

Town of Rye
Budget Committee
2nd Quarter Review

Meeting
Wednesday, July 18, 2018
6:30 PM
Rye Town Hall

Attendees: Chairman Jaci Grote, Peggy Balboni, Kevin Brandon, Mae Bradshaw, Peter Crawford, Selectmen's Rep. Phil Winslow, Rye Beach Village District Alternate Rep. Shawn Crapo, Rye Water District Rep. Ralph Hickson and Jenness Beach Village District Rep. Randy Crapo. Other: SAU 50 Superintendent Sal Petralia, SAU 50 Business Administrator Amy Ransom, Town Clerk Donna Decotis, Public Works Director Dennis McCarthy, Fire Chief Mark Cotreau, Police Chief Kevin Walsh.

Chair Grote calls the meeting to order and the pledge of allegiance is recited.

Chair Grote: Peter sent the meeting minutes from our last meeting on April 26, 2018. Are there any comments or changes? With that could we have a motion to approve?

Phil Winslow so moved. Mae Bradshaw seconded. All were in favor except Kevin Brandon and Peggy Balboni who abstained.

School Budget

Chair Grote: The next item on our agenda is the school budget. Who would like to present? Ms. Ransom.

School Superintendent Sal Petralia: If I may say a few comments: Amy Ransom has assumed full duties as School Business Administrator.

We have had a few things that have come up that were not anticipated. First we had four retirements that we did not know about. We had three legal matters, one of which is ongoing.

You have the reports in front of you that Ms. Ransom will review.

Amy Ransom walks the Budget Committee through the 2017-2018 budget and actual expenditures.

We have a new Audit Firm that we are using.

We have more utilization of the English as a second language teacher. There are more students than anticipated for this schooling.

We hired a full-time psychologist and we are sharing this with Greenland. This is costing more than we originally planned. A question was asked as to whether this can be reimbursed by the parent's insurance company. It was determined that it could not be.

Thank you Amy Ransom.

Town Budget

General Fund. Any questions. Line item #17 This was a grant that came in and was higher than expected.

Reimbursement of Disability? Please explain. We have had several people on leave and they are coming back to work.

Peter had a question about the bond proceeds of \$250,000. He pointed out that that was the amount of the Red Mill Lane culvert, but that there was also \$300,000 related to the Conservation Bond that was all going to

be rolled together. Phil Winslow agreed. Cyndi would have to explain that.

Question about professional training funds not being utilized?

Answer: Training can be done different times of the year. Depending upon availability.

Elections, Registrations, Vitals: We paid for ballots. We haven't had our two big elections plus the Moderator has not submitted a bill yet.

Financial, Tax & Assessing

Tax Collector: No Questions

Deputy Treasurer: Do we have one? Cyndi would have to answer.

Legal: Overage for the payment related to South Road.

Planning and Zoning: No questions

Government Buildings: Budgeted for a permanent-part time person who just started.

Public Works Buildings: Over on Maintenance Supplies.

When are they going to paint the Town Hall? We have \$32,000 and another \$80,000 in the municipal building fund. It is going to be painted in the fall. We have a contractor to do this.

Cemetery: No questions

Insurance: No Questions

Regional Associations: Almost all of these have been paid.

Two were not paid because they have not yet been requested.

General Government: No Questions

Police Department: Any questions? Fuel seems to be below budget. There was a glitch with the pumps.

Overtime wages: This has to do with leave time.

Are policemen in Rye taking more details? Yes, they have been.

Ambulance: Is the second ambulance cost effective? There have not been any major repair issues. It has been out on 16 calls. Also it is able to house the water rescue equipment for calls.

Randy: Question about ambulance required at certain events. Answer: They normally use it as a triage ambulance. We are looking at charging a fee but we have not decided yet.

Fire Department: Any questions?

Question about Overtime Replacement. Total budget is more than half spent. Thirty percent of the work force was out during the beginning of the year.

Building Inspection/Code Enforcement: The former Building Inspector has retired and is now working two days a week.

Emergency Management: Two Seabrook drills came out of this and we got reimbursed as well.

Public Works Department: We haven't started paving yet. The only thing is crack sealing and Harbor Road.

Street Lighting: No questions

Transfer Station: No Questions.

Pest Control: We have not received the invoice yet for Mosquito Control.

Parks and Recreation: Any questions? Scholarships for the Rec. program.

New Building? The survey is being done currently and then we will be working on the building. We are looking for the best place to put the building.

Lifeguards: No Questions

Land Management: Questions? Care of Trees? Are we spending any money on this? Yes, but it is done in the Fall. Do we get money for the wood associated with trees that are cut down? No.

Library Budget: They are having a public meeting to about how they will be compensated. Chair Jaci has picked 3 people to attend. She has handouts for everyone on the committee.

Patriotic Purposes: Any Questions?

Historic District Commission: Any Questions? Not much money has been spent. They will be doing a document that will be sent out to the townspeople soon.

Rye Heritage Commission: Any Questions? No questions.

Conservation Commission: We have property maintenance. We are doing a lot of repairs.

Energy Committee: No Questions

Debt Service: No Questions

Warrant Articles: Skid Steer is bought and paid for. The mower is on order. The Bridge is going out for bid on 8/24. The Culvert is under contract but cannot be worked on until September or October.

Capital Outlay: No Questions.

Capital Reserves: No Questions.

Expendable Trusts Funds: No Questions

Sewer: Questions? What is going on with the Hampton issues? Lee Arthur said that Rye will be responsible for a portion of it. We will be impacted but we don't know how much. This will be happen in 2024. I don't have the bond schedule yet.

Parsonage: No Questions

Outside Details: No Questions.

Parking Enforcement: No Questions.

Recreation Revolving: No Questions.

Beach Cleaning: No Questions.

Fire & Ambulance Vehicles: No Questions.

Cell Tower: No Questions

Budget Committee Processes

Chair Grote: We have some other business. I sent out an email about a budget. We look at this every year and I wanted to look at this to make it more effective. Peter put together a brief document and I have asked him to put it together to review. Peter passed out the document.

Peter Crawford: I am going to go to the Budget workshop on 9/12. The cost is \$90 each and I'll send everyone's email address to the NHMA unless someone objects. Registrations should open at the end of the month.

Chair Grote: I may attend this workshop as well.

Chair Grote: I have asked Peter to review the Budget forms prior to us signing them and sending them to the State. That way if there are any issues with them we won't have to come back and sign them again.

Chair Grote: We are more than happy to see a member of the town here today. We would like to see more of the town at the meetings. I thought of writing an article for the Rye Magazine. If there are other ideas that you think about we could create more interest. We would like to see more participation.

Mae Bradshaw: I update the Rye Citizens' Handbook and there are 10 pages on the Budget Committee. I would be happy to have you review it and change or update it. It is updated every year, put out by the Rye Civic League, and is on the town website. The hard copies are paid for by the Webster. The town employees have vetted everything that is in it.

Peggy Balboni: Perhaps there should be a calendar which would indicate the meetings at which public input could be taken and at what times. This could be posted on the Budget Committee section of the town website.

Peter Crawford: Of \$5.6 million in warrant articles this year, \$4.6 million was voted down, yet all ended up being recommended by the Budget Committee, although not all unanimously. We are not completely in tune with the voters.

There was then discussion about whether the Budget Committee's role was to vote to pass spending items on to the voters for a decision, or whether the Budget Committee should be more of a gatekeeper.

Peter Crawford said that, according to the RSAs, the Budget Committee sets the budget, but it then may be amended at the Deliberative Session. It then becomes the town's budget to be voted on by the voters.

Jaci Grote: I think that we can become more proactive. I want people to start thinking about this. If we don't think about things, we end up with a \$600,000 Salt Shed.

Mae Bradshaw: It's actually \$700,000.

Kevin Brandon: It's easy to reauthorize the existing budget. If there is a \$600,000 to \$700,000 increase, where is it going?

Peter Crawford: For years and years we've been paying down debt. Only Conservation debt is left. The School District is completely out of debt. The Water District has some debt as well. The reduction in the debt has allowed the Operating Budget to increase without raising taxes. We are now at the point where there is little left to pay down. The tax rate will have to increase if we want to pay for capital projects. We need to think longer term, we cannot do everything.

Jaci Grote: I would like to see the CIP process dovetailed into the budget process at an earlier point.

Mae Bradshaw: The CIP plan has a table showing the next six years. It's not guesswork, although the numbers are subject to change. Already, just four departments have submitted requests for 2019 and these total \$1.375 million in spending for 2019.

Peter Crawford: The CIP Plan should be ready prior to the BOS all-day meeting and should be input into that. There should not be new projects in the budget that are not in the CIP plan unless there is a very good reason.

Mae Bradshaw: The setting of the tax rate delays the CIP Plan until the end of October.

Peter Crawford: Then a draft without that data should be ready earlier.

Peter Crawford then passed out a chart showing surpluses from 2007 through the 2018 projection. In 2017, almost \$1 million in prior year surpluses was used to reduce the tax rate. The red portions indicate where money has been applied from a surplus accumulated earlier than the prior year. The last four years of surpluses applied to reduce taxes have been in the \$800,000 to \$1 million range. This amount consists of unspent appropriations and revenues coming in higher than the last estimate.

Phil Winslow stated that the current unassigned fund balance was \$2.38 million, but at least five percent of that needs to be retained.

Peter Crawford said that that would be about \$1.1 million, so there's another \$1.1 million that could be used to reduce taxes, which is about what he had estimated. He said that some overbudgeting is needed to cover unexpected expenditures but not \$1 million every year.

Phil Winslow pointed out that a portion of the surplus is the result of unanticipated revenues. He expressed concern that the budget not provide only .5 percent extra.

Peter Crawford said that he agreed with the .5 percent, but the town is running at 10-12 percent. The School District is running at more like \$400,000 to \$500,000.

Kevin Brandon: The School Board has discussed trying to tighten that up.

Peter Crawford: The School Budget is substantially more than that of the town's, yet its surplus is only half that of the town's.

Kevin Brandon: And there is a goal to cut the School surplus in half.

Jaci Grote referred to the need for the townspeople to recognize that there is not a lot of extra in the budget if we anticipate significant warrant articles.

Mae Bradshaw pointed out that the Rye Water District has submitted a CIP request for a \$7.23 million water treatment plant in 2023. Two-thirds of the town will be paying for that.

Shawn Crapo said that the town budget cannot be as tight as the school's because of a greater likelihood of unexpected damage to infrastructure.

Peter Crawford said that he had two responses to Mr. Crapo. First, citizens are losing the use of their money for a year when there is overbudgeting. Second, when there is a lot of extra in the budget there is less incentive to sharpen pencils and make do with what has been budgeted.

Kevin Brandon pointed out that he has never seen \$10 million in expenditures that could not be worked down. There are needs and then there are wants.

Jaci Grote brought up the dovetailing of the budget and CIP processes.

Mae Bradshaw said that, until the end of August the CIP Committee is working on the details. The first draft should be done by the end of August and prioritization begins at the beginning of September. That would be the time for Budget Committee members to show up and discuss those. The first step of the prioritization is assigning a straightforward 1, 2 or 3, but the next step is the important ranking of the projects.

Peter Crawford said that, by the next Budget Committee meeting everyone should have mulled this over and there could then be a decision as to when the Budget Committee wants particular information.

Randy Crapo agreed.

Peter Crawford said that he wanted to make sure that there were not a lot of last minute requests and that the budget books are expanded beyond what is currently provided.

Jaci Grote referred to the usefulness of a listing of line items changing by more than \$20,000.

Kevin Brandon suggested that the detailed accounts go in an appendix.

Peter Crawford said that what Jim Katkin had done with the School Budget was fantastic, and that he would like to move towards something like that, although probably not as detailed. The School District should start to put some of this data back into the budget book. Unfortunately, we are now getting only as much data from the School District as we've historically gotten from the town.

Jaci Grote pointed out that Town Finance Director Cyndi Gillespie is retiring at the end of August and there will be a replacement on board at the next meeting, which will be in October. Hopefully a summary will make the budget easier to review.

Randy Crapo then made a Motion to Adjourn. Kevin Brandon seconded. All were in favor.

Meeting Adjourned at 09:54 pm.

Next Meeting will be in October, 2018