

BOARD OF SELECTMEN WORKSHOP
Minutes of 10-18-10
4:15 p.m.

Selectmen:

Charles G. Palm, Chairman
Colette Worsman, Vice Chairman
Peter F. Brothers
Miller C. Lovett
Nathan J. Torr

Town Manager:

Phillip L. Warren

Recording Clerk:

Karin Landry

Call to Order: Chairman Chuck Palm called the meeting to order 4:15 p.m. He introduced the Board, Town Manager, and the Recording Clerk, and made announcements pertaining to fire exits and cell phones.

W 10-40 2011 Budget Goals

Town Manager Phillip Warren presented the general goals and philosophy for the 2011 budget. In 2010, the Town Manager's office submitted and supported a budget that resulted in no net increase to the amount raised by local taxation for the second year in a row. To compensate for a significant loss in revenues and an increase in the cost of doing business, services were curtailed in many departments. There was no step or cost of living increases offered for employees and a position remains vacant at Town Hall that resulted in decreased customer service. In addition, equipment that was slated for replacement was deferred. He commended employees for their exemplary service with no COLA or step increase in 2010.

The Town Manager's office recommends the following considerations as the budget is formulated:

- Maintain current (2010) service levels, which are a reduction in services from the 2008 level - 2008 being the "index" year for the not to exceed in local taxation amount.
- No new positions and no reclassifications -- vacancies due to voluntary separations from employment will not be automatically filled -- this office will evaluate all positions to determine appropriate action.
- No new programs or services
- A hold on equipment purchases (unless critical to the operation of a department)
- Maintain capital improvement program to the extent the budget will allow - reductions in debt service payments should be applied to capital purchases.

The Town Manager is concerned with a practice that has been employed in the past where funds are encumbered from the prior year and applied to the coming year's budget. While they have been used for the intended purpose of the appropriation, they have not been for an established project or reserve. He told the Board that the practice can be compared to using a credit card, and was asked by Vice Chair Worsman to make a different analogy to make it clear that the Town never uses credit cards. He offered that the practice is similar to having unused money in a personal budget for a specific week, and applying it to the following week's budget. When applying encumbrances to the next year, those budgets are being artificially inflated with non-

recurring funds. At some point, those budgets would need to be funded with recurring funds. While the practice will no longer be employed in the budget process, it will not affect funds that are designated for a specific reserve, such as the fire department's reserve for replacing personal protective gear approximately every five years.

The Town Manager will be looking for guidance from the Board regarding COLA and Merit (Step) considerations.

Selectman Lovett made several observations. If there is a decrease in any revenues besides real estate taxes, something comparable on the expense side will have to be cut. It is likely that revenue will not remain the same. If there are expenses in excess of last year's that cannot be controlled, such as the cost of oil, or a season with severe weather, budget items will be cut. The Board has struggled with the situation for the past three years, and there is no elasticity left in the budget. The budget for roads was able to be cut because of the incremental maintenance that has been done in the past. He wonders how long the Town can rely on past maintenance before it must make severe cuts elsewhere in the budget.

Selectman Brothers summarized the efforts made to reduce the Parks & Recreation budget during the 2010 budget process. He has been a strong capital advocate over the years and is also concerned with roadways. The employees have done a superb job with the resources allocated to them. It will be difficult to ask them to do so again. Part of the Board's job will be to get the message out to the state, county, and school, so there is some level of parity and fairness among them.

Vice Chair Worsman stressed that the local budget accounts for approximately 25% of the total tax rate. There has been a reduction in revenues from the state, and an increase in the school budget. The county has been successful in reducing their budget to some degree.

Selectman Brothers believes that the efforts that have been made to have better communication with the county and state on issues that impact the Town has had positive effects. Going forward, it will be important to have open lines of communication with the Winnepesaukee River Basin.

Dialogue ensued regarding the efforts that have been made to address the school district budget. The school district meeting has been rescheduled to Saturday, March 12, at 10 a.m. to allow for better attendance.

Chair Palm inquired if there will be a positive effect on the municipal budget if the proposed water and sewer rates are adopted. The Town Manager explained that they will have a positive impact because the fund balance will not have to offset the deficits that were incurred in those departments. Mr. Palm pointed out that approximately \$50,000 will be applied as one time expenditures to capital improvements as a result of refinancing the police and fire station debt and retirements.

Selectman Lovett is concerned that the capital improvements budget gets funded. In addition, there is a need for a reserve for water. The increase in water and sewer rates has been delayed six months, and the utility is at a stress point. If there is a catastrophic event, the fund balance will suffer.

Dialogue ensued regarding the road index. The Town Manager believes it has dropped in the range of two to three points. At a certain point, there is an exponential decrease in the index. The Town is benefitting from incremental capital improvements in the past. The roads must be

reevaluated soon, and it will have to be decided if the reevaluation will be performed by Lakes Region Planning Commission or by Town staff.

The Town Manager will investigate the cost of employee expenses for 2011 with a concentration on insurance rates. Department budgets must be submitted to the Town Manager this week. He will then meet with the department heads to formulate the budgets.

W 10-41 Outside Agency Funding

The Town Manager compiled the funding requests from outside agencies and provided the material to the Board for review. Funding requests were not submitted by CORE, Lakes Region Services, Child and Family Services, and Oakland Cemetery, by the September 15 deadline. The town participates in the Lakes Region Planning Commission and Laconia Motorcycle Week Association on a subscription or membership basis, so they are not seeking funding as outside agencies. The Town Manager suggests that funding requests be separated into three tiers: health and welfare agencies, subscription groups, and the Main Street Program. He will only verify pieces of information submitted on the applications, unless he is directed to do otherwise by the Board.

Selectman Lovett would like to see criteria set for each tier. For example, how many people in Meredith are served by each health and welfare agency? The Town Manager explained that doing so is a policy decision to be made by the Board.

Vice Chair Worsman had the opportunity to review the requests for outside agency funding. She will give the organizations that receive federal, state, and county funding less consideration than the organizations who only serve the residents of Meredith. She is concerned that asking citizens to support organizations at the federal, state, county, and local level is asking too much, and questions if supporting organizations such as the Red Cross should be an individual decision.

Selectman Brothers pointed out that in the case of the Red Cross, everyone contributes so that their services can be drawn upon at the local level when a disaster hits. Setting criteria will be a challenge, and he is not convinced that the vetting process will be much better when it is done.

Dialogue ensued regarding identifying criteria for each tier, and the vetting process employed by surrounding communities. Selectman Lovett volunteered to begin the process of identifying criteria for each of the three categories by meeting with individual Board members and the Town Manager.

The Town Manager will follow through with the four agencies that did not submit a request by the September 15 deadline. At the request of Vice Chair Worsman, he will request information from the New Hampshire Humane Society on how many times the Meredith police department needed their services this year, and how many residents of Meredith received a reduced or no cost benefit from them.

A continuation of the Outside Agency review and update on revenues are scheduled for the November 1 Workshop. A budget presentation is scheduled for November 15.

Selectman Brothers motioned to adjourn the Workshop at 5:25 p.m. Seconded by Vice Chair Worsman. 5-0. All in favor. Motion passed unanimously.

Respectfully submitted,

Phillip L. Warren, Town Manager

Charles G. Palm, Chairman

Colette Worsman, Vice Chairman

Peter F. Brothers

Miller C. Lovett

Nathan J. Torr