

2014 Annual Report of the Budget Advisory Committee

Francestown Budget & Advisory Committee Report on the 2014 Town Warrant

As required by a vote of the 1978 Town Meeting, the Budget and Advisory Committee shall "publish and post not less than 15 days prior to Town Meeting in two or more conspicuous locations within Town, its findings and recommendations with regard to each item of the budget and all articles proposing capital expenditures as they are approved by the Board of Selectmen."

OVERVIEW

The preliminary goal of the Selectmen and Budget Committee was to limit the Town's portion of the tax rate to last year's (2013) amount and maintain a "flat" Town tax rate (\$7.29 out of a total tax rate of \$22.77). Based on current property valuations that goal has largely been achieved. However, the Budget Committee believes that the starting point for any budget discussions should have referenced the original 2013 budget and other warrant articles before the 2013 Town Meeting and without the temporary bridge, which added approximately \$0.35 to the tax rate.

The following issues are of particular concern to the Committee:

- Infrastructure: buildings, bridges and roads. Funds need to be allocated in the current budget and through reserves to meet ongoing repairs, maintenance and future equipment purchases. Bridges will be a top priority for the next few years.
- Operational Expenses: perpetual and institutionalized increases to the budget. The Committee remains concerned that costs added to the budget often remain in perpetuity. The addition of buildings, personnel, services, or equipment necessitates additional annual budgetary expenses for repairs, payroll, maintenance, or replacement.
- Personnel Administration: medical insurance, retirement, and pay increases.

The cost of contributing to the State retirement plan for employees continues to increase. Continued diligence, regarding changes to the health insurance industry, especially as the Affordable Care Act impacts health care and the insurance marketplace will be very important.

- Legal: In addition to annual legal costs, defense of the utility suit has added to legal costs.
- Fuel: Volatility in prices make effective budgeting difficult.
- Services: The need to evaluate the necessity of maintaining the current level of services to the Town.

Article 9 - \$350,000 for a bond to finance "design, engineering, rehabilitation, reconstruction, repair, improvement and equipping" of Town Hall. The Budget and Advisory Committee does not recommend this appropriation 2-2 with one abstention.

The Budget Committee was divided on the issuance of a bond for Town Hall work with several members supporting the project, but with a reduced plan. The Committee also discussed the possibility of moving the Town Offices to a renovated Town Hall second floor, which could allow the sale of the current Town Office Building (Red School), resulting in a reduction in the Town's physical infrastructure. The Committee also noted that the issuance of a bond by the Selectmen is not contingent on funding from any additional source. Regarding the Town Hall, the Committee considered the following:

Pros:

- Desire to begin Town Hall renovations as soon as possible
- Possibility of matching funds from grants and donations
- Opening a renovated Town Hall for Town Meeting and other events
- Importance of continuing restoration of Town Common buildings
- Preservation of an important piece of the Town's history

Cons:

- Scope and cost of proposed project
- Future on-going expenses for maintenance, repairs and operations
- Limited use
- Priority for other projects, such as bridge repairs
- Adequacy of estimates and provisions for contingencies

Article 11 - \$1,592,670 to pay the normal operating costs of the Town such sums to be raised by taxation. The Budget and Advisory Committee supports the operating budget 4-1.

Depending on your starting reference point for comparing the 2013 appropriations with the 2014 proposed, this year's operating budget is either slightly up or a little down from last year's appropriations. When compared to the budget as voted at the 2013 Town Meeting, the budget is down 2.35%; when compared to the operating budget without the \$70,000 increase for a temporary bridge the budget is up 2.03%. Overall, given the needs of the Town, a majority of the Budget Committee believes the proposed budget for 2014 is fair and comprehensive.

However, a minority of the Budget Committee believes that further reductions were warranted and that prior year spending should be the benchmark for budget discussions. When the proposed spending plan is compared to actual 2013 expenses, the budget is up 6%.

Some additional considerations:

- Executive – Concerns were raised by the Committee over increases to staff hours. The Committee acknowledges that special administrative projects still remain, but is concerned over future increases in staff hours.
- Election – Increases to payroll are primarily due to planning for one additional election. However, the Committee is concerned that costs are more than in 2012, a year with an equal number of planned elections.
- General Government Building – The Committee does not support the proposed new maintenance position. Suggested duties appear to cover a wide range of responsibilities. The Committee is also concerned over the institutionalization of a new position and the potential for future budget increases. The proposed budget for this line is \$12,000 greater than the 2013 budgeted amount and \$6,000 greater than 2013 actual expenditures; the Committee believes the line should be reduced.
- Highways & Streets – The Committee believes that non-plowing hours should be reviewed in 2014 for the 2015 budget to see if adjustments in budgeted hours are warranted.
- Police – The Committee supports additional administrative hours, but not additional shift hours, and believes that current shift hours could be reallocated to meet patrol time as needed.

Article 12 - \$477,200 to be added to various Capital Reserve Funds: \$112,000 from Undesignated Fund Surplus and \$365,000 by taxation. The Budget & Advisory Committee unanimously support this Article 5-0.

Replacement of equipment and infrastructure repairs are a main concern of the Budget Committee. The continued funding of Capital Reserves is an excellent way to meet these future needs. A portion of the funds in the article will be used to offset Articles #14 (Soby Road bridge repairs), #15 (Dump Truck) and #16 (Police Vehicle). Unexpended funds would remain in the applicable reserve.

Article 13 - \$95,000 from Undesignated Fund Surplus for various Town building maintenance projects and equipment upgrades. The Budget and Advisory Committee did not support this Article 2-3.

This was one of the more difficult Articles for the Budget Committee. Members believed in the basic premise that various projects need immediate action. Those members not in favor of the article did not support some or all of the expenditures. Also some Committee Members believe that the standard mechanism for funding projects through reserves and individual warrant articles should have been followed. Further concerns of the Committee:

- Alarm – The Budget Committee believes that the current alarm system should be adequate for the Town. Some upgrades to the system are necessary and service to Town Hall and the Thulander Building will be required, but the cost should be within the current budget.
- Generator for Town Hall Annex – Currently the Fire Department has a generator and the Town Offices have a generator hook-up with portable generator available at the Fire Station. That should be sufficient in case of an emergency.

Article 14- \$110,300 to replace the bridge on Scoby Road, funds to be withdrawn from the Capital Reserve Fund “Future, Repair and Replacement of Bridges. The Budget and Advisory Committee unanimously supports this Article 5-0.

The need for repair and replacement of bridges is on-going and well-documented. With this Article we will repair one bridge on our own without waiting for the State’s Bridge Aid Program. This new bridge will meet State standards and is anticipated to last many years. The Budget Committee recommended that the estimate cost (\$110,000) be first added to the Bridge Reserve in Article 12. If the cost of the bridge replacement comes in under budget, unexpended funds would remain in the reserve for future use.

Article 15 - \$70,000 to purchase and outfit a dump truck such sums to be withdrawn from the Capital Reserve account entitled “Future Replacement of Highway Equipment”. The Budget and Advisory Committee recommends this appropriation 4-1.

The used one-ton pick-up was scheduled to be replaced two years ago. The proposed dump truck will be outfitted with a plow and sander. The Budget Committee recommends trading-in or selling the pick-up. Should the cost of the dump truck come in under budget, funds not used would remain in the reserve. A minority believes that it may be possible to postpone replacing the truck for another year.

Article 16 - \$38,000 to purchase and outfit a police cruiser such sums to be withdrawn from the Capital Reserve account “Future Replacement of Police Vehicles”. The Budget and Advisory Committee unanimously recommends this appropriation 5-0.

The Committee believes that the six year replacement cycle for police vehicles should be reviewed and possibly extended. Should the cost of police vehicle replacement come in under budget, funds not used would remain in the reserve.

Article 17 - \$25,000 to complete the revaluation of all real estate, such sum to be withdrawn from the Capital reserve account “Future Appraisal of Real Estate”. The Budget and Advisory Committee unanimously recommend this appropriation 5-0.

Article 18 - \$17,020 for the treatment of Milfoil in Scoby Pond such sums to be raised from acceptance of a grant (\$6,808), by taxation (\$4,932) and withdrawal from undesignated fund surplus. The Budget and Advisory Committee recommends this appropriation 3-2.

The Budget Committee believes that it is important to continue this treatment program to protect one of the Town’s important natural resources and the Town Beach. Some members question the efficacy of the program and whether the additional cost of the DASH program would be cost efficient. Additional involvement from the Scoby Pond community would be valuable to this on-going effort.

Article 19 - \$2,500 to fund Milfoil prevention efforts at Pleasant Pond such sums to be raised by taxation. The Budget and Advisory Committee unanimously recommend this appropriation 5-0.

These funds will supplement individual donations and State grants. The Budget & Advisory Committee appreciates the efforts and contributions of the Pleasant Pond Association to keep Milfoil out of Pleasant Pond.

Article 20 – \$10,000 to establish an Expendable Trust Fund to be titled “Master Plan Update Fund”. The Budget and Advisory Committee supports this recommendation 4-1.

This fund will secure funding for Master Plan updates. Funds not expended in any year will remain in the Trust Fund for future use.

Article 21 - \$3,600 to purchase a traffic data collection device, \$1800 from acceptance of a grant and \$1,800 from taxation. The Budget and Advisory Committee unanimously did not support this article 0-5.

The Committee believes that the device will have limited value.

Article 22 - \$2,700 to be withdrawn from Undesignated Fund Surplus and deposited into the General Cemetery Maintenance Trust Fund. The Budget and Advisory Committee unanimously recommends this appropriation 5-0.

Respectfully Submitted,

Francetown Budget & Advisory Committee

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February 28, 2014