

APPROVED

Budget Committee
Meeting Minutes
December 30, 2013

Present:

Kerrin Rounds-Chair, Ron Preble, Dave Carr, Paul Manganiello, Tom Keegan, Ernie Richards, Carol Huber, Betsy Schneider, Kevin MacCaffrie, William Cote, Ashley Dolloff, and Barbara Greenwood.

Absent:

Mark Chevalier

Others Present:

Michael Capone- Town Administrator

Call to Order:

Committee Chair Kerrin Rounds called the meeting to order at 7:03pm.

Review of Minutes:

Kerrin Rounds asked the members to review the minutes from December 16, 2013. Carol Huber made a motion to accept the minutes as written, seconded by Kevin MacCaffrie. Paul Manganiello made a motion to amend the minutes to include discussion on a lump sum increase vs. a percent raise across the board, seconded by William Cote. The motion passed with 10 in favor and 2 opposed. The minutes have been amended to include this discussion. The amended minutes passed with all in favor.

Correspondence:

None

Old Business:

Town Administrator Capone researched the impact on retirement payments on lump sum payments or merit bonuses. Based on the review of a New Hampshire Retirement System document provided by Ashley Dolloff these payments are earnable compensation and thus paying retirement costs does apply. Kevin MacCaffrie clarified that his pay rate did not increase so his year of retirement did not increase. The retirement portion was paid by the town and the employee in his instance.

There are some minor adjustments to the disability insurance lines in the budget. This has been the only change to the Select Board's budget at this time.

Year to date expenses will be updated through email as there are still 2013 expenses being processed. A hard copy of the budget will be supplied to the committee after the salary and wages discussion is completed.

New Business:

Chair Kerrin Rounds outlined the schedule for the deliberative sessions. December 30th to cover wage increases and some department budgets, January 6th will cover the police department, January 13 will cover the fire department, January 20th will cover the highway department, and January 27 will cover the water/sewer departments and other smaller department budgets. February 3rd is open.

Kerrin Rounds opened the discussion of salaries and wage lines:

- Barbara Greenwood made a motion to accept the Select Board's recommendation of a 50 cent per hour wage increase, seconded by Tom Keegan.
- Paul Manganiello commented that the lump sum settlement will still affect retirement costs. The results of a 50 cent per hour raise are approximately \$45,000 in additional retirement costs, with only \$23,000 going directly to employees. The total effect of the raise is about \$68,000, comparing the 2013 Town Meeting totals to the 2014 proposed budget totals.
- Kerrin Rounds commented that the 50 cent raise does not equal the \$68,000 difference; it is only a part of that.
- Town Administrator Capone directed the committee to look at a comparison spreadsheet that was distributed to the committee in a prior meeting. The increase to operating expenses that is a direct result of the 50 cent raise would be \$36,907. He noted that, as had been discussed previously, some of the difference between the 2013 and 2014 budget numbers was attributable to an increase of \$25,510 in retirement costs resulting from a full year at the new retirement rates determined by the State.
- Dave Carr made a motion to amend the 50 cent per hour wage increase to 20 cents per hour, seconded by Paul Manganiello. Dave Carr spoke to his amendment saying that there have been sizable increases each year and that employees are offered a complete benefits package.
- Kevin MacCaffrie stated that the 50 cent raise is almost 2% on the overall. Social Security gives about a 2-2.5% increase over the past few years. CPI (Consumer Price Index) increases are roughly 1.75-1.8% or about 38 cents. This should be looked at also.
- Kerrin Rounds asked what the additional health care plan contributions for employees are. Michael Capone reported that the additional premiums to a single person plan are \$146.88 per year, a 2 person plan is \$306.78 per year, and a family plan is \$374.40 per year. The health care plan includes reduced benefits for employees. The increase in premiums from 7-10% will take effect on January 1st. The premium will go down in the second half of the year due to the reduction in benefits (increasing deductibles and copays), so the first six months of employee payments are higher. He also noted that the 20 cent per hour raise presently under consideration would go into effect on April 1, 2014 if approved at Town meeting. The additional wages paid to employees would increase by \$312 in 2014.
- Paul Manganiello commented that, in a recent conversation with Fire Chief Yannuzzi, Chief Yannuzzi thought that a wage increase would be needed to offset the increase cost to the health care plan. Paul states that the 20 cent per hour increase would cover the health care contribution increases.
- Carol Huber commented that other communities and individuals are paying a higher percentage of health care costs.
- Kerrin Rounds commented that increasing health care contributions to employees and then also increasing wages to cover that expense can result in a net cost to a town rather than a net savings. Michael Capone commented that the health care premiums are a pre-tax event and it does lessen the impact slightly.
- A vote was called on the 20 cent per hour raise:
Vote: 6 In Favor 6 Opposed. Motion Fails.
- A vote was called on the 50 cent per hour raise:
Vote: 5 In Favor 7 Opposed. Motion Fails.
- Kevin MacCaffrie made a motion to accept a 38 cent per hour wage increase, seconded by Paul Manganiello. Kevin stated that the CPI is based on a fixed rate throughout the country. The projected CPI for 2014 is 1.8% or approximately 38 cents per hour.

- Paul Manganiello commented that medical expenses are a factor in the index and now that employees health care contribution levels are increasing the use of the CPI as an increase holds water.
- Ernie Richards asked if the increase in employee contributions will match the CPI. Paul Manganiello commented that nothing was changing in the employee medical package but the employees were still receiving a raise.
- Ashley Dolloff commented that health care premiums are up every year so employees are paying more as premiums go up.
- Barbara Greenwood commented that the 38 cent per hour raise is a compromise she could support.
- A vote was called on the 38 cent per hour raise:

Vote: 7 In Favor 5 Opposed. Motion Passes.

Kerrin Rounds requested that new paper copies of the 2014 budget be supplied to the committee to include the 38 cent per hour increase reflected in the new totals.

Department Budgets: The 2014 Select Board recommendations will be moved with adjustments for the 38 cent per hour increase to be corrected as required.

Executive: Barbara Greenwood moved to accept the Select Board's recommendation of \$206,648, seconded by Ashley Dolloff.

- Line 211 Disability has increased to \$713.
- Carol Huber made a motion to increase line 610 Budget Committee Expenses to \$300, seconded by Ernie Richards. This amount will pay for committee member training expenses.

Vote: 12 In Favor 0 Opposed. Motion Passes.

- New total for Executive is \$207,013.

Vote: 12 In Favor 0 Opposed. Motion Passes.

ERV (Election, Registration, and Voting): Kevin MacCaffrie made a motion to accept the Select Board's recommendation of \$87,618, seconded by Barbara Greenwood.

- Line 211 Disability has increased to \$581.
- Kerrin Rounds asked if the special election primary for Ray Burton's seat is included in the department budget. The numbers have been revised to cover this election.
- New total for ERV is \$87,671.

Vote: 12 In Favor 0 Opposed. Motion Passes.

Financial Adm. /Tax Collector: Ashley Dolloff made a motion to accept the Select Board's recommendation of \$176,120, seconded by Ron Preble.

- Line 211 Disability has increased to \$305.
- New Total for Financial Adm. /Tax Collector is \$176,147.

Vote: 12 In Favor 0 Opposed. Motion Passes.

Property Reappraisal: Ron Preble made a motion to accept the Select Board's recommendation of \$115,201, seconded by Kevin MacCaffrie.

- Line 211 Disability has increased to \$280.
- New Total for Property Reappraisal is \$115,226.

Vote: 12 In Favor 0 Opposed. Motion Passes.

Legal: Barbara Greenwood made a motion to accept the Select Board's recommendation of \$116,000, seconded by Tom Keegan.

- Carol Huber asked why the amount has increased. Town Administrator Capone explained that there are three utility assessment cases and the beach area case pending. The amount is an estimate for 2014 legal expenses.
- Carol Huber asked about the accounting of costs associated with the town beach legal issue. The Select Board will follow up with this at a future Select Board meeting.
- Paul Manganiello asked if the entire Legal budget is not expended will it fall to the bottom line. Town Administrator Capone stated that, in his opinion, the cases would represent contractual agreements and the money could be encumbered. If the cases continue, any unexpended funds could be carried forward into 2015. He further explained that he would need to confirm this with the Department of Revenue Administration.
- Ernie Richards asked what percent of the legal budget is set aside for the utility cases. Mr. Capone did not know off the top of his head, but said he would check on it.
- Budget total for Legal is \$116,000.

Vote: 12 In Favor 0 Opposed. Motion Passes.

Personnel Administration: Barbara Greenwood made a motion to accept the Select Board's recommendation of \$80,232, seconded by Carol Huber.

- Paul Manganiello asked if there were any added costs to Workers Compensation due to the wage increase. Town Administrator Capone stated that the wage increase does not affect Workers Compensation, but any associated activity does.

Vote: 12 In Favor 0 Opposed. Motion Passes.

Planning Board: Carol Huber made a motion to accept the Select Board's recommendation of \$10,882, seconded by Kevin MacCaffrie.

- There are no wage increases associated with this department.

Vote: 12 In Favor 0 Opposed. Motion Passes.

Zoning Board: Carol Huber made a motion to accept the Select Board's recommendation of \$5,843, seconded by Ernie Richards.

Vote: 12 In Favor 0 Opposed. Motion Passes.

Tax Map: Ernie Richards made a motion to accept the Select Board's recommendation of \$8,570, seconded by Barbara Greenwood.

- Paul Manganiello asked what costs are associated with the increase from last year. The increase is due to the cost to update the 911 maps, which is \$3,000.

Vote: 12 In Favor 0 Opposed. Motion Passes.

General Government: Kevin MacCaffrie made a motion to accept the Select Board's department recommendation of \$82,784, seconded by Kerrin Rounds.

- Paul Manganiello asked what Newfound Area Access covers. The town website, Television channel, and the Town Crier are covered by this budget line. There is a \$3,000 increase to pay for the cost of moving the equipment from the town hall to downstairs at the town offices. The town will try to have this fee taken out of the franchise payment, which will lower this budget line.

- Ashley Dolloff inquired as to who will be doing the custodial work with the elimination of the cleaning service company. The part-time maintenance person will do the work. Some new equipment, such as an industrial vacuum, will be purchased. The 30 hour per week maintenance employee expenses is spread in different areas of the budget, such as the library, beach, Kelley Park, and general government.

Vote: 12 In Favor 0 Opposed. Motion passes.

Cemeteries: Ashley Dolloff made a motion to accept the Select Board's department recommendation of \$10,000, seconded by Kevin MacCaffrie.

- As required by law, each town must have a cemetery. The town contributes funds to Homeland Cemetery to comply with this RSA. A specific amount of money is not required per the RSA.
- Homeland Cemetery uses the town funds to cover grass cutting expenses.
- Ron Preble made a motion to amend line 651 Homeland Cemetery from \$6,000 to \$3,000, seconded by Carol Huber.

Vote: 11 In Favor 0 Opposed 1 Abstention. Motion Passes.

- New Total for Cemeteries is \$7,000.

Vote: 10 In Favor 0 Opposed 2 Abstentions. Motion Passes.

Insurance: Ashley Dolloff made a motion to accept the Select Board's department recommendation of \$37,500, seconded by Barbara Greenwood.

Vote: 12 In Favor 0 Opposed. Motion Passes.

Deliberative Session will resume on January 6, 2014 starting with Regional Associations.

Member Comments:

None

Administrator's Report:

Mr. Capone mentioned that he had checked the legal numbers quickly and he estimated that approximately 75 percent of the legal budget would go towards defense of the utility assessments.

He also mentioned that a new RSA enacted in August of this year requires that town contingency funds need to be approved through an annual warrant article. The \$25,000 in the Contingency Fund line will come out of the operating budget and be presented at town meeting as a warrant article. Paul Manganiello asked if the contingency fund money could be held in the Building Maintenance budget line to save the effort of a warrant article. Town Administrator Capone responded that the town needs to comply with the new law.

Adjournment:

Barbara Greenwood made a motion to adjourn, seconded by Tom Keegan, passed with all in favor. The meeting was adjourned at 8:49 pm.

Respectfully submitted,
Wendy Costigan, Secretary