

**Town of Rye**

**Budget Committee**

**October 24, 2017**

**(as amended and accepted at January 11, 2018 Budget Committee meeting)**

Present, Chair Jaci Grote, Phil Winslow, Mae Bradshaw, Ralph Hickson, Clerk Peter Crawford, Vice Chair Margaret Balboni, Randy Crapo, Ray Jarvis, and Kevin Brandon for the School Board and Alternate Shawn Crapo for the Rye Beach Village District.

- Chair Grote called the meeting to order at 6:30 pm and led the Pledge of Allegiance
- Approval of Minutes August 17, 2017. Peggy Balboni moved to approve the minutes. Ray Jarvis seconded. Peter Crawford had changes:
  - 1. At the bottom of page 2 and the top of page 3, the first two sentences were revised to read “In regards to the ambulance revenues, this year we had an audit adjustment to write off anything over three years against revenues. That is reflected in that number.”
  - 2. On page 9 under “Debt service” it should read “There was one conservation bond that came off last year.”
  - 3. On page 10 under “Police Capital Outlay,” add a clarification to the sentence about cruisers to state that “[Mr. Crawford recalls that his question related to the SUVs, not cruisers in general.]”
  - 4. On page 12, under “Decreases to the budget” add a clarification to state that “[The budgeted amount was \$16,606, but the actual tuition rate per student was \$16,094, a reduction of \$512.”
  - - All were in favor of the motion except Randy Crapo, Ralph Hickson and Phil Winslow, all of whom abstained.
    - Chair Grote to review and update.
    -

**III 2017 Town Budget Review**

**General Fund**

Mae Bradshaw

I guess I am just wondering why some of these are less than what we projected. Vehicle Registration

Response from Cyndi Gillespie: If you look at vehicle registration, last year at this time, \$1,040,000 had come in and then looking at the next column this year period to date it is \$1, 102,000. So we are over from where we were last year. I can tell you from previous years that November is our biggest month of registrations so the actual will be way over the projections. Another one that is very close is the building permits.

Mae Bradshaw

That was the other one I was going to ask?

Response from Cyndi Gillespie: Yes, the building permits are down about \$20,000. I know that he has a few other projects so I see that coming up. Then also going back to the ambulance revenue when we met the last time, you saw a very big gap in between last year at this time, and now you can see that we are catching up. Even with that adjustment we had \$192,187 last year at this time and this year we are up to \$190,360. So the gap from that accounting entry is closing up. So I think that is going to be fine. The other place where our revenue is exceeding where we were last year is recycling. If you look down, there are 8 places where the recycling revenue comes in and he is over on half of them. I think that overall our revenue has been in really good shape and we will probably exceed last year.

Mae: Thank you Cyndi.

I have one more item. Item #316 the federal grants. What is still uncollected?

Jaci: We budgeted \$10,000

Response from Cyndi Gillespie: I am not really sure. I know that we were expecting something. I believe it has to do with the drills for Seabrook. I believe that is that it is but I have to see what it is.

Mae: So you think Emergency Management?

Response from Cyndi Gillespie: Yes, I believe that's what it is.

Police Chief Kevin Walsh: Yes, we have drill cycle for November 29<sup>th</sup>.

Jaci: Anybody else? Questions?

Phil Winslow: Just a question for Cindy. Looking at this from a macro sense, looking at five areas, property tax, vehicle registration, building permits, ambulance and highway block grants, that comes up to \$12,051,000 this year. That is 98.5% of all of our income. Is that correct?

Response from Cyndi Gillespie: That is correct.

Phil Winslow: So those are the big numbers to be looking at. Those are important.

Randy Crapo: Can I ask a general question: Did we give the town a chance to tell us if there are any areas that would go up or down or if there were any emergencies that they foresee or are they going to do

that toward the end. We haven't given them a chance to point out anything that is critical or might require another town meeting.

Response: In Expenditures or in Revenue? Or in General

Phil Winslow: Yes, in General

Response: I think things are running very smoothly and I don't see anything catastrophic unless we have an ice storm or something. We have had a very good year. We are getting a rebound this year and that is almost done. We should be getting our tax rate here in the next couple of weeks. I don't see anything catastrophic that we can predict.

Phil Winslow: Okay Thank you.

Peter Crawford: Anything the other way where we are doing much better than we predicted?

Response: Yes, I was going to surprise you but our Health Insurance dropped 12.1%. That's a savings of over \$150,000.

Jaci: We have talked about ambulance revenue? Do we have any questions about page 2 or 3?

Peter: I have a question about tests pits for septic review? This is Dennis Plante, I assume, where he goes out to witness septic pump outs.

Response from Cyndi Gillespie: We have to expense that. This revenue covers that. We have a line item for Mr. Plante's expenses.

The homeowners pay for these services and we pay him.

Peter: Interest on deposits? We are getting \$6900. Either we are not getting 3% or we are not doing very well.

Response from Cyndi Gillespie: We are doing very well. Last year at this time we were at \$6600. I am using a spreadsheet that gives projections and I am projecting \$11,000.

The town accounts are dispersed and the interest is distributed throughout the accounts, but the Town's portion is in this account.

Peter: \$6900 would be the interest on about \$200,000 at three percent. I have to believe that we average much higher than that.

Response from Cyndi Gillespie: We do.

Peter: Either we're not getting three percent or the interest must be somewhere else. We'll take it up offline.

**Executive:**

Mae: What are the Consulting fees? Looks like we are over budget?

Response from Cyndi Gillespie: We hired a firm to do our recruitment for the fire chief.

**Finance. Tax and Assessing:**

Peter: Audit Services, account 444, we are over budget. As of July, year to date we are just under \$30,000. At that point everything looked great. We must have had something subsequent that caused that.

Response from Cyndi Gillespie: We had an individual department audit this year that was not anticipated. The new budget will not have this and will be \$30,000. It was a one-time charge.

**Legal Expenditures:**

Randy: We spent \$53,000 on legal service this year so far. Can anyone tell us what procedures change in the town as a result of a risk analysis relating to the reason why we were sued?

Jaci: Corrective Action as a result of being sued.

Peter: Do we know what the lesson learned is?

Response from Cyndi Gillespie: Claims for settlements are expensed. They would appear in the Town Report.

Jaci: This is a retainer.

**Expenditures, planning and zoning:**

Mae: I have a question. Under ZBA signs, why haven't we paid for any of the signs?

Response from Cyndi Gillespie: I am not sure. I am not sure she has even bought any this year.

**Government Buildings:**

Peter: What is the town hall maintenance? I thought we had an expendable trust for that.

Response from Cyndi Gillespie: That is for large unexpected maintenance items like a boiler.

**Expenditures Cemetery:**

Peter: Seasonal wages is way over.

Response from Cyndi Gillespie: I think this is the first year for seasonal wages. We have a new guy and he is working out very well.

**Regional Associations:**

Jaci: These are all paid.

Phil Winslow: Just a question Cyndi, What process do we use to decide which associations we want to belong to?

Response: In order for an association to be sponsored, we need to have a petition or an article with at least 25 residents to sign it. The Selectmen then vote to put it on the ballot. If it passes it will go into the budget. They have to give us their financials and their requests for funding. They have to actually request the funds in July as they may no longer be in business. In September, they request again, providing their financials.

### **General Government:**

Mae: I have a question about vehicle fuel. How do our employees get fuel for the vehicles?

Response from Cyndi : We have unleaded and diesel. They have a token that tracks each vehicle and how much each vehicle utilizes. Gasoline has been creeping up this year. This year we are using \$2.00 a gallon.

Jaci: Is the town using more gas than normally?

Response from Police Chief Kevin Walsh: It's about the same.

Cyndi Gillespie: This year the Building Inspector's vehicle is being used for animal control.

Police Chief Kevin Walsh: The Ford SUV is going to use more gas than the Caprice, which is no longer available.

### **Police:**

Phil: I have a general question. Looking at salaries and retirement, are they about the same as other seacoast agencies.

Response from Chief Walsh: I have not looked into that but I can.

Response from Cyndi Gillespie: We have a set percentage that we set aside. Firemen and Police are higher than other town employees. We had two rates last year. New employees have exceptions.

Chief Walsh: The rate is 29.43% for active employees.

Cyndi Gillespie: These are set at the state level not the town level.

### **Ambulance:**

Peter: Question about ambulance calls. It looks like we are getting the number of ambulance calls expected, but the expenditures are less than expected.

Response from Fire Chief Mark Cotreau: I am still going through the budget. But it looks like we are doing a little better. I don't have an answer now because I have not dived into it.

### **Fire:**

Question from Phil Winslow: Can you explain the holiday wages?

Response from Police Chief Walsh: I can probably help the chief out here. The police and fire departments are similar. There are ten paid holidays. They get a check in December. There are five of the holidays that they get half time on, if they actually work them.

Cyndi Gillespie: The holiday wages are actually two weeks pay for the fire and the police.

These are paid holidays.

Mae: I have a question on item #646. There is no money left for fire alarm maintenance.

Response from Fire Chief Cotreau: This has to do with our radio box. Most communities have gone to radio boxes, rather than the old telegraph fire alarm systems. We have an aging system. We are looking at upgrading our system. These are repair bills. We need to see what our options are.

### **Building Inspection/Code Enforcement:**

Ralph Hickson: I don't see any money spent on training

Response from Cyndi Gillespie: I believe the new Inspector will be going to FEMA training; I believe in two weeks.

### **Public Works:**

Peter: I had a question about paving. Acct. 467.

Jaci: Was there any paving in October?

Response from Police Chief Walsh: Yes, there was some sort of laser treatment on Wallis Rd. To see if we could have it last longer.

Peter: When is this posted?

Response from Cyndi Gillespie: When the invoice is paid. That could be a timing issue.

### **Animal Control:**

Peter: I noticed we are way under on wages. Is that because the Animal Control Officer has retired?

Response from Police Chief Walsh: He is still on duty. There are two ACOs that worked this summer at lower wages. The goal was to stay within the budget. One of them is still on duty. He is juggling three dog bites, and following up on the beach for "under control" issues and making sure that people are not leaving dog waste at the beach entrances. There is also follow up with people who have not licensed their dogs.

### **Mosquito Control:**

Ralph Hickson: We did some extra spraying at the schools. Was that related to West Nile?

Response from Lee Arthur: There was the West Nile spraying. There was extra spraying for the Schools.

**Direct Assistance:**

Mae: What is the utility bill we are paying?

Response: We pay the utility of the person who could not. This is basically welfare.

**Parks and Recreation:**

Peter: I notice we are over on wages.

Response from Lee Arthur: That is one week that should have gone under another line item.

**Land Management:**

Peter: Landfill monitoring: Does testing for PCB's (sic) come out of here? [Clarification: He meant PFCs.]

Response from Cyndi Gillespie: No, we have a capital reserve for Grove Rd. Every time we do testing on Grove Road it comes out of that fund.

Jaci: How much is the Grove Road?

Response from Cyndi Gillespie: Breakfast Hill is a couple of thousand dollars.

Randy Crapo: Question about jet ski for the end of the summer after the lifeguards go back to school and there are unfilled stations.

Response from Fire Chief Cotreau: We are doing an overall evaluation of these.

**Library:**

Peter: Overall it's in good shape. There are a few overruns such as uniforms. You are at 28 percent remaining and in good shape unless there are bills that haven't come in yet.

Library Director Andy Richmond: No, I feel confident that we are on track.

**Patriotic Purposes:**

Mae: I understand that the Chairman of the Historic District Commission handles the Holiday Celebration. Where do I get \$1000 to spend? Can I spend it wherever I want?

Recreation Director Lee Arthur: We buy wreaths every year from the Boy Scouts. I believe last year we spent \$800.

**Historic District Commission:**

Mae: Where is this money for what we put up in the Historic District?

Phil Winslow: We get swag from Outdoor Pride and put it on the four signs.

### **Conservation Commission:**

Jaci: We still have some money left. We are still buying signs. We are waiting for invoices. We bought some granite posts. We'll probably spend another \$10,000 to \$15,000.

Randy Crapo: Do we have maps yet that tell us the land that we can use?

Jaci: We are going to have open woods days. We are going to have signs on the trails in the woods. Each month we will have an open woods day. We are going to eventually design a calendar with information about the parcels of land.

### **Debt Service:**

Cyndi Gillespie: All our bills have been paid.

### **Warrant Articles:**

Peter: I had a question on the Salt Shed. The engineering on that is still in process.

Response from Cyndi Gillespie: Yes, I just paid an invoice on that.

Peter: So this could be a big potential warrant article next year with a bond?

Response from Cyndi Gillespie: Yes

Peter: Any idea how much?

Response: Yes \$700,000.

Mae: Any reason that the Shoals View is not done?

Response from Cyndi Gillespie: He is still working on it.

Police Chief Kevin Walsh: There are some complications.

Phil Winslow: Of the 3 bids the lowest was \$250,000 and we only have \$125,000 budgeted.

### **Capital Outlay:**

Peter: Is town-wide infrastructure where the rest of the monies for Red Mill are coming from?

Shawn Crapo: Every excavating company is booked for two years. The prices are being doubled because none of them need the work. We may want to look at delaying some projects because we are at the whim of guys who don't care if their pricing is high.

Peter: This is concerning. Red Mill is coming in at over twice. Shoals View was way underestimated. The Salt Shed just tripled.

Jaci: Because Dennis is not here it is unfair to jump to conclusions. We should wait for his explanation at the next meeting. I will send him an email with our concerns.



Randy Crapo: Records management? We are going to do nothing on that project?

Response from Cyndi Gillespie: We interviewed several companies. We have finally decided on a company. They are actually going to scan all the documents for the \$60,000. Including the maps. This will be done off site. They will take it to their facility.

### **Capital Reserves:**

Mae Bradshaw: Does this show only this year's contributions?

Cyndi Gillespie: Yes, I don't do those until November.

### **Expendable Trusts:**

Mae: Under municipal buildings are there any plans to use the \$25,000?

Response from Cyndi Gillespie: This year the entire \$25,000 will be deposited into savings. This year, the renovations like the stairs and the handrail will come out of that account.

Mae: Do we know how much is in that account?

Response: No I don't have it off the top of my head but I will have the numbers when we go into budgets.

### **Sewer Fund:**

Peter: I notice we don't have any budgeted revenue numbers yet for the current year. Is that a matter of keying it into the computer?

Response from Cyndi Gillespie: No I never project these revenues.

Response from Lee Arthur: The revenues are not black and white. We cannot go by quarters because of the way that the maintenance is done because we base it on flow. We are in arrears by a quarter because we get our numbers from Aquarion Water. The first and fourth quarters are typically the highest but there is a large variation between quarters. We are on target. On the budget, there is a big project on Rte. 1A going on. It's really tough to get the work solidified prior to the summer following budget approval in March. Work cannot be done during the summer. Maintenance expenditures are high the last two months of the year.

### **Outside Detail Police/Fire:**

Phil: How much goes to the officer as a wage and how much goes to the Town for the use of the cruiser?

Response from Police Chief Kevin Walsh: We charge \$67 per hour for the detail. The cruiser is \$10 more, for \$77 per hour. Of that \$46 goes to the officer, about \$10 goes for the cruiser and there is about \$21 per hour in Administrative fees that goes into the Outside Detail account.

Phil: Should we be charging more?

Response from Chief Walsh: I look at the gas and the \$10 would cover an 8 hour detail.

**Parking:**

Randy Crapo: What is the status of parking meters on Rt. 1A?

Response from Police Chief Kevin Walsh: The State has put it aside as far as our discussion.

**Parks/Recreation:**

Peter: How are we doing on revenues vs. expenditures?

Responses from Lee Arthur and Cyndi Gillespie: I think we had revenues of \$136,000 and expenditures of \$124,000. We take revenue in advance so the revenues need to exceed the expenditures. We had a registration period at the beginning of September that covers the winter period.

Peter: What was the budgeted revenue for the whole year?

Response from Cyndi Gillespie: \$246,000. We did not do a bunch of programs we were going to do.

Peter: Both revenues and expenditures are well under budget.

**Beach Cleaning:**

Mae Bradshaw: Where do we get the revenue?

Response from Cyndi Gillespie: The stickers for the cars. It's 50%

Ralph Hickson: We issued 2700 stickers.

**Beach cleaning Capital Outlay:**

Mae: What is the fuel under that line item?

Response from Cyndi Gillespie: That is the sand cleaner. The raker.

The budget review was completed.

Jaci: I would like to make a motion and take other business out of order before we do the school budget.

Motion approved unanimously.

Jaci: The next budget meeting we have is the all-day meeting on November 16<sup>th</sup>. Then we have a school budget work session on December 6<sup>th</sup>. Then we have the town budget work session on December 7<sup>th</sup>. That is what our schedule looks like for right now.

Peggy Balboni: Can we confirm the that the Deliberative Sessions that are correct? The public hearings as well?

Jaci: The public hearing for the town budget is Jan. 11 and Jan 10<sup>th</sup> for the school. The Deliberative Session is Feb 3<sup>rd</sup> and the alternative snow date is Feb 10<sup>th</sup>. The school is Feb 7<sup>th</sup> and 8<sup>th</sup>. Apparently, we have a conflict with Kevin, as he has an all-day School Board meeting on 11/16.

Response from Kevin Brandon: It is more important for me to be at the School Board meeting

Jaci: Kevin will be excused from the meeting.

We will be here at November 16<sup>th</sup> @ 8:30 am.

December 6<sup>th</sup> Rye Jr. High @ 6:30pm

December 7<sup>th</sup> is here

January 10th is Rye Jr. High @

January 11 is the public hearing on the Town budget.

The School Deliberative Session is February 7 or 8.

The Town Deliberative Session is February 3 or 10.

Jaci: We will send everyone a reminder.

### **School Budget Review:**

Jaci: Thank you Mr. Katkin for waiting.

SAU 50 Business Administrator Jim Katkin reviewed the school budget. Copies of the DOE-25 filed with the State Department of Revenue Administration and the State Board of Education were passed out.

### **Highlights:**

The school has the ability to retain 2.5 percent of the amount that is raised. That is the \$309,444 that is being held as retainage.

The Unsigned fund balance that we are estimating coming back is \$406,552.58, or about 3% of the budget. That will come back to the town.

The revenues for students that did not live in Rye but went to school in Rye was \$73,878. The number of students coming from New Castle is decreasing dramatically. New Castle students are now permitted to go to either Portsmouth Middle School or Rye. About 8 students went to Portsmouth Middle School last year.

School building aid comes from the state. That was \$92,425. We won't be getting anymore because all of the school debt has been paid off.

Peter: What are the fixed costs for the cafeteria? Have the cafeteria workers declined?

Response by Jim Katkin: The problem is that \$2.50 to \$2.75 is charged for the meals but the cost is \$4.00 to \$4.50. You can't really charge more. Every \$.25 increase in the price will result in a loss of 10-15 percent of the students that will eat there. The total number of students that attend has declined significantly so the number of students purchasing meals has also declined. The typical annual loss in food service the past few years is \$15,000 to \$30,000 per year.

### Expenditures at the Elementary School and the Junior High School.

The expenditures were almost \$9 million for both schools. Salaries and benefits are about 80.1% of the budget expended at those schools.

High school Costs were \$3,254,671. Over \$2.8million of that is tuition costs for Portsmouth High School.

The last principal payment of \$280,000 was made. There was an additional \$15,400 in interest associated with that. All long-term debt has been paid off.

Discussion about special education costs. Mr. Katkin said that Rye is over 18 percent compared to a state average of about 15 percent.

Peter Crawford: I believe that New Castle is spending only about \$95,000 on Special Education.

Jim Katkin: But their budget is only about \$2 million.

Peter Crawford: It's a lower percentage of the budget than Rye's

Kevin Brandon said that the sample size is small. The School Board is looking at Special Education costs and tracking them. There is a lot of discretion at the school and professional levels. We have higher identification rates and very high per capita student costs. The latter might be causing our Special Education costs to look lower.

Jim Katkin: The budget balances. The Treasurer has submitted his report as to what the bank balance is.

Randy: I have a general question; do you foresee any changes in the budget next year? Will a boiler be replaced?

Kevin Brandon: There is another boiler replacement job coming. The roof was about 50% replaced. That fund is completely depleted. We don't anticipate doing any more work. Nothing major.

Peter: Is Amy going to do the next budget? Will it be similar to the old format?

Jim: I believe that she has changed it.

Peggy Balboni: I know that the Budget Committee really appreciated having the overviews.

Peter: Could you ask Ms. Ransom that, if there are differences in the budget format, whether we could get a sheet explaining where the information was in the old budget and where it is in the new budget.

Response: I don't think that will be a problem. What dictates where things go is the account numbers and those shouldn't be changing.

### **VI. Other Business**

Peter: I Looked at the RSAs on Budget Committee membership. As I read it, you have to be a village district commissioner to serve as a representative. I understand that the town attorney's written opinion takes a different position. Ms. Grote has looked at the document. I ask that Ms. Grote request that the

town release this to all members as well. Mr. Crawford so moved and the motion was seconded by Ms. Bradshaw for discussion

Discussion is to review the letter and committee to review it. Jaci will check with the attorney if it's okay for the committee to review it. Jaci will check into this and let the committee know the answer.

Peter's motion was rescinded after Ms. Grote agreed to request permission from the town for the members to look at the letter.

There was discussion about the minutes and who was going to transcribe them. Jaci will find someone.

The motion to adjourn carried unanimously. The meeting adjourned at 9:31 p.m.