



Selectmen's Meeting

Town Office

Wednesday, December 5, 2012

Present: Jed Brummer, Chair; Roberta Oeser, Selectman; Samuel Seppala, Selectman; Carlotta Lilback Pini, Town Administrator; Linda Stonehill, Administrative Assistant

### **APPROVED MINUTES**

6:00pm Call to Order / Pledge of Allegiance

#### CITIZEN'S FORUM

Jed announced that, as of now, Frank Morrill is the chief of Rindge, NH and everyone gave Frank an ovation. Frank: I want to thank you for the opportunity to go through this process; it was invaluable to me. Jed: It was important to go through it and I think your appointment will mean more to your department. And, by waiving your background check, we've reduced the cost from \$5,000 to \$4,500.

#### GENERAL BUSINESS

MOTION: Roberta motioned to approve the accounts payable and payroll manifests, Sam seconded, and all were in favor.

MOTION: Roberta motioned to approve the minutes of October 17, 2012 and November 14, 2012, Jed seconded, and all were in favor. Jed said he appreciated the thorough minutes of these long meetings.

Mr. Bob Vachon represented the Town's Auditors, Vachon Clukay: The Town of Rindge is doing fine and you have a pretty good report card for the year. The Town did a great job and got an unqualified opinion. Your liabilities and debt are incredibly low: \$130,000 for the conservation land purchase. There are towns with millions of dollars of liability in bonds and capital leases. Your unrestricted net assets are about \$1.4M and expenses are over \$4M. You have \$3.6M in general revenues while property taxes were \$2.4M. So 66-67% of revenues in a New Hampshire town come from the taxpayers; that's pretty standard. No one's getting lots of money from the state, and everyone's getting less. Rindge assets are \$7.6M and its liabilities are \$6.1M. The school is a big portion of the taxes.

The town used \$93,000 last year to reduce the tax rate. As of Dec. 31, 2011, the unassigned fund balance surplus was \$444,000 – that's pretty low. The bond rating agencies in the state say you should retain between 10 and 17%, so for 2011, 10% of your total taxes would be \$1.5M. It's important to have a fund for disasters; your roads aren't insured. You should think of setting up a savings policy because you can't ask the taxpayers for \$800,000 surplus. Ellen Smith, accountant: A couple of weeks ago we brought forth a fund balance policy and we now have something in place that guides us towards achieving a higher surplus. Bob Vachon: I would recommend a minimum 5-7% fund balance for the smaller towns.

Rindge has no issues this year, unlike in the past, with reporting – the accounting staff is much easier to work with and the auditors are here much earlier in the past. Carlotta: We have our financial statements three months earlier than we did last year—last year's delay held up the Town Report. Jed thanked Ellen and the staff.

Bob Vachon: Every year we take a fresh look at what you do, and this year there were no issues in internal controls. We noticed that the Library issued a check to cash to purchase gifts for employees. All Library funds should be in the Town Report. I think the accounting function in Rindge runs right on the edge. Towns your size have more accounting help than you have. To have just a part-time Accountant for what you have going on here is stretching it really thin. I think you need to think about making that position full-time at one point. That's the person that generates all the information to you. In the past, the numbers you've gotten weren't as good as they should have been and it was hard to budget properly. There was a big improvement this year.

Jed: So what is your general observation about the services Rindge provides: its population, assets, and liabilities? Bob: You're doing fine. There are towns with bigger balances, but you get a star. Other towns might have a long-time CPA on board and in some cases they generate their own financial statements—which could be a goal. Jed: We're lucky to have a CPA to help us out. Bob: It's been a dramatic change.

John Kauer: We have \$444,000 surplus but we need 5%-7%? Bob: 5% would be \$750,000. Because you make the collection for the school, county and town appropriations, you need to add all three and multiply that by 5%. Jed: In the past we've had less surplus. Sometimes we'll use the surplus to lower the taxes. Carlotta: The policy the board adopted is that the board could use up to half of what's being added to the surplus to reduce the tax rate and the rest goes to the fund balance. This year, because the tax rate was going down, we did not use the surplus to reduce taxes further. Last year, the tax rate was going up by \$2, so we used \$93,000 to bring it down. The Governor elect says there's not a lot of money to go around, and New Hampshire has the fifth lowest state governmental pension plan. Tom Coney: We've always run around the \$300,000-\$400,000 surplus; I don't think we've ever had 5%. Bob: If you ever had a catastrophe, you'd be in trouble.

Bob: You will prepare an 18-month budget because the warrant passed. If people petitioned to go back, that wouldn't happen until July of 2014 when you would have a six-month budget. I don't know how you would have a default budget. Carlotta: I have not gotten clarification yet. Tom: I think Peterborough didn't adopt it at the same time. Ellen: We did it in two steps and adopted it last year. Bob: This year you're deciding how to fund the 18-month budget.

Bob: If you do nothing, your July bill will be half of the first bill, but the second bill will be two-thirds (twice half the bill) for the Town's portion only. Some towns have gone into collection in arrears (so the July bill in 2014 is for the prior six months) and they run out of cash. Two towns had to ask the legislature to collect an extra month's taxes for the next six years. The more recent option is quarterly tax bills. If you pass this in March, to send a bill in April might not sit well. You could send the April and July bills at the same time. The original method to convert to an 18-month budget was to allow the town to issue debt for that period for only the town's portion of the taxes for a period of up to 20 years, but I wouldn't recommend that long. You can do this with only a simple majority vote. Five years would be reasonable and there are low interest rates right now. If you don't do it this way, the second bill will be two thirds. You don't have a lot of interest and your bond interest rate is 1.5%, so it's a no-brainer to me. Once you issue the debt, it's locked in.

Roberta: The town's tax portion on a \$200,000 house is \$800. Bob: The rates are attractive and you're only borrowing on six months' of the town's portion because neither the school nor the county has changed its year. Roberta: The people that escrow their taxes – their tax bill will be short then the next one will be over. Bob: If you bond the six months, tax bills won't go up much. Dan Aho: If you go to the quarterly tax bill, does that lessen the burden on the cash flow? Bob: A little bit, but most people won't pay the bills at once. Hinsdale did that pretty successfully but knew a year in advance. And it requires software you don't have. Ellen: We would have to change the entire billing system. Bob: And it would probably cost \$40-50,000 to change it like Concord did. The 18-month budget makes a lot of sense because at Town Meeting you're not well into your budget season already. Carlotta: Carol, our Tax Collector, has talked to a lot of folks and she's vehemently opposed to the quarterly billing option.

Dan Aho: You'd still only send taxes out twice a year but would send two stubs at each mailing. Bob: But quarterly bills change the assessing periods more often because now you can use updated periods not just April 1<sup>st</sup>.

Tom: Being a layman, it seems like paying for it once and getting it out of the way is simpler. Carlotta: I might suggest that the board introduce a warrant article to the voters to bond it. And if they vote no, they will get a bigger bill in the second billing and their escrows will go up. Bob: I'd be happy to come in for free to answer questions. My preference would be to bond it at those kinds of rates for five years or less. You don't generally have a lot of surplus here; you run very tight.

Carlotta: There was a conversation at our budget work session to make the accountant's position full-time and I wanted to follow up with the board. I have a list of the functions that are currently handled by the positions that we have in our accounting dept. and copies of the job description for the administrative assistant's position because the question was raised why do we need all these people? Right now we have an elected treasurer, Helene Rogers. She used to be our accountant but when Kork resigned, she ran for the position. The treasurer's duties are governed by statute – she manages 29 bank accounts at more than one institution. And the treasurer has delegated deposit authority to Carol Donovan, the tax collector. You don't want to have any one person who has too much power who could defraud your organization.

Then we have the bookkeeper, Pat, who comes in three days a week. She processes the payroll and makes sure all the timekeeping is in compliance with the regulations. She also processes all the invoices and keeps track of who's got what and whether they've turned things in. And then she processes those payments and books them to the proper accounts. Then we have the accountant who, in some communities, is called a finance director. She reconciles 29 account statements and also is responsible for human resources, including benefits, and is in constant communications with the bookkeeper about any changes for the payroll system. Then there are the quarterly employment reports, annual audits, and the monthly expenditure and revenue reports. This is something that last year I was doing because it wasn't getting done. Every week the payroll entries have to be manually submitted to the general ledger, and the directors want reports on their revolving funds, and every day the town clerk and tax collector have reports and she verifies the money is all there.

At the end of the year, the accountant prepares the 1099s, forms for the state, and financial reports for the Town Report, plus she assists us in setting the tax rate. Then she gathers all the information the auditors want and prepares trial balances for each fund so they have all the information they need. The accountant also maintains the asset inventory to keep us in compliance with GASB34 and administers the grant funding.

When the bookkeeper position was originally split into two part-time positions, the hope was to reduce the payment for benefits. Julie, who was the bookkeeper, transferred across the hall to become the administrative assistant. The bookkeeper ended up averaging 26 hours a week. The treasurer was doing more back then so the accountant did less, but implementing internal controls changed that. Ellen has been averaging 25-30 hours per week and there's more to do. We think it's important to make the position full-time and we're proposing 32 hours initially to move this forward. I brought this up last year and it was shot down right away, but Bob and the dept. heads support this. Bob: If you and the dept. heads are making decisions on erroneous information, you'll get into trouble. Dan: Is it uncommon to have that many separate bank accounts? Ellen: We had more, but we've closed at least eight this year. Helene: Carlotta first called me six years ago and Carl was here was signing and reconciling every account except for the general fund and it never got done. Dan asked about the administrative assistant's responsibilities and was encouraged to review her job description.

Tom Strickland, president of Sequoya Technologies, came to offer insight about the town's technology budget: About six years ago, the town had a lot of equipment way past its useful life, and my company was beginning to offer a lease option combined with a service plan. For the last two years, new equipment has been leased with Sequoya, and every four years, equipment is rotated. We have 33 workstations altogether and two servers – one for the town and one for the police dept. The town office server's warranty expires in January, but the police department's server has a year left. The Town server is about

six years old and, if it fails, you may not retrieve the data. Right now you're using tapes to back up the information and there are better methods with more storage capacity; our appliances in the cloud back up the servers every 15 minutes. Carlotta: When computers came out, you'd use one until it broke, but if they failed, you were out of business. Sequoya's program is for them to work 24/7. They're monitored all day with remote antivirus scans, and when there's trouble, they sometimes know it before we do. Over the last 90 days there have been 995 tickets for service. Probably 800 of those weren't generated by people—they were generated by our system. Behind the scenes, we took care of things without anyone calling. What we care about is keeping your people productive.

Police Chief Frank Morrill: Having Sequoya as a resource has been invaluable to us and has solved multiple problems. Tom: The town is on a managed service plan—so we're acting like the Town's IT dept. Our service plans includes routine maintenance and antivirus, plus an agreement covering the first 21 hours-worth of support for problems that are called in. Carlotta: We pay \$105/month to lease and support each computer. That's just over \$4,000/month and Tom said we'd incur an additional \$480/month with what's ahead. Roberta: Our tech budget seems really high compared to other towns' tech budgets. Tom: Most towns in the area are not using a managed service approach; they're using a "break/fix." It's the 800 tickets each month that break/fix doesn't address until suddenly the computers are down and no one can work or collect tax payments.

Carlotta: We're proposing a change to our website that's currently hosted by BeSavvy. Linda is suggesting that we use our town website more fully and frequently link our Facebook social media site back to it. Our town website is the billboard that sells this town to prospective homebuyers and businesspeople, and it needs to be attractive and easy to use. I think for a couple thousand dollars it's a good investment.

Tom's service provider licensing plan covers Windows and Office licensing, of which \$20 per machine per month goes directly to Microsoft. It gives us the right to upgrade to any version of Office at any time at no cost. Alternatively, the cheapest licensing is OEM licensing which starts when you buy a computer and ends when the computer dies, but you'd need to pay retail prices to upgrade your version of Office.

John Kauer: If we're going to replace anything, don't hold off on replacing those servers. Tom Coneys: Was the technology service put out to bid? Carlotta: It has not been put out to bid. We rely on this company for both support and equipment. There has no discussion or consideration of putting them out to bid; we love Sequoya and don't even want to consider anyone else. Tom Coneys: What is the cost of a server? Tom Strickland: \$12,000-\$15,000. The BluRay is 50GB and it's not enough; you need ten times that and someone to switch them out. Carlotta: Tom is investigating a micro server for the fire station that will have no impact on the budget.

Rick Donovan is coordinating the cell phones which we've moved to the technology budget because they're practically mini-computers. Nine people have them (the dept. heads and emergency responders) and the \$441/month includes a stipend for the police officers who use their personal phones. Tom Strickland supports the phones.

Carlotta: We pay \$7,250 for the Vision Appraisal software each January, so it will show up twice in an 18-month budget, but we might be able to negotiate quarterly payments. Our Vadar software handles accounting, tax billing, motor vehicles, dog licensing, etc. and we pay \$7,662 for that each January as well. NFCS for fire codes is paid in January. And we pay \$2,680 twice a year for the new Paladin building permit software that's hosted in the cloud so the building inspector can use a mobile device to access our records. Our former building software company went out of business. Our technology plan is moving towards cloud-based applications, so as these decisions come up, we're encouraging dept. heads to consider that. The Peak software that the Rec Dept. uses to track the registrations for soccer and softball costs \$1,950/year. Between licensing and technical support, all these products add up. Richard Mellor: What about the ARC GIS the Planning Board uses? Carlotta: That's an excellent question.

Energy Commission: Pat Martin and Dwight Schenk have a proposal to save the town energy and money that came out of the warrant article that the voters rejected this year. Dwight: We were probably remiss

not to have put more details of our plans in that article. He said that it's heartening to see the cost savings in the buildings where they've been able to do some of the work recommended in Margaret Dillon's S.E.E.D.S report. The library's hot water heater could be a lot more efficient, and there's air sealing, weather stripping, and lighting modifications to do so that not all the lights in a room have to be on at once. All these projects will pay themselves back in five years, so it's a different kind of budget item. Instead of buying an item that depreciates until you buy it again, this way you're investing first and being paid back afterwards. But even though you'll see the energy usage going down, the dollars might not go down because the rates are going up. And yet we'd be spending much more by not weatherizing. Jed suggested we go forward with a progressive energy policy that saves the town money.

Carlotta: Fire Chief Rick Donovan had a line item for replacement gear and has learned about a grant that would reimburse the town \$1,000 (half the \$2,000) cost for 10 pairs of pants, shirts, gloves, goggles and helmets.

MOTION: Roberta motioned to enter into a Memorandum of Understanding with the state to obtain the \$1,000 matching grant. Sam seconded and all were in favor.

Carol Donovan, the Tax Collector, presented her budget, saying that the contract on the copier that she and Nancy share has increased from \$133 to \$150, dues and subscriptions haven't changed much, and costs for postage and tax releases have increased. Roberta: There's nothing to cut here. Jed: We need this budget to bring in the \$13M she handles. Carol did not advise choosing quarterly billing to finance the 18-month budget since we would incur the cost of processing tax bills twice as many times a year, and it would double the workload. Dan Aho: In Massachusetts, they only bill twice but enclose two bills each time. Carol: The computer company is not ready to do that until 2014. Dan: If you had revenues quarterly, would that help? Carol: You would see your money sooner; yes, it would be helpful.

The Tax Anticipation Notes (TANS): Carlotta explained the delay in the tax bills. The Dept. of Revenue Administration has been short-staffed with each auditor responsible for more towns so it took longer to set the tax rate. Then we prepared the warrant which states how much money the Tax Collector needs to collect, but there was a discrepancy and Dave and Carol tried to figure it out. Apparently, a property value had been booked twice. So the DRA had to reset our tax rate and we redid the warrant. Then, when the new tax rate was entered, a "0" was entered instead of a "2", which would have caused us to collect \$11,000 less than needed. One option was to obtain the backup disk prior to the error, but several days had elapsed and we would have had to manually redo all the transactions by the tax collector, the payroll, etc. in the interim. The second option was for the software vendor to fix it which would take 10-12 hours and cost about \$1,000 and the dept. heads felt this would be the best solution. So, last Friday, we were able to rerun the tax bills but this week, when the Tax Collector was ready to post them, the postage meter broke and a part had to be ordered. Meanwhile, we've been slowly running out of money. The County bill is due on Dec. 17<sup>th</sup> with no flexibility, so our only option is to borrow. We are proposing to borrow \$1.5M at 1.5% for 60 days. And we would have to pay bond counsel (the bonds are sold to investors) to review the package. So we might spend \$3,000 for the TANS but the DRA said we could not send the bills out the way they were. We'll need a public meeting for it. We've put some procedures in place so that this doesn't happen again next year.

MOTION: Roberta motioned that we have the Treasurer borrow a \$1.5M TANS at 1.5% for 60 days, Sam seconded, and all were in favor.

Revaluation: We're required to conduct a revaluation every five years, and the last one was in 2010. Gregory Heyne, a real estate appraiser/supervisor for the DRA, provided us with a list of appraisal companies. Dave DuVernay will send an RFP to possibly up to 14 firms and hopes to make a decision on January 28<sup>th</sup>. Dave provided the Board with a memo. In 2010, John Ryan skipped the measurements, which we don't have to do every five years, and we saved approximately \$90,000. Carlotta: The 2005 revaluation cost \$180,000 spread over three years. Dave: The measuring list is \$30,000-\$35,000 for each year. Jed: Keene assesses a quarter of their properties every year. Roberta: Should we get the Board of Assessors to do this? They're volunteers; it's basically data entry and they don't set the value—they use a company to do that. Dave: Then you use sales and construction costs to set the values. And people with

an abatement request go to the Board of Assessors. Carlotta: It was a lot of work for the Selectmen— person after person coming in and complaining about their valuation. Dave: Greg thinks the people that supervise the measuring list should talk to the homeowners.

MOTION: Sam motioned to issue the RFP, Roberta seconded, and all were in favor.

Tom Coneys, Chair of the Budget Advisory Committee: The Committee met again this week. There haven't been any substantial changes to the proposal. Overall, I think Mike and the Chief are doing a pretty good job on the operating side of the budget. I don't think we've done a lot of dissecting on the operating side. The proposal's down by \$50,000 over the 1.5 times so there's room and flexibility in that budget. The thing we have a concern about, and we're firm we need to be addressing, is that our wage and benefits are going through the roof and the BAC is upset that the wages and benefits are up almost \$300,000. In our opinion, we've got to hold the wage and benefit line, so we have to hold our dept. heads to the fire and the Selectmen have to make that happen. You can't continue to add personnel. You talked about adding people, like an accountant. Our infrastructure is falling down; we put very little into it. The infrastructure is what benefits the townspeople. Jed: Are you suggesting we not increase the accountant's time from 25 to 32 hours? Tom: We're suggesting that there may be some expense shuffling to accommodate that but we can't do it. We went up 8% from a flat budget. Our tax rate will take a huge bounce next year.

We're going to let you know that you have to take some initiative here. The Board of Adjustment is up \$2,500. Highway is up and Recreation is up, in part from hiring and partly from benefits. And we think we should be looking at the benefit policies of the Town. One of our members is appalled at what our employees are receiving and contributing. We recommend having them pay 10% more than they're currently paying for health premium contributions; you've got three tiers of employees – singles, couples, and families. We also should have the employees bear some of the cost of dental. *[Ed note: town employees currently pay 18% of the dental premium]*. And hold our overtime wages flat. I think we're going to have a difficult time selling an 18-month budget. The operating budget is good. It sounds like there's an opportunity to lower it a little bit more. We'd like to see some changes we can review and go from there. Jed: Is the BAC going to hold a public hearing? Carlotta: The warrant article said they would hold a public hearing annually but that's never been done.

Don Cook: When was the last time your health provider was examined? Carlotta: It's examined annually and we've changed it every year for the past 10 years. We switched from Anthem to Harvard to MVP back to Harvard. Don: Has anyone looked at the HMOs? Carlotta: Yes, we look at that annually. Tom: Every employee you hire becomes a fixed cost. Now we're adding \$15,000 to the budget for the deputy town clerk that used to be a job share. Carlotta: That job share didn't work because the front office was left unmanned. Jed: We'll take your recommendations seriously, but most of our employees come here for the benefits and in return accept an initially lower wage. Tom: The proposed budget is \$250,000 higher. Roberta: A lot of that is due to police benefits. Tom: In 2012 we recommended the budget and it was fully staffed and funded and level and we're asking for the same thing again for a year and a half.

Don: Is the retirement for any public employee contributory? Carlotta: Yes. In fact, the employee share for non-police and fire staff increased from 5% to 7%, and instead of the cost shifting to the employer, it shifted to the employee last year.

Charlie: I think it's a moot issue because the costs are controlled by the state. Roberta: The retirement we can't do anything about, but the benefits.... Charlie: School benefits are contract-based; you're dealing with union employees. The town employees contribute 10% and we pay 90%. As far as the retirement is concerned, ours is going up significantly -- an \$877,000 increase and the state is passing that on to us. Retirement is a moot issue; as far as healthcare is concerned, 10% is the contribution for a single employee. A single plan might add \$5,500 to a \$25,000 job, but that same job would cost \$42,000 with a family insurance plan.

Dan: The budget has gone up 57% in six years but the school budget has gone up 11%. If we going up more like that, we will double our budget every several years. Jed: We can go back and look at it and see

what services people want. Charlie: Before you consider benefit contributions, take a look at the Affordable Care Act and see what impact that will be. Tom: We're encouraging the Selectmen to tell the Dept. Heads and the Town Administrator that we need to do something.

Pat: As far as the downshifting, you can kind of look now at what we do get from the state as to what the final impact is going to be. Right now, most of what we're seeing is the state's downshifting. Kale: With the wages and benefits, do we need to hire an eighth officer again? How has our town increased in those years to need those officers? Roberta: If the town wants full-time police coverage 24/7, there needs to be two officers on duty. Kale: Do we really need 24/7 coverage? After some discussion, the consensus was yes.

Roberta: For 24/7 coverage, it takes nine bodies, and it's cheaper to have full-time officers than part-timers plus overtime. Tom handed out the budget numbers showing that wage and benefit lines have increased. He also noted that the Board of Adjustment budget went up \$2,400. Carlotta said that the ZBA historically had its own clerk, yet we tried economizing by having our latest administrative assistant do that work on top of hers but it involved a lot more than we thought. So the Planning Board hired Susan to be the planning secretary and ZBA clerk.

NONPUBLIC PER RSA 91-A:3, II(A)

Roberta motioned to go to nonpublic session for personnel, Jed seconded, and all were in favor. Jed motioned to go out of nonpublic and into public and adjourn. Roberta seconded and all were in favor. The minutes were not sealed.

The meeting adjourned at 10:25pm.

*Minutes respectfully submitted by Linda Stonehill, Administrative Assistant*