

**TOWN OF CANAAN
BUDGET COMMITTEE MEETING
December 2, 2010
Canaan Fire Station
Final Copy**

Members present: David McAlister; Dave Barney; Al Posnanski; Russell Lester; Eleanor Davis; Denis Salvail; John Bergeron; Karen Wolk; and Scott Northwick. Also present were Town Administrator Mike Samson, Cindy Neily, Larry Brabant, Bob Scott; Bill Bellion; Sam Frank, Mike Roy, and Michael Riese.

David McAlister called the meeting to order at 7:01 P.M. and took attendance.

Library Budget: 02-4551

MOTION by Russell Lester and seconded by Dave Barney to approve a 2011 contribution of \$116,543 to the library, as recommended by the Board of Selectmen on the 2011 budget worksheet.

It was noted that some of the increase is due to the increase in salary and salary related benefits.

Cindy Neily asked what the increase is in the health insurance. Mike Samson responded 15.8%.

Eleanor Davis commented that the accounting for the library budget should include the same line items as every other department's budget. Eleanor Davis noted that the health insurance cost is included in the library budget, whereas the health insurance costs for all of the other departments is included in the public administration budget. Eleanor Davis also noted that the library budget does not include all of their utility costs as the other department budgets do. Mike Samson commented that he is unable to include the health insurance costs for the library in the town's operating budget since the library funds are a separate entity. Mike Samson also explained that some of the utilities are not included in the library's budget since the town receives and pays some of the bills for the entire building.

VOTE: 7 YES 1 NO [D. Salvail] 1 ABSTAIN [E. Davis]

Mechanic Budget: 01-4299.10

MOTION by Russell Lester and seconded by Dave Barney to approve a total 2011 budget of \$124,582 for the mechanic budget, as recommended by the Board of Selectmen on the 2011 budget worksheet.

Eleanor Davis asked whether the town mechanic is considered a department head. Scott Borthwick explained that the town mechanic reports to the Road Agent but that the town mechanic creates the budget for the garage.

Al Posnanski asked what is included in the tools line items. Larry Brabant responded that replacements and updates are often needed.

Dave Barney asked why the petroleum products line item has been reduced. Larry Brabant responded that the allocation had been increased in past years when the prices were high but that the actual consumption level has been less than budgeted.

There was general clarification that the Board of Selectmen could authorize funds for the purchase of a computer system for diagnostics if and when it is decided that one is needed.

VOTE: 8 YES 1 NO [E. Davis]

Highway Budget: 01-4311 and 01-4312

MOTION by Russell Lester and seconded by Dave Barney to approve a total 2011 budget of \$52,680 for the highway budget, as recommended by the Board of Selectmen on the 2011 budget worksheet.

VOTE: 7 YES 2 NO [E. Davis and D. Salvail]

MOTION by Russell Lester and seconded by Dave Barney to approve a total 2011 budget of \$434,396.84 for the highway budget, as recommended by the Board of Selectmen on the 2011 budget worksheet.

Al Posnanski asked whether the waste oil is factored into the budgeting for the heating oil and gas line item. Mike Samson explained that the figure budgeted is based on actual so the use of waste oil is a factor but not the only reason for the decrease.

Dave Barney asked what the funds in the training and education line item are used for. Bob Scott responded for various classes that are available.

Al Posnanski commented that the state's plow truck drivers are required to take a class on how to spread road salt. Al Posnanski asked whether the town employees are impacted by this requirement. Bob Scott responded no.

VOTE: 7 YES 2 NO [E. Davis and D. Salvail]

MOTION by Russell Lester and seconded by Denis Salvail to approve a total 2011 budget of \$289,713 for the highway budget, as recommended by the Board of Selectmen on the 2011 budget worksheet.

Al Posnanski asked whether Magic Salt is being used on the town's roads. Bob Scott responded that he is using a less expensive product this year that is mixed with the road salt but is not as effective as Magic Salt. Bob Scott explained that these products make the salt work at lower temperatures and the product adheres better to the road.

Dave Barney asked whether the amount of phosphorous is the same for both products. Bob Scott responded that the product being used has a similar phosphorous amount compared to Magic Salt.

Mike Samson explained that he believes that the town will receive \$121,000 in Block Grant funds next year so \$121,000 plus the \$50,000 in the road reconstruction line item plus whatever is left from this year's budget plus the highway contingency funds will provide a total of \$250,000 for road maintenance, which is probably more than what can be done in one year so the contingency funds will most likely not be utilized.

John Bergeron asked why allocated funds are not spent each year on road maintenance. Bob Scott responded that there is often not enough time in the year to get the funds spent and the road maintenance completed due to the contracted services involved.

Dave Barney asked whether the highway department is fully staffed at this time. Bob Scott responded yes since one position was eliminated.

Dave Barney asked what the status is on using computer software to track road maintenance. Mike Samson responded that the software has been installed and that the data input needs to be completed. Mike Samson summarized that the software and data should be available for review during the following year's budget review process.

Russell Lester commented that many of the roads needing maintenance have required significant prep work, such as ditching and cutting trees. Russell Lester commended the highway department for the work that has been done this year.

Mike Samson commented that the Capital Improvement Plan includes information on how to repave and rebuild all of the paved roads with a \$250,000 allocation each year.

VOTE: Unanimous in the affirmative

Fire Department Budget: 01-4220

MOTION by Russell Lester and seconded by Dave Barney to approve a total 2011 budget of \$99,485.85 for the Fire Department budget, as recommended by the Board of Selectmen on the 2011 budget worksheet.

Eleanor Davis asked what the funds will be used for that is allocated in the vehicle maintenance and repairs line item. Bill Bellion responded for body work and paint work on the rescue truck. Bill Bellion clarified that the proposed warrant article is to replace Engine 3 and that these line item funds are not intended for Engine 3.

Dave Barney asked why the allocation has increased in the equipment line item. Bill Bellion responded that the majority of the need is for replacement turnout gear.

David McAlister asked what the average lifespan is on the turnout gear. Bill Bellion responded that the department tries to get five to seven years depending on who is wearing it. Mike Samson added that the replacement of turnout gear is a multi year plan. Bill Bellion noted that approximately half of the turnout gear being worn at this time does not meet the current safety standards in regards to reflectivity and having a drag rescue device.

There was general discussion that there is not an ideal location on Goose Pond to install a dry hydrant unless the Town of Hanover was receptive to a cooperative effort near Marshall Brook.

Scott Borthwick asked whether Canaan has a mutual aid agreement with Lebanon. Bill Bellion responded yes. Scott Borthwick asked whether Lebanon's cutbacks will impact Canaan at all. Bill Bellion responded that he is not aware of any changes but that he will follow-up with the question.

VOTE: Unanimous in the affirmative

Emergency Management Budget: 01-4290

MOTION by Russell Lester and seconded by Dave Barney to approve a total 2011 budget of \$48,862 for the emergency management budget, as recommended by the Board of Selectmen on the 2011 budget worksheet.

Bill Bellion summarized that funds for supplies were included in the contingency fund instead of in the operating budget for next year.

There was general committee consensus to rename the emergency management line item to emergency supplies.

Bill Bellion noted that three generators were purchased with funds allocated for supplies this year.

VOTE: Unanimous in the affirmative

Police Department Budget: 01-4210

MOTION by Russell Lester and seconded by Dave Barney to approve a total 2011 budget of \$478,234.24 for the Police Department budget, as recommended by the Board of Selectmen on the 2011 budget worksheet.

There was no vote on this motion at this time.

MOTION by John Bergeron and seconded by Dave Barney to approve a total 2011 budget of \$492,285.24 for the Police Department budget.

A vote was not taken at this time.

Dave Barney asked whether the only difference between the two budget totals is the police chief's salary and the salary related benefits. Mike Samson responded yes.

Karen Wolk asked whether the existing salary is an equitable way to manage the Police Chief's salary no matter who is elected for that position. Scott Borthwick responded that the discrepancy in the salaries resulted from the union contract and the fact that no salary increases were provided for two years. Karen Wolk advocated that the Police Chief's salary should be adjusted to a more equitable figure.

Eleanor Davis suggested that the salary increase provided to the sergeant position outside of the union contract should be investigated. Sam Frank clarified that this salary for the senior sergeant position was adjusted in 2008 so that another police officer could be promoted to a sergeant position and not be earning as much as the senior sergeant.

Sam Frank distributed a handout that summarizes statistics from towns of a similar size to Canaan. Sam Frank later clarified that this information was collected a month ago by the Town of Boscawen, NH. Sam Frank summarized that Canaan is one of the busier towns in regards to the number of accidents, arrests, and calls for service with fewer police officers yet his salary ranks 46th on the pay scale out of fifty towns. Sam Frank commented that he has proven himself in keeping his department's expenditures low and in keeping the town out of trouble despite the position not always being a pleasant job to have.

David McAlister cautioned that the Budget Committee should not be setting the salaries for town employees. David McAlister also commented that the request for a Police Chief's salary increase should be made through a warrant article so that the voters can vote on it.

Scott Borthwick clarified that the Board of Selectmen chose not to provide the salary increase for the Police Chief this year because the increase was added to the operating budget at the Deliberative Session by a small minority of voters. Scott Borthwick added that providing the salary increase could have set a precedent for the other town employees.

Eleanor Davis commented that the Board of Selectmen should request an updated salary survey if they do not want employees approaching them individually for salary increases.

General discussion ensued whether the Police Chief's subordinates should be earning a higher hourly rate when the Police Chief has more responsibility. Sam Frank commented

that he works many hours that he is not being compensated for since he is trying to keep the overtime expenditures as low as possible.

Scott Borthwick asked how the \$62,308 salary was determined. Sam Frank responded that if he had remained in the sergeant position, then he would be making \$59,925 in 2011 and that \$62,308 is approximately \$4,000 more than the senior sergeant position.

MOTION by Russell Lester and seconded by David McAlister to move the question.

VOTE: 7 YES 2 NO

MOTION by John Bergeron and seconded by Dave Barney to approve a total 2011 budget of \$492,285.24 for the Police Department budget.

VOTE: 4 YES 5 NO [D. McAlister, D. Salvail, S. Borthwick, A. Posnanski, R. Lester]

MOTION by John Bergeron and seconded by Dave Barney to increase the Police Chief's salary to 59,000 in the Police Department budget.

There was no vote taken at this time.

MOTION by Russell Lester and seconded by David McAlister to move the question.

VOTE: 8 YES 1 NO

MOTION by John Bergeron and seconded by Dave Barney to increase the Police Chief's salary to 59,000 plus the needed adjustments for FICA and retirement in the Police Department budget.

VOTE: 5 YES 4 NO [D. Salvail, S. Borthwick, A. Posnanski, R. Lester]

Dave Barney requested that a salary survey for all of the town employee positions be completed next year. Dave Barney offered to amend the operating budget to include the funds needed for the salary survey. Mike Samson offered to call Local Government Center to see what the cost would be for a completed salary survey.

Scott Borthwick asked why the Road Agent's salary is a separate line item when the salaries for the other department heads are not separate. Eleanor Davis responded that the Department of Revenue Administration separates the Road Agent's salary on their MS-7 form.

Recreation Budget: 01-4520

MOTION by Russell Lester and seconded by Dave Barney to approve a total 2011 budget of \$11,702 for the recreation budget, as recommended by the Board of Selectmen on the 2011 budget worksheet.

A vote was not taken on this motion at this time.

MOTION by John Bergeron and seconded by Dave Barney to accept a total 2011 budget of \$12,402 for the recreation budget.

Dave Barney distributed a letter summarizing a request of \$2,000 to the Goose Pond Lake Association. Dave Barney noted that he has resigned as the President of this association although he still participates on the Board of Directors. Dave Barney summarized that the Lake Host program is important to maintain in order to protect the water quality and the property values from the increasing spread of milfoil from other surrounding water bodies. Dave Barney noted the two milfoil findings on boats since the program was established and the volunteer effort and part-time paid position that is used every weekend and holiday from Memorial Day through Columbus Day.

Al Posnanski asked why the Goose Pond Lake Association should receive \$2,000 when the Canaan Street Lake Association is requesting \$1,800. Dave Barney responded that the greater number of boats and the larger size of Goose Pond create a greater risk to Goose Pond.

Mike Roy from Friends of Canaan Street Lake Bath House referenced an October 19th letter that was submitted. Mike Roy summarized the successful volunteer effort to refurbish the exterior and interior painting and the paid position for weekly cleanings between Memorial Day and Labor Day. The town provided the paper products, the electricity, and the septic pump maintenance. It was noted that \$840 was received in donations and the total expense for weekly cleanings was \$350. Therefore, a balance of \$490 exists. Mike Roy summarized that the Board of Selectmen had requested last year that the Friends of Canaan Street Lake Bath House contribute toward the maintenance and operation cost of the bath house. It was proposed that a line item be added to the operating budget with a \$500 allocated so that the future availability of the bath house can be overseen by the town. Mike Roy offered the \$490 balance as a donation for next year's expenses.

Eleanor Davis commented that last year's warrant article regarding the bath house did not include any funds. Therefore, the Budget Committee did not express an opinion regarding the bath house. Eleanor Davis added that she can not support adding a line item for the bath house expenses without explicit approval from the tax payers.

John Bergeron commented that the Town of Canaan had been maintaining and servicing the bath house prior to last year from the operating budget.

Scott Borthwick commented that the Board of Selectmen will be reviewing the memorandum of understanding regarding the bath house at their next meeting. Scott Borthwick suggested that the Budget Committee's vote on the recreation budget be tabled until the next meeting. There was general committee member consensus to table the vote until the next meeting.

Eleanor Davis expressed concern that the fuel cost for mowing should be allocated in the same budget that includes the mower and labor costs for mowing.

John Bergeron suggested that the hourly part time line item should include one dollar in order to maintain the line item.

MOTION by Russell Lester and seconded by Al Posnanski to move the fuel line item from the recreation budget to the government buildings budget.

VOTE: Unanimous in the affirmative

MOTION by John Bergeron and seconded by Russell Lester to add one dollar to the hourly part time line item and one dollar to the part time FICA/ Medi line item in the recreation budget.

VOTE: 8 YES 1 NO [Eleanor Davis]

Street Lighting Budget: 01-4316.10

Scott Borthwick summarized that very few residents attended the Public Forum regarding street lights. However, there was one verbal request and another written request to maintain a specific light on Canaan Street so the Board of Selectmen has agreed to maintain that street light. Scott Borthwick added that several recommendations were received to remove six additional streetlights. Scott Borthwick suggested approving the street lighting budget, as presented in the budget worksheet.

MOTION by Russell Lester and seconded by David McAlister to approve a total 2011 budget of \$10,000 for the street lighting budget, as recommended by the Board of Selectmen on the 2011 budget worksheet.

VOTE: Unanimous in the affirmative

Data Processing Budget: 01

MOTION by Russell Lester and seconded by Dave Barney to approve a total 2011 budget of \$26,420 for the data processing budget, as recommended by the Board of Selectmen on the 2011 budget worksheet.

A vote was not taken on this motion at this time.

MOTION by Scott Borthwick and seconded by Dave Barney to approve a total 2011 budget of \$26,650 for the data processing budget.

Scott Borthwick explained that \$230 should be added to this budget for FICA costs.

VOTE: Unanimous in the affirmative

Mike Samson noted that the cost for property and liability has decreased from \$47,421.15 to \$29,896.

MOTION by David McAlister and seconded by Dave Barney to revise the property and liability insurance budget to \$29,896.

VOTE: Unanimous in the affirmative

Cultural Budget: 01-4581

MOTION by Russell Lester and seconded by Dave Barney to approve a total 2011 budget of \$1,000 for the cultural budget, as recommended by the Board of Selectmen on the 2011 budget worksheet.

VOTE: 8 YES 1 NO [Eleanor Davis]

Karen Wolk noted that the bicentennial for the Town of Canaan is next year and that perhaps the historian may need access to funds.

Patriotic Budget: 01-4583

MOTION by David McAlister and seconded by Dave Barney to approve a total 2011 budget of \$1 for the patriotic budget, as recommended by the Board of Selectmen on the 2011 budget worksheet.

VOTE: Unanimous in the affirmative

Conservation Fund Budget: 01-4611

MOTION by David McAlister and seconded by Dave Barney to approve a total 2011 budget of \$1 for the conservation fund budget, as recommended by the Board of Selectmen on the 2011 budget worksheet.

VOTE: Unanimous in the affirmative

Debt Service Budget: 01-4711, 01-4721, and 01-4723

MOTION by Dave Barney and seconded by David McAlister to approve a total 2011 budget of \$35,194 for the debt service budget, as recommended by the Board of Selectmen on the 2011 budget worksheet.

VOTE: 8 YES 1 NO

John Bergeron suggested that one dollar be added to the interest on tax ant. notes line item in the debt service budget so that there is no problem with expending the contingency debt service line item, if needed for interest on tax ant. notes.

MOTION by Dave Barney and seconded by David McAlister to add one dollar to the interest on tax ant. notes line item in the debt service budget and approve a total 2011 budget of \$35,195 for the debt service budget.

VOTE: 8 YES 1 NO [Eleanor Davis]

MOTION by Russell Lester and seconded by Dave Barney to approve a total 2011 budget of \$76,250 for the contingency, as recommended by the Board of Selectmen on the 2011 budget worksheet.

Mike Samson clarified that each contingency line will be assigned an account number. There was general clarification that the Board of Selectmen could reallocate these contingency funds to whatever line item they deem necessary.

VOTE: Unanimous in the affirmative

Capital Outlay Equipment Budget: 01-4902

MOTION by Russell Lester and seconded by David McAlister to add one dollar to the capital outlay equipment line item of the capital outlay budget.

Scott Borthwick summarized that the \$28,000 allocated in the department head budget is for a replacement police cruiser. Scott Borthwick clarified that the Board of Selectmen has agreed to support a warrant article for a replacement police cruiser.

VOTE: 8 YES 1 NO [Dave Barney]

Improvements Other than Buildings Budget: 01-4909

MOTION by Russell Lester and seconded by Dave Barney to approve a total 2011 budget of \$1 for the improvements other than buildings budget, as recommended by the Board of Selectmen on the 2011 budget worksheet.

VOTE: 8 YES 1 NO

Water and Sewer Budget: 03-4331 and 03-4335

MOTION by Russell Lester and seconded by Dave Barney to approve a total 2011 budget of \$176,825 for the water and sewer budget, as recommended by the Board of Selectmen on the 2011 budget worksheet.

A vote was not taken at this time.

Eleanor Davis asked what the revenues are. Mike Samson responded that he does not have the revenue figures with him at this time. Scott Borthwick noted that the water and sewer budgets are level funded. Russell Lester requested the revenues figures for the next meeting.

Al Posnanski asked whether there will be a review of the user rates next year. Scott Borthwick responded yes.

There was general consensus to table the approval of the water and sewer budget until the next meeting.

There was general consensus to schedule a review of the warrant articles on January 12th and to schedule the Public Hearing on January 13th. It was noted that the Budget Committee will need to review the default budget before the Public Hearing.

There was general consensus to postpone the review and approval of minutes until the next meeting

A Selectmen's report or a Board Chair's report was not provided at this time. David McAlister noted that the next two meetings are scheduled on December 16th and December 30th.

An audience member asked why the retirement line items have increased. There was general explanation that the State of NH sets what the retirement contributions will be and that the retirement system has been underfunded over the past years.

This same audience member commented that the cost of living is different throughout the state and that any information collected for salary comparisons should take that fact into consideration.

Seeing no additional comments or questions, David McAlister requested a motion to adjourn.

MOTION by Dave Barney and seconded by Russell Lester to adjourn the meeting at 9:51 P.M.

VOTE: Unanimous in the affirmative