

GILFORD BUDGET COMMITTEE MINUTES
September 30, 2010
6:30 p.m.
Town Hall

Members Present: Gus Benavides, Sue Greene, Dick Hickok, Paul Blandford, Dale Dormody, Terry Stewart, Kevin Roy, Phyllis Corrigan,
Pat Labonte, Fred Butler, David Horvath and Skip Murphy

Members Absent: None

Also in attendance were Selectmen Kevin Hayes and John O'Brien, Finance Director Geoff Ruggles and Executive Secretary Sandra Bailey.

The Budget Committee recited the Pledge of Allegiance.

Chairman Hickok welcomed the Committee to this evening's meeting. He stated that the purpose of tonight's meeting is for a presentation and overview of the Town's 2011 budget.

Selectman Benavides noted with sadness the recent passing of Gilford resident Ronny Bean.

Skip Murphy brought up the matter of Kevin Roy's prior request for Chairman Hickok to apologize for comments made regarding Gilford teachers during the 2010 budget review. He stated that he has reviewed video from the meeting in question and found no evidence of the alleged comments, to which Kevin Roy responded that in that case it was missed on the video. Committee members concurred that they consider this matter closed.

Chairman Hickok turned the meeting over to Board of Selectmen Chairman Kevin Hayes, who was in attendance to provide the Budget Committee with an overview of the 2011 Town Budget. He began by stating that the information he is presenting in his overview is available in each member's budget book, which he will distribute following his presentation.

Chairman Hayes began by stating that the total gross budget for 2011 is \$4,375 less than the 2010 appropriations and that the Board feels it is important for the Budget Committee to be aware of the sacrifices being forced upon Town employees. Under Employee Wages & Benefits, the total budget reduction totals \$259,000. In addition, the Town is budgeting an increase 9.2% in health insurance rates and 3.7% increase in dental insurance rates. As of July 1, 2011, the Town will cap their 93% contribution at the lowest plan cost.

Merit pay is budgeted at \$6,000 less than the budgeted amount in 2010. This is due to the elimination of merit pay for department managers and a lowering of merit pay budgets from 3% to 2.75% for other employees. The Board is also eliminating pro-rated health insurance benefits for part-time employees and staff reductions have been made in the TC/TX office, Parks & Recreation Department and Department of Planning and Land Use.

Chairman Hayes outlined various capital reserve funds that have either been eliminated or reduced. The Building Maintenance CRF would be funded for \$20,000, however, due to various maintenance projects being deleted from the operating budget. As far as the impact of State government, Chairman Hayes noted increases in the Town's contribution to police and firefighter retirement benefits, the elimination of revenue sharing and level funding payments for room and meals taxes and highway block grants.

Some of the uncertainties for 2011 include the hiring of a new auditing firm, Liberty Hill litigation, a reduction in the assessing budget and a reduction in the technology budget. Any requests from outside agencies for funding will have to be done through a petitioned warrant article, as was the process in 2010. As far as 2011 revenue projections, motor vehicle registrations are estimated to be \$50,000 less than 2010, the Department of Planning and Land Use has been asked to submit a proposal increasing fees by 25% and interest on deposits is also estimated at \$55,000 less than 2010.

Chairman Hayes pointed out that since 2007, the Town has lost almost \$87 million in property values, which results in a \$1.3 million loss in tax revenues. Also, the Board is not recommending the Town Hall Energy Conservation Project and Police Station Expansion Project.

Continuing with the practice that began with the 2010 budget, line items will be shown in each department to accurately reflect their cost of operation. This includes items such as telephone expenses, heating fuel, electricity, building maintenance, etc.

Costs and revenue associated with private police and fire details will no longer be budgeted, due to the creation of public safety revolving fund accounts. Chairman Hayes also noted that the Board's budget proposal utilizes \$500,000 from the Undesignated Fund Balance.

Chairman Hayes recognized the diligence of department managers in preparing their budgets and spending wisely. Selectman Benavides added that despite the efforts of department managers in keeping costs down, health insurance rates will continue to increase. The Board cut a total of \$700,000 from the budget, following reductions made by department managers and the Town Administrator. He further stated that this action was the right thing to do.

Skip Murphy stated that he is concerned with the rising cost of the NH Retirement System. Chairman Hickok stated that he appreciates the efforts made by the Town to reduce costs. Terry Stewart inquired about the amount of the total budget request, to which Finance Director Ruggles replied that it was \$11,513,754 in 2010 and is proposed at \$11,509,379 in 2011. Terry Stewart further stated that he appreciates the Board of Selectmen eliminating their stipend from the budget.

General discussion followed regarding the state of the economy and budgetary factors to consider when the economy improves. Chairman Hayes stated that the Board felt it was important to budget for a small merit pay increase for Town employees, due to the merit pay increases that are part of the Town's two labor unions. Selectman O'Brien added that it will constantly be important for the Board to shop for the best value in health insurance.

Chairman Hayes commented that the staffing of the Police Department and Fire-Rescue Department were not reduced because their call volumes have been steadily increasing.

Dave Horvath inquired about the RFP for auditing services, to which Selectman O'Brien replied that when he attended the Selectmen's Institute, he learned that it is recommended to change auditing firms every five (5) years. He also inquired if the Town and School District partner together in ways that can result in savings to the taxpayers, to which Chairman Hayes replied yes.

Brief discussion ensued regarding the funding of Outside Agencies, followed by discussion on

labor unions. Skip Murphy asked if the Town would be able to fit in with the minimum standards established by the federal government for health insurance. Finance Director Ruggles replied yes and clarified that government entities will have until 2014 to come into compliance. Skip Murphy then read from the NH Constitution on unfunded state mandates. Discussion also ensued on this matter, where both Finance Director Ruggles and Chairman Hayes pointed out that there are various ways for NH municipalities to be kept aware of unfunded mandates and action that can be taken.

The Committee briefly reviewed the process for Sub-committee meetings.

Paul Blandford moved to accept the 2011 budget, as presented by the Board of Selectmen. Selectman Benavides seconded. A vote indicated 2 votes in favor – motion failed.

Paul Blandford moved to adjourn at 7:42 p.m. Gus Benavides seconded. Motion carried with all in favor.

Respectfully submitted,

Sandra Bailey
Executive Secretary