the 2021 Fire Administration budget:

- Fire Chief Salary: merit increase \$621
- Firefighter Wages: merit increase \$807
- Call Firefighter Wages: decrease \$85,085
- Training Wages: decrease \$3,294
- Fire Inspector: merit increase \$119
- Overtime: increase \$1,359 due to merit increase adjustment to hourly wages
- Training Overtime: increase \$1,799 due to merit increase adjustment to hourly wages

Mr. Cutter asked how the merit adjustment was applied to the overtime lines. He commented overtime is out of touch across the entire budget. He questioned merit increases in the overtime lines.

Deputy Nicoll explained that because the salary rates were adjusted due to merit increases, that impacts the hourly overtime rate, which automatically increases based on the hourly rate adjustment.

Mr. Cutter asked if overtime is a guarantee. Deputy Nicoll indicated overtime is not a guarantee; however, when staff have to come in for emergencies or stay late that is considered overtime.

Mr. Taylor asked if the department has tried any methods to alleviate overtime, such as staggering hours of employees.

Chief Fraitzl indicated there are only two full time employees and if they go out on an emergency that spills over their regular hours, they are paid overtime. He commented if emergencies require them to come back to the station in addition to regular hours, they are entitled to overtime. He explained, with regard to the staggering of hours, there is not enough staff to do so because it would leave the station without personnel.

Mr. Taylor commented that the shift can be divided up so one person covers at all times. Chief Fraitzl indicated that the fire department cannot operate with just one person. He noted there have to be two full time employees on a given shift.

Mr. Cutter asked what happens when a call comes in on a Friday night. Chief Fraitzl indicated that it is responded to by on call staff; however, if it is a significant incident, full time staff will be called. He explained neither full time employee responds to every call after hours, but only when necessary or there are multiple calls.

Deputy Nicoll continued highlighting increases and decreases in the budget:

- Uniform Allowance: level funded
- Health / Dental Insurance: increase in health insurance of \$3,506; no increase in dental
- Computer Software Contract: level funded
- Dispatch Service Contract: level funded
- Pre-employment Screening: level funded
- Instructor Services: increase \$112
- Electricity: decrease \$3,000
- Heating: decrease \$3,000
- Water: level funded
- Repairs/Maintenance: level funded
- Dues/Subscriptions: increase \$224
- General Supplies: increase \$150
- Community Relations, Office Supplies, Postage, Equipment Repair/Maintenance, Custodial Supplies, Vehicle Repair/Maintenance, Uniforms/Accessories, Medical Supplies, Provisions, Equipment Purchases, Equipment Leases, and Seminars/Conventions: all level funded
- Vehicle Fuel: decrease \$275

- Books/Periodicals: increase \$450
- Protective Gear: increase \$525, which increases 3% annually
- Mileage/Tolls: increase \$50.

Mr. Cutter commented the Select Board instructed all department heads to use the zero-based budget approach and he wondered what was learned from that approach.

Chief Fraitzl indicated that the Fire Department has always prepared their budget using that approach. He commented this is the first budget with the fire department in the new building and there have been some cost savings, such as herating, for which we did not have a history to draw from. He explained he reached out to the supplier and analyzed expenditures for the last 12 months to determine that there has been an improvement in usage. Chief Fraitzl pointed out that the amount budgeted for mileage and tolls is basically a placeholder in the event an employee needs to take a department vehicle to a class.

John Son commented that approximately 40% of the seminars/conventions line has been spent in the 2020 budget. He asked, with the understanding these types of opportunities have been either virtual or cancelled, if there have been conversations on how this will look for next year.

Chief Fraitzl indicated that fire academy and emergency training was put on hold at the beginning of the year and has recently ramped up, which he foresees continuing. Firefighter and EMT programs will go back to the normal schedule. Next year two members will be enrolled in the EMT class and one member is in an Advanced class that began four weeks ago; another member just completed Firefighter II training. Chief Fraitzl indicated he does not see this training returning to a virtual venue unless the Coronavirus ramps up. He noted that there will be three on-call firefighters, recently interviewed, who will need training next year.

Mr. Son asked if these are the types of training that are required to be done in person. Chief Fraitzl indicated that Mr. Son was correct.

Mr. Taylor asked how many employees does the health insurance cover. Mrs. White indicated it covers three employees.

Mr. Taylor asked if their premiums are based on their roles as some seem to be higher than other departments. Mrs. White indicated it is subject to the plan they choose.

Mr. Taylor asked if they may have a different health plan than other departments. Mr. Brown clarified that the Town has the same plan for all employees and the cost share is 80/20. He noted there are two plans under this insurance: one with a higher deductible and one that is more restrictive. He explained the driver for the cost is enrollment as some employees elect a family plan or a 2 person plan.

Mr. Cutter commented there is \$6,000 budgeted for heating, but throughout the budget there are rounded numbers. He asked how good the budgeted numbers are.

Chief Fraitzl indicated there is no way to predict some lines, such as vehicle repair/maintenance, for example, and is based on the past three years of data and upcoming inspections. He noted there are many items we cannot put an exact dollar figure on.

Mr. Cutter commented that, in the spirit of that response, in his view that is partly why we have expendable trust funds to make up some of these differences.

Chief Fraitzl agreed and indicated that the department uses that fund when there are major needs for apparatus that exceeds the budget.

Mr. Son commented that Mr. Brown spoke about spending ahead for items in next year's budget. He asked if items, such as equipment purchases, are the items the Chief is looking at based on what remains in this year's budget.

Chief Fraitzl commented this has been an odd year and we have had to delay many things, such as equipment purchases and maintenance; however, there are some routine maintenance that were delayed that have not yet been processed in the budget. He indicated that he is looking at funds in some lines such as training and salary that can be used to pre-purchase items for next year to reduce that budget.

- **Fire Hydrants**

Mr. Brown presented the 2021 Fire Hydrants budget with a total of \$508,190, which represents an increase of \$44,436. He explained for new members that in the past an article to take on hydrants in the budget was approved by the voters. Initially, it was the ratepayers who paid the fees. He pointed out there is one hydrant in the budget for the city of Manchester that Litchfield pays and 255 hydrants for which we are budgeting. He noted the increase in this budget is attributed to 7 new hydrants and a rate increase from the Public Utilities Commission.

Mrs. Douglas suggested approaching Manchester to offer to have them buy the hydrant.

Mr. Brown explained that would be complicated since our hydrants are serviced by Pennichuck and it would take much legal work for that to occur.

Mr. Cutter acknowledged that the Town's hands are tied in that respect. He indicated that in the last five years this budget has increased from \$300,000 in 2014 to \$450,000 and now \$508,000. He believes that is becoming unsustainable and asked what can be done to offset the costs. He commented there needs to be a discussion and to determine why Litchfield supplies the water to Pennichuck and they charge Litchfield high rates for usage.

Mrs. Douglas commented this is a Select Board / Legislature issue.

Mr. Taylor commented this all goes back to his theme that town growth needs to be taken into consideration because sooner or later the tax revenue from new homes and developments is not going to offset this.

- **Code Enforcement**

Mr. Brown presented the 2021 Code Enforcement budget with a total of \$84,982, which represents a decrease of \$13,054.

Chief Fraitzl highlighted increases and decreases in the Code Enforcement budget:

- Salary: increase \$328
- Temporary Inspector: decrease \$1,000, leaving some funds in the line for vacation coverage
- Overtime: level funded
- Health Insurance: decrease \$16,167
- Dental Insurance: decrease \$1,584
- Printing: increase \$100 for permits, approvals, stickers and decals; all other forms are digital
- Dues/Subscriptions: increase \$4,000 due to online records management program at an annual cost (previously done at Town Hall and in person)
- Vehicle Repairs/Maintenance, Books/Periodicals, Uniforms: level funded
- Seminars/Conventions: increase \$1,270 due to requirements placed upon the building inspector position.

Mrs. Fordey asked if there is a way to offset the cost of online permitting by increasing fees.

Mr. Brown indicated a proposed fee schedule will be reviewed by the Select Board on Monday night. He was hopeful it will go to public hearing. He noted if approved, it could generate approximately \$25,000 in new revenues by the Building Department.

Mr. Taylor asked why overtime is necessary, referring to the increase in overtime from 2019.

Chief Fraitzl indicated the inspector had only been with the Town for the last 3 months in 2019, which is reflected in the expenditures. He explained although inspections are done during normal business hours, there are extenuating circumstances that preclude that, including emergency calls for structural integrity compromise and safety, as well as some need for after hours investigative duties when dealing with zoning or building complaints that do not occur during normal business hours.

- **Emergency Management**

Mr. Brown presented the 2021 Emergency Management budget with a total of \$16,977, which represents an increase of \$1,000.

Chief Fraitzl commented that when COVID occurred in March, we were tasked with the challenge of trying to protect our employees and town. He indicated because we were not prepared for such a pandemic, we procured masks and PPE to protect our town employees. He noted no one had any funds or line items in their budgets for that. He noted in order to have some funds available should this pandemic continue or we lose State/Federal funding, we have increased the Emergency Management Equipment Purchase line by \$1,000.

Mrs. Douglas requested to separate the \$1,000 increase from this line item and earmark it for the pandemic so it does not get lost in the budget and is easier to track.

Mr. Cutter commented that there is a similar line item in the General Government Buildings budget and asked why these funds were not included in that budget line.

Mr. Brown indicated the Emergency Management Director was trying to address the known COVID need and we know it will continue into 2021. He commented \$500 is not enough going forward and getting into other unknown emergency situations. He noted the sensible thing to do is to increase this line. He pointed out there are 8,500 in this community and a limited supply of materials for our employees and residents.

Mr. Cutter clarified that he was specifically referring to how the line is funded and not the amount. He suggested including the funds together with those budgeted for the town as well.

Mr. Brown indicated that he and Chief Fraitzl will look at it, but that \$1,500 is a more realistic budget for the department.

Mrs. Douglas was concerned that the justification in the notes is COVID related instead of the rationale that the line was underfunded.

Chief Fraitzl indicated that when the pandemic occurred this was the only line where we could secure funding for that purpose. He noted this is not a one year issue and the town needs to plan and have emergency funding available when something of concern is upon us. He commented we need to have the ability to make emergency purchases for supplies as quickly as we can without having to get approvals.

Mrs. Fordey asked about an expendable trust fund. Mrs. Douglas agreed. She believes this line item will increase annually, but if we build up a fund for emergencies we can replenish it when it is used. She was concerned that if any of the line's funds are not used they will go into the general fund at the end of the year and returned to taxpayers.

Mr. Cutter commented this committee is trying to avoid having this money go into the general fund. He indicated for the short term the line will be named Unplanned Emergency Supplies, and thereafter, the funds can be pooled together with town funds to create one Town Emergency Supplies Fund.

- **Police Administration**

Mr. Brown presented the 2021 Police Administration budget with a total of \$1,796,062, which represents a decrease of \$28,634.

Chief Sargent highlighted increases and decreases in the Police Administration budget:

- \$9,791 increase in Administration salaries due to wage increases in the negotiated police contract
- \$19,735 decrease in Officer salaries
- \$250 increase in Administrative Assistant salary due to a longevity stipend

- \$1,906 increase in for PD Prosecutor, which consists of \$76,000 moved out of Line 325 (Contracted Services) and a small merit increase
- \$3,000 increase in Officers Part Time Wages due to merit increase
- Overtime is level funded; no further reduction is possible due to staff shortage and a significant reduction in 2020 budget
- \$3,000 decrease in Captain's Overtime
- \$3,982 decrease in Court Overtime due to Prosecutor job performance
- \$8,334 increase in Training Overtime due to the first year of an officer on the State SWAT team; other mandatory training scheduled: CPR certification, domestic violence, legal review, low light shooting, rifle training, active shooter and taser recertification; Governor Emergency Order increased hours of mandatory training to 24 hours
- \$100 decrease in Witness Fees
- \$800 decrease in Uniform Allowance (Chief and Captain did not include cleaning fee)
- \$34,821 increase in Health Insurance
- \$446 increase in Dental Insurance
- \$2,760 decrease in Telephone/Data
- \$749 increase in Software and Support
- Child Advocacy Services level funded
- Pre-employment Screening, Printing level funded
- \$105 decrease in Dues/Subscriptions
- \$270 decrease in General Supplies
- \$400 decrease in Office Supplies
- \$1,300 decrease in Equipment Repair/Maintenance
- \$1,625 increase in Vehicle Repairs/Maintenance
- \$950 decrease in Books/Periodicals
- \$600 increase in Uniforms Accessories
- \$13,064 decrease in Equipment Purchases due to awarding of State grants that will be used to purchase portable radios
- \$47,999 decrease for Cruiser Purchases; Select Board authorized 2020 funds to replace two vehicles (administrative vehicles) so there will be no increase in 2021; plan to ensure the Police Department will purchase only one vehicle per year as opposed to the two vehicle replacement cycle that has existed
- \$4,307 increase in Seminars/Conventions, for which it is planned for every officer (17) to attend an 8 hour training in de-escalation.

Mrs. Fordey commented funds budgeted in 2020 for Child Advocacy services has not been spent. She asked if the reason is COVID-related.

Chief Sargent indicated that the reason for unexpended funds is due to COVID-19. He reminded the Committee although COVID has impacted 2020, those funds are absolutely needed.

Mrs. Douglas asked why the full request for Child Advocacy services was not funded. She commented in light of COVID, there could be children that may be in need of more assistance and she believes it would be wise to fund the full request of \$2,750 for 2021.

Mr. Son agreed and suggested increasing the amount budgeted in 2020 by 10% for 2021.

Mr. Taylor commended Chief Sargent on his budget presentation. He indicated the Chief mentioned the possibility of adding another officer. He noted in the past there has been approximately \$140,000 in overtime and he has only seen a decrease of \$30,000 in overtime. He asked for information regarding reducing the amount of overtime, but still having the right manpower necessary.

Chief Sargent explained the department is currently short of three officers (1 out for an injury; 1 out on unemployment; 1 resignation), which impacts the schedule to overlap shifts to avoid overtime. He indicated that at this time he would not be able to come back to the Committee with a true assessment for the reduction of overtime due to staff shortages, but once the department is full staffed, it will result in savings.

Mr. Cutter commented that overtime has always been a “hot topic” and there are always circumstances that occur that impact his budget line.

Chief Sargent commented he will continue to work toward the goal of reducing the budget and saving the taxpayers money.

- **Police Support Services**

Mr. Brown presented the 2021 Police Support Services budget with a total of \$166,186, which represents a decrease of \$1,475.

Chief Sargent explained the decrease is driven by the change in the number of weeks in the year. He noted that wages were budgeted for 53 weeks in 2020 and there are 52 weeks in 2021. He indicated Overtime is level funded and requested the Budget Committee not reduce that line in light of the COVID situation and in the event of vacation coverage.

- **Animal Control**

Mr. Brown presented the 2021 Animal Control budget with a total of \$19,784, which represents a decrease of \$1,219.

Chief Sargent explained the decrease is driven by the change in the number of weeks in the year. He noted that wages were budgeted for 53 weeks in 2020 and there are 52 weeks in 2021.

- **Personnel Administration**

Mr. Brown presented the 2021 Personnel Administration budget with a total of \$748,350, which represents an increase of \$76,311. He indicated this is the part of the budget in which all payroll costs are captured, such as step increases, union contract increases, performance reviews and retirement increases. He commented that the major increase is driven by increases in the NH Retirement System contributions, which will take effect on July 1, 2021. He added there was a \$6,331 increase in Workers Compensation Insurance.

Mr. Taylor asked if the Town receives any retirement premiums back if an employee leaves prior to being vested.

Mr. Brown indicated that in that case NH Retirement keeps all employer contributions.

Mr. Cutter commented it is one of those areas where the Budget Committee has no control.

Mr. Taylor commented if this Committee has no authority over that then reductions will have to be made in other budget lines because taxpayers cannot keep sustaining this. He indicated if the Town wants to spend money on other line items employees will have to take less salary.

Mr. Hodgkins asked if the Town has done any studies on how much can be saved by leaving the NH Retirement System.

Mr. Brown indicated the Town has not done any studies in that area, but if the Town left the NHRS we would have to pay our share of the costs of a buyout of the system, which could result in millions of dollars.

Mr. Hodgkins asked if that could apply to future hires. Mr. Brown indicated that would not be possible since there would have been a time when this town voted to join the NHRS.

- **Review Preliminary Revenue Estimates**

Mr. Brown presented preliminary revenue estimates. He indicated at this point in time we have set our tax rate and revised revenue estimates and rolled revenues over with the most current projections we have.

- Projected increase of motor vehicle permit fees due to increase in vehicle registrations, which is projected to continue
- Building permit fees are being considered by the Select Board and could result in a potential increase of \$25,000
- State of NH revenues decrease is projected due to the one time grant received for the municipal shares revenue
- Highway Block Grant is projected to decrease (this grant is driven by gasoline taxes)
- Increases in revenue from other departments could result from increasing fees to offset the cost of advertising (i.e. Zoning Board, Planning Board applications)
- \$32,487 overall decrease in projected revenues forecasted for 2021.

Mrs. Douglas mentioned that Hudson owns properties in Litchfield and would expect to see a greater increase in payment of those taxes. Mr. Brown indicated that he will look into it.

Mr. Taylor commented having more businesses in town would help increase revenues. He asked about the tax impact of Litchfield Storage or LKQ.

Mr. Brown commented you would not necessarily see that on the revenue side. He explained when people speak of more commercial development they are looking to expand the tax base; however, depending on the business it may have an impact on the demand of services and that would impact property tax revenue. He noted some commercial development can add demands on services, which causes more cost to the town in the budget.

Mr. Son asked about revenues from the federal government, such as the CARES Act funding or other sources of revenue.

Mr. Brown indicated the FEMA revenue we receive may actually go into a line to credit the account that has been impacted. He noted we do not always see those funds in the revenue projections. He mentioned that Federal Fish and Wildlife owns an old salmon hatchery in town and pays a small portion of tax on that.

Mr. Son asked if the town is anticipating any federal revenue for the cost of COVID-19.

Mr. Brown indicated those funds will be received and accounted for in the 2020 budget, even if they are received in January or February 2021 because the costs were incurred in 2020.

- **Review Preliminary Default Budget Calculations**

Mr. Brown presented the 2021 Town Default budget with a total of \$7,346,362. He explained the default budget is calculated by taking the total of the 2020 budget and subtracting one time expenditures and increased by contractual obligations. He indicated most increases are driven by contractual obligations such as payroll taxes, health insurance, retirement increases and union contract increases. He noted the default budget as it currently exists would exceed the tax cap by \$76,235. He mentioned for several years we have not had one of those years where the default budget has been higher than the proposed budget.

Mr. Taylor asked if the Budget Committee is responsible for addressing the tax cap under the default budget.

Mr. Cutter commented that the Budget Committee looks at the tax cap for the operating budget and is not obligated to look at the tax cap for the default budget.

Mr. Brown commented that Mr. Taylor raises a good question; however, the Select Board is responsible for preparing the default budget.

Mrs. Douglas indicated the default budget is basically set by law. Mr. Brown indicated that is correct and the Budget Committee will not have to act on it.

Mr. Cutter commented that the Town needs to be very clear to justify why the default budget is higher than the proposed budget. Mr. Brown indicated they will ensure the people understand the reasons as we get closer to voting time. He noted the proposed budget is driven by the tax cap.

Mrs. Douglas thanked the Town Administrator and Select Board for their work preparing the budget.

Mr. Taylor asked for clarification on the Budget Committee's authority with regard to the default budget.

Mr. Brown indicated that the Budget Committee has no authority over the default budget as it is the responsibility of the Select Board. He noted the Budget Committee ask questions, ask for justification and clarification. He commented that the Budget Committee will be kept informed on what occurs regarding the default budget going forward.

Mr. Cutter asked if it is the intention of the Select Board to approve a budget the Budget Committee can use.

Mr. Brown indicated the Select Board will remove the proposed changes to the 2021 budget. He mentioned that the Town should have a union contract by Monday, as well as a contract with IT services. He noted they will continue to work on warrant articles.

Mr. Cutter thanked Mr. Brown, Mrs. White, the Select Board and department heads for their work on preparation of the 2021 budget.

7. MEMBER INPUT / NEW BUSINESS

Mrs. Douglas asked about the feedback on GMS staffing and why it appears overspent.

Mrs. Harrison indicated it was an input error and that the district is not overspent on staffing. She offered to provide additional information to the Chair to share with the Committee.

8. PUBLIC INPUT

There was no public input.

9. ADJOURN

MOTION: by Mrs. Douglas

Move to adjourn the meeting.

SECOND: by Mrs. Harrison

VOTE to adjourn the meeting was taken by roll call:

Mr. Hayes, yes; Mrs. Fordey, yes; Mrs. Douglas, yes; Mr. Hodgkins, yes; Mr. Son, yes; Mr. Taylor, yes; Mrs. Harrison, yes; Mr. Leary, yes; Mr. Cutter, yes.

The motion carried.

Next meeting: October 22, 2020

The meeting was adjourned at 8:50 p.m.

Recorded by: Michele E. Flynn, Recording Secretary

Approved: