

Moultonborough
2020 Town Budget
Recommendations and Comments



Advisory Budget Committee

January 23, 2020

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

Moultonborough's Advisory Budget Committee (ABC), established in July 2008, is an appointed volunteer body whose mission is to provide the community and governing bodies with independent review and objective analysis of the annual budget. The Committee completed its comprehensive review of the 2020 Budget. The views in this report are not always unanimous to the committee members.

Budget Summary:

The proposed Town Operating Budget for 2020 is \$8,271,183 as compared to a gross budget of \$8,037,961 (base budget \$7,980,445 plus 2018 encumbrances of \$57,516) for the prior year. This increase represents approximately \$233,222 (2.9% on a gross basis versus \$ 290,738 or 3.6% on a net basis). The Capital Budget for 2020 is \$5,419,478 of which \$378,928 will be raised from Taxation, \$2,500,000 raised from external financing and \$2,540,550 to be withdrawn from Capital Reserves. Existing Capital Reserves will be increased \$1,702,431 with \$1,480,000 raised by taxation and \$222,431 transferred from existing Fund Balance. Existing Municipal Trust (Milfoil) will be increased \$160,000 from taxation. In addition, \$71,500 will be raised by taxation to fund outside non-profit agency requests.

Approximations of some significant changes in the operating budget are shown below. See the Town Budget Detail for more information.

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|-------------------|-----------|--|
| • Planning/Zoning | \$ 57,656 | Increased staffing and change in census re: Health Insurance |
| • Town Clerk | 68,564 | Increased staffing and related Health and Benefits due to census change |
| • Elections | 25,863 | Four elections versus 1 in prior year |
| • Police Dept | 189,762 | Full staff + additional SRO +change in census re: Health Insurance |
| • Assessing | (35,394) | Change in personnel & related benefits Change in revaluation service contract |
| • Welfare | (15,409) | Economy driven |
| • Visiting Nurse | (25,000) | Transfer out of operating budget |

Estimated budget revenues for 2020 are \$5,116,350 (including \$500,000 transfer from CR Building Funds) and \$2,500,000 from Bond/Financing activities versus a 2019 budget of \$4,336,698. All revenue lines were reviewed and appear reasonable.

OBSERVATIONS & COMMENTS:

The ABC would like to provide observations and comments on the following issues, some of which are repetitive from prior reports.

Capital Budget:

- **Recreation building:** The ABC does not recommend the proposed recreation building as submitted to the CIPC last summer. However, informal proposals during this budget season signal a potential solution that includes a new Community Center on the current Lion's Club site. The first phase of the building would include function hall, kitchen and restroom space that would replace the Lions Club building. It would not include a gymnasium at this time. The likely amount to be appropriated in this first phase would be approximately \$3,000,000.
- **Lions Club Renovation:** The ABC does not find this proposal complete or viable as an effective, long-term solution to the needs of the town.
- **Roads:** It is the opinion of the ABC that the roads program request of \$950,000 is an appropriate and necessary use of the funds allocated to that fund.
- **Transfer Station Loader:** The replacement of this loader is necessary based on damage incurred last year to the previous, aging equipment.
- **DPW Trucks:** There are two trucks scheduled to be replaced this year. Both are multifunctional and can be used in all seasons.

Operating and General Budget:

- **Proposed change to a July-June fiscal year:** The current warrant article to change the Town's fiscal year to July 1 through June 30, should it pass, will require additional funding to cover the interim period. The Town has proposed utilizing its remaining excess Fund Balance to assist with the interim funding. Should the proposed warrant not pass Town Meeting this year, the ABC recommends appropriating money to a Capital Reserve Fund, designated for that purpose, to fund the unique timing requirements of this change at a future date. The ABC recognizes the value and advantage of making this change.
- **Outside Agencies Requests:** The ABC was pleased to see the changes made this year in the submittal and approval process for requests by private non-profit agencies seeking Town assistance.
- **Fund Balance:** The DRA recommends that local communities maintain an unassigned fund balance in the range of 8% -17%. The Town maintains a 12.5% Fund Balance Reserve level. At the end of F/Y 2019, the estimated unassigned fund balance was approximately \$5,132,396. At the 12.5% level the Town's estimated unassigned fund balance should approximate (\$3,200,000).

- **Land Use Dept.** The proposed Planning budget includes the addition of a part time Code Assistant for the Code Enforcement Officer. With the currently expanding economy, the town has experienced significantly increased building and remodeling activity. In order to alleviate the current backlog related to ongoing permitting activities and provide additional bench strength and future succession planning the ABC fully supports the addition of the additional part time staff.
- **Police:** The current budget includes manpower requirements for thirteen full-time officers. Currently, there are open positions for one sergeant, and an additional School Resource Officer. The SRO is an incremental position. This position will be reimbursed at 60% by the School District. During the non-school year the position will assist the Town with the demands related to the increased summer population. The ABC is in support of this additional position.
- **Fire:** We continue to recognize that solutions are needed to supplement the aging volunteer workforce. We support the long overdue recent wage increase to the current call firefighters. We also support and encourage alternative staffing sources that may come from regional cooperation and neighboring communities.
- **Health Benefits:** There is a new, high-deductible plan now available. The ABC recommends continued work toward savings, including changes like this new plan. Alternatives to the current arrangement should align with the market and other towns. For example, employee co-share in premiums and deductibles, HSA's, and other mechanisms can help control costs. All new hires effective April 1, 2020 will be required to participate in the new high deductible plan. Existing employees will be given the option to move to the high deductible plan or remain on the existing plan. The experience of retirees who choose to continue on the Town's health insurance plan is factored into the health insurance use of the entire group and is reflected in the continuing premium increases. It's likely that most retirees stay with the Town's plan out of a sense of comfort and security. The reality is that those retirees may actually be paying more than they would with coverage elsewhere. An education session for retirees using an independent third party to explain options could result in a win-win: the Town's experience could be reduced and the retirees could save money.
- **Regionalization of Shared Services:** We support current BOS dialogue with surrounding towns in searching for ways to share services. Some opportunities may be found in transfer station use, fixed administration, milfoil and seasonal public safety and DPW equipment.

Conclusion:

The ABC recognizes the proposed increase of 2.9% in this operating budget is largely a result of funding a fully staffed police force and increased health insurance coverage costs attributable to increasing rates and the changing census of our employees. We suggest the Town continue to find opportunities to reduce the on-going cost of health insurance. In addition, we strongly suggest the Town continue to look at opportunities to regionalize staff functions for economies of scale where appropriate.

Respectfully submitted,

Cody Gray – ABC Chair

Moultonborough Budget Advisory Committee

Members:

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|---------------|-------------------------------|
| Cody Gray | (Member at Large) |
| Kay Peranelli | (Member at Large) |
| Chris Mason | (Member at Large) |
| Linda Murray | (Alternate at Large) |
| Jean Beadle | (Select Board Representative) |
| Kathy Garry | (School Board Representative) |