

*Moultonborough*  
*2009 Town Budget*

*Recommendations and Comments*



Advisory Budget Committee

*Thursday, February 5<sup>th</sup>, 2009*

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To the Members of the Select Board, Town Administrator  
Moultonborough Town Hall  
Moultonborough, New Hampshire 03254

The Moultonborough Advisory Budget Committee (ABC) would like to thank the Moultonborough Select Board and the Town Administrator for their professionalism, cooperation and responsiveness during our budget review.

**ABC APPROACH:**

The ABC has completed its review of the 2009 Proposed Town Budget.

Our Charter is designed to provide the community with additional “eyes” and review of the Town, Library and School District budgets. Reports on the Library and School Budgets have been issued under separate cover and will not be further addressed herein. During the initial months of our charter we took the opportunity to gain an understanding of the current environment, as well as the opportunities and challenges faced by the Select Board and Town Administrative staffs. This process is ongoing as we feel there is a requirement to understand the town government process. The ABC review included touring all current facilities, interviewing all Departments and the Town Business Administrator. The ABC scope included developing an understanding of the processes, procedures and time lines used by the town to develop their annual budget, review of the current year and proposed budgets to gain an understanding of the budget expenditures and revenues, as well as budget subdivisions and line items. We reviewed all budget proposals made by the Town Administrator, Select Board and/or Select Board Committees.

Our scope further included review of:

- Current organizational structure
- Various operating contracts, i.e. maintenance, fuel, facilities
- Current employee benefit offerings
- Salary Structure
- Proposed departmental operating budget
- Proposed capital budget spending plan
- Proposed Road Maintenance program
- All Town Budget meetings related to the proposed budget including individual department head budget review meetings and all Select Board budget workshop meetings.

**OBSERVATIONS & COMMENTS:**

Following our review and analysis, the ABC has confidence that *the proposed budget, as prepared, is a complete and accurate estimate of the total cost of adequately maintaining and operating the Town of Moultonborough for 2009.*

The ABC has the following observations and comments that the Committee believes should be addressed by the Select Board and Town Administrator.

### ***New Initiatives***

- **Town Planner** – The Planning Board and Board of Selectmen have proposed hiring a full time Planner. This position will make it possible for residents and businesses of Moultonborough to begin designing a plan for refinement and measured implementation of the recommendations reflected in the 2006 Master Plan Survey and the subsequent development of the survey results into the recently completed Master Plan. The Committee believes that with an experienced professional planner, the town will be able move forward with a high level of confidence that the Master Plan process will be one that is on-going and regularly re-balanced to match the community’s evolving needs. Estimated 2009 costs are expected to be approximately \$50,000 (est. half- year). Annual full year cost including benefits and NH retirement should approximate \$95,000.  
*The Committee supports this action.*
- **Capital Improvement Planning Committee** – The Board has proposed to establish a Capital Improvement Planning Committee (CIP). Although the CIP does not have a direct identifiable dollar impact on the budget, the links between a CIP committee and the annual budget are clear. Our Committee has chosen to opine on this proposal because of the fiduciary linkages. We support the efforts to carefully select and plan capital projects through a thorough vetting process. The efforts of a CIP committee will be a significant and positive contribution to what will become a significantly improved planning and municipal project implementation process for residents and businesses in Moultonborough.  
*We support this initiative and recommend that full, unbiased, and frequent communication to maximize input from residents and businesses be added to the charge of the committee.*
- **Change of Use Building Reserve Fund** – The current Building Reserve Fund does not allow flexibility for use to address many of our town’s current and potential future “Building Needs”. Currently, the Building Reserve Fund cannot be used to build out an existing space, to enhance the space’s building value or used to address emergency repair needs (examples would be to repair building utility infrastructure or repair a faulty or failing roof or to repair a failed septic system). Altering the language to include these kinds of building needs would allow taxpayers the flexibility in difficult economic times to get the best use of the funds they have committed to reserves with minimal-to-zero short-term impact on their tax assessment. Currently the Building Reserve Fund is approximately \$975,000. Though there have been discussions during the past years of a new Waste Management Facility building, a new Community/Senior Center building, and other building projects outlined in the Recent Master Plan, there are no current proposed town buildings on the immediate horizon. The Board has recommended that the Fund’s Charter be altered to allow annual emergency expenditures up to \$100,000 per year subject to public discussion. All insurance or income realized from funding for emergency expenditures would be reimbursed to the Building Reserve Fund. The Board also is recommending a one-time withdrawal of the existing fund in the amount of \$240,000 to cover roof repairs (\$132,500) on the Town Hall and allocating \$107,500 to the development of the proposed new soccer field.  
*The Committee concurs with the change of use language for the existing Building Reserve Fund.*

- **Playground/Soccer Field** – The Committee believes the proposal before the Board is an incrementally achievable plan. The current portion of the plan before the Board will allow the town to decide if it wants to correct the problems with the Recreation Department’s fields. Completion of the first phase of the plan will provide the Recreation Department with a significantly enhanced and reliable field. Additionally, this phase also addresses drainage issues at the proposed site of the new field. Estimated cost for completion of this phase is \$300,000. The current budget proposes that \$100,000 be raised by tax levy, \$92,500 raised from existing Playground and Community Center reserves and \$107,500 allocated from the current Building Reserve. We intend to comment specifically just on the first phase – the phase that would impact the upcoming budget and deliver value in the next year upon completion.

*We believe that this first phase through a separate warrant article should be supported as long as the impact on the 2009 operating budget can be kept within \$100,000 and the phase 1 total project budget capped at \$300,000.*

- **Pavement Management System** – Historically, the town has allocated annual budget dollars to rebuild and repair town roads under a “Worst Ten” roads program that is essentially a reactionary or emergency approach to road management. The Town Administrator has proposed switching to a “Pavement Management System” which will move the town out the emergency or reactionary method to more of a “Preventive Maintenance” methodology. Preventive maintenance is statistically less costly over time versus emergency maintenance. The estimated 2009 budgeted cost for road repair is \$375,669 (including \$15,000 for the “Pavement Management System Software”) of which the NH Department of transportation (DOT) & (SAR) will contribute \$125,669. The remainder is to be raised by current tax levy.

*The Committee supports the migration to the preventative maintenance system as proposed. The Committee further supports the proposed \$250,000 tax levy for 2009 road repair.*

- **Fox Hollow Warrant** –The Fox Hollow intersection may not be the intersection along the Route 25 Corridor that is in most need of safety correction. However, it is the intersection that has garnered the most organized support and cooperative funding. The town is expecting a grant from the NH Department of Transportation in the amount of \$261,376 specifically tied to repair of the Fox Hollow intersection. The remainder of funds is to be raised by current tax levy.

*The Committee supports the initiative to currently repair the Fox Hollow section **only** under the condition that the NH DOT grant is received prior to commencement of the related major reconstruction efforts. The Committee further believes that the town should continue to address an overall multi-year plan to begin correcting the entire length of the corridor’s safety problems.*

- **Transfer Station** – The Current budget has proposed approximately \$125,000 of changes intended to improve the safety and usability of the current facility by limiting resident access to the transfer station indoor work area, relieving some traffic at the recyclables windows, minimizing glass handling, improving signage for new, infrequent, and summer customers, and reducing the frequency of staff exposure to unsafe materials.

*The Committee supports this effort.*

- Consolidated Department of Public Works** - The Town Administrator with the support of the Board has proposed a Department of Public Works be created that would consolidate under the direction of the Highway Agent the Highway Dept, Building and Grounds; care and maintenance of collection of waste, refuse and garbage; care of public dumps; care of public parks and cemeteries; public beaches; public forests; public playgrounds; shade and ornamental trees.

*The Committee supports this proposed action. The Committee believes that this consolidation will provide maximum flexibility and efficiency of personnel and equipment while having all public works activities under the central direction of one person reporting directly to the Board of Selectmen.*
- Consolidated Building and Grounds** - The Town Administrator with the support of the Board has proposed consolidating the current Building and Grounds department (personal and equipment) into the Highway department.

*The Committee supports this initiative. The Committee feels that this will better utilize existing resources and personnel between the two departments. Consolidation of the two departments will eliminate some duplication of equipment and allow for more efficient use of personnel.*
- Credit Cards** – The town has requested that the Town Treasurer or other appropriate municipal official accept payment of taxes via credit card. Individual credit card transaction fees will be incurred by the individual taxpayer versus absorbed by the town.

*The Committee supports this program.*
- Emergency Management** – The proposed budget includes a \$10,500 expenditure for a community notification system. Currently the town is exploring the feasibility of an \$8,000 grant to cover the cost of this program.

*The Committee while supporting the need for a town wide emergency notification system does not believe this expenditure is warranted given the current economic situation unless the grant can be obtained. The Board has recommended that the \$7,500 be transferred to the Human Services budget. The Committee supports the transfer to Human Services.*

### ***Salary & Benefits study***

- The town should undergo a competitive analysis (exempt and non exempt positions) of its current “Total Compensation” package including, but not limited to, salary, benefits, step levels, and employee /employer benefit contribution rates. The analysis should be performed on a total compensation basis versus an analysis of the individual components. The analysis should additionally include a review of all position descriptions and competencies required to fill the related positions. Recommended salary for a given position should be the driving force for compensation, versus the longevity of the person in the position.

The Committee noted several instances where department heads had requested step raises beyond the normal step increases per current employment agreements. All additional step increases were removed from the proposed 2009 budget by the Town Administrator with the approval of the Select Board and will be deferred until an independent Salary and Benefits Study can be completed.

*The Committee supports this action.*

### **Organizational Efficiencies & Cost Savings**

- **Town Clerk/Additional Hours** - The Town Clerk has requested increased hours for the Deputy Clerk and Office Clerk. The Town Clerk cites additional DMV responsibilities passed from the State to the Local Governments as the rationale for the request. Currently, the two positions are budgeted for 42/hours per week and currently are working 53/hours per week. The Town Clerk has requested that the two positions collectively should be budgeted for 70 hours per week in 2009. The Select Board is proposing that the two positions collectively be budgeted for 64 hours (40 for Deputy and 24 for Clerk) and that the Town Clerks office remain open four & a half days a week.

*The Committee supports the additional hour's **contingent** upon operation of the Town Clerks Office 4.5 days per week.*

- **Consolidation of Public Works** – *The Committee believes that additional savings could be generated over time by shared public works resources with the School and Library. Common equipment could be shared rather than duplicated. Routine maintenance on town vehicles could be performed by the town garage versus utilizing outside mechanics. Public works employees could be utilized to back fill temporary vacancies throughout many of the Town, School and Library departments.*
- **Consolidation of Shared Services** - *The Committee believes that there are economies of scale that could be gained by consolidating efforts for grounds and building maintenance, bulk purchasing of common supplies and consolidated contracts for utilities between the Town, School and Library. The Committee would like to see the three groups continue their efforts to consolidate and collaborate where feasible.*
- **Town Administrator** - *The Committee believes that the Select Board is in a position to begin taking full advantage of the highly skilled expertise that the current Town Administrator has demonstrated he brings to the position. It is our opinion that the Select Board members should focus on policy and on how to oversee and support the administrative responsibility within the Administrator position. The Select Board members should continue to delegate authority to the Town Administrator for the town's business at the detail level of staff and project administration. The Select Board should focus on high level direction and on measuring progress of project efforts and operational efficiencies, for improving communication and refining the goals and active programs with the town's business and residential communities. Our Committee is confident that within the constraints of the wishes of the town and the organizational oversight of the Select Board, the Town Administrator should be given the responsibility for administering the municipal work effort, the staff, and for preparation, presentation and refinement of tactical and strategic development plans to effectively move the town in the direction outlined by the Select Board on behalf of the town's residential and business communities.*
- **Accounting Architecture** - *The town currently uses over 175 subsidiary accounts and over 51 departments. Many of the departments are special purpose and contain minimal individual subsidiary accounts. This represents an overhead structure complexity not typically found in organizations of this size. The Committee would recommend that the number of accounts be reduced to 15-20. In addition, the special purpose departments Such as Holiday Lighting, Fireworks, Band Concerts, Patriotic Purposes, Street Lighting, etc. should be consolidated into one*

*Administrative Management Department. There is much clarity, transparency and time savings to be gained by reducing the number of accounts and resulting posting errors. In addition, the town needs to develop a chart of accounts and related budget focus on its various revenue items. The revenue side of the current budget process does not appear to be receiving adequate focus. Most attention is focused on expenditure control. The ABC would like to see the town focus on alternative revenue opportunities to offset and insure maximum coverage of expenditures. The ABC would be willing to work with the town administrative staff to assist with streamlining the current process.*

- **Budgetary Control** – *The Committee noted that at least one department overran their budget by approximately 12%. This department shortfall had to be covered by transferring dollars from other town departments. This does appear to be the exception versus the norm. Department heads should be held responsible for the bottom line total dollars under their respective control. A periodic formal review needs to be established that would alert the Board of Selectman to potential budget overruns allowing enough time for remedial action. The ABC is willing to assist the Select Board on a going-forward basis to identify potential overruns via quarterly budget reviews as outlined in our original charter.*
- **Other Administrative Efficiencies** – *Currently, the finance administration processes accounts payable on a weekly basis. Best accounting practices recommend that accounts payable be processed at a minimum every two weeks. This will save time, money and free staff to focus on more value added tasks. In addition, three separate payrolls are prepared on a weekly basis. Best accounting practices recommend payroll processing on a biweekly basis at a minimum. The town should consider exploring the cost of outsourcing payroll and the related payroll tax preparation. Outsourced payroll is very cost effective, accurate and will provide the existing staff additional time to spend on more value added opportunities.*

#### **Contracts**

- **Fuel** - *We recommend that the current joint purchase contract with the Town and Library and School continue. We recommend that the contract next year include a downside protection clause if possible.*
- **Other Contracts** - *We encourage the Town, School and Library to explore other opportunities for consolidated building and grounds maintenance type activities. The Committee believes there are economies of scale in consolidating non-core activities.*

#### **Buildings Electrical/Lighting Efficiency/Heat efficiency**

- *We encourage follow through of recommendations related to the recently concluded Light Tech study. We also recommend that the town undergo a heat thermo study similar to that recently undertaken by the School District.*

**Budget Summary:**

The proposed town appropriations for 2009 represent \$9,462,771 as compared to \$9,443,005 for the prior year. This represents an increase of \$19,776 or a 0.21% year-over-year increase. Not included in the proposed appropriations is approximately \$148,000 representing separate warrant articles for lease/ purchase of a grader (\$50 K), Hearts & Flowers (\$48K) and town planner (50 K); The increase in general operating expenses of \$284,551 is primarily attributable to an increase in the Human Services department of \$25,000, Debt Services of \$90,000 (related to timing of payments on landfill and public safety notes), Highway/Maintenance of \$68,000 (primarily attributable to replenishment of blade supply, and increased fuel costs), Town Clerks office of \$23,800 (primarily related to increased hours for Deputy Clerk and Office Clerk and opening the office five days a week). In addition, the Board of Selectmen granted a 2.5% cost of living salary adjustment for all employees (aggregating approximately \$70,000 including related benefit increases). Offsetting the increases is a reduction in operating cost at the Transfer Station of approximately \$43,000 related to a change in operating hours. The Transfer Station will operate on a five day week schedule year-round.

Offsetting the increase in operating expenses, Capital Outlay and Reserves represents a net decrease of \$264,784. Specifically, Capital outlay increased approximately \$400,000 (transfer station improvements of \$125,000, one ton leaf collector \$55,000, generator \$30,000, tractor \$43,500, lighting improvements \$30,000). Also, depending on the outcome of warrant article 17, there could be a \$100,000 Capital outlay for a soccer field (this would return to the general fund at the end of the year if not approved). Additions to the Capital Reserve Funds decreased \$530,534 as compared to the prior year (prior year additions included \$400,000 for the Building Reserve fund and \$100,000 for the Community Center reserve fund). Road Repair reserves declined approximately \$100,000 year over year.

**The major comparative components of the budget are indicated below:**

<b>Operating Exp.</b>	<b>2008</b>	<b>2009</b>	<b>Variance</b>	<b>%</b>
TAdmin/TOfficers	186,336	194,919	8,583	4.61
Fire/Ambulance/MA	719,624	736,657	17,033	2.37
Police	1,525,863	1,538,766	12,903	.85
Transfer Station	729,156	686,121	-43,035	-5.90
Highway/Maint/B&G	1,703,762	1,772,216	68,454	4.02
Library	423,283	442,703	19,420	4.59
Town Clerk	156,064	179,835	23,771	15.23
Human Services	82,206	107,150	24,944	30.34
Recreation Depts	383,126	372,318	-10,808	-2.82
VNS	448,520	432,692	-15,828	-3.53
Tax/Assessing/Admin	711,163	745,991	34,828	4.90
Debt	386,806	482,486	95,680	24.74
All Other Expense	509,287	557,893	48,606	9.54
<b>Total Op Expenses</b>	<b>7,965,196</b>	<b>8,249,747</b>	<b>284,551</b>	<b>3.57</b>
<b>Capital/ Reserve</b>	<b>2008</b>	<b>2009</b>	<b>Variance</b>	<b>%</b>
Capital Outlay *	232,652	634,000	401,348	172.51
Capital Reserves	643,024	112,500	-530,524	-82.50
Roads/Annual/ **	168,483	250,000	81,517	48.38
Roads/Proj/Fox/***	392,000	199,874	-192,126	-49.01
Maintenance Resrvs	41,650	16,650	-25,000	-60.02
<b>Total Capital/Resrvs</b>	<b>1,477,809</b>	<b>1,213,024</b>	<b>-264,785</b>	<b>-17.92</b>
<b>T Appropriations</b>	<b>9,443,005</b>	<b>9,462,771</b>	<b>19,766</b>	<b>0.21</b>

**Notes**

\* *Less: \$240,000 from Capital Reserves*

\*\* *Less: \$125,669 from DOT & SAR*

\*\*\* *Less: \$261,376 from State*

**Reconciliation of Appropriations with Town Budget:**

<b>Total Appropriations per Town Budget:</b>	<b>10,237,949</b>
<b>Less: Warrant Articles:</b>	
<b>Transfer from Capital</b>	<b>- 240,000</b>
<b>Agency Contributions</b>	<b>- 48,135</b>
<b>Grader</b>	<b>- 50,000</b>
<b>Planner</b>	<b>- 50,000</b>
<b>Less: Outside Funding for Roads</b>	<b>- 387,043</b>
<b>Net Appropriations</b>	<b>9,462,771</b>

**Conclusion:**

We believe that the proposed budget as prepared is a comprehensive and accurate representation of the cost to operate the Town of Moultonborough for 2009.

This has been a collaborative process between the ABC, The Town Administrator and the Board of Selectmen. The Committee was present for all department budget review and planning sessions as well as all Board of Selectmen Budget Workshop sessions. We expressed our opinions freely throughout the budget process. Our opinions were respected, considered by the Select Board and acted on where appropriate. Our intent was to ensure the budget process was a cooperative versus adversarial experience. We are confident that we have accomplished that goal.

There are opportunities as outlined above that should be pursued for further future cost improvement. We believe these opportunities include consolidation of non-core activities by the Town, School and Library, including but not limited to sharing of capital equipment, buildings and grounds maintenance, common purchase of supplies, and centralized service and utility contracts. We also strongly believe that the Board of Selectmen should focus their efforts on setting policy, overall management and direction of significant projects assigned to the Town Administrator and increasing communication and participation with the local businesses and residents. Administration of the staff and running of the town business should continue to be delegated to the Town Administrator.

The town should aggressively pursue the initiatives outlined above. We understand that some of the opportunities are influenced by contractual agreements. We anticipate that the Select Board and Administration will carefully consider our recommendations.

Respectively submitted,

Moultonborough Advisory Budget Committee  
Jean Beadle  
Karel Crawford  
Kathy Garry  
Gary Haracz  
Ed Marudzinski