

2009 Annual Report of the Budget Advisory Committee

Report on the 2009 Operating Budget Town of Francestown

Budget & Advisory Committee
January 26, 2009

MISSION STATEMENT

The responsibility of the Francestown Budget & Advisory Committee is to formulate and recommend an annual operating budget that will best meet the present and future needs of the Town of Francestown. The Committee will review all warrant articles requesting an appropriation of money and provide guidance to the Selectmen thereon. The committee will also advise the Selectmen on financial and other issues as requested.

INTRODUCTION

The Budget & Advisory Committee and Selectmen met periodically during the year to review operations and discuss the budget. In September the Board of Selectmen requested that the Budget & Advisory Committee (BAC) once again hold budget hearings with Department Heads and develop a 2009 operating budget for the Town of Francestown. The initial goal for the 2009 operating budget was to create a budget with little or no increase.

Starting in October the BAC held public meetings with Department Heads to review their budgets needs for 2009 and with the Selectmen to discuss payroll, revaluations, fuel and other items. All meetings of the BAC are open to the public and held in the meeting room at Town Offices; notices are placed at the Post Office and Town Offices.

The following is the Budget Committee's recommendation to the Selectmen on the 2009 Operating Budget. Differences between the current Selectmen's budget and the BAC's proposals have been identified.

OVERVIEW

The BAC recommends a 2009 operating budget, including the bond payment, of \$1,422,854 (see Attachment 1, "Proposed Francestown Operating Budget 2009"). This budget represents a decrease of (1.29%) over from last year's appropriated budget and an increase of 3.09% over 2008 actual expenditures. In whole dollars the decrease in appropriations is (\$18,554). Without 2009 bond payments the recommended Budget decrease is (1.19%) from last year's appropriated budget with a dollar decrease of (\$16,053).

DEPARTMENT REVIEW

There were no major issues or changes in the following Departments: Finance, Legal, Regional Association, Planning & Zoning, Patriotic Purposes, Ambulance, Building Inspector, Landfill, General Highway, Health, Recreation Commission, Library, Conservation, Debt or Heritage Commission.

Executive

Budget has been reduced for the cost of printing Town Reports, telephone/internet access and payroll and increased for Avitar support contract and Town website. Budget includes 416 hours for a new Office Clerk.

The selectmen discussed reducing postage by limiting the mailing of Town Reports, which would be available at the Town Offices, Library and the Town website. The BAC does not agree with this proposal and strongly advocates the continued mailing of Town Reports to all residents. Many residents do not use the internet; others may not be able to obtain reports during available hours. In order to ensure that voters are informed of the Town Budget, reports should continue to be mailed and should also be made available via the Town's website.

Election/Town Clerk

Budget has been reduced for fewer scheduled elections and increased by \$1,200 for supply fees to cover cost of toner cartridges from the State. This fee will be offset by an additional \$.50 charge for vehicle registrations.

The BAC again requests that the Town Clerk track her time spent in 2009 in her dual positions of Town Clerk and Tax Collector. The payroll for each functional area should reflect the actual time spent in each position. The BAC is expecting this information to be available for the 2010 budget process.

Treasurer

Postage and professional audit fee have been reduced.

Revaluations

The BAC joined with the Selectmen and met with Jim Rice to discuss proposals for a 2009 revaluation. Options are (1) no revaluation, continue with updates or (2) a complete revaluation. A representative from the NH DRA attended the meeting to say that per Article 6 of the NH state constitution the Town should do a complete revaluation this year. The BAC supports the Selectmen's recommendation that a complete revaluation occur in 2009. The operating budget line item for appraisal updates will be reduced by \$9,763. A warrant article will propose a revaluation of \$30,000: \$20,000 from reserves and \$10,000 from taxation (aforementioned amount from operating budget).

Personnel Administration - General

The BAC again recommends that the Selectmen provide fulltime employees with information on their total compensation. This "total compensation package" should include, but not be limited to: regular pay, overtime, clothing allowance, health insurance and retirement contribution.

Personnel Administration – Medical Insurance

2009 increases to health insurance were about 8%. No changes are recommended for 2009 – 100% of the costs to be paid by the Town. In order to reduce the anticipated future rising costs of health insurance the BAC recommends that the Selectmen:

- 1) Provide a total compensation package as recommended above,
 - 2) Contact the Town's health insurance provider for a full review of plan options and discuss any opportunities to reduce premiums,
- Monitor changes to health insurance that may be proposed by the new administration in Washington,
 - Starting in 2010, request that the four permanent employees pay 5% of the cost of health insurance with 95% to be paid by the Town
 - With an eventual goal of a 80% (paid by the Town) 20% (paid by the employee) split, and
 - Review health insurance costs annually.

Personnel Administration – Salary Increases

A majority of the BAC agrees with the Selectmen's proposed increase of 2.5% for 2009. The annual increase in Town salaries for the period 2001-2008 has been 2.9%. The average annual increase for the CPI (Consumer Price Index) during the same period was 3%. This presented an interesting dilemma for the Committee due to the volatility in the CPI at year-end with modest year-to-year reductions. For 2008 the annual CPI was 4%. Weighing the recent downward trend in the CPI with the annual change, the BAC believes that a 2.5% increase is appropriate.

General Government Building

Budget for electricity, building repair/service and telephone has been reduced by approximately \$7,600.

Cemeteries

Cemetery Trustees have reduced their budget by \$1,730.

Police

The Police budget has increased from \$114,000 in 2004 to the proposed \$153,338 for 2008, a 34.5% increase over that period. Reasons for this increase include: full-time Chief, increase in hours, stabilization of workforce, increases to fuel, utilities and dispatch. The operating budget has increased 15% over the same period. The BAC analyzed the Police budget and recommends the following:

SALARY – Police salaries have increased from 2004 to 2008 by 35.8%. Increases to pay rates, hiring of a full-time chief, on-call hours, and increases to patrol hours are all contributing factors. The BAC believes that the on-call program has been successful in increasing off-hour police coverage in the community. Excluding on-call hours, police hours during the period 2004-2008 have ranged from approximately 5,680 hours (2004) to 6,220 hours (2007). For 2005 and 2006 the Selectmen and Budget Committee considered four different plans and chose a mid-range plan of 5,980 hours. During this year's budget process, the BAC listened to testimony from the Chief, held discussions with the Selectmen, listened to the Community and made its own observations. The BAC believes that 2009 police hours should be reduced by 320 hours or 80 hours for each patrolman from 980 to 900 annually. Total police hours for 2008 would decrease from the Chief's current proposal of 6,148 to 5,828 or 6 hours per week, which represents a reduction of \$5,098.76 in the proposed budget.

POLICE CHIEF'S SALARY – The Selectmen asked the BAC to consider the Chief's salary in comparison to the salary of other Police Chiefs in towns of our size. We considered information provided by the Selectmen, reviewed the LGC's list of salaries and listened to testimony from the Chief. Salaries for small town chiefs range from, \$45,000 to \$69,181. The Francestown Chief's salary is currently \$43,989. We believe that some adjustment is merited and recommend that for 2009 the Police Chief's salary be increased by \$2,000. Such an increase is to occur after, and in addition to, any cost of living increase. We further recommend that the Selectmen undertake a study of the Chief's salary to determine the appropriate salary range and create a five-year plan to raise the Police Chief's salary to the designated level. These increases would be in addition to any annual cost of living increases. We strongly believe that these salary adjustments should be tied to an annual review process and suggest that the Selectmen consider an annual range for any increases based on performance and measurable standards that both the Police Chief and Selectmen acknowledge. Finally, our proposed increase of \$2,000 for the Chief is to be considered independently of the aforementioned reduction in the patrol payroll.

OTHER EXPENSES – The BAC also discussed and reviewed the other expenses for the Police Department and seriously considered further reductions. However, the BAC recommends no reductions at this time, but asks for continued diligence in containing these expenses.

2009 BUDGET RECOMMENDATION – The BAC proposes a net reduction to the police budget of \$3,098.76: an increase of \$2,000 for the Police Chief's salary less \$5,098.76 for the reduction in police hours.

Fire Department

Budget has been increased for dispatch and administrative expenses, and a new expense line added for Repair and Service of SCBA. Net increases to the Fire Department are approximately \$3,500. The BAC recommends no change from the budget submitted by the Fire Department Wardens.

Emergency Management

Emergency and Hazard Mitigation plans were completed during 2008. Proposed budget of \$500 reflects these changes.

Highways and Streets

The BAC recommends no changes. Non-payroll items have been increased by \$3,000 for additional sand-winter. The increase to the Highway Department's payroll resulted from increases to overtime for town personnel and decreases to part-time staff payroll. The Road Agent explained his methodology in determining payroll and, considering recent weather variables, the BAC does agree with this calculation. The BAC applauds the Road Agent's efforts to reduce hours by approximately 15%, but notes that payroll is up 10%. The BAC asks that the Road Agent and the Selectmen continue to work on proper manpower utilization with the goal of containing future increases and reducing overtime costs.

Reseal/Patch, Gravel and Bridges

There are no changes to proposed budget. However, the BAC recognizes that future budgets may need to be increased in order to continue the same level of maintenance of Town roads.

Street Lighting

PSNH has notified the Town that street lighting costs will increase by approximately 10% for 2009, which the attached budget reflects. The Selectmen have contacted PSNH to determine any cost savings by turning off some of the current street-lights. As of this report no actual dollar savings have been reported by PSNH. Chief Bell requested that lights at any intersections be kept on. The BAC agrees that we should consider turning off some lights, provided that there would be a significant savings.

The BAC believes that the vote to turn off street-lights should be made via an amendment to the budget by the Selectmen on the floor at Town Meeting. The BAC recommends no change to the budget at this time.

Transfer Station

Despite increases to hauling charges, the overall budget for the Transfer Station is down from 2008 appropriations. The Waste Disposal Commission has proposed a plan to reconfigure the current Transfer Station with a current estimated cost of \$10,000 over two years. First step will be an engineering study and DES permits and the BAC recommends an additional \$1,000 be added to miscellaneous (account 5324-90) to handle these anticipated costs. Concern was also expressed over the tracking of haul charges. The BAC recommends that the Selectmen establish an accounting system that will accurately reflect the financial operations (revenue and expenses) of the Transfer Station and permit a better understanding of its true finances.

2009 BUDGET RECOMMENDATION – The BAC proposes an increase to Solid Waste Disposal of \$1,000

Welfare

After discussions between the Welfare Officer, Selectmen and BAC the welfare budget has been increased for 2009 due to the expected needs of the community.

Fuel

The BAC recommends no changes to 2009 fuel costs other than adjustments recommended by individual department heads. Last year the BAC recommended diesel and gasoline costs calculated at \$3.25 per gallon. The retail cost (with federal and state taxes added back) would have been \$3.78 per gallon for diesel and \$3.75 per gallon for gasoline. For 2008 the national average retail costs per the U.S. Energy Information Association were \$3.79 for diesel and \$3.25 for gasoline. The 2008 total appropriated cost of all fuels (heating fuel, gasoline, diesel and propane) was \$68,283. Actual expenditures of \$75,710 reflected usage and cost fluctuations. Total proposed 2009 fuel appropriations are \$62,350. While current 2009 fuel projections range from \$2.18 to \$2.25 per gallon, the BAC believes that no additional changes should be made at this time. Fuel costs and usage should be monitored during 2009. The BAC hopes that if costs continue at the current levels, the Town will benefit from the accompanying savings. After reviewing fuel cost for each department, the BAC asks that the Selectmen investigate a better method for tracking fuel usage.

CONCLUSION

The BAC recommends changes to the Police and Solid Waste Disposal Budgets. Other recommendations include current year and future management practices that we hope will benefit the town in cost containment and reductions.

Both the original budget and the attached Budget Committee's proposed budget surpass the original goal of a flat budget for 2009. The Budget Committee wishes to acknowledge that this goal has been accomplished with the assistance of the Department Heads and the Selectmen's Office. Furthermore, everyone should note that this was accomplished without any major reduction or "cuts" to the services that the Town will provide. We applaud and thank everyone for their efforts, hard work and diligence.

Respectfully Submitted,

Francetown Budget & Advisory Committee
January 26, 2009

Charles M. Pyle, Chairman
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