

Gilford Budget Committee FY 2014

Working Group: Fire Department, Emergency Management, Fire Protection

Meeting Date: October 28, 2013

Subcommittee Members: Bob Henderson, Allen Voivod, David Horvath

Fire Department Members: Chief Carrier, Assistant Chief Ober

Board of Fire Engineers: Don Spear, Bill Akerley, (Absent: Jack Lyman)

Budget Reviewed: 1,682,083 Fire, \$3,545 Emergency Management, \$123,162 Fire Protection

The total budget reviewed represented a 1.3% and \$21,491 increase over last years budget. There are 14 full time, one part-time, and 34 seasonal/call personnel represented in the wage portion of the budget. The discussion on the wages centered around the position changes, raises, and the current hierarchy of the fire department.

Overtime represents approximately 16% of the full time wages. Chief Carrier advised that most of the overtime costs are to assure full staffing when other department members take vacation time, very little was attributed to sick time coverage. The accrual Payouts were removed from the budget pending resolution. This amount is \$5,743.

Raises are budgeted at 3%. The department members are reviewed on their anniversary dates. The cost of pensions was discussed. The budgeted amount is 31% of straight time wages and is high compared to other departments. We will need to discuss in full session.

The health insurance costs were stated as being 6.2% the budget book shows 6.3%. This number will need to be adjusted and the overall budget reduced accordingly.

The operating portion of the budget was reviewed. The Software costs are up. Chief Carrier identified some other costs were shifted to more accurately represent the line item. Most of the rest of these items had fluctuations in per-centages and costs, overall this section is down \$6,326 or 3.3%.

Protective clothing is usually on a 7 year change out cycle, fuel prices were discussed as they seem to be trending down, the maintenance budget is for parts only as the DPW does most routine work, and the telephone costs more accurately have been distributed by Admin.

The currant equipment was discussed with the following problems noted:

- E-4 --- Starter problem
- E-2 --- Pipe Fracture
- E-1 --- Pump, relief valve problem
- A-2 --- Needs replaced, separate Warrant Article

We reviewed the daily protocols, trends, usage of the Ambulances and Fire apparatus. We may face some additional costs due to mutual aid and radio reprogramming needs. The roof repairs completed to date and potential other repairs were itemized. The lease versus buying vehicles such as the chiefs vehicle were also discussed. This is a 5 year lease.

Other discussions included the decision process when items are repaired by the DPW or when they are farmed out. Chief Carrier advised that certain repairs require specific certifications and the DPW generally do not have these. Allen Voivod asked / discussed the possibility of having some internal people trained to be able to meet those certification requirements.

The subcommittee agreed to reduce the budget by \$5,743 and also to be reduced by the insurance differential.

We discussed all warrant articles briefly with the new ambulance receiving the most discussion. Since these are to be part of the final review with all warrants no recommendations are being made.

Emergency Management:

Most of this budget is for stipends for the Chief and Assistant Chief.

Budget of \$3,545 was recommended

Fire Protection:

This budget is up 178%. This is due to the transferred costs from the county of \$78,162. It was agreed to discuss more in full session. Pending more discussion we recommended approval of the full budget of \$123,162.

Facility Tour:

At the conclusion of the budget review, Chief Carrier provided a tour of the entire facility and review of the current fleet of equipment. Bob Henderson and I took the tour.

Respectfully submitted,


Allen Voivod



Denise M. Boyce

In the *Sanborn* case the Supreme Court upheld the validity of multi-year collective bargaining agreements under RSA Chapter 273-A, which comprehensively governs the public employee collective bargaining process. The statute provides that once an agreement is reached between the employer board and the union, the “cost items” of the agreement, defined as “any benefit acquired through collective bargaining whose implementation requires an appropriation by the legislative body of the public employer with whom negotiations are being conducted,” must be submitted to the legislative body for approval. Although multi-year agreements are authorized by RSA Chapter 273-A, the Court in *Sanborn* held that the school district was not bound to fund the second and third years of the CBA because the voters at the district meeting who were supposed to ratify the cost items had not been adequately informed of the financial terms by the language of the warrant article or by other means. In other words, at the time of the vote on the first year of the contract, the voters must be made fully aware of the financial obligations of all future years. See also *Foot v. Bedford School District*, 152 N.H. 599 (2005); *Appeal of Franklin Education Association*, 136 N.H. 332 (1992); *Blood v. Manchester Electric Light Co.*, 68 N.H. 340 (1895).

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In *Appeal of Alton School District*, 140 N.H. 303, 309 (1995), a section of the CBA provided that a pay plan with periodic step increases based on experience would continue in effect after expiration of the agreement (an “evergreen clause”). The Supreme Court held that the provision was unenforceable against the school district because, under *Sanborn*, the cost of the evergreen clause had not been adequately disclosed to the voters. Since the time of this decision, RSA 273-A:12, VII has been enacted and provides that every new CBA shall now automatically be deemed to remain in effect following its expiration while the parties negotiate a new agreement. Under this new section, pay plans such as the one at issue in the *Alton* decision would typically continue to operate automatically after expiration for all CBAs, and it would seem that the cost of the built-in evergreen clause would need to be disclosed to the voters. For information on warrant articles to approve the cost items of CBAs, see the DRA *Suggested Warrant Articles for Towns & Village Districts*, updated each year by DRA. You may also wish to consult your municipal or school attorney regarding the important and complex issue of what is adequate “Sanbornizing” of the cost items of your CBA.

Governing bodies also consider multi-year equipment leases. Typically, the issue with leases is whether or not the agreement constitutes long-term debt under RSA Chapter 33. RSA 33:3 authorizes municipalities to issue notes and bonds to finance, among other things, “the purchase of departmental equipment of a lasting character.” Issuance of debt requires a two-thirds vote, by ballot, of the legislative body (three-fifths in official ballot referendum (SB 2) municipalities). RSA 33:8. Multi-year lease-purchase agreements for equipment are regarded as long-term debt (like a bond, they require a stream of payments to pay principal and interest over time) and thus also require a two-thirds (or three-fifths) ballot vote. However, lease-purchase agreements with so-called “escape” or “nonappropriation” clauses, which terminate the agreement automatically without penalty to the municipality if the requisite annual appropriation is not made, are not long-term debt and thus may be approved by a simple majority vote. RSA 33:7-e.

There are, of course, other multi-year contracts that may arise during the year, such as a service contract, fuel contract or individual employment contract. Generally, the governing body may recommend a multi-year contract and the legislative body (town meeting voters) may vote

IV. NO SPENDING WITHOUT AN APPROPRIATION

Fourth Key Concept

A. Basic Rule of Budget Accounting

Once the budget and other appropriations have been voted on, what is their legal effect? RSA 32:8 provides that no town, village district or school district official can spend any money for any purpose unless that amount was appropriated for that purpose by an annual or special meeting. This basic rule of budget accounting flows directly and logically from the very meaning of “appropriation.”

This requirement that no money be spent without an appropriation applies to all municipal expenditures, not just tax money. For example, if the town sells an item of equipment, the proceeds from that sale cannot be spent unless the amount of the proceeds from the sale has been included in an appropriation in the budget. This is “gross basis” budgeting, which is discussed in Chapter 2. This requirement also means that an official who overspends the budget improperly may be subject to dismissal. RSA 32:12; *Blake v. Pittsfield*, 124 N.H. 555 (1984).

B. Exceptions to the Rule

The statute allows for certain exceptions to the rule that no money can be spent without an appropriation. They include the following:

1. *Transfer*

The governing body may make transfers of amounts from an unexpended balance in some other appropriation to a purpose that is already in the budget. RSA 32:10. (See Chapter 6 for more on transfers.)

2. *Legal Judgment*

RSA 32:9 permits a town to spend money to pay a legal judgment (ordered by a court) against the town without an appropriation. On the other hand, officials cannot agree to settle a claim by paying unappropriated funds (overspending the bottom line of the budget), unless the agreement is made conditional on voter approval.

3. *DRA Permission*

Permission may be granted by DRA for expenditure in excess of an appropriation that may result in over-expenditure of the budget’s bottom line, or for expenditure when no appropriation has been made by the town or district meeting for that purpose (emergency expenditure). This exception applies only “when an unusual circumstance arises during the year which makes it necessary” to overspend the budget or spend money on a purpose for which no appropriation has been made. School districts can apply for similar permission to the Department of Education commissioner. A special town or district meeting is not necessary. The governing body must hold a public hearing on the request and, in towns with a budget committee, a majority of the committee must approve the