

Tuesday, October 15, 2013, 5:00pm – 7:15pm

Gilford Budget Committee - Subcommittee Meeting to Review Budgets for:

- Administration
- Boards and Committees
- Finance and Appraisal
- Technology
- Legal
- Insurances
- Debt Service

Present for Town of Gilford: Scott Dunn, Geoff Ruggles

Present for Budget Committee: Jeffrey Beane, David Horvath, Allen Voivod

### **Administration**

Without accounting for the proposed warrant article for the police station, the budget under review is \$252,567 representing an increase of 1.4%.

Payroll wages are up due to “natural causes,” as expressed by Scott and Geoff.

Regarding the accrual payout, Dave noted that this had been a zero dollar line item, and questioned the use of this line item in the current year (2013). Scott responded that this is a line item for accounting purposes only, and not a line item as defined in RSA 32, which makes it legal to use.

Further, the accrual payout was part of the union contract approved at the last Town Meeting. When it became part of the personnel policy, the accrual payout option was extended to non-union personnel as well. For employees with less than 10 years of service, they can get reimbursed for unused sick time at 25 cents on the dollar; for employees with more than 10 years of service, they can get reimbursed at 50 cents on the dollar. An employee is capped at 192 hours in the bank, and may redeem up to 100 hours.

Discussion centered around whether this would be a burden on taxpayers to pay out

for unused sick time, whether it's possible to effectively identify and discipline town employees that abuse sick time (i.e., call in sick when they're not sick), and whether the accrual payout is a more effective and productive system. Dave intends to bring this discussion to the full Budget Committee, in reference not only to the Administration budget, but to all department budgets with this line item.

The merit wage increase of 3% is a budgeted amount, and not an indication that each employee will receive that exact amount.

Health insurance has increased partly because of an employee's change in plan, and partly because of anticipated increases in the cost of insurance. Further discussion covered the reduction in the number of options provided to town employees over the years, and the increase in the employees' share of contributions.

Further discussion centered around how often the Admin team evaluates their pricing and options, and encouragement to review new plan structures. Additionally, the budget does not account for any changes related to the Affordable Healthcare Act, as the provisions will not come into effect during this budget year. The Admin team will be planning for its implementation, and noted that the town's current plans would be considered "Cadillac Plans" under the new law.

Rate increases explain the increases in the Meetings/Dues and Meals/Travel Expenses line items (including IRS-mandated mileage reimbursement rates).

The drop in the Telephone line item is because charges belonging to other departments have now been allocated to their proper places. Scott noted that the town's overall budget contains the most accurate allocation of telephone expenses they've ever had. He also noted that, overall, telephone expenditures for the town have been mostly level funded.

Under "Special Projects," the Admin team will talk to the school to see whether BOS meeting video can be hosted on their SchoolTube account for free. If not, the Admin team will pursue posting the videos to YouTube.

The police department warrant article was not discussed at this meeting, as there will be a more detailed presentation on the warrant article at a full Budget Committee meeting later in the season. The Admin team noted that there is no fiscal effect on the proposed budget, because if the warrant article is approved by voters, the first repayment will take place in the following budget year, 2015.

### **Boards and Committees**

Wages and benefits are for the Budget Committee meeting secretary, which Dave noted is well worth the expenditure.



The Joint Loss Management Committee was clarified as being the safety committee, which is mandated by NH law.

### **Finance and Appraisal**

The letter from Geoff that prefaces this budget answers some subcommittee questions about the line items referenced in that letter.

Wages and benefits went down because two workers were hired at lower wages than those given to the people previously in the one FT and one PT position.

The increases in the Audit and Appraisal line items are due to contractually obligated situations.

Printing costs fluctuate from year to year because they are primarily made up of two sets of checks – one for Accounts Payable, and one for Payroll. Sometimes only one set needs to be reordered in a given year, and sometimes both do.

Postage is up not because of more mailing, but because of the cost of postage itself.

Professional Development/Training and Meetings/Dues are up because of the new PT and FT employees, but they anticipate this will drop again in the following budget year.

The drop in the Telephone line item is also due to the reallocation discussed above.

### **Technology**

To clarify the Software/Electronic Material line item, the BOS rejected the initial request for \$3000, which was intended to allow audio files for BOS meetings to be added to the town website, as well as allowing registrations and waivers to be processed online for Parks and Recreation adult activities.

Instead, the BOS approved \$3500 for software to convert appraisal department files into a digital format (digitizing). The Admin team is not sure as of yet how much space this will take up in memory, and how fast it will occur, and in light of their statement in the opening note about system efficiency reducing dramatically if capacity exceeds 75%, said they would re-evaluate their storage needs as the digitizing process continues.

For Computer Supplies, the Admin team was encouraged to see whether the town can team up with the school to combine buying power and reduce costs for this line item.

For Computer Equipment, Geoff noted that the expenditures here are part of an ongoing three year plan to replace servers and workstations.

The warrant article, which will also be discussed in further detail at a later full Budget Committee meeting, was clarified to understand that the proposed expenditure is for a GPS unit and software to help the town map culverts, manholes, and other town property.

### **Legal**

The Admin team noted that there is a fair amount of guesswork involved in setting the legal budgets each year. Current year expenditures are anticipated to greatly exceed the budgeted amount – 2x greater in the “General” category, and 3x greater in the “Litigation” category.

They also noted that this is our first year with a new town attorney and with a different fee structure than the previous firm. Based on the first year of experience with the new firm, and with the greater than anticipated need for legal services, the Admin team expects to renegotiate the terms with the law firm to receive more advantageous rates.

### **Insurances**

The Admin team noted that all of these line items will be going out to bid, but they won't know what the final numbers will be until after the budget is approved, and the rates will be effective on 7/1/2014.

One note from Jeffery, related to Property/Liability, was the question of whether an unaffiliated broker could be retained to help drive down the cost of this line item for the town.

### **Debt Service**

The drop in debt service payments due to the retirement of the Village Sewer and Lakes Business Park bonds were greeted warmly. There now remain only three bonds in repayment, of which one (the Cherry Valley Sewer) is completely offset by revenues from the Cherry Valley Condos.

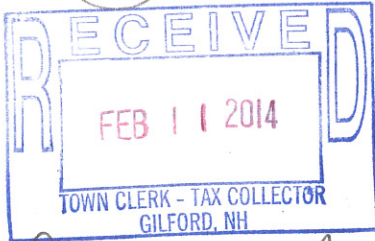
The inter-municipal agreement with Laconia for the Lakes Business Park was also discussed in depth. The trust fund and tax sharing expenditures are completely offset by tax revenue; in the revenue sharing calculation, Gilford keeps \$41,295 in net revenue on \$115,589 gross, which should increase with additional tenancy.

**Final Note**

The subcommittee agreed that a review of the Welfare Assistance budget be postponed, as it had not been assigned to a subcommittee as of yet, and not all parties were available to address this department budget at the current meeting.

Respectfully submitted,

Allen David



Denise M. Bonyes