

1 **Minutes of the**
2
3 **Litchfield Budget Committee**
4 **Meeting**

5
6 **Held on January 6, 2011**
7

8 The Litchfield Budget Committee held a meeting on Thursday, January 6, 2011 at
9 Campbell High School, 1 Highlander Court, Litchfield, NH 03052.

10
11 **PRESENT:** J Harte (Chairman), M Falzone (Vice Chairman), B Spencer, P Parker,
12 E Miller, J York (School Board Representative), F Byron (Board of Selectmen
13 Representative)

14
15 **ABSENT:** R Peeples

16
17 **ALSO PRESENT:** Dr. E Cutler (Superintendent), S. Martin (Business Manager), K.
18 Hancock (IT Director), J Hoch (Town Administrator)

19
20 Mr. Harte called the meeting to order at 7:00 p.m.

21
22 **1. PUBLIC INPUT**

23 There was no public input.
24

25 **2. MINUTES**

26 **MOTION:** by Mr. Byron

27 *Move to approve the minutes of the Litchfield Budget Committee meeting on*
28 *December 9, 2010 as written*

29 **SECOND:** Mr. Falzone

30 **VOTE:** 7-0-0

31 **The motion carried unanimously.**
32

33 **MOTION:** by Mr. Byron

34 *Move to approve the minutes of the Litchfield Budget Committee meeting on*
35 *December 7, 2010 as written*

36 **SECOND:** Mr. York

37 **VOTE:** 6-0-1 (Mr. Falzone abstained)

38 **The motion carried**
39

40 Messrs. Byron and Harte made amendments to page 6 of the December 2nd minutes.

41 **MOTION:** by Mr. Byron

42 *Move approve the minutes of the Litchfield Budget Committee meeting on*
43 *December 2, 2010 as amended*

44 **SECOND:** Mr. York

45 **VOTE:** 7-0-0

1 **The motion carried unanimously.**

2
3 **MOTION:** by Mr. Harte

4 *Move to approve the minutes of the Litchfield Budget Committee meeting on*
5 *December 21, 2010 as written*

6 **SECOND:** Mr. Falzone

7 **VOTE:** 6-0-1 (Mr. Byron abstained)

8 **The motion carried unanimously.**

9
10 **3. SCHOOL BUSINESS**

11 **a) IT Proposal**

12 Mr. York introduced Mr. Hancock, IT Director, stating he was in attendance to
13 answer questions relative to the proposal to lease computer equipment for the
14 School District. In response to Mr. Harte's request for a review, Mr. Hancock
15 reported the lease period was three years, at \$8,075.48/year.

16
17 Responding to questions from Mr. Harte, Mr. Hancock reported the following:

- 18 ○ The District can continue the rental agreement at the end of the lease.
- 19 ○ They would need to purchase the computers if they do not renew the lease.
- 20 ○ The lease is a continuous and ongoing process.
- 21 ○ It would be possible to purchase the computers as a yearly 'out'.
- 22 ○ If the schools were to purchase the equipment outright today it would cost
- 23 them \$61,914 which would not include support (which is included in the lease
- 24 cost).
- 25 ○ It would take 7.6 years to get above the purchase price by leasing.
- 26 ○ The lease option includes full upgrades to software at no additional cost.
- 27 ○ Approximately 100 of the current computers will run the 64 bit version of the
- 28 new operating system, while some of the laptops may have problems and
- 29 others would require some hardware upgrades to run the system well.
- 30 ○ The vast majority of the computers could run the new MS Office suite.
- 31 ○ This is a new lease option which Microsoft is rolling out which will allow
- 32 FTE (full time employee) count. Mr. Hancock explained this means that you
- 33 renew each year on based upon head count, therefore if the headcount went
- 34 down in one year the fee would also go down. He also explained the count is
- 35 based on a formula which takes account of part time employees, full time staff
- 36 and students.
- 37 ○ There is a benefit to staying in the lease up to the seventh year.
- 38 ○ The goal of the program is to ensure sustainability.

39 There was a discussion relative to whether the process would lend itself to a
40 virtualized environment, and Mr. Hancock reported there are other things which
41 they would need to consider such as server and client access licenses. He pointed
42 out the following:

- 43 ○ The lease is strictly a Windows 7 and Office 10 license option.
 - 44 ○ There would be other costs involved in virtualization for the District.
 - 45 ○ The labs do not fit virtualization.
- 46

1 Mr. Hancock confirmed for Mr. Falzone that MS Office is a fundamental part of
2 every day computing both from a staff and curriculum perspective.

3
4 **MOTION:** by Mr. Harte

5 *Move that the Litchfield Budget Committee re-opens the 2012 School Operating*
6 *budget, and further that the Budget Committee increase line 10002840400,*
7 *Software Lease by \$8,000, bringing the total for the line to \$8,995*

8 **SECOND:** Mr. Falzone

9 **Discussion:**

10 Mr. Spencer stated he did not approve of re-opening the budget for the purpose of
11 adding such a small amount as he thought there was sufficient in the budget to
12 pay for the lease without adding any more. Mr. Harte pointed out the Budget
13 Committee had voted at its last meeting to approve the lease of 100 computers
14 and it makes sense to ensure the money is in the budget. In response to a query
15 from Mr. Parker, Mr. Hancock clarified that the lease will cover all District
16 equipment. There followed a discussion in which Mr. Hancock clarified the
17 following:

- 18 ○ They are required under the terms of the lease to buy the computers with MS
- 19 Office but not necessarily with Windows.
- 20 ○ The licenses are transferable.
- 21 ○ Standard support is included in the lease but it was pointed out that currently
- 22 the District does not have support and it costs \$200 - \$300 per call for
- 23 complex situations.

24
25 **VOTE:** 4-3-0 (Messrs. Parker, Spencer and Ms. Miller opposed the motion)

26 **The motion carried.**

27
28 **MOTION:** by Mr. Spencer

29 *Move that the Litchfield Budget Committee hereby removes \$8,000 from the*
30 *bottom line of the 2012 School Operating budget*

31 **SECOND:** Ms. Miller

32 **Discussion:** Mr. Spencer spoke in support of his motion, stating both he and Mr.
33 Harte had discussed the fact that there were some accounts which appeared to be
34 over funded and he thought the money could be found within the budget as it
35 stood for the computers.

36 **VOTE:** 3-4-0 (Messrs. Spencer, Parker and Ms. Miller voted for the motion)

37 **The motion failed.**

38
39 **MOTION:** by Mr. York

40 *Move that the Litchfield Budget Committee hereby approves a new bottom line*
41 *of \$19,653,263 for the 2012 School Operating budget*

42 **SECOND:** Mr. Falzone

43 **VOTE:** 7-0-0

44 **The motion carried unanimously.**

45
46

1 **b) Warrant Article Presentation**

2 **MOTION:** by Mr. York

3 *Move that the Litchfield Budget Committee hereby recommends the following*
4 *article for the Litchfield School District 2011 Warrant:*

5 *Article 1 - Shall the Litchfield School District vote to raise and appropriate as*
6 *an operating budget, not including appropriations by special warrant articles*
7 *and other appropriations voted separately, the amounts set forth on the budget*
8 *posted with the warrant or as amended by the vote at the first session of the*
9 *Annual School District Meeting, for the purposes set forth herein, totaling*
10 *Nineteen Million, Six Hundred Fifty-Three Thousand, Two Hundred Sixty-*
11 *Three dollars (\$19,653,263)? Should the article be defeated, the default budget*
12 *shall be Twenty Million, Seven Hundred Seventy-Nine Thousand, Six Hundred*
13 *Fifty-Nine dollars (\$20,779,659), which is the same as last year, with certain*
14 *adjustments required by previous action of the Litchfield School District or by*
15 *law; or the School Board may hold one special meeting, in accordance with*
16 *RSA 40:13 X and XVI, to take up the issue of a revised operating budget only.*

17 **SECOND:** Mr. Spencer

18 **VOTE:** 7-0-0

19 **The motion carried unanimously.**

20
21 **MOTION:** by Mr. York

22 *Move that the Litchfield Budget Committee hereby recommends the following*
23 *article for the Litchfield School District 2011 Warrant:*

24 *Article 2 - Shall the Litchfield School District vote to raise and appropriate the*
25 *sum of Thirty-Eight Thousand, Five Hundred Forty-Seven dollars and Eighty-*
26 *Eight cents (\$38,547.88), which represents salary and benefit costs for a 1%*
27 *cost-of-living adjustment for non-union positions? These positions include:*
28 *administrators, administrative assistants, building /grounds staff, Certified*
29 *Occupational Therapy Assistant, custodial staff, food service staff, monitors,*
30 *paraprofessionals, psychologists, School Administrative Unit staff, site facility*
31 *managers, social worker, tutors, and elected officials (other than School Board*
32 *members).*

33 **SECOND:** Mr. Falzone

34
35 **Discussion:** It was confirmed for Mr. Harte that these staff not had received a
36 COLA last year, and 15-20% did not receive any step increase. There followed a
37 discussion relative to the correct name for this increase, and Messrs. Martin and
38 York explained it had been necessary to choose COLA due to the complications
39 for staff in the same position should the warrant article fail.

40
41 In response to a query from Mr. Harte with respect to the intent of the decision to
42 put this warrant article on the ballot, it was explained it is an issue of equity with
43 the teachers who will receive an increase as part of the union contract next year,
44 and it had been agreed to put it in the hands of the voters.

45

1 Mr. Spencer stated he felt there was a disparity and discontinuity, as of the 114
2 employees who will receive the increase, ten people will be getting the lion's
3 share of the total amount. He stated he would therefore have liked to see two
4 warrants and he was concerned that people on the bottom salary range are being
5 short changed.
6

7 Mr. York agreed with Mr. Spencer's viewpoint. It was clarified for Mr. Parker
8 the teachers will receive step increases plus 1% COLA, but that 30% of the
9 teachers are at the top of their step. There was further discussion between Messrs.
10 Spencer, Martin and Dr. Cutler on the topic for clarification and justification of
11 the warrant article.

12 **VOTE:** 7-0-0

13 **The motion carried unanimously.**
14

15 **c) Other School Business**

16 Mr. York reported the following:

- 17 ○ Pre-registration will take place next week for Kindergarten.
- 18 ○ There is a proposal to use impact fees for the purchase of a two room portable
19 for Kindergarten. Mr. Spencer asked for a copy of the proposal.
20

21 **4. TOWN BUSINESS**

22 Mr. Byron distributed his monthly report to the Committee.
23

24 **MOTION:** by Mr. Byron

25 *Move that the Litchfield Budget Committee hereby recommends the following*
26 *article for the 2011 annual Town Meeting Warrant:*

27 *Article 2 – To see if the Town will raise and appropriate as an operating budget,*
28 *not including appropriation by special warrant articles and other appropriations*
29 *voted separately, the amounts set forth in the budget posted with the warrant or as*
30 *amended by vote of the first session, for the purposes set forth therein, totaling*
31 *\$4,492,776. Should this article be defeated, the default budget shall be \$4,463,558,*
32 *which is the same as last year with certain adjustments required by previous action*
33 *of the Town of Litchfield or by Law; or the governing body may hold one special*
34 *meeting, in accordance with RSA §40:13, X and XVI, to take up the issue of a*
35 *revised operating budget only.*

36 **SECOND:** Mr. Falzone

37 **VOTE:** 6-0-0

38 **The motion carried unanimously.**
39

40 **MOTION:** by Mr. Byron

41 *Move that the Litchfield Budget Committee hereby recommends the following*
42 *article for the 2011 annual Town Meeting Warrant:*

43 *Article 3 – Shall the Town vote to approve the cost items for wage and related costs*
44 *that have been included in the Collective Bargaining Agreement reached between*
45 *the Town of Litchfield and Council 93 of the American Federation of State,*

1 **County and Municipal Employees which provides for the following increases in**
2 **wages and benefits:**

- 3 ○ **2011: \$ 734**
- 4 ○ **2012: \$13,716**
- 5 ○ **2013: \$14,127**

6 **SECOND:** Mr. Falzone

7 **Discussion:** Mr. Harte clarified with Mr. Hoch the figures include training and
8 overtime. Mr. Hoch also clarified that relative to the buyout for not taking health
9 care, the money used for this will be part of the budgeted allocation for health care
10 and the remainder will be the pro rated savings to the Town. This will be based upon
11 an employee's eligibility as of July 1. He also confirmed the money reverts to the
12 Town if it is not used by the end of the year.

13
14 With respect to the 'earned time' program Mr. Hoch explained this takes sick and
15 vacation time and provides incentive for staff not to use these. He informed the
16 Committee the police contract has been ratified by both the union and the Board of
17 Selectmen. There followed a discussion with respect to possible disadvantages of
18 this program. Mr. Spencer requested a copy of the contract to review before voting
19 on this article. Mr. Spencer queried the Lieutenant's salary which it had been stated
20 was too low with respect to the contract, and Mr. Hoch stated this position was not
21 part of the bargaining unit and the Board of Selectmen may choose to make an
22 adjustment to this salary each year.

23
24 The following queries relating to the police contract from the Committee were also
25 responded to by Mr. Hoch:

- 26 ○ An appropriation of \$734 for 2011 is related to short and long term
27 disability insurance. In both cases the expected premiums had a decrease
28 and the amount is offset in the premiums savings overall
- 29 ○ Evaluations are now actually stipulated in the contract.

30
31 Mr. Harte asked what the will of the Committee was regarding this. Mr. Spencer
32 clarified for everyone that the Budget Committee can vote on this after the budget
33 hearing, and there followed a discussion on how they might wish to proceed.

34
35 **MOTION:** by Mr. Falzone

36 **Move that the Budget Committee hereby tables the motion on the floor with respect**
37 **to a vote on Warrant Article 3**

38 **SECOND:** Mr. Spencer

39 **VOTE:** 6-1-0 (Mr. Byron opposed the motion)

40 **The motion carried.**

41
42 **MOTION:** by Mr. Byron

43 **Move that the Litchfield Budget Committee hereby recommends the following**
44 **article for the 2011 annual Town Meeting Warrant:**

1 **Article 4 – Shall the Town include, as part of the regular operating budget**
2 **annually, acceptance of the NHDOT Highway Block Grant for improvements to**
3 **Town roads and drainage?**

4 **SECOND:** Mr. Falzone

5 **Discussion:** Messrs. Spencer and Byron held a discussion relative to whether the
6 Budget Committee needed to vote on warrant articles which had no monetary value.
7 Mr. Parker read Page 149, Article 11 from last year's Town Report, asking whether
8 Article 3 contradicted this. Mr. Byron explained the intent is to incorporate the
9 annual DOT Highway Block Grant money into the budget. Mr. Byron explained that
10 with the current process the money goes into the General Fund as a reserve fund
11 balance. There followed a discussion between Messrs. Spencer and Hoch relative to
12 the proposed new procedure, with Mr. Hoch explaining the auditors had requested
13 this change for clarity of accounting. He explained the penalty of not making the
14 change could mean a difficulty for the Town in borrowing for bonding, and Mr.
15 Byron stated there was also a danger with respect to a tax anticipation note.

16 **VOTE:** 7-0-0

17 **The motion carried unanimously.**

18
19 **MOTION:** by Mr. Byron

20 **Move that the Litchfield Budget Committee hereby recommends the following**
21 **article for the 2011 annual Town Meeting Warrant:**

22 **Article 5 – To see if the Town will enter into a contract with Pennichuck East**
23 **Utilities to assume responsibility for Fire Protection charges for water system**
24 **users, and further, to see if the Town will vote to raise and appropriate the sum of**
25 **\$209,250 for that purpose. This amount represents the cost for nine months of**
26 **service in 2011 and is apportioned from an estimated annual cost of \$279,000. If**
27 **this article is approved, future appropriations for Fire Protection Charges will be**
28 **included in the operating budget for the Town.**

29 **SECOND:** Mr. Falzone

30 **Discussion:** In response to a query from Mr. Falzone with respect to the costs from
31 Nashua possibly changing year after year, Mr. Byron stated the cost should go down
32 as the system is paid off but it will increase if there are any additional infrastructure
33 changes. Mr. Harte clarified this contract will equalize the shared resource for fire
34 hydrants. Mr. Byron explained that Pennichuck is supposed to send a bill to the
35 homeowner when there is a fire but to date they have not collected. He explained the
36 bill will come to the Town under the contract with Nashua. Mr. Hoch pointed out
37 there is not much room for negotiation from the Town's point of view. Mr. Byron
38 then explained what happens when new developments come to town relative to
39 hydrants, pointing out there is a town ordinance that any home has to be within 800
40 feet of a fire hydrant unless there is another source of water which is acceptable to
41 the Fire Chief. In response to a query from Mr. Spencer relative to the advantage of
42 voting for this article, Mr. Byron provided some historical background on the current
43 situation and stated this article will bring responsibility for the payment under the
44 Town.

45 **VOTE:** 6-1-0 (Mr. Spencer opposed the motion)

46 **The motion carried.**

1 **MOTION:** by Mr. Byron

2 *Move that the Litchfield Budget Committee hereby recommends the following*
3 *article for the 2011 annual Town Meeting Warrant:*

4 *Article 6 – To see if the Town will vote to deposit fifty percent of the revenues*
5 *collected pursuant to RS 79-A (The Land Use Change Tax assessed when property*
6 *is removed from Current Use) in the Conservation and Land Acquisition Fund*
7 *previously established in accordance with RSA 36-A:5 (iii) and to deposit fifty*
8 *percent of the revenues in the Town’s General Fund. The purpose of the*
9 *Conservation and Land Acquisition Fund is to purchase land, conservation or trail*
10 *easements or the purchase of development rights. This article modifies an*
11 *approval in 2003 to deposit 100 per cent of the revenues collected in the Fund.*
12 *The 2009 audit reported a balance in this fund of \$882,317.*

13 **SECOND:** Mr. Falzone

14 **Discussion:** It was confirmed for Mr. Spencer that the position of the Conservation
15 Commission relative to this warrant article is not yet known. There followed a
16 discussion for clarification with respect to what the money in the fund can be used
17 for, as well as a discussion relative to land purchased by the Conservation
18 Commission. Mr. Byron reported the Board of Selectmen had been thinking about
19 offsetting taxes to citizens by bringing this article forward for the ballot.
20 Mr. Spencer voiced concern with respect to this article, stating he would prefer to see
21 the Town remain as a rural community.

22 **VOTE:** 6-1-0 (Mr. Spencer opposed the motion)

23 **The motion carried.**

24
25 **MOTION:** by Mr. Byron

26 *Move that the Litchfield Budget Committee hereby recommends the following*
27 *article for the 2011 annual Town Meeting Warrant:*

28 *Article 7 – To see if the Town will vote to create an Expendable Trust Fund under*
29 *the provisions of RSA 31:19-A, to be known as the Vacation Accrual Expendable*
30 *Trust Fund, and to authorize the Board of Selectmen to serve as agents to expend*
31 *from the funds; and further to raise and appropriate the sum of \$58,862 for*
32 *transfer into this fund from the Unexpended Fund Balance as of December 31,*
33 *2010. This amount is shown on the Town’s balance sheet as a liability. The intent*
34 *of this article is to annually account for the cost of earned but unused vacation*
35 *time so that the expenses associated with employee resignations and retirements do*
36 *not impact the current year budget. This would have a net cost to 2011 general*
37 *taxation of \$0*

38 **SECOND:** Mr. Falzone

39 **Discussion:** Mr. Hoch explained the purpose is to show liability on the books, and he
40 explained it is a self correcting mechanism. He also explained the current process
41 which affects the budget, as nothing has been set aside for this purpose. He
42 explained how they had calculated the figure and there followed a discussion.

43
44 Mr. Harte stated he felt the amount was more than necessary, as the likelihood that
45 everyone would leave at once was remote. Mr. Spencer questioned the use of the
46 words ‘net cost’ in the final sentence of the article, asking why they had not used the

1 words 'zero tax impact'. Mr. Byron explained the Attorney General's office had
2 issued a letter advising them not to use the words 'zero tax impact'.
3

4 Mr. Parker questioned whether there might be any legal issues pertaining to the name
5 of the trust fund due to the police 'earned time' policy if the police contract passes.
6 Mr. Hoch stated he did not think this would present a problem.

7 **VOTE:** 5-2-0 (Mr. Harte and Ms. Miller voted against the motion)

8 **The motion carried.**
9

10 In response to a question from Mr. Spencer relative to what road work is being
11 planned for 2011, it was reported the Road Agent intends to replace the culvert on
12 Cranberry and reclaim and repave Oak, as well as complete work on some smaller
13 roads which were in need of repair. Mr. Hoch confirmed that Cranberry will also
14 have the grade adjusted. Mr. Byron provided input relative to the software the Road
15 Agent uses.
16

17 **5. MEMBER INPUT**

18 The Committee reviewed the agenda for the budget hearing scheduled for January
19 13, 2011 as well as Mr. Harte's presentation, discussing areas where the members
20 felt changes should be made. Mr. Byron suggested Mr. Harte talk to Mr. Hoch
21 relative to the new county tax rate. The Committee also discussed what to provide to
22 residents as a hand out at the hearing and it was confirmed the slide show would be
23 available on line through the Town web site for the benefit of residents.
24

25 It was clarified for Mr. Byron that the Committee will have a meeting after the
26 budget hearing to dispense with any outstanding action points relative to the budget
27 and warrant articles.
28

29 Mr. Byron confirmed for Ms. Miller that there will be a joint Deliberative Session
30 with the Town and School District in 2012. There was also a discussion between the
31 members with respect to which of them were up for re-election.
32

33 **6. PUBLIC INPUT**

34 There was none.
35

- 36 • **Upcoming meetings**

- 37 ○ January 13, 2011 (Budget Hearing and meeting)
38

39 **MOTION:** by Mr. Falzone

40 ***Move to adjourn.***

41 **SECOND:** Mr. Parker

42 **VOTE:** 7-0-0

43 **The motion carried unanimously.**
44

45 There being no further business, the meeting adjourned at 9:45 p.m.
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Minutes by:

Sandra Maxwell (Recording Secretary)

Date approved:

April 28, 2011