

**Draft Minutes of the
Litchfield Budget Committee Meeting
Held on December 17, 2020**

The Litchfield Budget Committee held a meeting on Thursday, December 17, 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, B Hodgkins, W Hayes, J Son, S Taylor, B Bourque (School Board Representative), R Leary (Selectmen Representative)

Absent: B Hodgkins

1. CALL TO ORDER

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

● **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

Committee members met virtually: Andrew Cutter, Nicole Fordey, Robert Leary, Scott Taylor, Brian Bourque, Keri Douglas, John Son, William Hayes.

4. CORRESPONDENCE

Mr. Cutter shared correspondence that included: updated school docs, town budget report, library request heating oil increase, dec 3 minutes revisions, jim norton on disappointment with school budget reductions, agenda, budget requests from library from employee change health benefits, town budget info request by brian bourque, updated school reports and draft warrant articles, cost per pupil info, town warrant articles -

5. REVIEW / ACCEPTANCE OF MINUTES

● **December 3, 2020**

MOTION: by Mr. Leary

Move to approve the amended minutes from December 3, 2020

SECOND: by Mr. Son

The motion carried by roll call vote: *Mr. Cutter, yes; Mrs. Fordey, yes; Mr. Son, yes; Mr. Taylor, yes; Mr. Hayes, yes; Mr. Leary, yes; Mr. Bourque, yes.*

6. REPORTS

• Town Warrant Article Review

Mr. Brown presented the 2021 Town Warrant Articles to the Budget Committee. He explained that the Select Board was working on the articles and has narrowed them down to 11 articles, some of which are requesting funding from taxation with the remainder requesting from the unassigned fund balance.

Article 2: Operating Budget

The 2021 Town Operating Budget total is \$7,195,888 and the 2021 Default Budget total is \$7,346,362. The default budget total is larger than the operating budget due to reductions made by the Budget Committee and Select Board, and the loss of revenues.

Mr. Cutter mentioned that Library and Zoning Board requests will be discussed later in the meeting.

Mrs. Fordey reminded Committee members that the committee is limited to what they can recommend due to the tax cap.

Mr. Brown commented that it has been about a month since he last met with the Budget Committee. He recalled when he discussed the usage of the unassigned fund balance to make up the gap with lost revenues, the total was approximately \$87,000, but that has changed to \$57,000, which would bring all warrant articles and the operating budget to \$1 below the tax cap. He noted if funds are added back into the operating budget we will need to use more from the unassigned fund balance to cover the gap with the tax cap.

Article 3: Police Contract

Year 1 Cost: \$11,803 (3% increase), effective October 1, 2021

Year 2 Cost: \$59,799 (3% increase), effective July 1, 2022

Year 3 Cost: \$56,163 (2.5% increase), effective July 1 2023

Mr. Brown explained that a different approach was used in negotiating the contract his year due to COVID. He indicated both sides agreed to make negotiations quick and easy and limit interaction with the negotiating team. He commented that the union was very cooperative and understood the discussions between the Select Board and Budget Committee, loss of revenues due to COVID, and the tax cap. The union agreed to receive their wage adjustment for 2021 on October 1, 2021 so that the tax cap was not impacted.

Article 4: Town Clerk

Change the part time Town Clerk position to full time, effective April 1, 2021.

2021: \$8,921 for wages and benefits for the period of April 1 - December 31, 2021

2022: \$12,005 annual increase and related costs

Mr. Brown explained that the town office has experienced turnover and a workload increase. He commented it is difficult to retain good people without providing benefits. He indicated the Select Board agreed this position is long overdue and will provide the office with three full time employees, which is needed by this department.

Article 5: Human Services/Health Agencies

Total recommended requests \$21,255, which is an increase of \$3,115.

Mr. Brown indicated there is a committee that reviews the requests and makes recommendations to the Select Board. The Select Board reviews the recommendations and makes a decision on what to include in the article. He noted this year the Select Board decided to advance the Litchfield Women's Club \$2,500 and all the funds go directly to assist residents.

Mr. Brown indicated the following articles do not have any tax impact.

Article 6: Road Improvements

Request for \$100,000 from the unassigned fund balance for the improvement of roads.

Mr. Brown indicated that for many years the Town brought forth an article requesting \$200,000 toward road improvements to supplement the Highway Block Grant from the State. He noted roads are in good shape and we continue to address roads that need attention. He mentioned the concern is that lack of funding will impact maintenance of the roads.

Article 7: Plow Truck Purchase

Request for \$100,000 from the unassigned fund balance to purchase an additional plow truck.

Mr. Brown explained that the Town is trying to update its fleet of snow removal trucks. He commented the requested truck is the same as was purchased last year. He indicated the truck is ready to run, but is waiting for the front and wing plow, which will hopefully be installed by January. He noted that the goal is to try to transition to medium/heavy duty plow trucks that do not require a CDL to operate.

Mr. Cutter commented that he believes the intention was to see how the current truck would fare in the town. He asked how confident Mr. Brown is that another truck will work without the ability to see how the first truck works out.

Mr. Brown indicated that other towns are transitioning to this type of truck and the sales agent is confident that this truck will be perfect for side streets and cul de sacs. He commented he has received positive feedback from people fitting these trucks up for other towns. He noted we have two contractors that have trucks similar to this and they seem to work well.

Mr. Hayes asked if the trucks being purchased have 4WD. Mr. Brown affirmed they have 4WD with a dual rear axle.

Article 8: Property Revaluation Expendable Trust Fund

Request to establish an expendable trust fund in which to deposit \$25,000 per year to fund future property revaluations.

Mr. Brown explained that revaluation occurs once every 4 years with a cost of \$100,000. He indicated the goal is to put aside \$25,000 per year to have the funds to pay for the service. He noted this is required by the NH DRA.

Article 9: Health/Dental Care Expendable Trust Fund

Request to establish an expendable trust fund in which to deposit \$25,000 to fund unanticipated health and dental insurance employer expenses.

Mr. Brown explained that unanticipated insurance expenses can arise from a change in employee insurance status (i.e. single to family plan) or a new hire election of insurance. He indicated that the Town has covered this type of cost in the past without a contingency in the budget for these changes.

Mrs. Fordey asked if Mr. Brown could provide an explanation of how these situations are currently handled.

Mr. Brown explained that currently when changes occur the Town has to cover the additional contribution in insurance premium in the operating budget. He indicated in the past the Town would cover that cost in most cases in the operating budget, such as the Library employees. He noted that the Select Board currently has an MOU with the Library to cover these types of costs if there is not enough in the Library budget. Mr. Brown commented the Select Board feels that creating this fund will help cover the cost for the town.

Article 10: Fire Station Bond Proceeds

Request to withdraw \$23,582.86 to pay for a portion of 2021 bond payment that represents the interest earned on the bond proceeds that was transferred to the general fund on or before December 31, 2020.

Mr. Taylor asked if using these funds helps lower the bond payment or lessens the length of the loan.

Mr. Brown indicated the bond we have does not allow us to make prepayments or reduce interest costs. He commented we are trying to capture the interest earned and put it toward the 2021 payment, but it will not shorten the life of the bond or save interest.

Article 11: Fire Facilities Fund

Request to discontinue the Fire Facilities Capital Reserve Fund created in 2000, which has a balance of \$612.93 and transfer that amount to the Building Systems Expendable Trust Fund.

Article 12: Solar Exemption

Request to adopt the provisions of RSA 72:61-64 for optional property tax exemption from the property's assessed value for persons owning real property that is equipped with solar energy systems.

Mr. Brown indicated this is an attempt to provide some relief to property owners with solar systems. He noted that the exemption would be an annual exemption of up to \$27,000 of the

assessed value of qualifying solar system equipment. He commented the average exemption is approximately \$20,000 per house. He added this provides a cap of \$27,000 on the exemption.

Mr. Cutter commented that he remembers looking at something similar to this where other communities have a cap of \$5,000.

Mr. Brown clarified that other communities provide an exemption up to 100%. He noted that if an owner does take advantage of the exemption and the property is sold, the exemption ceases to exist.

Mr. Hayes commented the state will also provide a rebate for an owner installing a solar system. He believes the town is being too generous to provide this yearly exemption.

Mr. Brown indicated that the Select Board looked at all the exemptions in town and wanted to provide some relief to the property owner for installing a solar system. He commented there is a one time incentive from the power company and energy savings, but he was not sure if the federal tax credit is still available. He offered to share a chart of the towns with these types of exemptions across the state.

Mrs. Fordey referred to Article 4 and commented there were some changes that impacted the town clerk/tax collector budget. She indicated that she is confused how this article will align with the changes already made.

Mr. Brown indicated we are treating the full time clerk position as a new position.

Mr. Cutter asked when the Budget Committee will be able to recommend these articles. He commented there will be changes we will discuss for the Library and Zoning Board that may change Article 2.

Mr. Brown indicated the Select Board voted to recommend all articles on December 14. He noted they will be meeting on December 28 to address the tax cap issue.

Mr. Cutter commented the Budget Committee should then be able to vote on the articles at the meeting on January 7, 2021.

- **Request from Zoning Board**

Mr. Cutter commented that a request has been received from the Zoning Board to reinstate the line item for notices. He indicated that Mr. Riley, Chair of the Zoning Board, clarified legal notices are estimated at \$150 per notice and the Board issues approximately 9 notices per year. He noted they are requested an additional \$1,000 to cover the legal notices.

Mrs. Fordey commented that the Budget Committee reduced the line by \$700, which was proposed at \$1,500.

Mr. Cutter interpreted the request to mean the line would be restored to \$1,000.

Mr. Son clarified that 9 notices at \$150 per notice is closer to the original budget request of \$1,500.

Mrs. Fordey indicated the intent of the request is to restore the reduction.

Mr. Cutter commented he will clarify the intent of the request with Mr. Riley.

- **Request from Library**

Mr. Cutter commented that a request has been received from the Library to increase the heating oil line by \$313.25 due to a misunderstanding between the Library and School District regarding the oil rate. He indicated there is also a request to add \$10,965 to the insurance line for a change in an employee's insurance status. Mr. Cutter noted he will follow up with the Library on additional clarifications for the next meeting.

- **School Warrant Article Review**

Dr. Jette presented the School District Warrant Articles for FY22 to the Budget Committee.

Article 1: Operating Budget

Dr. Jette indicated there is no amount in the article as the School Board will not take final action on the FY22 budget until after the Budget Committee's review.

Article 2: Technology Integrator

This article is a request for a District-wide Technology Integrator with a cost of \$86,200 in salary and benefits.

Dr. Jette indicated this article is linked to Article 3, which is a request for a second DW Technology Integrator with the same cost. He explained each article is the same, but they are for individual positions and provide an opportunity for the voter to vote their preference. He noted that there is an article note to reflect the additional article.

Mr. Son commented it is a good idea to have two separate articles. He asked if there was any conversation with the Administrative Team or the School Board on including article language to explain the cost savings to offset these costs.

Dr. Jette commented we did not discuss putting an explanation directly on the warrant as there are legal requirements on the length of an article, but we will make the explanation clear in the voter guide.

Article 4: Capital Improvement Expendable Trust Fund

Request to add \$100,000 to the trust fund from the unassigned fund balance.

Dr. Jette indicated the funding is for the study, planning and costs of new construction or renovation of new or existing facilities. He noted our intent is to use the money to complete the planning of a new building and if any funds are left over they will remain in the fund to go toward building projects. He pointed out that the newly adopted Capital Plan includes an annual deposit of \$100,000 into the trust fund.

Mr. Cutter commented last year there was an article approved to establish the expendable trust fund and deposit \$70,000 into that fund. He asked how the funds are being spent.

Dr. Jette reported that last evening the Facilities Improvement Committee met and received an enrollment projection study, which is a deep dive into projections and enrollments, and the second part of the study is the review of all studies done on GMS since the year 2000, which will be provided to the committee in January. He commented that GMS is a much studied school and those studies were used for developing new building projects. Dr. Jette explained that it was felt that a 3rd party analyze this work and formulate the report with a third party objective. He indicated the committee also voted to move forward with the LMS Owner's Project Requirements to develop what the school district envisions for LMS and get community input.

Mr. Izbicki added that the one-time funding, approximately \$650,000, from the State for infrastructure was deposited in the Capital Improvements Expendable Trust Fund as well.

Mrs. Fordey commented that one question that may arise could be that you have some money in that fund, so what is the need for more.

Mr. Izbicki commented that the more we can build into the fund as we move toward a new building or renovations, the more that can be used to offset bond payments.

Dr. Jette commented that it is estimated the cost of a new elementary school is approximately \$30M and building up these funds can help lessen the impact, but this fund is also for renovations, which are identified needed at the middle school, such as the HVAC system. He indicated it has been recommended that improving the insulation value of the building will save on energy costs. He noted it is our intention to set that building up to get another 35 or 40 years of useful life out of it and costs spent now will produce dividends later.

Mrs. Douglas asked if there has been any thought in asking the direction of voters in regard to a new building. She asked what will happen if voters do not approve it. She was concerned with investing money in documents that do not get approved by the voters.

Mr. Izbicki commented that in order to renovate GMS there is a large drainage issue and high water table that needs to be corrected, which will take millions of dollars to rectify, if it works. He indicated that there is a better site higher up that is ready to go. He noted GMS is not a good environment for learning.

Mr. Bourque indicated that architects have said putting money into GMS is not worth it. He noted that a representative from the State came in and agreed that putting money into that building is not worth it.

Dr. Jette commented once we get all the data it will show why we cannot renovate GMS. He noted that the State will not bond money for us to do it. He reminded the Budget Committee that the article approved last year asked for \$70,000 to study GMS and new construction. The capital planning process was a very public process and GMS was the first priority and people are

weighing in and identifying it as an important project. He believes people will rally around building a school that is the right size and energy efficient.

Mrs. Douglas commented her concern is getting 60% approval for a new school.

Mr. Cutter indicated that the Committee is not discussing a new school or super majority, but an article for funding for an expendable trust fund that has been presented.

- **School Budget Update**

Mr. Cutter commented that one thing that bothered him were the bottom line budget reductions across the three schools in the FY22 School District Budget. He indicated that historically the Committee's direction has been to take reduction on line items and not bottom lines of budgets, although the attrition reduction was an offset. Mr. Cutter feels there is more that can be reduced from salaries/benefits, but the only way to do that is if we reverse the bottom line reductions across the schools, which also tells the schools we are not trying to run their schools. Mr. Cutter noted that the LMS budget was already reduced prior to the bottom line reductions and although the reduction to the GMS budget was small, it still impacts the offering from the school.

MOTION: by Mr. Cutter

Move to add \$31,500 to the FY22 GMS, LMS and CHS budgets to restore the respective bottom lines

SECOND: by Mrs. Fordey

Mr. Son commented that he supports this motion, especially after hearing LMS talk about the 10% reduction and the impact it will have on programs. He noted that CHS had to take a hard look at historical programs and decide what to offer and what they were not able to offer. Mr. Son agreed to make reductions on specific line items going forward in budget processes.

Mr. Bourque asked for clarification that the Budget Committee will reinstate the \$31,500 in reductions, but will reduce an additional \$50,000 from salaries and benefits.

Mr. Cutter commented on the table is a motion restoring the school bottom line reductions. He indicated if this motion passes, he will make another motion to reduce \$50,000 in attrition from salaries and benefits.

The motion carried by roll call vote: *Mr. Cutter, yes; Mrs. Fordey, yes; Mr. Son, yes; Mrs. Douglas, yes; Mr. Taylor, yes; Mr. Hayes, yes; Mr. Leary, yes; Mr. Bourque, no.*

MOTION: by Mr. Cutter

Move to reduce the FY22 School District Salaries/Benefits budget by \$50,000 for attrition

SECOND:

Mrs. Fordey asked Mr. Cutter how he came up with \$50,000 for a reduction.

Mr. Cutter commented every year we look at attrition and that it was discussed at the previous meeting that a reduction of \$200,000 felt like the lower end of the reduction. He indicated in past years the reductions to attrition have been much higher and when we look at the numbers, there is still adequate savings in that budget that will not be spent. He was confident there would be at least \$50,000 to reduce that account.

Mrs. Fordey asked if any consideration was given to what would happen if the technology integrator articles are not approved by the voters and how that would impact the Tech I and Tech II positions.

Mr. Cutter agreed it would have an impact, but if the warrant articles fail the district cannot do anything in that area of technology.

Mrs. Flynn clarified that the Tech I and Tech II positions at each school are existing stipend positions and if the Technology Integrator articles fail, the Tech I and Tech II positions will still exist and will need to be funded for FY22.

The motion carried by roll call vote: *Mr. Cutter, yes; Mrs. Fordey, no; Mr. Son, no; Mrs. Douglas, yes; Mr. Taylor, yes; Mr. Hayes, yes; Mr. Leary, yes; Mr. Bourque, no.*

- **Cost Per Pupil Information**

Dr. Jette presented information on the cost per pupil in the school district. He mentioned that Mrs. Flynn was very helpful in pulling this information together. He indicated that we have taken a look at our peer cohort group and broken out the per pupil expenditures in our school grade levels. He explained these are figures the NH DOE tracks and are the only figures to use in cost per pupil comparisons.

Dr. Jette reviewed the information from 2012-2013 to 2018-2019 (most recent available) reflecting that Litchfield's costs per pupil are below the State average:

- 2012-2013: Litchfield spending was 90.1% of the State average
- 2013-2014: Litchfield spending was 90.7% of the State average
- 2014-2015: Litchfield spending was 91.9% of the State average
- 2015-2016: Litchfield spending was 92.6% of the State average
- 2016-2017: Litchfield spending was 95.6% of the State average
- 2017-2018: Litchfield spending was 97.8% of the State average
- 2018-2019: Litchfield spending was 97.3% of the State average

Dr. Jette noted it was mentioned that our per pupil costs are increasing and they are, but we are still below the state average and we are doing the best we can. He indicated the School Board is committed to trying to improve education in the district and paying attention to salaries and benefits to retain high quality teachers. He commented that this is not out of control spending and is under the state average. Dr. Jette pointed out Litchfield is a better than average district in education and performs above the state average. He indicated that we are spending wisely and getting good results in what we are spending. He noted the School Board has invested more in technology, but that will not increase spending above that average.

Mr. Cutter asked how often the cost per pupil information is produced.

Dr. Jette indicated that school districts submit their paperwork to the State in September, but there is a lag on the state side. He estimated the information is typically available in January as it does take the State time to run through the formula.

Mrs. Fordey commented that this information is very helpful. She indicated sometimes we are very focused on our district, but to see it in a state context underscores that it is costing more year after year on educating our students.

- **Budget Hearing Preparation (Thursday 1/14/21)**

Mr. Cutter commented the next Budget Committee meeting is January 7, 2021 for final votes on the budgets and the warrants for both the Town and School District. He indicated that the locations and protocols for the budget hearing and Deliberative Session need to be addressed. He asked if the Select Board has discussed how Deliberative Session will run this year.

Mr. Leary indicated the Select Board has not addressed that yet.

Mr. Cutter asked Committee members for input.

Dr. Jette suggested that the Moderator be consulted as it is his purview. He recalled when the district planned the public meeting in September we chose to move into the CHS gymnasium because there is greater air capacity, the doors can be opened to bring in fresh air, and the bleachers provide more flexibility than the auditorium seating. He noted there is more room for distancing in the gym.

Mr. Cutter commented that is a great recommendation. He asked that the availability of the gym be validated.

Mrs. Flynn indicated she will check on reserving the gym and auditorium.

Mr. Son suggested checking into a virtual setting for the budget hearing.

Mr. Blanchette, LCTV, indicated that they can cast virtually, but remote public input would be challenging.

Mr. Leary offered to inquire the intent of the Select Board.

Mrs. Fordey commented there are some provisions in HB1129 that provide for virtual meetings for Deliberative Session and the NHMA has information as well. She indicated many towns are trying to figure this out how to work public input so that it meets the requirements of the statute.

Mr. Leary indicated Mr. Webber, Select Board Chair, weighed in stating the Select Board is waiting for input from the NH Secretary of State.

7. MEMBER INPUT / NEW BUSINESS

Mrs. Fordey reported the Facilities Improvement Committee met last night and began with a tour of the LMS secure entryway. She indicated that with the new canopy the entire building has a new look and entry is more secure. She announced that the project came in under budget, but there are still some aesthetics that have to be completed. She noted it is functionally complete.

Dr. Jette reported that the district filed the paperwork for the substantial completion of the project and the grant funds are on their way to the district.

8. PUBLIC INPUT

There was no public input.

9. ADJOURN

MOTION: by Mr. Leary

Move to adjourn the meeting.

SECOND: by Mrs. Douglas

The motion to adjourn the meeting carried by roll call vote: *Mr. Hayes, yes; Mrs. Fordey, yes; Mrs. Douglas, yes; Mr. Son, yes; Mr. Taylor, yes; Mr. Bourque, yes; Mr. Leary, yes; Mr. Cutter, yes.*

Next meeting: January 7, 2020

The meeting was adjourned at 8:35 p.m.

Recorded by: Michele E. Flynn, Recording Secretary

Approved: