

**TOWN OF CANAAN
BUDGET COMMITTEE MEETING
June 19, 2008
APPROVED COPY
Canaan Fire Station**

Members present: David McAlister - Chair, Denis Salvail, Dave Barney, Nathan Deleault, Eleanor Davis, Russell Lester, Tom Hudgens, Craig Lawler, and Selectman Scott Borthwick. Also present were Town Administrator Michael Capone, Al Posnanski, and the minute taker; Christi Berube.

David McAlister called the meeting to order at 7:00 P.M. and took attendance.

Approval of Minutes

Committee members reviewed draft copies of the April 17, 2008, minutes.

Eleanor Davis corrected "MS22" to "MS2" on page two. Eleanor Davis noted that she has not received a copy of the MS2 report yet. David McAlister responded that all committee members should receive a copy and that the report can be sent to committee members via email.

Tom Hudgens asked whether individual email addresses of committee members were removed from the town's website. The general response was yes.

Tom Hudgens noted that meeting agendas can not be properly accessed on the town's website.

MOTION by Russell Lester and seconded by Craig Lawler to accept the minutes dated April 17, 2008, as corrected.

VOTE: Unanimous

Review of the Expenditure Report

David McAlister noted that committee members should have received copies of an expenditures report dated June 16, 2008 and a revenues report dated June 16, 2008, via email. Russell Lester commented that some committee members were unable to open the attachments. David McAlister suggested that committee members should contact Russell Lester whenever paper copies are needed. Michael Capone offered to provide copies to anyone who asks him. Michael Capone noted that these reports are available on the town's website, as well as, posted in the lobby of the town offices.

Committee members reviewed the expenditures report dated June 16, 2008.

Michael Capone noted that the executive line items should not change much for the rest of the year since the town administrator search was completed.

Michael Capone explained that the dog license line item indicates over-expenditure but that there is \$4,736.50 in revenue to offset that expenditure line item. Michael Capone also noted that an adjustment is needed to the postage line item in order to remove some of last year's postage expenses. It was noted that a tax bill mailing costs between \$300 and \$600 each time.

There were no concerns expressed with the election, bookkeeper, or Budget Committee line items.

Michael Capone commented that he has talked to the assessor and has told him that he can not bill the Town of Canaan beyond the \$40,000 that is allocated within the default budget.

Michael Capone explained that he liberally uses the legal consulting services of the NH Municipal Association in order to avoid the \$175/hour cost to talk to the town's attorney.

Eleanor Davis questioned why the Town of Canaan allocates \$30,000 for the prosecutor position when the current individual is not even a licensed lawyer. Eleanor Davis commented that police officers can prosecute their own cases. David McAlister responded that the about of paperwork and time needed for police officers to prosecute their own cases is not feasible. Committee members encouraged the Board of Selectmen to review this issue.

Michael Capone noted that the unemployment compensation line item under the personnel administration budget will be adjusted at the end of the year. Michael Capone added that credits are often applied every six months but that he will double check the status of the line item.

Michael Capone noted that there is revenue offset for the Planning Board budget.

Michael Capone commented that the status of the heating oil line item under the government buildings budget will dependent on how early the cold season begins this fall. There was general discussion that current market prices appear too high at this time to consider any contracts. It was noted that propane prices are not being offered at this time.

Michael Capone explained that the Board of Selectmen made adjustments to the cemetery and the parks/recreation budgets at their last meeting since town employees are no longer splitting their work time between maintaining parks and maintaining cemeteries, as they have in the past. David and Barry are maintaining the cemeteries and Tom is maintaining the parks.

Committee members questioned why the gasoline and diesel expenses are budgeted under the general government budget instead of being allocated throughout the various budgets. There was general discussion that allocation throughout the various budgets was done approximately ten years ago but that gasoline and diesel costs have been

grouped together over the years. Russell Lester noted that allocation throughout the various budgets would create more work for the bookkeeper.

Al Posnanski commented that the transfer station budget does not have a line item for electricity so the true overall expense of the transfer station is not accurately reflected. Eleanor Davis responded that the bookkeeper can track the amount of usage from the meter readings recorded on the statements.

Denis Salvail commented that his accounting software includes a feature of establishing sub-accounts for each line item. Michael Capone responded that he is not sure whether the town's current BSI system allows for sub-accounts.

Eleanor Davis requested that the outside detail revenue be checked and compared against the outside detail expenses for accuracy.

Michael Capone noted that the forestry truck has been repaired since the costs to repair the larger truck have been deferred. Committee members requested that the town administrator verify that town funds were not used to repair the forestry truck since those funds were supposed to come from the Firemen's Association Fund.

Michael Capone explained that the administration is listing encumbrances in the expenditure report of all funds that are already allocated this year for specific uses.

Michael Capone offered to check with the Fire Chief to see whether any bulk purchasing has been done for this year.

Michael Capone noted that the contracted services line item is over-expended due to the over-time needed during last winter.

Scott Borthwick noted that road salt has been purchased for the upcoming winter and that a new ice melt product has been purchased, as well. Scott Borthwick explained that this biodegradable product is sprayed on the salt and is guaranteed to reduce salt usage by twenty percent. Dave Barney asked whether the ice melt product is used on low salt roads. Scott Borthwick responded yes.

Scott Borthwick informed committee members that Bob Scott has saved \$43,000 in asphalt costs this year by collecting bids.

Michael Capone noted that the encumbrance listed within the highway budget is for culverts.

Michael Capone offered to check the status of the contracted services line item under the highway budget.

Dave Barney noted that Bob Scott also provided a good price for the sweeping of Goose Pond Road.

Scott Borthwick informed committee members that a notice has been received from the State of NH that a historical site survey of the River Road bridge needs to be completed at a town cost of \$3,500 before bridge repair work can be completed.

Al Posnanski asked whether chloride dust will be applied to the roads for dust control. Scott Borthwick responded that he does not believe that chloride has been used this year.

Michael Capone noted again that Board of Selectmen made adjustments to the cemetery and the parks/recreation budgets at their last meeting since town employees are no longer splitting their work time between maintaining parks and maintaining cemeteries, as they have in the past.

Michael Capone offered to check the status of the maintenance and repair line item of the parks/recreation budget.

There was general discussion that a representative from the Conservation Fund did not present a verbal or written recommendation for a budget so no funds were allocated. Eleanor Davis commented that the Conservation Fund receives an undeclared amount of funds from the sales of Moose license plates. There was also general explanation that the Conservation Fund receives a capped amount of \$5,000 from revenues collected from the land use change tax.

Eleanor Davis thanked the Board of Selectmen for not borrowing any funds to pay mid year expenses. Michael Capone clarified that the county tax bill is paid in December and that the school district bill is paid monthly unless a special arrangement is agreed on.

Scott Borthwick informed committee members that the heating system at the library and town offices will be addressed in the near future once property tax revenues start to be received.

Michael Capone commented that he needs to talk to personnel at the water and sewer plant regarding fuel costs. Michael Capone also noted that a modification may be needed on a heater at the plant.

Revenue of the Revenues Report

Committee members reviewed the revenue report dated June 16, 2008. Michael Capone summarized that the current property taxes figure on page one needs to be subtracted from the general fund total on the last page in order for the budgeted figures to add up correctly.

Eleanor Davis asked whether this report includes any revenues collected for 2007 taxes. Michael Capone responded that revenues for 2007 taxes are included in this report but that these revenues are recorded under the redemption line item. Michael Capone added that lien notices are mailed in May of each year.

Michael Capone explained that he needs to seek advice from the auditor regarding the proper use of the sale of property line item and the lien sale premium line item, as well as the gravel tax line item and the excavation tax line item.

Michael Capone clarified that the billing for the School Resource Officer was mistakenly overlooked but that the bill has now been mailed.

Tom Hudgens' Presentation

Tom Hudgens distributed and summarized a handout, which describes his suggestions to reduce the town's overall budget. Tom Hudgens apologized that his suggestions could create some controversy. Tom Hudgens commented that his suggestions are not reflective of the quantity or quality of work provided by the current employees or of any individual employee. Tom Hudgens added that the figures provided in the spreadsheet are calculated assumptions for discussion purposes only.

Tom Hudgens explained that his background is forty-four years working on weapon systems and submarines for the government and is now operating a his own contractor business. Tom Hudgens added that he has successfully managed budgets that far exceed the budget for the Town of Canaan.

Tom Hudgens commented that contractors generally lease equipment, which would save the town from having to purchase or maintain equipment. Tom Hudgens added that hopefully the hired contractor would operate his business within the Town of Canaan, which the town would then collect property taxes from.

Michael Capone commented that these suggestions would require voter approval. There was general committee consensus that the January 2009 start date is an optimistic suggestion.

Michael Capone noted that the suggestion for employee contributions towards insurance costs is being considered and reviewed by the Board of Selectmen at this time.

Tom Hudgens offered to meet with the Board of Selectmen or with the town administrator to discuss his suggestions further.

Eleanor Davis requested information regarding the replacement for the police department secretary position. Scott Borthwick summarized that the position has been filled with a temporary interim replacement at \$13/hour and 35 hours/week. Eleanor Davis noted that individuals in this position in the past have not been treated fairly in regards to compensation in lieu of insurance benefits. Scott Borthwick explained that a permanent replacement position has not been considered yet but that the current interim will be leaving for college in late summer.

Chairman's Report

There was no report provided at this time.

Selectmen's Report

Scott Borthwick informed committee members that this is the first year in six years that the town has opted to not borrow funds at this time of year. Scott Borthwick explained that the business administrator at the school district agreed to defer the town's school payment until next month.

Scott Borthwick noted that the town's website is receiving approximately seven hundred hits per day so it appears that voters are staying informed.

Scott Borthwick summarized that the department heads met with Selectmen and the town administrator to review the Capital Improvement Plan and the general consensus from the department heads was that the CIP is not needed since it has not been funded in past years. Sam Frank, Bill Bellion, and Bob Scott have agreed to review the plan and to submit recommendations to the CIP Committee.

Scott Borthwick informed committee members that the town's attorney, Tim Bates, is retiring and that an interview has been scheduled next week with Attorney Bernie Waugh.

Scott Borthwick also summarized that a representative for Senator Sununu's office has provided some good suggestions for funding sources regarding the water treatment plant.

Scott Borthwick concluded that an August 1st deadline date has been set for receipt of department head budgets.

Committee members reviewed the next meeting date and future meeting schedule as follows: September 11th, September 18th, October 2nd, October 16th, November 6th, and November 20th. It was suggested that the meeting schedule should be emailed to committee members and posted on the town's website.

Public Comment

There were no public comments made at this time.

MOTION by Russell Lester and seconded by Denis Salvail to adjourn the meeting at 9:10 P.M.

VOTE: Unanimous in the affirmative