



# BUDGET COMMITTEE

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## MINUTES OF THE BUDGET COMMITTEE HEARING

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Wednesday, December 16, 2015 – 6:30 p.m. – Town Hall Conference Room

*Members Present:* Chair Mary McDonough, Alyson Baryames, James Connelly, Toby Fedder, Bob Krasko, Steve McKenzie, Don Miller, John Penacho - Selectmen's Rep, Mark Raque, Kristen Syphers, Pat Walsh – School Board Rep

*Also Present:* Karen Anderson – Town Administrator; Vaughan Morgan – Chairman, Board of Selectmen; Chip Hussey – Planning Board

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Chair McDonough opened the Budget Committee meeting at 6:30 p.m. and a roll call was taken. The Chair stated that a quorum was present and the meeting was being recorded.

1. Approval of Minutes: Tuesday, December 08, 2015

**MOTION:** B. Krasko moved to approve the minutes of Tuesday, December 08, 2015. Second – S. McKenzie, all in favor. **MOTION CARRIED**

2. CIP Review

C. Hussey explained that the Planning Board was charged with the Capital Improvement Plan every year. The Planning Board's job was to take the "wish list" (CIP) and decide the best way to minimize the impact on the tax payer. Disclaimer: The Planning Board was not recommending any expenditures. The Town Administrator added that the CIP did not mean there would be a warrant article or budget for items; it was a planning guide. C. Hussey stated that the Planning Board recommended it go to the legislative bodies (Town: Selectmen; School: School Board). The CIP was reviewed with the Budget Committee.

The Town Administrator explained that the CIP was used as a guide when warrant articles were submitted. C. Hussey added that the Planning Board recommended items in the CIP, if they go forward, be warrant articles and not be included in the budgets. If submitted as a warrant article, it has a specific purpose and can only be used for that purpose. The Town Administrator further explained that the CIP is the master plan for the Budget Committee, and they were looking at the future needs of the Town as determined by the Planning Board through the capital improvement process. If a warrant article is submitted for something that was not part of the CIP, the Budget Committee does not have to recommend the item. J. Penacho added that anything the Town submits as part of the CIP is generally not included in the budget.

Responding to a question from T. Fedder, the Town Administrator stated that the only long term debt the Town had was \$800,000 for the Dearborn/Caswell project. It's a 10 year bond taken out in 2014. Mark Willis, Library Trustee, stated that the Library was on the State Historic Register and is eligible for grants and special funding opportunities.

**MOTION:** *D. Miller moved to accept the CIP as presented by the Planning Board representative. Second – T. Fedder; all in favor. MOTION CARRIED*

### 3. Town Budget Review

Chair McDonough explained that the default budget was last year's budget less any contractual amounts. If this year's proposed budget doesn't pass, it goes to the default budget. The default budget is \$3.66 million; the proposed budget is \$3.86 million (difference of \$200,000). A. Baryames suggested a short explanation be available to voters about the budget increase as well as the impact of a default budget. The Town Administration explained that nothing could be added to the ballot; however, a voter information guide could be done. J. Penacho, as a Selectman, stated there would not be a reduction in personnel. You can't control the people who don't go to the Deliberative Session and vote based on dollars. A. Baryames volunteered to research what type of information is available to voters in other towns regarding their budgets.

- General Government: The Town Administrator explained that there was a range in salary increases from 3% to 6%. J. Penacho added that the increase in insurance costs was a consideration, in addition to other factors. Chair McDonough noted that in years past, the same increase was given across the board; this year it varied. J. Penacho stated this year was an adjustment year. He anticipated next year it would be an across the board increase, but that would be up to the Selectmen to decide.

J. Connelly stated that residents wanted a low tax rate and the Town didn't need to keep up with other towns; if they wanted to keep up with other towns, the tax rate would increase. S. McKenzie credited the good management of the Town and School for the low tax rate. To spend money unnecessarily just to keep up was a problem for him as a taxpayer. The tax rate has increased significantly over the last three years because of spending over that period.

K. Syphers asked if the rationale behind the raises was due to insurance because the employees had to take on more of the expense. S. McKenzie commented that he felt the employees deserved the raises. J. Penacho added that from his standpoint, the Town is very conservative. The budget and tax rate are kept down because of the people who work for the Town. He added that the salaries were not very high for the jobs the employees do.

The Town Administrator explained the sick day policy. The Board of Selectmen has allowed employees to use a portion of their accumulative sick hours to pay their 12% of the health insurance. Prior to 2005, there was a high cap on the amount of sick leave that could be accumulated. Currently, employees can accumulate 480 hours. If they were to leave, they can be paid for 50% of their unused sick hours. M. Raque had concerns about the policy being an added benefit. J. Penacho stated that was a decision for future Selectmen. The Town Administrator stated that a change in policy could encourage an abuse of sick leave. Sick leave can be sold back to the Town at 100% only for health insurance premiums. The Town Administrator added that the Budget Committee's role was financial; a motion would have to be made to reduce that line item. It's currently part of the Personnel Policy; the Board of Selectmen would have to revisit that policy. She further explained that in order for employees to sell back sick days, they must leave 32 hours in their bank. Chief Laurent added that it must be sold back in a chunk; there are employees that can't utilize that option. J. Penacho suggested the Personnel Policy be discussed and reviewed as a separate item. The teacher policy is that sick days accrue; there is a cap on what can be sold back if they leave.

- Town Clerk/Tax Collector: Chair McDonough commented on the records preservation. Marge Morgan, Town Clerk/Tax Collector, will have a price after the first of the year to preserve all records.

**MOTION:** Chair McDonough moved to increase Records Preservation from \$3,000 to \$6,000. Second – B. Krasko

DISCUSSION: S. McKenzie suggested they wait until the cost is known. The amount can be amended at the Deliberative Session. The Selectmen could submit a warrant article for either the full amount or half this year and the remainder the following.

**MOTION:** Chair McDonough moved to increase Records Preservation from \$3,000 to \$6,000. Second – B. Krasko; all opposed. MOTION DENIED

- Auditors: The Town Administrator stated that the cost is decreasing. The Bookkeeper keeps very organized records, which allows the auditors to complete their work early. Chair McDonough added that the Town Administrator has also saved the Town a significant amount of money by putting many items out to bid.
- Legal Fees: The Board of Selectmen recommendation was \$25,000.

**MOTION:** M. Raque moved to reduce the General Legal from \$25,000 to \$20,000, a reduction of \$5,000. Second – P. Walsh

DISCUSSION: The Town Administrator stated that the Town is finishing litigation, and expecting to start another case in January. Legal expense for ZBA and the Planning Board is advice. General legal will be contract reviews and/or advice for various projects. S. McKenzie stated that over-budgeting will impact the default budget next year. The Town Administrator assured members the Town has not over budgeted.

**MOTION:** M. Raque moved to reduce the General Legal from \$25,000 to \$20,000, a reduction of \$5,000. Second – P. Walsh; two in favor, six opposed, three abstain. MOTION DENIED

- Disability and Insurance: Open enrollment is completed. The Town Administrator reviewed these funds. There is a savings over last year.

**MOTION:** T. Fedder moved to add the amount of \$109,100 to the budgetary line item 01-4155-416; add to budgetary line item 01-4210-283 the amount of \$194,136; add to budgetary line item 01-4210-300 in the amount of \$10,050. Second – Chair McDonough

DISCUSSION: The Town Administrator explained that in prior years the insurance premiums were lower because the Town participated in the Comp 5000 plan, a high deductible/low premium cost. The Town covered the deductible on that plan. Last year the Budget Committee felt the employees needed to contribute more; that plan will no longer be an option.

**MOTION:** T. Fedder moved to add the amount of \$109,100 to the budgetary line item 01-4155-416; add to budgetary line item 01-4210-283 the amount of \$194,136; add to budgetary line item 01-4210-300 in the amount of \$10,050. Second – Chair McDonough; all in favor. MOTION CARRIED

- Sick Time for Insurance: Recommended to be \$31,000; this is for the higher deductible amount employees are paying and the higher cost of the premium. Sick days are sold back at their 2105 rate for 2106 health insurance.

**MOTION:** T. Fedder moved to change line item 01-4155-450 to \$31,000. Second – J. Penacho

DISCUSSION: P. Walsh felt the number of sick days needed to be reviewed by the Board.

**MOTION:** T. Fedder moved to change line item 01-4155-450 to \$31,000. Second – J. Penacho; nine in favor, one opposed. **MOTION CARRIED**

- Planning Board: The Town Administrator explained that the Circuit Rider program has been deleted, and a Planner was hired.

**MOTION:** T. Fedder moved to reduce the line item for the Planning Board Consultant to \$15,000. Second – S. McKenzie

DISCUSSION: The Coastal Grant no longer is available for the Planning Board Consultant. The amount of time has been reduced.

**MOTION:** T. Fedder moved to reduce the line item for the Planning Board Consultant to \$15,000. Second – S. McKenzie; six in favor, three opposed, two abstained. **MOTION CARRIED**

- Utilities: T. Fedder questioned the increase in propane costs.

**MOTION:** K. Syphers moved to change line item 01-4194-276 from \$11,000 to \$8,000. Second – T. Fedder; all in favor. **MOTION CARRIED**

- Liability: Property Liability Trust has not received permission to move forward effective July 01, 2016. Documentation has been signed to transfer all liability and worker's comp coverage to PrimEx, the other liability pool for municipalities in the State. The premium for liability and general insurance will be \$35,849; there is a 10% cap for the next three years. There are other options to help reduce the cost. Worker's comp insurance is \$41,159 (a decrease).

**MOTION:** P. Walsh moved to adjust line item for Liability and General Insurance to \$36,000, and adjust Worker's Comp to \$42,000. Second – J. Penacho; all in favor. **MOTION CARRIED**

- Police: Chief Laurent reviewed her budget.

**MOTION:** T. Fedder moved to change line item 01-4210-115 to \$468,118. Second – B. Krasko; all in favor. **MOTION CARRIED**

**MOTION:** Chair McDonough moved to reduce line item 01-4210-222 to \$13,987. Second – K. Syphers

DISCUSSION: The rate is lower, but not locked in; they will be fueling at the Travel Center. The lock in rate for the State is \$2.74. The Town is paying less as well as no tax.

**MOTION:** Chair McDonough moved to reduce line item 01-4210-222 to \$13,987. Second – K. Syphers; all in favor. **MOTION CARRIED**

T. Fedder questioned the \$4,000 increase in Building Maintenance over the amount requested. The Town Administrator explained that the doors had to be repaired.

- Fire Department: Information requested at the December 08, 2015 meeting was distributed. To date, there have been 73 EMS calls covered by Portsmouth ambulance. The Town Administrator explained the information on the spreadsheet, which covered EMS calls only. Revenue from the calls (\$750 to \$1500 per call) is used to offset the cost of a new ambulance or fire truck, and goes into a special revenue fund. Portsmouth responded to approximately 46 night calls; at \$750 per call, that's \$34,500 in lost revenue for the Town. Total revenue to date is approximately \$43,000; Chief Cresta expects to see revenue in the \$50,000 to \$55,000 range if all money is collected. Chief Cresta explained that the Town doesn't force bill; two bills are sent.

The Town Administrator explained that members must attend a certain percentage of training hours in order to receive a stipend. Chief Cresta had originally requested 24 hour coverage; the Board of Selectmen opted for 12 hour coverage. Two people per 12 hour shift will be needed.

D. Miller stated that a 100% increase in Chief Cresta's stipend was too much. Chief Cresta responded that there has been an increase in responsibility and duties since he was appointed ten years ago. He felt he spent 30 to 35 hours a week on Fire Department responsibilities.

**MOTION:** D. Miller moved to reduce line item 01-4220-298 by \$5,000. Second – B. Krasko

DISCUSSION: Chair McDonough clarified that the request was to reduce Chief Cresta's stipend from \$20,000 to \$15,000; it's currently at \$10,000. Although D. Miller felt it was well deserved, it should be a smaller increase this year. Several members felt a stipend of \$20,000 for a Fire Chief was a good value and that level of remuneration would be well-deserved. The Chief doesn't receive an hourly stipend.

**MOTION:** D. Miller moved to reduce line item 01-4220-298 by \$5,000. Second – B. Krasko; none in favor; all opposed. **MOTION DENIED**

Briefly discussed was using a portion of the ambulance revenue to offset wages. The Town Administrator stated it would have to be a warrant article. It will take a 3/5 majority to change the purpose of the special revenue fund to amend it to allow that to happen. Chief Cresta stated the fund has been used to purchase a new ambulance and fire truck; he's hoping to have enough funds available in 2017 to purchase air packs. Several members were in agreement that a portion of the revenues should be used to offset wages. That decision will be made by the Board of Selectmen.

- Public Works: Average for snow plowing had been approximately \$320,000 per year for several years. In 2014 snow removal was \$387,000; 2015 is at \$449,000. Icy roads are more expensive to maintain than snow removal.
- Recreation: Revenue and expenses were discussed. Chair McDonough noted that Brian Pafford is appointed, but does not receive a stipend as chairman of the Recreation Committee. As of November 30, 2015, there was \$60,539 in the Recreation fund. Nothing in the budget is offset by the revenue; they are two separate funds. The budget includes maintenance of fields, contracted services, etc.; the Special Revenue Fund is basically programs. M. Raque asked why the \$20,000 being requested for Caswell Field reconstruction was not taken out of the revolving fund rather than include it in the operating budget. B. Pafford responded that it was suggested by the Selectmen's Rep to the Recreation Committee. He continued that \$3,000 was recently spent on infield repairs to

Caswell Field. The outfield lip has sunk down approximately 9". B. Pafford added that a professional looked at the field; the estimate was \$18,500. There was a discussion between B. Krasko and B. Pafford about repairs to the field.

S. McKenzie asked why the repairs couldn't be done through the reserve. B. Pafford responded that it could be; however, they were trying to save money for the Maloney Fields. He added that they have used those funds for fields over the years. M. Raque suggested taking half the cost from the revolving fund. P. Walsh stated that as a Town, we should be providing a safe facility for children to play sports. P. Walsh added that B. Pafford was managing the fund the way it should be managed. The funds should be used for minor things, i.e. field repairs, not capital projects. It was suggested that the cost of participation should be lowered because it's been building up over the years.

T. Fedder stated he would not be in favor of "raiding" this fund. The fund is there to develop programs. J. Penacho stated that the buildup of funds was a legitimate question. The fund was not set up as a reserve fund for the fields; saving money for the Maloney Fields is exactly building up a reserve fund for the field. After a brief discussion, J. Penacho stated that if the fund was going to be built up for a specific reason, it needed to be made clear it wasn't just to run programs but also as a capital improvement fund for fields. The initial intent was to get donations for the fields; he was fine with using the fund for that purpose but it needed to be stated in writing. M. Raque stated that the purpose of the Rec Committee, through its users, was to be self-sustained. J. Penacho stated that issue was the account was building up funds to refurbish Maloney Field, and there was money in the Town budget to upgrade Caswell Field. It's really being used for the same purpose.

B. Krasko questioned hiring officials. B. Pafford responded that they are in a league; every league has to have certified officials for games (every sport, Grades 3-6).

**MOTION:** M. Raque moved to remove the \$20,000 for reconstruction of Caswell Field from line 01-4589-214. Second – B. Krasko

DISCUSSION: P. Walsh stated that these are not funds paid by taxpayers, and clarified that by voting in favor of the motion meant taking the funds from the revolving fund. There was additional discussion about the buildup of income. Chair McDonough suggested an Expendable Trust Fund specifically for the Maloney Fields, which was not addressed. The estimated cost of the Maloney Fields is \$800,000. J. Penacho stated the money from the revolving account should be going back into the programs, which it's not; it's going for something other than the program. The Town Administrator stated there was a warrant article that established the fund: it's to cover programming and recreational expenses, which are the only purposes of the fund. A. Baryames added that saving \$10,000 per year was unrealistic. At some point the Rec Department would have to ask the Town for funding, and it was unclear if the Town would vote for it. Putting the money in a specific fund would be more transparent. J. Penacho stated that the intent of the Maloney Field was to not use taxpayer money.

**MOTION:** M. Raque moved to remove the \$20,000 for reconstruction of Caswell Field from line 01-4589-214. Second – B. Krasko; six in favor, three opposed. **MOTION CARRIED**

Clarification of the vote was to reduce line 01-4589-214 by \$20,000.

- Library: Chair McDonough reminded members that the original Library budget did not include any salary increases; they have since been included. Chair McDonough stated that the Library is run by

the Trustees. A line-by-line is not done on that budget; an overall would be done to the Library expenditure line.

The budget for the Library is \$279,395, which includes salary increases. Chair McDonough stated that in the past the Budget Committee has tried to make salary increases fair across the board. If Town employees were given a raise, the same should apply to the Library.

**MOTION:** A. Baryiames moved to approve the Library budget at \$276,395. Second – S. McKenzie

DISCUSSION: B. Krasko asked the number of programs and people serviced per week by the Library. By month, there can be between 20 and 42 programs; attendance is 145 to 562 for the year. Monthly attendance varies.

**MOTION:** A. Baryiames moved to approve the Library budget at \$276,395. Second – S. McKenzie; all in favor. **MOTION CARRIED**

Clarification of the motion: the Library budget was reduced by \$3,000.

#### 4. Other Business

Chair McDonough reminded members that the next meeting would be after the holidays. The School budget will be reviewed.

#### 5. Adjournment

**MOTION:** T. Fedder moved to adjourn at 9:54 p.m. Second – D. Miller; all in favor. **MOTION CARRIED**

#### NEXT MEETING

Wednesday, January 06, 2016 – 6:30 p.m., School Budget Review, Town Hall Conference Room

Respectfully Submitted – Charlotte Hussey, Secretary to the Boards

Approved: Wednesday, January 06, 2016