

**Revised Draft Minutes of the
Litchfield Budget Committee Meeting
Held on September 24, 2020**

The Litchfield Budget Committee held a meeting on Thursday, September 24, 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, C Harrison (School Board Representative), R Leary (Selectmen Representative)

Absent: J Bourque

1. CALL TO ORDER

Mr. Cutter called the meeting to order at 7:00 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

Mr. Cutter indicated there is a revision to the agenda. He announced he is adding an agenda item under Town Business entitled "Budget Review Process".

Mr. Cutter initiated a roll call for attendance as some members are remote.

Members in person at Town Hall: Andrew Cutter, Jon David Son, Robert Leary, Brion Hodgkins, Keri Douglas, Christina Harrison.

Members remote: Nicole Fordey, William Hayes.

4. CORRESPONDENCE

Mr. Cutter shared correspondence that included town and school district reports, 2017 tax cap warrant article, 2021 Town Budget draft, a resignation from Jennifer Bourque, legal and town administration guidance for filling a committee vacancy. He indicated he reached out to the person who received the next highest votes on the March ballot, Scott Taylor to establish interest in the vacancy. He reported he received emails from Jeff Towne and Derek Barka expressing interest in the vacancy.

5. REVIEW / ACCEPTANCE OF MINUTES

• August 27, 2020

MOTION: by Mrs. Douglas

Move to approve the minutes of August 27, 2020

SECOND: by Mrs. Fordey

VOTE to approve the minutes was taken by roll call vote:

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

The motion carried.

6. RESIGNATION OF BUDGET COMMITTEE MEMBER & CANDIDATE INTERVIEWS

Mr. Cutter shared the resignation of Mrs. Bourque with the Committee members and thanked her for her many years of service.

Mr. Cutter introduced three candidates that applied to replace Mrs. Bourque until March 2021: Scott Taylor, Jeff Towne, and Derek Barka. Each candidate introduced themselves, shared their backgrounds and explained why they wished to be a member of the Committee. Members asked questions of each candidate.

Mr. Cutter mentioned the Committee's past practice for receiving new information and voting on the same night has been to digest the information and vote the following week. He asked Committee members if they would prefer to nominate and vote for a candidate to fill the vacant committee seat this evening.

The majority of the Budget Committee members preferred to vote this evening to give the new member an opportunity to review budget information for the Town budget review beginning next week.

MOTION: by Mrs. Douglas

Move to proceed forward with the nomination and appointment of a candidate for the vacant position at this meeting

SECOND: by Mrs. Harrison

VOTE to approve the motion was taken by roll call vote:

Mr. Son, yes; Mrs. Douglas, yes; Mr. Cutter, yes; Mr. Leary, yes; Mr. Hodgkins, no; Mrs. Harrison, yes; Mrs. Fordey, yes; Mr. Hayes, no.

MOTION: by Mrs. Douglas

Move to nominate Scott Taylor to the Budget Committee until March 2021

SECOND: by Mr. Son

Mrs. Douglas indicated that Mr. Taylor received over 500 votes in March 2020 and is willing to continue on the Committee if elected in March 2021.

MOTION: by Mr. Cutter

Move to nominate Derek Barka to the Budget Committee until March 2021

SECOND: by Mrs. Harrison

Mr. Cutter indicated Mr. Barka's experience with school and town budgets and business processes is valuable as he is very familiar with the school budget.

VOTE on the Motion to nominate Mr. Barka:

The vote failed by roll call vote:

Mr. Cutter, yes; Mrs. Harrison, yes; Mr. Son, no; Mrs. Douglas, no; Mr. Hodgkins, no; Mrs. Fordey, no; Mr. Leary, no; Mr. Hayes, no.

VOTE on the Motion to nominate Mr. Taylor:

The vote carried by roll call vote:

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

Mr. Taylor was appointed to the Budget Committee.

7. REPORTS

- **Town Business**

- o **General Update**

Mr. Leary reported that the 2021 Town budget was submitted to the Budget Committee. He indicated the budget total is still over the tax cap, but the Select Board is working on decreasing it.

- o **RSA 32:22; Review of Expenditures**

Mr. Cutter reported weekly expenditure reports were received from the Town. He asked if Committee members had any questions.

Mrs. Fordey asked about special fund balances and if those funds are still necessary.

Mr. Leary indicated the funds are reviewed annually.

Mr. Cutter commented that there was no Memorial Day parade this year and yet funds were expended in that line in the budget. He indicated the response from the Town was that all the flags that lined Route 3A and the roping needed to be replaced and wreaths were placed at the cemetery.

- o **2021 Town Budget Process**

Mr. Cutter commented the Town budget is still a draft and the Select Board is currently proposing a budget with an increase of approximately \$273,000 over the 2020 budget. He asked Committee members to keep in mind that \$150,000 in the 2021 budget is allocated to the communication tower that was approved by the voters.

Mr. Cutter indicated the 2021 Proposed Town Budget total is approximately \$7.38M and the Town Administrator is tracking the tax cap, which is over by \$136,000 at this time. He noted this budget does not yet include any increase in health or dental insurance costs, the new police contract, the IT Manager contract renewal, all of which are likely to increase the bottom line. Mr. Cutter reminded the Committee that they cannot vote on a budget that is over the tax cap. He asked Committee members to begin reviewing the budgets and analysis.

Mr. Cutter mentioned that he has traditionally created an Excel file analysis of the budget, which is a fact based approach to the numbers. He applied percentages regarding actual expenditures vs budgeted lines. He indicated he found many of the accounts, such as seminars, travel, mileage, expense accounts, do not have any dollars expended, and these accounts total \$150,000. He observed the total budget spent to date is \$4.6M on a \$7M bottom line. He noted that spending should be at 72%-73% at this time of the year. Mr. Cutter commented based on his analysis, there will be a savings of approximately \$225,000 in the current budget.

Mrs. Douglas suggested that there are funds that can be used to put toward the communication tower payment, which can help decrease the 2021 budget.

Mr. Cutter indicated the \$225,000 that is not spent can be used to pay ahead for next year. He mentioned there is also potentially additional revenue coming to the town that can be used to offset the overage.

Mrs. Douglas cautioned not to offset so much that it causes an artificial spike in taxes. She recommended using the unspent funds for one time items. She commented the other unknown is the impact of increasing all the exemptions and credits this year and how that will affect the tax rate.

Mr. Son asked if the money coming back to the town is CARES funds or federal funds.

Mr. Leary indicated the town applied for everything possible and is awaiting a final decision.

Mr. Cutter mentioned that the Library has an employee receiving family health insurance coverage this year, an expense currently associated with the Executive budget, which will move to the Library budget for 2021 and will increase that bottom line to approximately \$301,000.

Mrs. Douglas commented that there are some things this Committee has to look at more closely that may not have been reviewed thoroughly enough in the past.

Mrs. Fordey asked about the budget review schedule.

Mr. Cutter shared the review schedule for the Town budget. He indicated the first three meetings in October will be for review/presentations and the following two will be for voting. He noted review sessions will begin at 6:30 pm and voting sessions will begin at 7:00 pm with a hard stop at 9:30 pm. The Select Board will vote on the budget to submit on Monday.

Mr. Hodgkins asked about what the Committee is allowed to talk about and what they are not allowed to talk about, such as payroll or contract negotiations. He asked if as a committee we have to approve those line items. He mentioned that he does not agree with pensions because they cannot continue to be paid by the citizens. He asked why the Committee has to vote on it if it continues to increase the budget and some members may not support it.

Mrs. Douglas indicated there are laws associated with it. She commented that may be a legislative or court decision.

Mr. Cutter indicated the Budget Committee does not have a say on that.

Mr. Hodgkins commented it is part of the budget and we have the right to vote on it or not to vote on it.

Mrs. Douglas mentioned perhaps putting forth a warrant article to say all employment agreements have to be presented to the voters; however, that may not be a legal procedure. She commented if they failed, the money would have to come from somewhere else. She suggested reaching out for additional legal advice on the legality of funding pensions.

Mr. Cutter commented if a member agrees with it they can vote in support and if a member does not agree with it they can vote to oppose.

Mr. Son mentioned that at the NHMA Municipal Finance workshop they indicated the governing body hires and fires and they are the ones that make those decisions.

Mrs. Douglas commented the development of pensions goes far back and the question is 'are they legal obligations'.

- **School Business**
 - **General Update**

Mrs. Harison reported schools opened with 80% of students in school and 20% remote. Teachers are instructing synchronously and we are troubleshooting as we go. At the Special Meeting, voters approved the warrant article to move up to \$667,000 into the Capital Improvement Expendable Trust Fund, which will help to make extensive repairs to the ventilation system in school buildings. She thanked all who attended and voted. The LMS canopy project has begun and is anticipated to be done at the end of November. HVAC systems: the GMS system is older and was easy to manipulate for fresh air and problems discovered were repaired. At CHS, the control system is out of date and mechanical repairs needed to be made. Viking Controls is working on installing and programming the main interface, which will be able to be controlled remotely. At LMS, ventilation work is underway and the system that we will be using at CHS will be compatible with some of the LMS systems, but will eventually need to be replaced.

Mrs. Douglas asked if the plan is to continue with a service contract for controls. She was concerned that in the past, the service contract was discontinued.

Mrs. Harrison indicated control contractors are being called and quotes are being requested. She noted that one of the contractors actually worked on the original CHS system and had the plans and specifications.

Mrs. Douglas asked if an annual service contract will be included in the FY22 budget. Mrs. Harrison indicated she would get that information.

Mrs. Douglas asked about the vote at the Special Meeting. Mrs. Harrison reported the vote was 54 yes; 14 no.

Mr. Cutter indicated there is a line item for CHS ventilation in the 2020 budget.

Mrs. Harrison commented that ventilation repairs were needed to be done immediately due to COVID guidelines to reopen schools.

Mr. Son commented with controls being replaced, the efficiency savings and impact to next year's budget should produce some cost savings.

Mrs. Harrison agreed there should be some cost savings. She also reported that based on year end financials for FY20, there is an estimated two cent reduction on the local school tax rate.

Mrs. Douglas commented that enrollments will affect some revenues. Mrs. Harrison indicated the October 1 Enrollment Report is forthcoming.

RSA 32:22; Review of Expenditures

Mr. Cutter indicated that the monthly expense report was not sent out. Mrs. Harrison indicated she would send a reminder to the SAU office.

Mr. Son asked if the district has received any CARES Act funds.

Mrs. Harrison indicated the total is approximately \$68,000 of which \$8,000 is allocated to St. Francis. She noted the district is still waiting to receive the funds.

Mr. Taylor asked about the GMS electrical box replacement.

Mrs. Harrison indicated a claim has been filed with the district's liability insurance and the district is waiting for a response.

Mrs. Fordey noted there is a capacity limit at Town Hall for meetings and asked what the procedure will be for budget reviews and department head presentations.

Mr. Cutter indicated that according to the instructions from Town Hall, committee members can attend in person, as well as the Town Administrator and Assistant and LCTV personnel. Presentations by department heads will be made remotely.

8. MEMBER INPUT / NEW BUSINESS

• Capital Improvement Planning Commission - Town/School Updates

Mr. Cutter commented the work of the Capital Planning Committee has concluded at this point. He indicated a summary of the projects presented at the public hearing has been shared. The plan will be presented to the Planning Board and to the Select Board on Monday for adoption. Mr. Cutter explained there will be a quarterly meeting cycle for the living document and to discuss the impact of warrant articles, if they are brought forward. He indicated this is just a six year plan and whatever makes it to the School Board or Select Board for a final vote may be different than what is here tonight.

Mrs. Douglas asked why the plan has to be limited to six years when some items go beyond that timeframe.

Mr. Cutter indicated the last capital plan was not a living document and we do not want that to happen again. He noted that there is a column on the capital planning sheet presented tonight that reflects a balance to be paid by the Town beyond six years. He reminded the Committee there is a tax cap and the Budget Committee has to follow the process. He commented if warrant articles go above the tax cap, this committee cannot recommend them.

Mrs. Harrison commented part of the problem is the discontinuation of impact fees for elementary school.

Mr. Cutter reported there was public comment on the community survey and the themes included that there was much support of replacing GMS and getting rid of the portables, as well as much feedback on the police department to look at alternate solutions. He noted there was support for maintaining the existing library as well. He thanked everyone who participated in the survey.

Mr. Hodgkins asked what it means when the Select Board votes on the plan. Mr. Cutter indicated it means they approve that the plan goes forward, but will make decisions on what to put on a warrant article when the time comes. He explained all they are doing is accepting the plan and making decisions down the road.

9. PUBLIC INPUT

There was no public input.

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

The motion carried.

Next meeting: October 1, 2020

The meeting was adjourned at 8:30 p.m.

Recorded by: Michele E. Flynn, Recording Secretary

Approved: