

**TOWN OF CANAAN
BUDGET COMMITTEE MEETING
June 18, 2009
Canaan Fire Station
Approved Copy**

Members present: Eleanor Davis; Craig Lawler; Russell Lester; Denis Salvail; John Bergeron; Al Posnanski; Nathan Deleault; Committee Chair David McAlister; and Selectman Scott Borthwick. Also present were Michael Capone and Philip Salvail.

David McAlister called the meeting to order at 7:02 P.M. and took attendance.

Review of the Expenditure Report

Committee members reviewed the Budget Worksheet [Expenditures], dated June 15, 2009.

David McAlister asked whether the funds allocated in the DP Hardware Upgrades line item will be expended soon. Michael Capone responded only if needed. Michael Capone explained that the funds were allocated in case a new piece of equipment was unexpectedly needed during the year.

It was noted that the town attorney and county prosecutor expenses are one annual budgeted cost.

Nathan Deleault asked why the government buildings repairs & maintenance line item is already expended to approximately 28%. Scott Borthwick responded that the cost for the lawn tractor repairs was taken from this line item. Eleanor Davis expressed concern that the lawn tractor cost should be accounted for in an equipment line item, such as recreation, building and grounds, capital items, or Improvements Other than Buildings. Eleanor Davis explained that misclassified expenses tend to inflate the budget in future years. David McAlister requested that the lawn tractor expense be reclassified under an equipment line item.

Michael Capone clarified that the \$1,518 encumbrance under the heading of Government Buildings is for a contract on the exhaust recovery system at the fire station.

Michael Capone explained that the property and liability insurance will be paid in monthly installations starting in July for the next twelve months in order to spread out the payments.

Craig Lawler asked where the \$8,000 is allocated for the senior citizen center. The general response was that the \$8,000 was an approved warrant article that will be funded in December. Scott Borthwick clarified that the voters approved an additional \$34,000 in the operating budget during the Deliberative Session so the funds were added and distributed in the budget as they were intended. Michael Capone clarified that TRI-CAP was a new request for 2009. Eleanor Davis commented that TRI-CAP is a fuel assistance

program that is administered through LISTEN. Scott Borthwick noted that the need for welfare assistance has increased this year.

Eleanor Davis commented that the town was required to raise and appropriate the \$8,000 but is not obligated to spend the funds. Michael Capone added that the \$8,000 could be encumbered for the following year.

Michael Capone explained that all postage is run through one postage meter at the town office and that the costs recorded in the general government line item are reallocated to the various departments on a quarterly basis.

Nathan Deleault noted that the Police Department overtime line item is expended to approximately 32%. Scott Borthwick responded that the Board of Selectmen is in contact with the Police Chief regarding this concern. Scott Borthwick added that a police officer was injured on the job and is on leave at this time so the police department staff has been reduced to three officers plus the Police Chief. There was general note that the police officer was injured during a town incident and not during a SWAT incident.

David McAlister asked whether funds allocated in the Police Department uniform line item will be spent. Scott Borthwick clarified that those funds are reserved for outfitting new officers, as needed.

Michael Capone noted that the contracted ambulance payment is paid quarterly.

Michael Capone summarized that Bill Bellion met with him today to discuss the second quarterly payroll of approximately \$14,000 due to the recent brush fire at the ATV Park. Michael Capone explained that the Fire Department salary line item will most likely need to be supplemented this year as a result.

David McAlister asked what the \$7,400 encumbrance is for in the highway contracted services line item. Michael Capone responded that this encumbrance represents two of the three monthly rental payments for an excavator to do stumping, widening of roads, and culverts.

Scott Borthwick summarized that the Board of Selectmen is considering a proposal for a uniform contract at this time since several deals have been offered at reasonable lease options of approximately \$3,000 for no wash and approximately \$6,000 for wash. The last contract expired and uniforms are currently being provided with no contract at this time.

David McAlister requested an explanation of the other highway encumbrances. Michael Capone summarized that the Road Agent has submitted a short list of maintenance paving projects at several locations. Michael Capone also explained that enough road salt was purchased to completely fill the shed last May since a significant increase in price was expected starting in June.

Craig Lawler commented that the voters defeated the warrant article regarding paving. Scott Borthwick responded that the paving being done is only maintenance and not the projects that were requested in the warrant article.

It was noted that there have been no requests for brush hogging.

Scott Borthwick noted that the town purchased a screen last year in order to sift material from behind the transfer station and create gravel for the roads.

Al Posnanski asked whether any progress has been made with reducing street lighting. Scott Borthwick responded that Robert Reagan is working on that effort and does not have an update at this time.

Craig Lawler asked what dues are paid for the transfer station. Michael Capone responded that dues are paid for the Northeast Resource Recovery System for bulk recycling services in order to maximum the return on recycling.

Michael Capone noted that he needs to look at the electricity use at the transfer station. Eleanor Davis commented that some street lighting costs may be mistakenly included in the transfer station bill.

Al Posnanski commented that the profit from recycling will be down this year but that the recycling cost is less than if everything was hauled to the Lebanon landfill.

Michael Capone explained that the rental for the portable toilet at the transfer station cost \$85 per month. It was suggested that a purchase and maintenance agreement for a portable toilet may cost less. Michael Capone noted that the questions have been posed and that he is waiting for figures.

David McAlister asked what expenses were incurred in the welfare miscellaneous line item. Scott Borthwick responded that \$750 was needed for a cremation.

Craig Lawler asked what has been done with recreation maintenance and repair funds. Michael Capone explained that the Board of Selectmen has agreement to pay \$315 for the portable toilet used at Goose Pond last year. Other expenses include repairs to the water spigot, mulch, and the rental of a power-broom for spring cleaning.

Eleanor Davis asked what will be done regarding buoys for the swimming area. Scott Borthwick responded that buoys have been ordered. Michael Capone added that the State has requested a report of how the swimming area will be set up. Michael Capone offered to find out how and when the buoys will be installed.

There was general discussion that the fiberglass docks need to be returned to the original owner since there were stipulations when the docks were donated.

Michael Capone noted that there is a mistake in the library salary line item and needs to be corrected to \$15,189.

John Bergeron asked whether the approved funds for the Town Museum, Advance Transit, and the senior center will be provided. Scott Borthwick responded that the intention at this time is to forward the funds. Michael Capone explained that these funds are historically paid in the fourth quarter.

John Bergeron clarified that quotes are currently being collected for the pillar columns at the museum and then quotes will be collected for rebuilding the porch.

Scott Borthwick explained that the appropriated funds for the AFSCME Contract are to meet the requirement for the performance based salaries. Michael Capone explained that the funds will be kept separate from the salary line item until needed. Nathan Deleault asked whether these funds can be for overtime pay. The response was no.

There was general clarification that the Budget Committee does not comment of how the library contribution is spent but is able to review their expense report in order to justify the dollar amount that was contributed.

Michael Capone summarized that the 48 hour pump test for the new well was completed today and that the results were favorable at 18 gallons per minute. A full set of water samples was collected to re-qualify the quality of the water. This information will be compiled and submitted to DES for a final approval to operate the well as a public water source.

Al Posnanski asked what else can do done in order to refine the budget lines to better reflect the actual expenses of each department. Michael Capone responded that a list of budget related projects will be generated in July to start working on before the budget review process.

Eleanor Davis suggested that the cell phone contract should be reviewed. Michael Capone summarized that the town uses fourteen cell phones; three at will with no contracts, one with an August expiration date, and the rest have a contract that expires in December. Michael Capone noted that the Police Chief has suggested another plan with another provider so he is researching other possible options at this time.

Scott Borthwick noted that the town needs to start tracking the cell phone calls since any call that is not government business is considered a taxable benefit by the IRS.

It was noted that the number of overall minutes was reduced for this year in order eliminate the minutes that were not being used and to reduce the monthly bill by \$80. The current monthly bill is approximately \$309 per month.

Review of the Revenue Report

Committee members reviewed the 2009 Actual & Anticipated Revenues Report, dated June 15, 2009.

Nathan Deleault asked what the payment in lieu of taxes line item is. Michael Capone explained that the Town of Enfield has an old water reservoir on May Street, which is actually on Canaan property. This payment is received from the Town of Enfield in December. Michael Capone added that the amount is based on the classified assessment.

Eleanor Davis asked whether the State makes a payment for the Mascoma Forest and Rail Trail. Michael Capone offered to research the answer to this question.

Michael Capone clarified that the Interware Fees are the expense for online access.

There was general discussion that seventy-five percent of the School Resource Officer salary, benefits, and vehicle expenses are paid by the school district and that the Town of Canaan pays the twenty-five percent balance for three months of patrol.

Michael Capone clarified that the revenue of \$160,467.99 is last year's delayed payment from the State regarding the Rooms & Meals tax.

Scott Borthwick summarized that the NH Municipal Association has sent a letter stating that there will be no Shared Revenue Block Grant checks distributed from the State for the next two years, which is a loss of \$40,420 each year. Scott Borthwick added that the Rooms and Meals tax and the Highway Block Grant are still available at this time. Michael Capone noted that he read that there may be a percentage holdback of up to 15% on the Rooms & Meals tax for this year.

Eleanor Davis asked whether the funds from pistol permits are accounted for in the miscellaneous line item. Michael Capone offered to find out. It was noted that pistol permits are required every four years.

Michael Capone offered to verify the amount of the payment from the Town of Orange for recycling.

Eleanor Davis suggested checking the records for disposal fees since the reported revenues appear too low.

Michael Capone offered to check what revenues are included in the Other Misc Revenue line item.

Approval of Minutes

Board members reviewed draft copies of the minutes dated April 16, 2009.

MOTION by Russell Lester and seconded by David McAlister to approve the draft copy of minutes dated April 16, 2009, as presented.

No vote was taken on this motion.

Al Posnanski corrected the misspelling of “sump pump” on page five.

MOTION by David McAlister and seconded by Russell Lester to approve the draft copy of minutes dated April 16, 2009, as corrected.

VOTE: Unanimous

Chairmen’s Report

David McAlister summarized that Al Posnanski had asked where the revenues from the Town Transfer Station Facility Revenue Fund are recorded. David McAlister distributed copies of the bank statement that reflect the deposit.

Selectmen’s Report

Scott Borthwick noted that a Special Town Meeting is scheduled on June 23rd at the Fire Station to approve the acceptance of federal stimulus funds from the Recovery and Reinvestment Act. Board members reviewed a handout summarizing frequently asked questions. Scott Borthwick explained that the polls will be open for one hour after the discussion.

Scott Borthwick added that the NH Municipal Association has also relayed information that the State motor vehicle registrations will significantly increase in July. The State is also reducing their retirement contributions for teachers, police officers, and fire department staff so taxpayers will need to make up the difference.

Scott Borthwick summarized that the River Road Bridge project is now proposed to be funded 60% from federal funds and 40% from the State funds although the Town of Canaan still needs to follow the requirements of the Davis-Bacon Act and the Buy American clause. Michael Capone clarified that the Town of Canaan may be financially responsible for two elements: the construction oversight cost which is subject to the 80/20 provision of approximately \$14,000; and if the actual construction cost exceeds the estimate then the Town of Canaan is responsible for 20% of the difference.

Scott Borthwick added that a federal environmental impact study is now required for the bridge site so the cost has increased by approximately \$111,000.

Michael Capone summarized that the latest report was that the bridge project will go to bid in July with a scheduled completion date of November and that the impact study is underway.

Michael Capone clarified that the Special Meeting vote is to accept the funding, to authorize the Board of Selectmen to borrow funds through the State revolving fund system, and to negotiate the interest. Michael Capone further explained that the Board of Selectmen could decide at a later date to not borrow from the State revolving fund system

and to use the reserve funds depending on what the estimates are for the plumbing needed to earn compliance and/or depending on what other projects could be completed with the reserve funds [i.e. expansion of the sewer treatment system].

Eleanor Davis commented that she does not understand why voter approval is need on the water and sewer article each year since the services are supported by user fees and the Board of Selectmen is the authorized agent to expend the funds. Eleanor Davis also expressed concern that the water users are subsidizing the sewer users.

Michael Capone clarified that the accounting for the water payments, sewer payments, and surplus funds has been improved and is now being independently accounted for in order to provide better visibility.

Al Posnanski expressed concern that the voters could change the intent of the warrant article at the June 23rd Deliberative Session and could possibly impact the town's tax rate with this proposed loan for the water system.

Other Business

John Bergeron commented that the Board of Selectmen is considering tearing down the beach house and Cozy Corner, which will require funds. Scott Borthwick responded that a decision has been tabled until December due to the loss in State funding. Scott Borthwick noted that there has been some talk that the Recreation Committee may raise private funds.

David McAlister noted that the next meeting is scheduled on September 3rd to start the budget review process. David McAlister suggested using last year's schedule to initially determine which departments will present at which meetings. David McAlister offered to distribute a schedule of the department head presentations.

Eleanor Davis requested a quarterly written report from the Treasurer and an annual presentation.

Al Posnanski requested that his meeting materials be left in the town office in the future.

MOTION by Denis Salvail and seconded by Craig Lawler to adjourn the meeting at 8:48 P.M.

VOTE: Unanimous