

**Revised Draft Minutes of the
Litchfield Budget Committee Meeting
Held on January 7, 2021**

The Litchfield Budget Committee held a meeting on Thursday, January 7, 2021, 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)

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

Committee members met virtually: A Cutter, N Fordey, K Douglas, J Son, B Hodgkins, W Hayes, S Taylor, B Bourque, R Leary.

4. CORRESPONDENCE

Mr. Cutter shared correspondence that included the updated school district budget, budget request from the Library, request from the Zoning Board, weekly budget report, Budget Committee minutes and amendments, planning email from the Capital Improvement Committee, budget hearing draft presentation, hearing/deliberative session planning, award of town hall painting contract to Mr. Leary, email from James Norton regarding his dissatisfaction with Budget Committee reductions to the school district budget and a request to restore all reductions.

5. REVIEW / ACCEPTANCE OF MINUTES

- **December 10, 2020**
- **December 17, 2020**

MOTION: by Mr. Leary

Move to approve the minutes of December 10 and December 17, 2020

SECOND: by Mr. Son

VOTE to approve the minutes carried by roll call vote: *Mr. Cutter, yes; Mrs. Fordey, yes; Mr. Hodgkins, yes; Mr. Hayes, yes; Mr. Son, yes; Mr. Taylor, yes; Mr Bourque, yes; Mr. Leary, yes.*

6. REPORTS

- **Request from Zoning Board**

Mr. Cutter indicated that he received an email from the Zoning Board regarding the reduction to the public notices line. He commented that the Budget Committee was made aware each notice is approximately \$160 and there are approximately 10 per year. He noted the Zoning Board requests restoring the \$700 reduction to the line. He mentioned that there was no representation from the Zoning Board at the meeting this evening.

There were no motions to restore the reductions to the 2021 Zoning Board budget.

- **Request from Library**

Vikki Varrick, Library Director, requested adding the amount of \$7,905 to the Library budget by decreasing Line 140 and increasing Line 210 for heating oil.

Mr. Cutter asked for verification of the cost of oil per gallon from the school district.

Mr. Izbicki indicated that he has reached out to Dennis Burke Oil Company, but has not yet had a response.

Mr. Leary commented it is possible to vote to add it and then return any remainder to the Town if the cost comes in lower.

Mr. Cutter commented that he prefers to add it and then remove or reduce it at Deliberative Session.

MOTION: by Mr. Cutter

Move to add \$7,095 to the 2021 Library operating budget

SECOND: by Mr. Hayes

Mrs. Douglas asked how the increase would impact the tax cap.

Mr. Brown indicated that he will report this to the Select Board on Monday night and they can agree to increase the amount drawn from the unassigned fund balance to avoid exceeding the tax cap.

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

- **Town Budget Bottom Line Voting**

Mr. Cutter indicated the 2021 Town Recommended Budget bottom line is \$7,203,793 with additional funding for library.

MOTION: by Mr. Cutter

Move to recommend the 2021 Town Recommended Budget bottom line as \$7,203,793

SECOND: by Mrs. Douglas

Mr. Hodgkins asked for the total of the 2021 Town Default budget in the event the operating budget is not approved by the voters.

Mr. Cutter indicated the 2021 Default budget of the Town is \$7,346,362, which is higher than the operating budget.

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

- **Town Warrant Article Voting**

Mr. Cutter asked if all articles have been voted by the Select Board.

Mr. Brown indicated all articles have been recommended. He noted there may be an additional article by the Planning Board, which could result in the change of article numbers.

Mr. Cutter commented that the 2021 Operating Budget number has changed. Mr. Brown indicated the Budget Committee will need to take another vote on that article.

Mr. Bourque commented that it is his understanding that if all articles are recommended the tax cap will be exceeded and the Budget Committee will be unable to recommend any monetary articles that exceed the tax cap.

Mr. Cutter indicated Mr. Bourque is correct. He noted one or more of the articles may not be recommended by the Budget Committee. He suggested we can review and discuss the articles this week and vote to recommend next week.

Mr. Brown indicated that there is nothing wrong with the Budget Committee going into the Budget Hearing without having recommendations on the warrant articles.

Mrs. Douglas believes it is helpful to have a recommendation on the articles as it can result in less lengthy discussions.

Mr. Son commented in the interest of time we can discuss and vote on the articles that do not have a financial impact.

Mrs. Fordey expressed she is comfortable voting on articles such as the police contract.

Article 2: Operating Budget \$7,064,927

The article was tabled due to the change in the operating budget.

Article 3: Police Contract

MOTION: by Mr. Hayes

Move to recommend Article 3

SECOND: by Mrs. Douglas

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

Article 4: Town Clerk

MOTION: by Mr. Leary

Move to recommend Article 4

SECOND: by Mrs. Douglas

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

Article 5: Human Services

MOTION: by Mrs. Fordey

Move to recommend Article 5

SECOND: by Mr. Leary

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

Article 6: Road Improvements

MOTION: by Mr. Leary

Move to recommend Article 6

SECOND: by Mr. Cutter

Mr. Hodgkins asked for the balance in the unassigned fund balance that has not been used.

Mr. Brown explained for the last five years the Town has presented articles for use of the unassigned fund balance. He indicated previous years are taxed and what is not spent, along with collected revenues that may have been more than projected, goes into this fund. He noted the only way the Select Board can spend this money is through a Town Meeting vote or if the Select Board petitions the NH Department of Revenue Administration. Mr. Brown explained the Select Board can use these funds to offset the tax rate or pay fines. He indicated this year we propose using some of the fund to offset the taxes to decrease the tax cap. He noted that there is approximately \$2.3M in the fund, which is right where it should be. He commented the NH DRA looks at the unassigned fund balance and recommends a range of 5% - 10%.

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

Article 7: Plow Truck Purchase

MOTION: by Mr. Leary

Move to recommend Article 7

SECOND: by Mr. Cutter

Mr. Brown indicated this will be a cash purchase of the same exact type of truck that was purchased last year. He noted it does not require a CDL license to drive.

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

Article 8: Property Revaluation Expendable Trust

MOTION: by Mr. Hayes

Move to recommend Article 8

SECOND: by Mrs. Fordey

Mrs. Fordey commented it sounds like a good way to fund the money to pay for the revaluation cost in year five.

Mr. Cutter agreed, commenting it is a good way to avoid artificial spikes by spreading the money out over four years.

Mr. Hodgkins commented that it seems like these types of warrant articles are a way to get underneath the tax cap. He indicated you are telling people you are not taxing them, but in reality they were taxed previously. He noted people already paid this and that is where you are taking the money from. He commented you should tell people the actual cost of it and put it in the budget.

Mr. Brown commented that he believes we are being fully transparent here. He indicated that the article clearly states we want to raise and appropriate for a specific purpose. He noted these funds have already been collected or taxed and we are asking the permission of the people to spend this money. He explained this is something we do every year and it helps stabilize the annual budget and operating costs. He noted we are trying to use the unexpended funds citizens have been taxed for so we will not impact the tax rate.

Mr. Hodgkins commented he understands, but thinks that full transparency would be asking the people for the money to fund the truck in the budget.

Mr. Cutter commented that the people have already been taxed on the funds collected and the funds are in the article.

Mrs. Fordey commented that the way the articles are written can be confusing, but that is the language that is required to be used. She indicated any change would have to come from legislation. She noted the money that is carried over should be used for the needs of the Town so taxpayers are not impacted by a large purchase in the budget.

Mr. Hodgkins indicated that it is a difference of opinion.

Mr. Son suggested wording in the latter part of the article should say “no new taxation”, which may alleviate concerns of the voters.

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

Mr. Brown indicated he and Mr. Leary will reach out to legal counsel to insert Mr. Son’s suggestion into the article.

Article 9: Health/Dental Care Expendable Trust Fund

MOTION: by Mr. Leary

Move to recommend Article 9

SECOND: by Mr. Son

Mr. Taylor commented that he is not sure \$25,000 will be enough to put into a fund such as this considering how much the Town spends on health insurance.

Mr. Cutter indicated this is for unexpected changes in insurance that may occur during the year.

Mr. Leary commented this has happened both years he has been on the Select Board. He indicated it helps to have this type of fund.

Mrs. Douglas asked if the Town has been in a situation where it was unable to pay for this since there is a sizable unassigned fund.

Mr. Brown commented sometimes we find there is some type of life event that results in a change in insurance for an employee. He indicated there may be salary budget lines where we may be able to find that money if it is not spent, but in the Library’s case, they are not in that situation.

Mr. Son asked if this will be an annual request.

Mr. Brown indicated this is not intended to be an annual request and if we have to use this fund, we will go back to the people to ask to replenish the fund.

Mr. Bourque asked how much is in the unassigned fund and how much is expected to be unspent from this year's budget.

Mr. Brown indicated the balance of the unassigned fund is \$2,345,603 and approximately \$250,000 is expected to remain from the budget due to a COVID spending freeze.

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

Article 10: Fire Station Bond Proceeds

MOTION: by Mr. Leary

Move to recommend Article 9

SECOND: by Mr. Son

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

Mrs. Fordey explained this is not a cost that is added to the fire station bond.

Mr. Brown indicated this is interest that rolls over from the bond and is being used toward the bond payment.

Nikki - explain that this is not adding to the fire station bond

Troy - this is interest that rolls over and is being used for the bond payment

Mr. Cutter indicated Article 11 and Article 12 are not financial articles and do not require recommendation from the Budget Committee.

- **School Budget Bottom Line Voting**

Mr. Cutter commented the total of the FY22 School District Operating Budget is \$22,525,606.

Mr. Izbicki clarified that is the total of the General Fund.

Mr. Bourque indicated the total FY22 Operating Budget is \$23,715,016 and the total FY22 Default Budget is \$24,194,824.

MOTION: by Mrs. Douglas

Move to approve the FY22 School District Operating Budget total of \$23,715,016

SECOND: by Mr. Cutter

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

- **School Warrant Article Voting**

Article 1: Operating Budget

MOTION: by Mr. Cutter

Move to approve Article 1

SECOND: by Mr. Hayes

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

Article 2: Tech Integrator

MOTION: by Mr. Son

Move to approve Article 2

SECOND: by Mr. Cutter

Mr. Son commented that he sees value in the technology integrator positions and believes the School Board has done an adequate job finding the cost to offset the positions in the budget. He commended the School Board for placing the positions on the warrant and noted this is an opportunity for the town to vote and approve the positions.

Mr. Cutter agreed with Mr. Son's statements.

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

Article 3: Tech Integrator

MOTION: by Mr. Son

Move to approve Article 3

SECOND: by Mr. Cutter

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

Mrs. Fordey commented that she was very surprised at the votes on these articles.

Mr. Cutter agreed. He indicated from a parent perspective, he understands and supports the need for the positions after the last year with the amount of devices the students are using.

Mrs. Douglas commented she does not disagree the position may be needed, but disagrees with the long term need.

Mr. Son commented he has been working in education and most school districts have these positions and have had them for many years. He indicated there is tremendous value in these positions, especially with remote learning. He noted that he applauds the district for bringing these positions to the warrant and finding the offset in the budget, but is disappointed with the lack of recommendations.

Mr. Leary believes the positions are needed, but does not support the changes in payroll and who is impacted by those changes.

Mrs. Fordey commented we are voting with regard to the impact in the budget and whether it is fiscally responsible.

Mr. Leary commented we are dealing with people and this money has been taken away from them. He believes the staff at the top do not give up any of their salaries.

Mr. Cutter ended the debate.

Article 4: Capital Improvement Expendable Trust

MOTION: by Mr. Cutter

Move to approve Article 4

SECOND: by Mrs. Fordey

Mrs. Fordey commented the District has done a good job with the warrant articles. She indicated this money will be needed for improvements in the District.

Mr. Cutter believes that this will be needed to provide the ability to start making decisions on behalf of the District.

Mrs. Douglas commented that she has spoken to a lot of people and is concerned that the proposal for a new building will not receive a super majority. She noted she has difficulty supporting this article and that consensus needs to be built around GMS.

Mr. Bourque pointed out that the Capital Improvement Committee placed a new school building as a priority for the town. He asked how she can make the claim that it will not be approved should the School Board put a proposal forward.

Mrs. Douglas commented she is concerned about asking to approve spending money for a new building that may not be approved.

Mr. Son commented that he hears the concerns, but has been hard pressed to find anyone he has spoken to that does not think a new building will be needed. He indicated this money represents a very small amount in such an investment.

Mr. Bourque commented the people should decide if they want to spend the money.

Mr. Hodgkins commented that we have been down this road before.

Dr. Jette reported the Facilities Improvement Committee met yesterday and had an independent third party review all the studies that have been done with regard to GMS. He indicated this is a 20 year issue and the school has continued to deteriorate. He pointed out that the State will not

give the District any money to build on that site, which we have in writing from the State. Dr. Jette commented on the overall merits, it is time to build on higher ground. He indicated the Committee is exploring all options and part of this money will be used to engage the people to see what they want in a new building. He explained that GMS is so energy inefficient that it is costing twice as much as the other schools. He noted a new building will be close to net zero energy, which will save money. Dr. Jette indicated we are examining our overall footprint and the size of the school is being considered, but not once have talked about doing this through the use of bonds. He noted there are other funds available that we may be able to tap into and the Committee will examine all options and come forward with a project that will be appropriate and acceptable.

Mr. Cutter asked when the District will have blueprints.

Dr. Jette indicated the deadline to apply for Building Aid is December and plans have to be submitted by June 2022. He noted these funds will be used to advance that project and engage community input in a collaborative process.

Mr. Cutter commented that he was surprised last year when the article for this fund was approved for another study to be done. He asked how many more studies are planned.

Dr. Jette explained the current study is the population/facilities study. He indicated we have to have data regarding school population so that we do not over or under build. The second part of that report is the meta-analysis of the studies done over the last 20 years and that will become the base document on which to consider when decisions are made. He commented that with the \$70,000 from last year's article, we will keep doing our work until the next phase of the projects. He noted with the funds in this article we will use it to design and analyze site work and traffic.

Mr. Hodgkins commented this comes across as public relations money to sell it to the residents. He indicated you are looking for this money to have plans to build a new facility. He asked why not just say you want the money for a new school.

Mr. Cutter commented that the idea is for renovation of LMS as well.

Mrs. Douglas asked what level of state aid is being offered.

Dr. Jette indicated that we have to apply in advance and wait to see what the Legislature puts into the biennium budget for the following year. He noted we are not certain at this point.

Mrs. Douglas commented that we are going to be responsible to get voter approval before knowing what the State will provide.

Dr. Jette indicated we will have predictions by the time we have a warrant for a building to go to the voters. In reference to Mr. Hodgkins' statement, he noted our goal is to replace the building. He commented we cannot renovate the building as the Stat will not provide assistance for any

renovation. He indicated the warrant article is worded the way it is so we can do the work we need to do for the existing facilities that need other projects that are pending. He noted we have leveraged funds from COVID-19 to use toward the ventilation project that the taxpayers do not have to pay for.

Mr. Leary commented whether or not it approved, it is important to give them the tools to bring something forward to the town.

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

Mrs. Douglas asked to revote Article 1 because she realized she voted in opposition and that was not her intention. She indicated she was confused because the Budget Committee voted first on the bottom line and then on the warrant article.

Article 1 Revote: Operating Budget

MOTION: by Mr. Douglas

Move to approve Article 1

SECOND: by Mr. Cutter

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

- **Budget Hearing Preparation**

Mr. Cutter commented that he shared a draft budget hearing presentation to review and pass along input. He indicated Mr. Izbicki had an opportunity to confirm the numbers for the District budget. He noted the hearing will be 100% virtual and he will monitor email/phone communications with Mr. Brown during the hearing.

7. MEMBER INPUT / NEW BUSINESS

Mr. Taylor asked about the funds that were left over from the FY20 School District unassigned fund balance.

Mr. Izbicki indicated that \$709,000 was returned to the town and the District encumbered \$360,000 out of that fund balance with the approval of the School Board. He noted that school districts are not allowed to retain fund balances unless voted on and approved by the voters. He indicated there is no money left over in that fund.

8. PUBLIC INPUT

Dr. Jette spoke in regard to Articles 2 and 3, Technology Integrator positions. He expressed frustration with the vote of the Budget Committee on the articles. He indicated the District is responsible for identifying positions that are not needed in the budget, which were identified as changes we wanted to make and came forward with the articles so voters could weigh in. He noted the alignment of the office positions across the three schools was something that was asked of us. Dr. Jette commented we responsibly responded to that and came forward with a good

proposal. He indicated anyone that thinks post COVID the District will not need assistance with online learning is not seeing that learning will look different going forward in terms of technology. He hopes that someone would like to reconsider the recommendations and going forward would like to have Budget Committee support for these positions. Dr. Jette indicated that the District returned much to stabilize the tax rate because of COVID savings and our responsibility to be fiscally responsible with those funds. He hopes we can work together to bring this forward and show support for the community, but acknowledged that it is ultimately the Committee's decision.

Mr. Hodgkins commented that Dr. Jette stated 'you are doing what you are supposed to do' by not spending the funds and returning them to the taxpayers. He indicated that is what we should expect from the District.

Dr. Jette commented we have always been told it is a bottom line budget and we could have made the decisions to fund deferred projects, but we did not do that. He indicated we chose to return the funds to the taxpayers to avoid an artificial spike in taxes the following years.

Mr. Hodgkins commented that is what you should do. He indicated you are not doing us favors by returning our money to us.

Dr. Jette clarified he did not say that the District did you a favor. He explained on one hand the Budget Committee tells us it is a bottom line budget to do with what we need to do. He indicated we deferred projects and had savings that we felt we should return to the people to help neutralize the tax rate, for which we are responsible to make those decisions.

9. ADJOURN

MOTION: by Mrs. Douglas

Move to adjourn the meeting.

SECOND: by Mr. Hayes

VOTE: 9-0-0

Next meeting: January 14, 2021

The meeting was adjourned at 8:20 p.m.

Recorded by: Michele E. Flynn, Recording Secretary

Approved: