

**TOWN OF CANAAN
BUDGET COMMITTEE MEETING
September 3, 2009
Canaan Fire Station
Approved Copy**

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

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

The Budget Committee started a review of department head's proposed budgets for 2010 as follows:

Tax Clerk /Tax Collector - 4140

Board members received a green colored handout summarizing the proposed budget from the Town Clerk.

Vicky McAlister summarized that the salary for the Assistant Town Clerk has been increased since Vicky will be eligible for three weeks of vacation next year.

Vicky McAlister explained that the training and education line item is over budget this year because the tax collectors collectively decided to go to the Balsams Resort despite some tax collectors being opposed to the idea.

Vicky McAlister summarized that the appropriation for the dues/subscriptions line item has increased for next year due to the upcoming option for credit card payments. However, these extra allocated funds may not be needed depending on what service is contracted with. Vicky McAlister explained that she is considering a contract with Interware since the online vehicle registrations is already established with them and she knows and trusts them for support services. Two other companies will be considered when she attends and collects information at the Town Clerks' conference. Vicky McAlister summarized that the set up fee and a swipe wedge fee are included in the equipment line item. There was general discussion and explanation that the credit card payment system requires an annual fee, a monthly compliance fee, and a minimum discount fee if a total of thirty dollars or less is charged within any given month. Again, the cost for these fees has been included in the budget but the fees may not apply depending on which company is selected.

Vicky McAlister clarified that the \$1.50 transaction fee is paid to Interware.

Craig Lawler asked whether there will be a service charge in order to pay by credit card. Vicky McAlister responded that there will be a convenience fee of \$3.00 per transaction that will go to the credit card company.

John Bergeron summarized that the town will be charging 2.75% to the customer plus the \$1.50 transaction fee and the town will be paying for the set up cost and the minimum discount fee. Vicky McAlister responded yes. John Bergeron asked whether the town could increase the charge to the customer in order to cover all of the fixed costs. Vicky McAlister responded no since the State regulates the fees.

Al Posnanski asked what the advantage is for offering a credit card payment option. Vicky McAlister responded that it would be convenient for some residents and that some residents want to collect on the mileage or point incentive. Vicky McAlister added that some residents do not always have immediate funds available on the due date and that using a credit card can prevent a lien on their property. Vicky McAlister added that credit cards have become a way of life for many people.

Al Posnanski asked whether there is an advantage to the town for offering credit card payment option. Vicky McAlister responded that it is guarantee funding since she is often chasing four of five bounced check payments each month.

There was general discussion that the option for credit card payments is being phased in gradually over time but that the intent is to eventually allow residents to pay for their vehicle registrations, dog licenses, and property taxes online from home.

John Bergeron asked whether the 2.75% charge is fixed since American Express and Discover are notorious for larger fees. Vicky McAlister responded that the 2.75% would be fixed for all credit card companies.

Vicky McAlister clarified that the option of credit card payments will hopefully become available next January depending on the readiness of the State of NH.

Vicky McAlister noted that there will be three elections next year.

Vicky McAlister asked board members to please contact her if there are any additional questions.

Executive-4130

Michael Capone summarized that the dues/subscription and miscellaneous line items were reduced since there has not been much activity historically with these two lines. Michael Capone explained that the miscellaneous line item had been used previously during the search for a town administrator. Michael Capone clarified that office supplies are accounted for in another budget.

Dave Barney asked whether the NHMA dues should be allocated in the dues/subscription line item. Michael Capone responded that these dues were allocated in the legal budget since most of the benefit received is to consult with their attorneys.

Michael Capone summarized that he has reduced the training and dues/subscription line items within the administrator's budget since there is training available at no cost through Primex and he has access to many resources at no cost to the town.

It was suggested that one dollar should be allocated in the training, dues/subscriptions, and retirement line items in case any future flexibility is needed with the accounting. There was general board consensus to add these three dollars to the total budget for a total of \$61,262.

Dave Barney asked whether the salaries are level funded throughout the proposed budget. Michael Capone responded that all of the figures presented, including salaries, are exactly what the department heads requested in their budget proposals. Michael Capone noted that the Board of Selectmen has started their review of the department head budgets. Scott Borthwick noted that the Town of Canaan is not proposing any salary increases for next year.

Michael Capone summarized that he is more familiar with the setup needs of the local printers so he will be able to avoid the additional draft work that was needed for last year's Town Report. Therefore, the printing line item has been adjusted slightly.

Dave Barney asked why the Town Report is part of the Moderator's budget. Michael Capone responded that the Town Report is a reference document for the Town Meeting and that the Moderator controls the Town Meeting.

Financial Administration-4150

Michael Capone summarized that additional funds have been budgeted for training since Gloria Koch suspects that there will be mandatory training for increased government scrutiny regarding taxable fringe benefits and GASB 34. Michael Capone added that these training sessions are invaluable to keep the town current.

Michael Capone explained that the expenditure for the auditing services was reduced since the town staff was well organized last year and the auditors were able to complete their review easily and quickly without many questions. Michael Capone added that the office staff continues to review procedures and tracking to improve office efficiencies.

Dave Barney asked what items are being considered as taxable fringe benefits. Michael Capone explained that highway department uniforms, police officer shoes, cell phones, and some vehicles are a few examples of what the State is considering. Michael Capone explained that these costs would possibly be added to the employees' wages and then the town will need to pay the extra FICA costs. Scott Borthwick commented that the State's cost to track these expenses will be more than the revenue that is generated. Scott Borthwick added that the Board of Selectmen is considering that the employees purchase their own cell phones and charge the town for work related minutes. Michael Capone summarized that random federal audits will occur and that the current cell phone setup will require too much time in identifying each call as personal or work related.

Budget Committee

David McAlister summarized that the salary is for the minute taker position. John Bergeron commented that committees can complete their own minutes since all that is required is record of the motions and a brief description of the discussion. David McAlister responded that it is difficult for a committee member to take minutes and participate in the meeting. David McAlister explained that the decision was made several years ago to have a minute taker and that the minutes are clear and provide the public with a good sense of what is discussed at each meeting. Michael Capone noted that he completes the minutes for the Board of Selectmen but does not enjoy doing them. Russell Lester explained that he records the meetings and supplies compact discs that the minute taker transcribes the minutes from. David McAlister explained that the minute taker does not necessarily need to be present since she knows the format and recognizes the voices so she only charges the hourly rate for the time to transcribe the recordings. David McAlister noted that he reviews and signs each timesheet for the minute taker.

Assessing

Michael Capone noted a slight adjustment on the retirement figure.

Michael Capone summarized that there has been some initial discussion of whether updates to the tax maps are needed annually since the number of building permits have decreased compared to previous years. However, the mapping company does have enhancement mapping options that would be nice to have but are not absolutely needed. John Bergeron commented that access to PDF copies on the town's website would be helpful. John Bergeron noted that he was quoted a \$400 copy cost for the complete set when he inquired.

Michael Capone noted that the Board of Selectmen has been promoting greater use and expansion of the town's website to help relieve the amount of time used by residents asking questions in the town office.

Michael Capone explained that the appraiser's contract is level funded, which includes \$15,000 for pickups and the additional assessing work needed throughout the year and \$25,000 for the revaluation scheduled in 2011. Michael Capone added that the Board of Selectmen may decide to start putting this \$25,000 in a capital reserve fund so the line item may be adjusted later. It was noted that Cross Country is the appraiser.

Treasurer and Assistant Treasurer

Michael Capone summarized that the office supplies line item was adjusted due to their need for a different sized mailing envelope.

Trustees of the Trust Funds

Michael Capone explained that the extra \$1,000 added to this budget last year was for legal review of an old trust fund, which is now not scheduled to happen for this year. There was general board discussion and consensus to add one dollar to the legal line item for a total proposed budget of \$594.

Dave Barney asked whether legal counsel from NHMA could be used for legal review of the trust fund issue. Michael Capone responded no since trust funds is a specific area that requires a specifically trained attorney.

Software and Hardware Support and Hardware Upgrades

Michael Capone summarized that these two line items were separate last year but that no new hardware was purchased and that there has been only one call to repair a hardware problem. Michael Capone commented that he is hoping to go another year without any needed hardware replacements and to continue supporting the current hardware with repairs. However, the office server is five years old and some future provisions, such as a capital reserve fund, will be needed before significant hardware problems arise. Michael Capone summarized that a new office server will cost approximately \$8,000 but that there is another option of having a virtual server service through Computer Solutions in Tilton, NH, for less money. The drawback on this option is that the town would become dependent on the internet provider service. There was general note that lease programs for office hardware are available. Michael Capone commented that there are benefits to having the computer support group supply the hardware since they know what would work best and the computer business is quite competitive so the best pricing would be provided.

Russell Lester explained that servers are expensive since mirrored hard drives are used. Russell Lester added that Computer Solutions has provided excellent service and expertise to the town in the past. Michael Capone summarized that their virtual server service uses mirrored drives and an offsite backup, as well as, a backup internet provider in case one becomes unavailable.

Russell Lester commented that having the server onsite does provide convenience and safety in case new technical support is ever needed or hired in the future.

Denis Salvail asked what the town's service history has been with the internet provider. Michael Capone responded that he is only aware of one problem with Fair Point Communications during his tenure with the town.

Legal-4153

Michael Capone noted that the NHMA dues were moved to this budget.

Al Posnanski asked what kinds of town matters have required funds for consultation with an attorney. Michael Capone responded that there was a potential problem with a conservation easement, a potential lawsuit regarding a town gravel purchase, a legal matter regarding a water and sewer violation, and needed reviews of legal documents.

It was noted that the contracted service with the prosecutor is an annual fee and is based on the percentage of cases that are prosecuted for the Town of Canaan.

Personnel Administration-4155

Michael Capone noted that the health insurance provider for the town was changed June 1st for a twelve month contract. However, the budgeted figures for 2009 and 2010 do not reflect the true savings in changing providers since additional funds were added to pay for coverage for the rest of the fiscal year after the negotiations are settled with the police officer association. Additional funds are also included in the budget to account for any enrollment changes, such as marriages or births.

Craig Lawler asked why taxpayers should be paying for employee's dependents. Michael Capone responded that committee members can have that discussion of just providing access for the dependents but not paying towards the premiums for the dependents. Michael Capone summarized that generous benefit packages are offered to the employees but that the coverage requires more employee involvement in understanding the plan options and in controlling the costs of their plans. Michael Capone added that most employees have selected a HMO plan and the town has been able to reduce the premium cost by approximately \$32,000 as a result. Michael Capone added that the employee co-pays have increased and the employee co-pays for the prescription benefit have increased.

Michael Capone summarized that the contract appropriation for employee drug testing has been reduced since the State of NH is limiting the number of tests to four individuals per year.

Michael Capone summarized that tonight's information packet includes backup information from Tom Guillette regarding the Recreation Department and the Buildings and Grounds budgets. Michael Capone noted that there was one change so the total figure submitted by Tom Guillette does not match the figure that has been proposed. The packet also includes back-up information regarding the library and the Police Department, as well as, some of the regional association letters. Michael Capone noted that there are some unexplained differences in wage calculations and fuel line calculations between the office staff figures and the Police Chief's figures at this time.

Approval of Minutes

Board members reviewed draft copies of the minutes dated June 18, 2009.

MOTION by David McAlister and seconded by Russell Lester to approve the draft copy of minutes dated June 18, 2009, as presented.

No vote was taken on this motion.

Michael Capone corrected that "lawn track" should be revised to "lawn tractor" on page one.

Michael Capone summarized that he does not know whether he misspoke or whether the recording should be checked but a correction should be made on page one since the property and liability insurance will be paid in monthly installations starting in July for

the next “six” months. There was general discussion to note the correction in these minutes and that there is no need to check the recording.

MOTION by Craig Lawler and seconded by Denis Salvail to approve the draft copy of minutes dated June 18, 2009, as corrected.

VOTE: 8 YES 0 NO 1 ABSTAIN [Dave Barney]

Chairmen’s Report

David McAlister asked whether committee members received his email regarding the fall agenda. Copies of the agendas were distributed. David McAlister noted that the agendas have been reversed for the October 1st and October 15th meetings due to two requests from committee members. There was general discussion and consensus that the October 29th meeting will be a review of the Selectmen’s proposed budget.

Michael Capone noted that the meeting dates that are posted in the office need to be corrected.

Scott Borthwick noted that the Deliberative Session is scheduled for January 20th, 2010.

David McAlister noted that the next Budget Committee meeting is September 17th. There was general consensus is schedule November 5th and 19th and December 3rd and 17th as future meeting dates. David McAlister offered to set the agendas for these additional meeting dates and to distribute copies to the committee members.

Michael Capone noted that January 19th is the last possible day for a public hearing and that January 12th is the last day for petitioned warrant articles. Michael Capone suggested a January 14th Public Hearing date for committee members to consider.

Selectmen’s Report

Scott Borthwick noted that the Board of Selectmen agreed to a uniform contract with G&K Services. Michael Capone summarized that this supplier was chosen since they agreed to a three year contract with no more than a two percent increase each year. Plus they offer two free weeks of rental each agreement year after the first month and free t-shirts.

Dave Barney asked what happened with the CIP Committee this year. There was general discussion that Dan Ware was the Committee Chair and that the Planning Board has this topic scheduled as a future agenda item.

Other Business

Denis Salvail commented that Michael Capone has done an excellent job with the initial presentation of the proposed budget. Committee members agreed. Michael Capone commended Gloria Koch for the tremendous amount of background information that she has available for him to work with. Michael Capone added that much of the credit must go to Gloria Koch.

MOTION by Denis Salvail and seconded by Dave Barney to adjourn the meeting at 8:50 P.M.

VOTE: Unanimous in the affirmative