

BOARD OF SELECTMEN WORKSHOP
Minutes of 11-15-10
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: Chair Chuck Palm called the meeting to order 4:15 p.m. He introduced the Board, Town Manager, and the Recording Clerk.

W 10-43 Setting of Tax Rate

Director of Administrative Services Brenda Vittner reviewed Department of Revenue Administration form MS-4; setting forth revised estimated revenues for 2010.

The Board reviewed the Fund Balance Worksheet for 2010:

- Fund Balance at 01/01/10 (audited) -\$3,639,476.
- Amount reserved to be used to reduce taxes in 2010 - \$500,000. (In its deliberations a year ago, the Board marked the use of \$325,000 from Fund Balance to reduce taxes in 2010; however, a shortfall in projected revenues of \$170,000 necessitated the use of \$500,000 in Fund Balance in order to meet the Board's goal to keep the amount raised by local taxation level.)
- Estimated Excess Revenue at 12/31/10 - \$17,550
- Estimated Surplus Appropriations 12/31/2010 - \$425,662
- Overlay -\$50,000 (based on prior history and well within the limits set under RSA 76:6 - two cases pending before the Board of Tax and Land Appeals)
- Fund Balance will be retained at 7.25% of the gross tax commitment, which is \$2,560,319 (in keeping with a prior decision made by the Board)

At the request of Chair Palm, Ms. Vittner prepared a worksheet summarizing MS-6 and MS-4 estimates for the years 2008 - 2010. MS-6 figures are based on projected revenue estimates as far as 12-14 months in advance, while MS-4 figures are based on projected year end revenue estimates in November. In 2008, revenues were \$16,739 less than what was projected on the MS-6; in 2009, revenues were \$1,560 higher than what was projected on the MS-6; and in 2010, assuming there is no significant change before year end, revenues were \$46,832 less than what was projected on the MS-6. Selectman Worsman observed that revenues for 2008 and 2010 essentially mirror each other.

Ms. Vittner reviewed the estimated 2010 tax rate sheet. She cautioned against publishing the figures in local media, because they have not been verified by the DRA. The net Town appropriation will be kept close to what was raised last year and the year before. In doing so, the Town tax rate will go down slightly, which is a function of an increase in assessed value based on

a commitment to reevaluate 20% of properties each year, and new construction and renovations to existing properties. There has been no across the board increase in property values. It is anticipated that there will be a slight decrease in county and state education taxes, and an increase in the net local school budget.

Dialogue ensued regarding the timeline for received confirmed numbers from the DRA. If the Board agrees to the use of Fund Balance and Overlay as presented, the documents will be forwarded electronically to the DRA tomorrow. Last year, a response was received within 48 hours. Once authorization is received, tax bills can be mailed within five working days, and payment will be due by December 30.

Selectman Lovett is concerned about the use of Fund Balance. Although, he does not like to see it used, the use of Fund Balance in poor economic times is a good use of Fund Balance. A major variable in the use of Fund Balance is reduction of expenditures. In his view, the amount of money raised by taxation has increased more radically than needed over the past 10 years (from \$4.8 million to \$7.7 million). He would like to watch the use of Fund Balance closely in the future when the economic climate improves. His theory is that if the use of Fund Balance is available, the operating budget will not be scrutinized as severely as it ought to be. Although his preference is to use \$325,000 in Fund Balance, he acknowledged that using \$500,000 is a good use of Fund Balance. However, in poor economic times, a smaller use of Fund Balance is better than a bigger use of Fund Balance. The Board must continue to hold down the operating budget in the coming year.

Selectman Brothers understands Selectman Lovett's message, which is similar to what it has been in the past. He pointed out that \$425,000 in savings was affected this year by not spending appropriations, which is significant. When the economy is stronger, there are opportunities to fund capital projects and ETF's while the taxpayers are in a better position.

The Town Manager is in the process of identifying sources of recurring and non-recurring funds, so non-recurring funds don't get built into the budget. The appropriation of Fund Balance is to maintain the existing service level. As the economy improves, it is important not to build recurring items in a budget that are based on non-recurring funds.

Dialogue ensued regarding the percentage of Fund Balance to be retained for 2010. There was a general agreement among the Board that retaining 7.25% is realistic, and well within the GFOA recommended guidelines of 5-10%. In addition, it will allow the Town to negotiate borrowing strategies based upon a health Fund Balance.

Dialogue ensued regarding the use of Fund Balance. The use of \$500,000 of Fund Balance is within the recommended guidelines. Chair Palm pointed out that although \$500,000 will be withdrawn from Fund Balance, a combination of excess revenue and surplus (budget items saved) in the amount of \$443,000 will be put in Fund Balance, for a net impact of \$56,789. There was a general agreement among the Board to use \$500,000 in Fund Balance to reduce taxes in 2010.

Selectman Worsman pointed out that there is a reasonably healthy Fund Balance because the budget has been scraped to the bone. In the event of severe weather or other unanticipated event, a buffer is needed because there are no excess funds in department budgets.

Selectman Lovett reiterated the importance of open dialogue between governmental entities such as the school and state legislators. He is pleased that the local tax rate has been reduced by 3

cents per \$1,000 in assessed value. Being able to contribute to easing the overall tax rate is very good.

The Town Manager reiterated that the slight decrease in the tax rate is a result of budgeting, not an effort to gain traction through an increase in property values.

W 10-44 Presentation of 2011 Budget Information

The Town Manager provided the Board with 2011 budget books. He instructed the Board to direct additional requests for information to him. The budget workshops are scheduled for November 29, 30, and December 1. The Town Manager directed the Board to submit questions to him via email. He will compile a list of the questions, and respond to them at the workshop scheduled for November 29. Vice Chair Worsman asked that the questions and responses be incorporated into the minutes of the respective workshop. In addition, she found an agenda setting forth the budgets that will be reviewed at a particular workshop to be very helpful. The Town Manager thanked Ms. Vittner for her efforts in putting together the budget material, and the department heads for an excellent job in following through on the mandates handed down by the Board.

W 10-41 Outside Agency Funding (continued)

Selectman Lovett offered a modification to the development of criteria form. The criteria for agencies classified under Health and Human Services, #2, should read: Average cost of serving one client (i.e., total agency operating budget divided by total clients served for all towns) times number of Meredith residents served = dollars spent to assist Meredith people. Selectman Lovett acknowledged that as a result of requesting information from agencies before criteria was developed, not all of the desired information is available. He is concerned with penalizing an Agency because the information desired was not initially requested, but does not wish to go another year without criteria for evaluation in place.

The Town Manager is concerned that there will be a comparison issue to address. For instance, some Agencies count interactions as opposed to people served.

Vice Chair Worsman thanked Selectman Lovett for delineating and classifying the various agencies, and complimented him on a job well done. She is concerned with the difficulties that will arise in comparing national organizations to local agencies.

Selectman Brothers pointed out that in the end, the Board will have to use some judgment when a numerical criteria or measurement piece is less defined than desired.

Selectman Torr views the development of criteria as a work in progress. He suggested using the criteria developed by Selectman Lovett to the extent possible this year, and making note of problems and questions that arise for next year's vetting process. Selectman Lovett agrees that the criteria have not been tested, and must be used to identify changes that should be implemented next year. In the past there were no standards for evaluation, or the standards were subjective in nature.

Chair Palm is concerned that it will be difficult to draw logical conclusions from the number of people served in Meredith by an agency that serves a number of counties. Vetting should be a combination of using common sense and criteria, and he believes criteria have been identified. Although agencies such as the American Legion and Meredith Public Health and Nursing

Association provide very different services, they both provide important services. Chair Palm agreed to draft a memorandum based on the development of criteria for Outside Agencies presently before the Board.

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