

2017 Town Budget

Recommendations and Comments



Advisory Budget Committee

Monday, February 6, 2017

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

The ABC has completed its review of the 2017 proposed Town Budget. The Committee began its comprehensive review of the 2017 budget constrained by the absence of a full time at large member. We continue to support and review opportunities to enhance services and consolidate operational efficiencies for the Town of Moultonborough as a whole. Of continued and growing concern to the Committee are the number and potential dollar impact of the various programs currently being promoted throughout the community. In addition, the Committee continues to express concern related to the changing town demographics.

Budget Summary:

The proposed Town Operating Budget for 2017 represents \$7,565,108. as compared to \$7,594,327 for the prior year 2016 representing a decrease of approximately \$29,219, (.38%). The 2017 Operating Budget includes approximately \$68,000 of expenditures for community service activities (Hearts and Flowers) previously reported and voted on separately as petition warrant articles. On a comparable basis excluding the \$68,000 Hearts and Flowers; the year over year decrease in operating expense represents \$97,219 or a decline of 1.3%. The Capital Budget for 2017 is \$3,546,600 of which \$1,072,400 will be raised from Tax Levey, \$1,244,200 transferred from Fund Balance and \$1,230.000 to be withdrawn from Capital Reserves.

The proposed departmental operating budgets include expense increases of \$42,669 for Human Services which includes "Hearts and Flowers" of \$68,000, a \$6,886. Increase in the Assessor Office, a \$33,912 increase for Development Services, and \$4,991 for Fire. The Recreation Department is projecting a \$69,165 increase in their operating budget due to the depletion of the Recreation Revolving Fund. The increases are offset by a \$73,471 reduction in DPW – Transfer Station due to the implementation of single stream recycling, a reduction of \$22,530 in DPW - Facilities, \$55,000 reduction in the VNS (due to completion of the contractual agreement to assist with VNA transfer to Meredith/Center Harbor), \$8,239 in the Town Officers budget and \$5,799 for the Police Department. In summary with the slight increase in New Hampshire Retirement and the quick research to secure an avoided cost increase of 24.5% versus an actual 14.5% increase in health insurance premiums this budget represents a fair assessment of the departmental costs to operate the Town.

Estimated budget revenues for 2017 are \$4,625,100 versus a 2016 budget of \$3,048,509.00. 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. It is the belief of this Committee that they are still valid and ongoing concerns:

- **Road Reconstruction Capital Reserve Fund (CRF)** – The Committee supports the proposed creation of a new CRF for the road reconstruction capital projects. This CRF will eliminate the need for annual encumbrances for projects that are not completed in the current fiscal year as many project overlap from one fiscal year to the next for several reasons. This CRF will also allow for retaining unexpended funds which could lead to a reduction in future appropriations or create a reserve fund that could cover unanticipated road construction emergencies.

- **Technology** – The Committee is pleased to see that The Town partnered with Fair Point utilizing funds for the first time from the Technology Communications Reserve Fund to upgrade broadband speeds and in some cases, provide broadband access for the first time to the following streets within the Community:

Bean Road, Brick Kiln Road, Brook Road, Coe Point Road, Deer Crossing, Evergreen Drive, Heatherwood Drive, Heron Pond Road, Hornbeam Hollow, Indian Carry Road, Kilnwood Landing, Lodge Drive, Portage Pass, Red Hill Road, Sibley Road, Wakondah Road and Willow Terrace.

We encourage the Town to continue to build out broadband to the unserved and underserved areas of the Community as this will enhance the ability to attract both business opportunities and residents to the Moultonborough.

- **Fund Balance** –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. The target fund balance reserve is calculated by dividing the unassigned fund balance at year end of a given year by the total of the annual gross appropriations or levies upon the community to include Town, County, School District, and state-wide Education Property for the current fiscal year. Any amounts that are above this calculation may be considered excess. At 12/31/2016 the Estimated Unassigned Fund Balance for Moultonborough was approximately \$7,495,000. (this number excludes \$744,650 in encumbrances. The net amount is estimated at \$6,750,349) This represents an estimated target level in excess of 25%. Administration has taken steps in preparing the 2017 Budget to utilize a portion (\$1,244,200) of the excess as follows:

\$667,700 Funding for annual Capital Reserve Funds (previously funded via tax levy)
 \$105,000 Playground equipment and softball field renovations
 \$30,000 To establish and fund a IT Hardware & Software Capital Reserve
 \$300,000 To establish and fund States Landing Improvements CRF
 \$52,500 Replace Fire Command vehicle
 \$89,000 One Ton truck, sander and trailer

The Committee suggests that a portion of the excess Fund Balance could be set aside as a Capital Reserve for development of a future Community Center.

The ABC further recommends that Administration continue to look for one-off opportunities to reduce and maintain the Unassigned Fund Balance at the 12.5% target level.

- **Recreation Budget** –The Recreation department operating budget shows an increase of about \$69,000. The ABC Committee encourage the recreation department to continue to bring the sponsored programs closer to a breakeven point.
- **Transfer Station** – During 2016 the transfer stations operations converted to single stream. The transfer station also is under new direction with the promotion of Ken Filpula as Supervisor, who is doing a Great Job! The community noticed the new shirts which has made identifying staff easier for the seasonal community members. This has definitely made the process more efficient and cost effective. With this change came a reduction to the budget of \$73,471. This change will also result in a reduction in revenue. The sale of passes at the transfer station has also made an impact on convenience to the Community.

- **Health Benefits:** The ABC would like to recognize the quick efforts of the Administration in responding to the increased cost of health benefits by being aware of the opportunity to investigate other providers and moving forward with a change in health providers implementing an avoided cost increase to the budget of \$144,000 in health coverage. The ABC requests the Town specifically continue the focus on employee/employer benefit contribution rates and continue to seek alternatives for reducing the overall cost of health benefits while continuing to provide competitive coverage to its employees.
- **Succession Planning and Career Development** – The Committee notes that in the ensuing years several of the Town's senior managers (elected and appointed) may choose to retire. We believe that the Board needs to put together a succession plan to fill positions as they become vacant with qualified replacements. Attrition is also an opportunity to reassess the positions to ensure that staffing, duties and direction are appropriate to meet current goals, objectives and direction.
- **Consolidation of Shared Services** - During the past several years several town departments along with the school have taken steps to consolidate and coordinate various functions. Library and the School have worked together to achieve more efficient use of personnel and equipment. The ABC recommends that continued efforts, both on a short and medium term basis, be made to find additional savings. In 2016 the efforts between the Town and School moved forward with research into a Human Resource contract professional. The ABC feels in changing times this shared position will benefit both groups.
- **Regionalization of Shared Services** – The ABC Committee supports the recent collaborative efforts between the BOS and the Boards of our neighboring communities to discuss common issues and opportunities to share services where appropriate. The Committee continues to believe that there are opportunities that could jointly benefit both the Town of Moultonborough and its neighboring communities (economically and through expanded service offerings). Disciplines that may lend themselves to regionalization might include Town Prosecutor, Recreation, Senior Services, Welfare, Legal Services, Assessing, Police Dispatch, Waste Disposal and Planning. We encourage the Town to actively explore such opportunities.

Additionally, the town should continue to explore opportunities to combine services with County Administration and Operations where feasible.

Conclusion:

As stated above, the operating budget for 2017 excluding "Hearts and Flowers" presented by the Town represents a decrease of (1.3%) over the 2016 budget. We believe the departmental operating budgets as presented represent a fair assessment of the cost to operate the Town under its current organization based on needs rather than wants.

This has been a year of transition with the Town Administrator completing his first full year, the promotion of a new supervisor to oversee the change to single stream at the transfer station and the hiring of a new Director of Public Works. The Town continues its' search for a Director of Development Services and in the coming year will begin the search for a new Town Assessor.

The committee strongly supports the current discussions between the select board and planning board to include promoting more business opportunities within the town to attract economic development to encourage a vibrant community. The community needs to come together to support the long- term investments of the town.

Respectfully submitted,

Amanda Bergquist, Chair - ABC

Moultonborough Advisory Budget committee

Members:

Amanda Bergquist	(Member at large)
Cody Gray	(Member at large)
Linda Murray	(Alternate at Large)
Jean Beadle	(Select Board Representative)
Kathy Garry	(School Board Representative)