

TOWN OF RYE – BUDGET COMMITTEE
2017 FIRST QUARTER REVIEW

Wednesday, April 19, 2017
6:00 p.m.
Rye Town Hall

Members Present: Jaci Grote, Peggy Balboni, Mae Bradshaw, Doug Abrams, Ray Jarvis, Peter Crawford, Jenness Beach Rep Randy Crapo, Rye Water District Rep Ralph Hickson, Rye Beach Village Rep Shawn Crapo, School Board Rep Kevin Brandon and Selectmen's Rep Phil Winslow.

I. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Vice Chairman Grote called the meeting to order at 6:00 p.m. and led the Pledge of Allegiance.

II. Election of Officer: Chairman, Vice-Chairmen, Clerk

**Motion by Doug Abrams to appoint Jaci Grote as Chairman. Seconded by Mae Bradshaw.
Vote: 10-0**

Motion by Mae Bradshaw to appoint Peggy Balboni as Vice Chairman. Seconded by Shawn Crapo. Vote: 10-0

**Motion by Mae Bradshaw to appoint Peter Crawford as Clerk. Seconded by Doug Abrams.
Vote: 10-0**

III. Approval of Minutes

1. Budget Committee Precincts Public Hearings: Tuesday, 2/7/17, 6:30 p.m., Town Hall

Member Crawford noted on page 5, under C. Rye beach Village District:

1. **Frank ~~Crape~~, Rye Beach Village District Commissioner** should read **Frank Drake, Rye Beach Village District Commissioner**
2. **Maintenance Repair** should read **Maintenance/Repair**

Member Crawford noted on page 3, there should be a \$ in front of the .81

3. **Portsmouth water rate will be increasing for 2017 from \$.81 to \$3.35 per 100 cubic feet.**

**Motion by Mae Bradshaw to approve the minutes as amended. Seconded by Ralph Hickson
Vote: 9-0-1. Abstained: Peter Crawford**

Member Abrams suggested that in the interest of time management, the members of the Committee should read the minutes in advance of the meeting and send any corrections back to the transcriptionist before the next meeting.

After a short discussion, it was decided that edits to the minutes should not be made outside of an official meeting. The Committee will continue with the current process of approval of minutes.

IV. 2016/2017 School Budget Review

The Budget Committee did not receive a report from the School.

Member Brandon stated that the School Board is meeting tonight with School Business Manager Jim Katkin, in order to discuss the school's financials to date and where the unassigned fund balance stands and what is projected as the year closes.

It was decided that the 2016/2017 School Budget Review will be done at the next Town Budget Committee Quarterly review in Mid- July.

V. 2017 Town Budget – First Quarter Review

GENERAL FUND

Revenues

Question by Member Bradshaw:

Is there a reason the revenues are about \$25,000 less this year to last year's period to date?

Answer by Finance Director Gillespie:

The biggest difference is in building permits; last year period to date was \$60,042, this year is \$38,215.

Question by Member Abrams:

Does that reflect less building or is it a timing issue?

Answer by Finance Director Gillespie:

I believe it is a timing issue.

Confirmed by Building Inspector Rowell:

He stated that moving forward there are a lot of large projects coming in.

Note and question by Member Crawford:

Ambulance revenue is also down.

Is that because of the audit write-offs this year?

Answer by Finance Director Gillespie:

Yes, the write-offs did affect this account, but it was an important issue to resolve.

Question by Member Crawford:

Do the current year budget numbers go into column three at some time in the year?

Answer by Finance Director Gillespie:

Yes, the final numbers are put in after the tax rate setting in November, once they are approved by the DRA.

Note and Question by Member Crawford:

You have the first cut at the revenues; can you put those into this report?

Answer by Finance Director Gillespie:

Yes, there are three estimates of revenue during the year; 1.) On the MS 737 – for Town Vote. 2.) September 1st, MS 434 – Comparison from last year to this year's Period to Date. 3.) November – Prior to Tax Rate Setting. The estimated revenues can be put into the report but will have to be adjusted after the Department of Revenue approves the Tax Rate Setting, in November.

Expenditures

Note and Question by Member Crawford:

Throughout the budgets, the health insurance is about 1/3 spent and it should be at ¼, is there a reason from this?

Answer by Finance Director Gillespie:

Yes, the Town pays health, dental, disability and life insurance in advance of the month that is due. This report reflects the April premiums.

Note and Question by Member Crawford:

Throughout the budgets, the retirement is way under the ¼ mark.

Answer by Finance Director Gillespie:

Retirement is paid after the close of each month; this report reflects just January and February's contributions.

Government Buildings

Question by Member Bradshaw:

The Public Works Buildings bottom line is already at 58.17%, will we have enough money to get through the rest of the year?

Answer by Highway Foreman Paradis:

The prior year encumbrance is 100% spent. The encumbrance was for the replacement of the air compressor. The rest of the budget should be adequate.

Note by Member S. Crapo:

Also, the heating line is at 55%, and the heating season is over. So the overall average is affected by those two items.

Insurance

Question by Member Grote:

Are most of the insurances paid at this time?

Answer by Finance Director Gillespie:

Yes

Question by Member Winslow:

Does the Town get a discount for paying the insurance in full or can we pay it quarterly?

Answer by Finance Director Gillespie:

The Town does not get a discount for paying in full. There is a discount for the Primex CAP program. The Town qualifies by hosting a number of safety programs throughout the year, developing Safety policies and procedures and reaching benchmark goals.

Question by Member Bradshaw:

Are the other insurances all paid?

Answer by Finance Director Gillespie:

Yes, the worker's Compensation has a credit balance that was carried over from the prior year. The Medical Reimbursement line is likely not to have much more activity. There has not been a reimbursement for about six weeks. She reminded the Committee that last year the budget was reduced from \$100,000 to \$20,000. The final date for processing the reimbursements is six months from the date of the EOBs. The surplus will go back into the General Fund - Fund Balance.

Regional Associations

Question by Member Jarvis:

Is the process of obtaining the regional associations' financial information still working out?

Answer by Finance Director Gillespie:

Yes, the process is that prior to the award of the funds; Janice Ireland notifies that the association will need to request funding prior to the budget season in September, along with copies of their financial statements and a letter explaining the association's relationship with Rye. These financials are reviewed upon receipt.

After Town vote, letters of award are mailed out from the Town, stating that the association must request the funding in writing.

Once the request letter is received and after the first round of taxes start to come in (July) the funds are issued.

General Government

Note and Question by Member Bradshaw:

I noticed equipment contracts and equipment maintenance are almost spent.

Are we going to have enough money for the rest of the year?

Answer by Finance Director Gillespie:

Most of the expenditures on these two lines are for annual contracts so they are mostly all paid at this time.

Police Department

Question by Member Winslow:

Is the under expenditure of the vehicles/fuel and oil a timing issue?

Answer by Police Chief Walsh:

The expenditure is posted when the fuel bills come in. Public Works Director McCarthy processes a monthly report of departmental usage.

Question by Member Bradshaw:

Is all the drug testing done at the beginning of the year?

Answer by Police Chief Walsh:

That is for recruitment of new officers.

Question by Member Grote:

Is the Police Department at Full Staff?

Answer by Police Chief Walsh:

Yes

Note and Question by Member Crawford:

The wage line is only at \$117,000. Which is not 25%, is that because we just became fully staffed?

Answer by Police Chief Walsh:

Yes, the tenth position was filled March 27th.

Ambulance

Question by Member Abrams:

What is the ambulance revenue?

Answer by Member Balboni:

Page 2 of the revenue report shows ambulance revenue of \$43,136.

Note and Question by Member Bradshaw to Fire Chief Lambert:

The ambulance revenue is down about \$14,000 from last year, is there a reason?

Answer by Finance Director Gillespie:

Actually, the ambulance revenue is higher than last year, but on the recommendation of the Town auditors, we wrote off some uncollectible debt from as far back as 2004. The Town has a new written policy on how to process the allowances for doubtful accounts, which will be followed annually in order to stabilize these accounts in the future.

Question by Member Abrams:

Will the second ambulance cost the department more money to staff and operate?

Answer by Fire Chief Lambert:

No, it should not. The new ambulance is scheduled to arrive on Monday, the 24th.

Building & Code Enforcement

Question by Member Winslow:

Is the under expenditure of the salaries line in the Building Inspection Office a reflection of timing?

Answer by Finance Director Gillespie:

No, the appropriation includes wages for an Assistant Building Inspector.

Building Inspector Rowell stated that there are applications coming in at this time.

Emergency Management

Question by Member Bradshaw:

Why is the percentage left in Emergency Management so low?

Answer by Police Chief Walsh:

Service and repairs to the Emergency Management generator were paid for from this account.

The generator is 12 years old and needed some general maintenance.

He added that there are two things happening with Emergency Management this year.

- 1.) There will be a drill cycle starting for the Seabrook Nuclear Power Plant; one in September and one in November.
- 2.) The Fire and Police Departments have applied for a grant for a "Public Eye" which is computer software that will enhance emergency management response by coordination of fire, police and emergency management response teams at the time of the event. The grant will pay for half and Emergency Management will pay half.

Chief Walsh further explained that additional expenditures in this account are offset by funding from Home Land Security.

Finance Director Gillespie further explained that Home Land Security gives the town \$8,100 a year towards Emergency Management. The funding is reported in revenue, but the expenditures must be reported on the budget side of Emergency Management. At year end, the additional funds will offset the over expenditures.

Member Grote made the point that the \$8,100 is in addition to the \$7,500 that is already budgeted. The \$8,100 is not to cover the \$7,500 already budgeted.

Finance Director Gillespie confirmed, the \$8,100 is in addition to the \$7,500 budgeted.

Member S. Crapo stated that looking forward to second and third quarter reviews, this budget could be at zero or over expended until the year end reconciliation.

Finance Director Gillespie confirmed.

Public Works Department

Question by Member Crawford:

Is the overtime expenditure in Public Works due to the storm?

Answer by Public Works Foreman Paradis:

The overtime reflects 18 winter events this year; this includes plowing and also salting in the cases of black ice.

Question by Member Winslow:

Is the under expenditure in tipping fees due to timing.

Answer by Public Works Foreman Paradis:

Yes, the town experiences more volume during the summer months. It will increase about 20% during the summer.

Energy Committee

Question by R. Crapo:

What is the Energy Committee's six hundred dollars for?

Answer by Member Grote:

The Energy Committee asked for small budget for energy educational purposes. This committee was appointed and reports to the Board of Selectmen.

Capital Outlay

Question by Member Crawford:

Is the record scanning still going to be done?

Answer by Town Administrator Magnant:

We will be putting it back before the Board of Selectmen to make sure that they want to move forward on it and then start the process.

Question by Member Grote:

When will it go back before the board?

Answer by Town Administrator Magnant:

Most likely it will be the first meeting in May.

SEWER FUND

Revenues

Note and Question by Member Crawford:

Lafayette fees and hook up fees are way up from last year, is this a onetime thing or a change in accounting?

Answer by Sewer Administrator Arthur:

This year there was a hook up fee for a new service of \$41,000 that we didn't have last year. We may get one or two a year, it's hard to project these. These are based on square footage and what the user would have paid towards the capital expense if they had hooked into the system when the sewer was installed.

Lafayette Road fees are based on reads, provided by the City of Portsmouth.

Finance Director Gillespie further explained that last year the warrant was not completed within the first quarter period. This explains why there was not billing during that time frame. Lafayette is billed quarterly as soon as the readings are in from Portsmouth and the warrant is completed.

Sewer Administrator Arthur further explained that she just received the capital improvements invoice from Hampton, in the amount of \$51,000 for the capital recovery charge, based on last year's treatment. Explaining why the budget is still at 95% remaining end of quarter. She added that also most of the sewer work is done during the summer months.

RECREATION REVOLVING FUND

Question by Member Balboni:

With the school population changing; do you see an effect on recreation programs?

Answer by Recreation Director Arthur:

Not at the same rate. We have seen some over the last three years, but not a lot.

This could be because a lot of parents use the programs for play and activity dates and not just for child care.

Note by Member Crawford:

The revenues are down.

Answer by Recreation Director Arthur:

Yes, but that is nominal, we are in-between registrations right now.

AMBULANCE SPECIAL REVENUE

Note and Question by Member Crawford:

The cell tower revenue is up; is that just a timing issue?

Answer by Finance Director Gillespie:

The revenue is based on how many vendors are on the tower at any one time. There can be as many as five. The town shares in the revenue from the vendors.

Question by Member Bradshaw:

Are these funds being saved up for the large fire truck that we will be purchasing?

Answer by Finance Director Gillespie:

No, the cell tower revenue is strictly for the ambulance purchase.

Question by Member Bradshaw:

What is this consolidated fund total of \$661,000?

Answer by Finance Director Gillespie:

That is the total of all the funds that we just reviewed.

Question by Members S. Crapo and Grote:

Looking forward to the rest of the year, do you see any areas of concern the committee should be made aware of? Are you comfortable with the capital outlay budget and the projects ahead?

Answer by Finance Director Gillespie:

No foreseeable problems. It will be a busy year with all the capital projects in the works. However, we have a good budget and good shoppers, so we are in great shape. Before we know it, we will be back in budget session again.

Question by Members R. Crapo and Abrams:

What do our bonds look like right now? Are there any retiring soon?

Answer by Member Winslow:

There are two retiring; the school bond and one Conservation. The school's bond will save us \$203,000 and Conservation will save us \$97,000 annually.

Comment by Member Crawford:

The bad news is that the school's budget is way up this year and the town's budget is up as well. I figure the tax rate before the revaluation to be up about \$1.00. The school's is up \$.55 plus warrant articles and I project the towns will be up \$.30. He added that it being a revaluation year, the property values will be up 10% and the spending will be up 10% but the tax rate will be flat. However, everyone will be paying 10% more in taxes this year. He stated that he has already taken into account the bonds maturing, he is just comparing budget to budget. He noted that the Water District budget is down this year but only because the water rates have been increased. He expressed concern that even though there are retiring bonds this year that the spending continues to increase.

Chairman Grote stated that the committee will know more about these trends in upcoming meetings.

Question by Member Hickson:

Will the revaluation be done in time for the tax rate setting?

Answer by Finance Director Gillespie:

Yes.

VI. Other Business

Budget Committee meetings will be scheduled on Thursday nights. The next meeting will tentatively be scheduled on July 13th. Chairman Grote will check with Finance Director Gillespie and the school and send out an e-mail to the members to confirm.

VII. Adjournment

Motion by Member S. Crapo to adjourn at 8:35 p.m. Seconded by R. Crapo. All in favor.

Respectfully Submitted,
Dyana F. Ledger