

**SELECTMEN'S WORKSHOP**  
**Minutes of 12-07-09**  
**4:15 p.m.**

***Selectmen:***

***Peter F. Brothers, Chairman***  
***Miller C. Lovett, Vice Chairman***  
***Robert C. Flanders***  
***Charles G. Palm***  
***Colette Worsman***

***Town Manager:***

***Phillip L. Warren***

***Recording Clerk:***

***Karin Landry***

Call to Order: Chairman Peter Brothers called the meeting to order at 4:15 p.m. He introduced the Board, Town Manager, and the Recording Clerk.

**W 09-53      2009 Budget Update**

Town Manager Phillip Warren summarized the 2009 approved appropriations, expenditures as of November 30, 2009 and expenditures extrapolated to December 31, 2009 by department. There is a positive dollar variance in total expenditures for all departments except General Assistance, which is (\$5,723.92). The total positive dollar variance for all departments is \$514,156.99. Holdbacks in most departments and the deferment of personnel decisions attribute to the variance.

The Water & Sewer Funds show a dollar variance in the positive of \$24,142.5 and \$77,300.11 respectively, which can be attributed to efficiency measures that have been taken including new pumps, proper monitoring of chemical systems, a reduction in hours of operation, and a reduction in blow offs. The positive variance amounts at year end will show as an addition to the Water & Sewer fund balance. Dialogue ensued regarding the changes in rates that will be proposed by the Water System Committee and the effect of adjusted revenues.

The total revenues for the operating budget, extrapolated through December 31, 2009, are \$3,247,158.68, which is approximately \$90,000 less than what was projected in September. The projected revenues for the Water & Sewer Department, \$614,742.67 and \$765,497.21 respectively, are estimates from last year's Town Meeting.

Selectman Lovett is concerned that no more is raised from taxes than in the previous year. Mr. Warren hears the clear direction from the Board that the tax levy for the Town's portion of the total tax bill is to remain the same for 2010. Dialogue ensued regarding the use of Fund Balance. The Board targeted the use of 7.25% as the ratio of reserves to operating expenses, but the figure now stands at approximately 8.50%. The use of \$60,000 - \$100,000 from Fund Balance at year end will allow the amount to be raised by Town taxation to remain stable. The surplus amount to be used from Fund Balance will ultimately be determined by the Board of Selectmen. The Board

agrees that it was a good decision to make adjustments and holdbacks throughout the year or the situation would be much more difficult.

Mr. Warren will obtain additional information on the line items for the Conservation Commission and the water filtration grant. In addition, he will investigate the discrepancies in the safety and state and federal grants since they were estimated in September.

There was a consensus among the Board that in view of the uncertain economic conditions, they would like to review expenditure and revenue projections for 2010 on a monthly basis. In order to allow for cleaning up the closing of the 2009 books, the first projection will be February 1. Selectman Lovett pointed out that anything that can be done to be conservative at the beginning of the year will make a difference as the year progresses.

#### **W 09-54      2010 Budget – Outside Agency Funding, Health Insurance Increases**

The Town Manager received notification from LGC that the health insurance amount for the 2010 fiscal year, which begins July 1, 2010, is not to exceed 26%. Although it is unlikely that there will be a 26% increase, this amount must be budgeted into the 2010 department budgets for the last six months of the year. Mr. Warren is researching options for procuring health insurance. He will ascertain whether it is beneficial to the Town to be associated with the SAU for the procurement of health insurance. The Town will no longer be tied to them when the current contract expires. Dialogue ensued regarding the advantages of forming large groups for better rates. Mr. Warren will investigate whether the Town can join with the State of New Hampshire to procure better rates.

Dialogue ensued regarding the funding of outside agencies. The Board currently approves a line item for outside agencies during budget deliberations. The Board expressed a desire during the last budget cycle to implement a better procedure for vetting, including considering the use of a third party with knowledge of various outside agencies to assist in the process. Alternatives include continuing with the current procedure, allowing outside agencies to present information regarding their organization to the Board, or presenting the requests for funding as individual warrant articles. There is a consensus among the Board that outside agencies play a very significant role in the overall functioning and support of the Lakes Region community.

Selectman Lovett is very dissatisfied with the procedure that is in place at this time. There are no criteria for funding, and there is no vetting. He would like to see a correlation between the amount raised from communities and the relationship to each agency's total budget, with the amount raised fairly distributed between the towns, cities, and counties they serve. Presenting requests from outside agencies as separate warrant articles will not meet any criteria for measuring the merit of the request. He favors the use of a third party in the vetting process, and would like to see surrounding communities participate in the vetting process.

Mr. Warren suggested providing cash flow to agencies for a portion of the year while establishing criteria for a vetting process.

Selectman Worsman agrees that a better job of evaluating outside agencies needs to be done. She would like to know how the organizations generate their funds. Individuals have charities that they feel are valuable to society, and she is hesitant to raise by taxation donation money that an individual may or may not choose to contribute.

Selectman Flanders told the Board of the success of an organization that he Chairs, the Belknap County CORE Coalition, and the difficulties that they are facing in funding. The organization promotes a drug free community. It has been shown that \$1 on prevention saves \$15 on treatment.

Selectman Palm has mixed feelings. He questions the effectiveness of a public hearing on outside agencies at Town Meeting. He suggested utilizing information gathered by larger agencies such as United Way and the County in their vetting process to establish criteria and evaluate the historical success of agencies.

The Chair recognizes the value of outside agencies to the community as a whole. The challenge is how the Board can continue to do a better job at assessing which agencies are valid or have a higher priority in terms of what they accomplish. 2010 will be another difficult year for the Town and all outside agencies, and the benefits of societal needs are being scrutinized. The Board is not looking from the standpoint of reducing the line, but finding a better way to defend and prioritize outside agency funding. He prefers presentations from outside agencies be made in the workshop format so the focus can be on the services they provide as opposed to the financial decisions typically made at Town Meeting.

Selectman Worsman would like to review the outside agencies on a rolling basis as was discussed last year during the budget process so the community has the opportunity to weigh in. It will be up to the organization to show that spending a \$1 will save the community money in the long run. It is her job to assure that the voters are given the opportunity at Town Meeting to choose yes or no.

Selectman Flanders believes that it is too late to implement a vetting process for 2010. He suggested beginning as early as April to develop a process that is comfortable so there is a balanced way of evaluating requests.

The Chair directed the Town Manager to level fund the outside agency line item for the 2010 budget. Dialogue will continue at the workshop scheduled for December 21.

*Selectman Flanders motioned to adjourn the meeting at 5:30 p.m. Seconded by Selectman Worsman. 5-0. All in favor. Motion passed unanimously.*

Respectfully submitted,

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Phillip L. Warren, Town Manager

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Peter F. Brothers, Chairman

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Karin Landry, Recording Clerk

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Miller C. Lovett, Vice Chairman

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Robert C. Flanders

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Charles G. Palm

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Colette Worsman