

**TOWN OF RYE  
BUDGET COMMITTEE  
Thursday, August 17, 2017  
6:30 p.m. – Rye Town Hall**

*Present: Chair Jaci Grote, Vice-Chair Peggy Balboni, Clerk Peter Crawford, Ray Jarvis, Mae Bradshaw, Kevin Brandon for the School Board and Alternate Shawn Crapo for the Rye Beach Village District.*

*Others Present: Town Administrator Michael Magnant, Asst. Town Administrator/Finance Director Cynthia Gillespie, SAU 50 Superintendent Salvatore Petralia and Amy Ranson, SAU 50 Assistant Business Administrator.*

**I. Call to Order and Pledge of Allegiance**

Chair Grote called the meeting to order at 6:30 p.m. and led the Pledge of Allegiance.

**II. Approval of Minutes: April 19, 2017**

- Addressed at the end of the meeting.

**III. 2017 Town Budget – First Half Review**

Chair Grote opened for the first half review for the 2017 Town Budget.

**Finance Director, Cyndi Gillespie**, noted that there are a few things that will happen at the end of the year, such as the capital expenditures. Those have been fully expended because the projects are in process.

**General Fund**

**Revenues:**

Member Bradshaw:

Why is the building permit revenue down so dramatically?

Finance Director Gillespie:

The Building Inspector will have to answer this question. We can find out from him and email that information.

Member Bradshaw:

What is the uncollected rooms and meals tax?

Finance Director Gillespie:

That will be received in November.

Member Jarvis:

In looking at the period of January 2017 to July 2017, I cannot tell if it is 5, 6 or 7 months.

Finance Director Gillespie:

This covers seven (7) months. It goes through July.

Member Jarvis:

Last year I could not figure out why we have column 2, "current year ptd revenues".

Finance Director Gillespie:

The first column is the prior year's **period to date (ptd)** revenues, which is last year January through July. The second column is comparing this year to last year. The first two columns are the actual numbers as of the end of July.

Member Jarvis:

What is the difference in the second column to the fourth column.

Finance Director Gillespie:

In this case it is the same. If I had put in January, the first column would be January of 2016 and the second column would be January of 2017. They would be comparing the months. The current year revenues would give you the whole year to date.

Member Jarvis:

I think any acronym should be on an acronym page and defined. The program does not allow the pennies to be taken out and commas to be added.

Finance Director Gillespie:

I can do that on the budget worksheets.

Member Jarvis:

Let's take property tax, in the third column it says that nothing is budgeted.

Finance Director Gillespie:

We do not budget taxes. We only budget revenue. The taxes come up after the revenue is budgeted. That happens through the warrant and the commitment.

Member Brandon:

The Highway Block Grant is a lot higher this year than last. Also, the ambulance revenues are down a bit from the same period last year.

Finance Director Gillespie:

In regards to the ambulance revenues, this year we had an auditing adjustment to write off anything over three years to doubtful debt. That is reflecting in that number. The actual revenue is probably a lot higher but we had to make that adjustment.

Member Brandon:

The current year to date revenue is essentially a write-off of revenue recognized in prior years?

Finance Director Gillespie:

Yes.

Member Brandon:

Last year is really overstated and this year understated.

Finance Director Gillespie:

Yes because of that audit entry.

Member Brandon:

Do we send receivables to third party collection agencies?

Finance Director Gillespie:

Absolutely. If you look at the Comstar Bill, they still have that \$70,000 on them. We didn't tell them to drop that. They are still out there collecting those numbers.

Member Crapo:

Some of that could be recouped later?

Finance Director Gillespie:

Correct. This was an accounting procedure so we didn't make our financial statement look too robust and we brought it back down in to reason. When I first started here we were doing the ambulance billing ourselves. If it could be balanced it was a miracle. When Chief Blaisdell was in charge at the fire station, Comstar was hired and things really turned around.

Member Crapo:

I have always read these as the revenue is what has come through the door. Now it is being said that it is not.

Finance Director Gillespie:

It depends on what you are looking at. Building permits is a cash item. What you are seeing is what you have.

Member Crapo:

How can more than what we have in revenue be uncollected?

Finance Director Gillespie:

It is the comparison between the budget and what we projected or was estimated that was going to be brought in this year to what has come in so far.

Member Crapo:

Does ambulance have two write-offs, once a person dies it is never going to be collected? But, from an accounting standpoint it is being written off but is still being left with a collection agency to maybe come back?

Finance Director Gillespie:

Correct.

Chair Grote:

If the revenue comes back, does it go back to the bottom line or back into ambulance?

Finance Director Gillespie:

It goes back into ambulance. The only time something comes off the collections with Comstar is when the Board of Selectmen have a non-public with the fire chief who will make recommendations on some that have to be written off for certain circumstances. That is the only time they come off the collection list.

Member Brandon:

The Highway Block Grant had a much larger number this year than last.

Finance Director Gillespie:

So far, it is \$94,000 and we are expecting two more payments. This is whatever is granted to the town through the State.

Vice-Chair Balboni:

It depends on what the State gives?

Finance Director Gillespie:

Yes. The exact amount for next year will not be known until November.

### **Executive:**

Member Bradshaw:

Looking at number 434, professional training, 99% is not spent, ambulance training 100% is not spent, fire 98% isn't spent, building inspector 100% isn't spent, lifeguards 100% isn't spent and library 100% isn't spent. Are we not educating anybody?

Town Administrator Magnant:

I am going to be attending a big training in the fall. I am also holding staff training in September.

Finance Director Gillespie:

That is under Executive. I can tell you that building inspection is training for the new building inspector who has not started yet. You'll find that the overall building department budget is well underspent because the new building inspector was budgeted for and he will not be starting for another couple of weeks. There will be a difference in those numbers by October.

Member Bradshaw:

What about the lifeguards? They are almost done their jobs.

Finance Director Gillespie:

They have done their training. They have had to pay for their training up front and are reimbursed after the training. I have three invoices that have to be paid on that. I do not know about fire and ambulance at this time.

### **Finance, Tax & Assessing:**

Member Crawford:

Assessing Services has 32% left. I guess this is where we would expect to be.

Finance Director Gillespie:

Right now, the town is paid through September. The town is paid ahead on that line.

Member Crawford:

This does not include the revaluation. Would that be in capital outlay?

Finance Director Gillespie:

Yes.

### **Finance:**

Member Crawford:

That is at 34% when we would expect 42%. I think that is explained by the audit, which is basically already paid.

Finance Director Gillespie:

Correct.

### **Government Buildings:**

Member Crawford:

Is the contracted services line for mowing?

Finance Director Gillespie:

Yes.

Member Crawford:

This is an inappropriate place to put this. It should go in its own account or in public works.

Finance Director Gillespie:

We had asked for a fulltime maintenance person last year. When the Selectmen reviewed the budgets, they took that out and said to hire it out so there would not be retirement or benefits. That is how that ended up in that category. It would probably be better in land maintenance or land management. That can be an easy adjustment when we go into budgeting.

Member Crawford:

It is way underspent. I assume that is a timing issue?

Public Works Director McCarthy:

This was our first year. We weren't too sure how it was going to shake out. Next year we are going to add more to that service line. It will be underspent for this year. Some of the work is being done by Public Works and some is being done under the contract. Next year, we are hoping to contract out even more.

### **Safety Building:**

Member Crawford:

Under heating fuel, there is only about a third of the budget spent, which surprises me because the heating season is over.

Public Works Director McCarthy:

We are two-thirds through. The heating season consists of five months. We will see heating oil again in November and December. We are only three-fifths through that budget.

Member Crawford:

It surprised me that the Public Works Building was mostly spent and the other wasn't.

Public Works Director McCarthy:

The Public Works Building supplements its heat with the waste oil. It is also a function of how much waste oil we get. If we get less waste oil we have to use more purchased oil. If we get more waste oil we use less purchased oil.

### **Regional Associations:**

Chair Grote:

These are all paid after June.

Finance Director Gillespie:

Yes. They have all been paid and we will be sending out requests for numbers for the new budget year.

**Police:**

Member Bradshaw:

What are the special wages?

Police Chief Walsh:

Those are the part-time employees. They pick up shifts on Saturdays and Sundays.

Member Crawford:

With respect to the wages, it looks like we're basically on track. Whereas, the first quarter we were well under and the explanation at the time was that we were not fully staffed. It looks like that has now corrected itself and the budget is being consumed at the rate it was expected; however, it will be under budget because of the gap at the beginning.

Police Chief Walsh:

We have ten fulltime officers and four part-time.

Member Bradshaw:

Are you concerned about the use of all the repair money for the vehicles?

Police Chief Walsh:

I underspent on repairs when doing the budget. We are doing really well with the Chevy Caprices. The clothing line items were increasing so I switched \$1,000 over. We had an unanticipated expense that was not covered under warranty. That is why it is like that. I am going to analyze it to see if we can keep it the same. We have been forced to go with another vehicle. I don't think it is going to perform as well as the vehicles we have now. The reason for the big hit was because of a major malfunction on a big component that was not covered under the warranty.

Member Crawford:

Was the new fire chief budgeted for six months?

Finance Director Gillespie:

I believe he was.

Member Crawford:

There will be some savings there.

Finance Director Gillespie:

I believe the new chief is two-person on the health insurance. We budgeted for family because that was an unknown. There will be savings there too.

Chair Grote:

When is the new chief starting?

Finance Director Gillespie:  
September 11<sup>th</sup>.

**Building Inspection/Code Enforcement:**

Member Crawford:  
Was the additional building inspector budgeted for six months?

Finance Director Gillespie:  
Yes. He will be starting in September.

Member Crawford  
There will be some savings there.

**Emergency Management:**

Member Bradshaw:  
The administrative expense is high since the materials and office supplies has not been used.

Finance Director Gillespie:  
This was for an unexpected repair on the generator.

Police Chief Walsh:  
The Seabrook Station does routine maintenance that does not cost the town. They will change the batteries and the oil every six months. With any piece of equipment, there is a possibility that it is going to break down and it is our responsibility to keep it up and running.

**Transfer Station:**

Member Crawford:  
The tipping fees seem to be under budget.

Public Works Director McCarthy:  
We run at least a month late because we do not get the bills. It is a timing issue.

**Conservation Commission:**

Chair Grote:  
Getting the Conservation Commission to spend any money is amazing. However, they are spending money, the commission just has not been billed for it yet. Alan Bucklin has been hired to open up the trails. That is going to be about \$300. He has a lot of work to do so maybe the commission will get to use some of this money. The forest manager will be writing a report so there will be a charge for that. The parcels in the town forest that needed to be surveyed have been surveyed and there will be a bill for that. There are some expenses that are coming in. Will the commission spend \$90,000? That is unlikely but they will spend more than they have ever spent before. The commission is opening up trails. There is one at Rand Lumber that has been



done. There is one that is being done a Marden Woods. The parking lot has been opened up at Seavey Acres. There are a lot of things that have actually happened.

**Debt Service:**

Member Crawford:

There was one conservation that came off last year. Are there anymore coming off?

Member Bradshaw:

Two more are coming off.

Finance Director Gillespie:

This year is the last payment on the loader also.

**Warrant Articles:**

Member Crawford:

In regards to the Shoals View Paving, I would've thought it would have been done before this summer and the dry season when dust is a problem.

Public Works Director:

Shoals View is not a paving job. It is a road construction job. There is no road at Shoals View. It is just ledge and in fact the old pavement completely broke up. It is out to bid and will require a substantial amount of ledge removal and road construction.

Member Jarvis:

Why is the warrant article called paving?

Public Works Director:

Ultimately, what the homeowners wanted was a paved road. Most of the work is not paving. It is ledge removal, underlay material and drainage.

**Capital Outlay:**

Chair Grote:

Where are we on records management?

Town Administrator Magnant:

The RFP's have gone out. They were due today. Probably seven or eight have been received.

Member Bradshaw:

That is going to be done this fall?

Town Administrator Magnant:

Yes.

Member Bradshaw:

Was the statistical update done in the spring?

Finance Director Gillespie:

No. That is still being worked on. The process will go until probably the end of September. The town has filed an extension on the MS-1, which is what sets the values. The extension is until October 1<sup>st</sup> so it can be completed.

**Parsonage Fund:**

Member Crawford:

Is the lease up on the Parsonage in 2018?

Town Administrator Magnant:

It is up in 2019. Selectmen Musselman and myself have been meeting with the director of the Housing Partnership.

**Outside Detail**

**Police Capital Outlay:**

Member Crawford:

Is that the SUV? It came in slightly under budget:

Police Chief Walsh:

We have one more component to put in. It is a docking station for the tablet.

Member Crawford:

As the cruisers retire, do they get moved elsewhere in the town?

Police Chief Walsh:

Yes.

**Beach Cleaning**

**Capital Outlay:**

Member Crawford:

The environmental monitoring is almost all spent. There is potentially a need for more testing.

Finance Director Gillespie:

This is not well testing. This is all beach related.

Member Bradshaw:

There is still a concern for August and September.

Finance Director Gillespie:

I think we are going to be okay because we still have the portion that comes from the State in the operating budget. In regards to the well monitoring, we do have a capital reserve account for Grove Road. When the bills come in for the testing on that there is money set aside.

The budget review was completed.

- **Approval of minutes – April 19, 2017**

The following corrections were noted:

- It should be noted that Shawn Crapo is an alternate for the Rye Beach Village District.
- Page 6 - Home land is one word: homeland
- Page 7 - **This committee was appointed by, and reports to, the Board of Selectmen.**
- Page 9 - **Before we know it, we will be back in budget season again.**

**Motion by Mae Bradshaw to approve the minutes of April 19, 2017 with the editorial and grammatic changes. Seconded by Kevin Brandon. All in favor.**

#### **IV. Change Meeting Dates to Wednesdays**

After discussion, it was agreed that the next meeting for the Budget Committee would be held on Tuesday, October 24<sup>th</sup>, 6:30 p.m., for the third quarter review of the 2017 Town Budget and review of the first quarter for the 2017/18 School Budget.

#### **V. 2016/2017 School Budget Review**

**Salvatore Petralia, SAU 50 Superintendent**, reviewed highlights from the 2016/2017 School Budget. He noted that Mr. Katkin is in the midst of reconciling the budget with the Rye District Treasurer. The end of the year financial reports are due to the Department of Revenue and the Department of Education on or before September 1<sup>st</sup>. Over the years, Mr. Katkin has been very diligent in meeting that deadline. The Rye School Board is scheduled to meet next on August 30<sup>th</sup>. At that meeting, year-end financials will be presented for 16/17, the DOE-25 will be presented and the appropriate forms will be signed to send to the State.

#### **Highlights:**

- Over the years, the increases have been modest when it comes to recommendations of a school district budget.
- Drivers of the 2016/2017 School Budget:
  - Three students were scheduled for outside placement. These students have significant special education needs on Individual Education Plans. The tuition costs for some of these outside plans are substantial.
  - Special education teachers' salaries.

- Science textbooks at the elementary level.
- Contracted service for extended school year.
- Second year of the collective bargaining agreement and the teachers received an average increase of 3.26%.
- Decreases to the budget:
  - Tuition to other Local Education Agency (LEA). At the time of the budget, it was projected there would be 23 fewer Rye students for the 2016/2017 school year attending Portsmouth High School. The budget was set for 174 students, where 176 students were identified. The school tuition was decreased for that number of students at \$16,500 per student, which is a decrease from what was budgeted of \$512 per student.
- Projection for unassigned fund balance in July - \$425,000
  - Maintenance objectives for schools: carpet installation, window seals, and reshingling Rye Junior High roof.
  - A major contributor to the unassigned fund balance was health insurance. At the time of the budget, the increase was figured at 11.5%. It actually came in at 4.9%.
  - Savings were seen through the staff retirements and resignations where the incoming staff may be at a lower pay scale.

Mr. Petralia introduced Amy Ranson who will be taking Mr. Katkin's place upon his retirement.

Amy Ranson stated that she was previously the Business Administrator at SAU 16; Kensington, Newfields, Exeter, East Kingston, Brentwood, Stratham and Exeter Cooperative. She was at SAU 16 for six years and prepared eleven budgets for seven districts. She is currently the president of N.H. School Business Officials. Last year, she received the award for Business Administrator of the year. She is learning about the communities of SAU 50 and looks forward to working with Rye.

## **VI. Other Business**

The committee reviewed the letter from Steven Borne, 431 Wallis Road, in regards to the possibility of renaming the Budget Committee to Town and School Investment Committee.

Chair Grote stated that she always encourages civic involvement; however, in this particular request, this is not something that she would recommend that the committee do. She has explained her position to Mr. Borne.

Member Crawford noted that the RSA specifically talks about a Budget Committee. For it to be renamed would be in violation of the RSA's.

Member Crapo stated that part of Mr. Borne's point was to make it clearer to the general public as to what was going on. He continued that more people understand what a budget committee is and does for the town than perhaps he is thinking. Renaming it is actually diluting that because the committee does not actually do anything with investments.

The committee agreed. No action will be taken.

Member Crawford submitted a spreadsheet to the committee regarding the town's tax valuation, revenues and upcoming budget.

After some discussion, the committee agreed to not address the spreadsheet and table anymore discussion until the tax rate is set.

### **Adjournment**

**Motion by Ray Jarvis to adjourn at 8:04 p.m. Seconded by Shawn Crapo. All in favor.**

Respectfully Submitted,  
Dyana F. Ledger