

# **Town of Milford Budget Advisory Committee Report 2015**

## **INTRODUCTION**

The Milford Budget Advisory Committee (BAC) is comprised of nine citizens of Milford appointed by the Town Moderator. The Budget Advisory Committee was created in 1974 by a town vote to serve two primary purposes: 1) to advise the Board of Selectmen and Town Administrator on budgetary matters as they prepare the operating budget and warrant articles, and 2) to develop positions of support or non-support for the proposed budget and warrant articles, which are presented at the Deliberative Session and included in the Voters' Guide published prior to the town vote. The members of this year's committee are: Matt Lydon (Chair), Jim Roccio (Vice Chair), Karen Mitchell (Secretary), Peggy Seward, Steve Sareault, Bert Becker, Jolie Whitten, Paul Bartolomucci, and Chris Pank.

In order to fulfill our dual roles, the BAC met with the Board of Selectmen, Town Administrator, Department Heads, Milford Improvement Team (MIT), Souhegan Valley Transportation Collaborative (SVTC), Conservation Commission, Water and Sewer Commissioners, the School Budget Committee, and members of the community. The committee objectively reviewed the proposed operating budget and warrant articles, and after careful consideration, developed positions of support or non-support for each. Throughout our review process any questions about budget items were presented to Department Heads or the Town Administrator for clarification. All answers and any additional information requested were provided to the committee.

**\*One BAC member was absent during final vote tallies for several warrant articles.**

### **ARTICLE 3 - Library Building Project – BOND - \$5,460,000**

The Budget Advisory Committee voted 6-2 to support this article

#### **Majority Report**

The majority feels that the Milford Library is an integral part of the Milford Community which provides the citizens of Milford and others a center for information, education and other services. The current facility does not adequately address library service demands of the 21st century - either for the staff or library users, or as a physical plant that is energy efficient. This, coupled with structural problems, water and other issues requires a rebuilding plan to meet those needs.

#### **Minority Report**

The minority acknowledges that the existing library is in need of renovation or replacement and that the plan put forth by the Town and Library Trustee's is well thought out as presented, however the tax impact at this time is just too much. Not including this article, if all budgets and warrant articles are approved by the voters, the projected Town only tax rate increase is 6.7%. This would be in addition to 16.50% growth in the town operating budget between 2012 and 2015. This rate of increase is not sustainable. The tax impact of this particular project would not affect the tax rate until 2016 and will only exacerbate this already unsustainable trend.

## **ARTICLE 4 – West Elm Street Water Main Extension - BOND - \$792,000**

The Budget Advisory Committee voted 9-0, to support this article

### **Majority Report**

The main benefit in doing the Project now is that it would be done in conjunction with state highway work in the same area. The CIP mentions “funding should be shared between system users and the town-wide tax rate given there is town-wide benefit due to enhanced firefighting ability, future inter-municipal connection, and economic development generated by increased property values.” This idea does not seem to be included in the article as the cost is paid solely by the Water Users.

## **ARTICLE 5 – Storm Sewer Video Inspection – BOND - \$216,000**

The Budget Advisory Committee voted 6-2 to support this article

### **Majority Report**

Video inspection of some 30+ miles of Milford's storm water sewers will identify existing and imminent failure spots, allowing for minimal sewer and street repair expense and interruption. This project will be funded with a low-interest loan from a State of New Hampshire Revolving Fund, and provides 20% loan forgiveness upon completion of the project. This funding and loan forgiveness may not be available in the future. The majority believes this will be a timely expenditure.

### **Minority Report**

The minority does not favor completion of this project at this time based on the overall budget circumstances and tax impact. Money was included in past budgets for video inspection of the storm sewer system.

## **ARTICLE 6 – Town Operating Budget - \$13,785,044**

The Budget Advisory Committee voted 1-7, does not support this article

### **Majority Report**

The majority does not support the proposed budget. The committee believes that it would be fiscally prudent to use the default budget. With a debt service of over 1 million dollars this year and many town needs in our near future it is felt that this year all departments must be extra judicious in their spending without eliminating necessities hence, easing the financial burden on the tax payer.

In review of historical data of budgeted vs. actual incurred cost, the Budget Advisory Committee has revealed a trend of under spending the budget (-3.56% 2011, -2.46% in 2012, and -1.25% in 2013, 2014 data is pending). The proposed 2015 Operating Budget is 5.8% over the 2014 adopted budget. The proposed 2015 Default Budget is \$121,366, or 0.88%, below the proposed budget. Given the historic trend of under spending the prior year's budget, the majority believes the Default Budget should be sufficient to meet the Town's obligations. Additionally, the Budget Advisory Committee has revealed a high propensity to transfer funds between various departments. In the spirit of transparency, the BAC would suggest a more realistic budgeting approach and use of a contingency line item for funding and tracking of unanticipated expenses.

### **Minority Report**

The minority believes the proposed budget is preferable to the default budget. A large portion of the increase over last year's budget is the result of items that were approved by voters last year, and town departments are under considerable pressure to keep costs down. It is important to allow a little flexibility in the budget to address unpredictable items such as snow removal and road repairs.

## **ARTICLE 7 - Wastewater Treatment Operating Budget - \$1,893,222**

The Budget Advisory Committee voted 9-0, to support this article

**Majority Report**

The Wastewater Treatment Operating budget has no general fund tax impact and all costs are funded by wastewater users. User rates are set by the Water and Sewer Commissioners. The proposed budget represents an increase of 4.9% from last year's appropriation.

**ARTICLE 8 - Water Department Operating Budget - \$1,380,858**

The Budget Advisory Committee voted 9-0, to support this article

**Majority Report**

The water operating budget has no general tax impact and all costs are funded by water users. User rates are set by the Water and Sewer Commissioners. The proposed budget represents an increase of 0.9% from last year's appropriation.

**ARTICLE 9 – Jennison Road Bridge - \$430,000**

The Budget Advisory Committee voted 9-0, to support this article

**Majority Report**

Because this is an 80/20 matching funds from the State, the committee felt it is in the best interest of the community to have the town's 20% of the funds ready for the State 80% matching portion when it becomes available so this project can be completed.

**ARTICLE 10 – Bridge Replacement Capital Reserve - \$175,000**

The Budget Advisory Committee voted 7-2, to support this article

**Majority Report**

The majority supports this article, which will increase the balance of the capital reserve fund to \$300,000. The Board of Selectmen has indicated that \$100,000 would be reserved for the Green Bridge removal and \$200,000 for the slip-lining of the Savage Road culvert.

**Minority Report**

The minority does not support the article. By town vote in 2014, \$125,000 was placed in the capital reserve fund for bridges with the intent of studying the status of all bridges and establishing a plan to address bridge needs. The study was completed, but little or no effort has been expended to prepare plans and permits for the highest priority project, Savage Road. Reserve Funds approved in 2014 should have been used to prepare the plans and permits for this project during 2014 for funding and construction in 2015. Additional capital reserve funding should not be approved until the town demonstrates its commitment to moving forward with actual projects.

**ARTICLE 11 – Dump Truck (8 Cubic Yard) 5 Year Lease/Purchase - \$39,050 (Annual Payment \$39,050 Total Purchase Price \$185,000)**

The Budget Advisory Committee voted 4-4 to support/oppose this article

**Support Report**

Those who support this project believe that it is time to replace the current dump truck that will be 15 years old at the time of this vote. The leasing of this dump truck is in the CIP (Capital Improvements Plan) for replacement in 2015.

**Non-Support Report**

Those who do not support this project feel that this truck purchase should be delayed to reduce the overall tax impact for this year. Principal and Interest payments of the Debt Service this year alone will be over \$1,000,000 on projects and purchases already approved in past years. This includes five (5) vehicles for DPW in lease/purchase agreements already totaling payment and interest of \$141,024. One of these vehicles will be paid off in 2016. Ideally, no more than one vehicle should be purchased per

year. Efforts should be considered to develop purchase programs which would eliminate lease/interest costs.

**ARTICLE 12 – Sidewalk Tractor Plow – 5-Year Lease/Purchase - \$31,650 (Annual Payment \$31,650/Total Purchase Price \$150,000)**

The Budget Advisory Committee voted 4-5, does not support this article

**Majority Report**

The majority of the BAC was in opposition to this warrant article due to the fact that the current machine is in working condition. It is unclear what maintenance costs have been incurred in the past and it is unclear what parts or services will be needed in the future.

**Minority Report**

The minority believe that it is important to replace this second sidewalk tractor plow with sander so the Town can meet its obligation to plow town sidewalks. This lease / purchase is also important to the safety of both young and old that snow be removed from sidewalks to ensure safe passage for all citizens in the community.

**ARTICLE 13 – Social Services - \$35,000**

The Budget Advisory Committee voted 7-1 to support this article

**Majority Report**

The committee believes that in these economic times, our citizens continue to need assistance. These funds are allocated to 19 different agencies that provide various resources to our citizens. Without these resources, the overall welfare burden would likely increase in excess of the amount requested.

**ARTICLE 14 – Conservation Lands Fund - \$20,000**

The Budget Advisory Committee voted 7-1 to support this article

**Majority Report**

Only 7% of the 16,000 acres of Town land is presently protected as Conservation Land. These parcels of land preserve wildlife habitats and rural water supplies, and improve air quality. As undeveloped land, citizens can enjoy the trails and natural beauty. The Conservation land fund provides the Town with money to react quickly to acquire land that becomes available. Conservation Commission recommendation, selectmen approval, and public hearings are required before the money is spent. The Fund must maintain, in today's market, a useable balance so land can be secured.

**ARTICLE 15 – Teamsters Union Collective Bargaining Agreement (2015 – 2016) - \$16,820**

The Budget Advisory Committee voted 9-0, to support this article

**Majority Report**

This agreement covers cost items included in the Teamsters Collective Bargaining Agreement (CBA) reached between the Board of Selectmen and the International Brotherhood of Teamsters.

**ARTICLE 16 – Non-Emergency Community Transportation Bus Services - \$20,000**

The Budget Advisory Committee voted 7-1 to support this article

**Majority Report**

For the past 6 years or so the Souhegan Valley Transportation Collaborative transportation service has provided an invaluable service to many of the citizens in Milford and the surrounding area. Without this service many of our citizens would not be able to conduct ordinary daily business such as attending doctor visits and necessary food shopping. There are six towns now participating in this service with

each paying a proportionate share. Milford citizens are the largest users. This is a very worthwhile service to our citizens.

### **ARTICLE 17 – Pumpkin Festival, Holiday Decorations and Plantings - \$20,000**

The Budget Advisory Committee voted 4-4 to support/oppose this article

#### **Support Report**

The Pumpkin Festival is an annual multigenerational event that has been well supported by the community for a number of years. This event is a great marketing tool for Milford, and it is always well attended. This article does not fund the entire cost of the Pumpkin Festival; rather as in past years it pays the cost of the support provided by public works, police details, fire and ambulance services in case of any emergencies.

#### **Non-Support Report**

Those who do not support this article recognize that this Warrant Article pays for extra man hours by DPW, Police, Fire and Ambulance departments as well as the purchase and planting of flowers on the Oval and Stone Bridge, lights, garland and holiday decorations. However, in a year of economic concern, this could be amended to a lesser amount as has been appropriated in the past, and supplemented by Pumpkin Festival income. Those who do not support this article believe it may be possible for the Pumpkin Festival to be self-sustaining and profitable after 25 successful years running in the town of Milford.

### **ARTICLE 18 - Funding of the Annual Labor Day Parade - \$7,500**

The Budget Advisory Committee voted 5-3 to support this article

#### **Majority Report**

The majority feels that we should continue to fund this parade which has been an annual event in Milford. This parade is one of the favorite activities provided to the citizens of Milford and is attended by hundreds of people since 1945.

#### **Minority Report**

For 67 years costs were provided by the American Legion and the Veterans of Foreign Wars. Last year \$5,000 was provided by a Petition Warrant. This year is \$7,500 for a town warrant article. The minority does not believe adequate public support exists to warrant the expenditure of funds.

### **ARTICLE 19 – Summer Band Concerts - \$9,000**

The Budget Advisory Committee voted 8-1, to support this article

#### **Majority Report**

The concerts provide culture and entertainment for all ages and are one of the many activities that make Milford a highly desirable place to live.

#### **Minority Report**

The minority does not support this article and would like to see the concerts community- supported (non-tax payer) and funded given the growing tax burden.

### **ARTICLE 20 – Fireworks - \$8,250**

The Budget Advisory Committee voted 3-5, does not support this article

#### **Majority Report**

The majority feels that fireworks are the lowest priority item on the warrant in a year of more pressing needs and a large proposed tax rate increase. Past Fourth of July activities and bonfire at Keyes Field were memorable with or without fireworks. This year the 50<sup>th</sup> Anniversary Celebration of Keyes Pool

should be the main focus. Safety coverage for any events by Police, Ambulance, Fire and DPW is already included in the Recreation Department Budget. This Article is only for fireworks.

**Minority Report**

The minority support the fireworks display as an appropriate and symbolic way to celebrate America's Independence. The Recreation Director has negotiated with RS Fireworks to provide a much improved fireworks display if this article passes.

**ARTICLE 21 – Memorial, Veterans & Labor Day Parades and Recognition – Town Support - \$6,000**

The Budget Advisory Committee voted 5-3, to support this article

**Majority Report**

These events are very well attended and popular with the community. This Article pays the cost of police and DPW details for the safety of the attendees.

**Minority Report**

The minority believes that the cost of this article should be reduced accordingly should Article 18 fail.

**ARTICLE 22 - Jones Road Opening - \$0**

The Budget Advisory Committee voted 0-9, does not support this article

**Majority Report**

The majority of the BAC oppose the warrant due to the unknown costs that will be incurred in the negotiation process. The study of reopening of this crossing is an unnecessary distraction and allocation of resources at this time. Questions as to the amount of usage the road would receive, the condition of the road, and the cost to re-open the road are also a concern. Lingering projects at South Street, the intersection of Rte. 13/Emerson/Armory, the intersection of Rte 101A/Ponemah, Kaley Park entrance, paving projects, bridges projects, the library, and new property adjacent to Keyes Field should be addressed and funded before initiating new projects.

**ARTICLE 23 – Sale or other Disposition of Resources BROX Property - \$0**

The Budget Advisory Committee voted 1-7, does not support this article

**Majority Report**

The majority are concerned there will be a lack of oversight and citizen input if this Article is approved. There is no near-term need to develop this portion of the Brox property for a school or cemetery, and the area is currently used for hiking and other recreational activities. Once these resources are sold they can provide no further benefit to the town, yet the town will always have need for these type of resources. If these resources are sold and the revenue is returned to the General Fund, this can be used to offset taxes. However, that revenue could also be used to fund future development of this portion of the Brox property, as was specified by the 2007 warrant article that gave the Board of Selectmen authorization to sell these resources. Without a voter approved plan for development of this portion of the Brox property, there is no hurry to start a gravel mining operation. The Conservation Commission funded an environmental study of the entire 240 acres of the Brox Property which has only recently been received and has not yet been reviewed by the Conservation Commission, the Board of Selectmen, or the Budget Advisory Committee. This report should be considered in future planning.

**Minority Report**

The minority believes it is in the best interest of the town to begin the process of harvesting some of the natural resources from property town voters approved for purchase almost 15 years ago. It is also clear in this article that this authorization only extends to existing mineral interests and does not authorize the selectmen to sell or otherwise dispose of the land without further authorization of Town Meeting. The actual disposition will be subject to further public review and input prior to the actual removal of any resources.

## **ARTICLE 24 – Discontinuing Solar Exemption - \$0**

The Budget Advisory Committee voted 2-7, does not support this article

### **Majority Report**

The US Dept. of Energy has outlined incentive programs to allow towns to encourage residents to install and use solar systems, wind turbines, and central wood-fired heating systems by providing guidelines for tax exemptions. The present Milford exemption, only for solar, is based on 100% of installation cost, which is removed from taxed property value, but the intent of the incentive is based on the change in assessed property value when equipped with a qualifying system. Presently there is no value amount specified. The majority agrees that the present exemption needs to be rewritten including consideration of all renewable energy sources listed above. Instead of removing the present exemption, a review and analysis will allow a presentation as a warrant article at a future town meeting. Operation of the solar energy system will diminish PSNH's load and the carbon footprint of the property.

### **Minority Report**

Exemptions for alternate and efficiency systems are not uniformly available to all citizens; therefore, the town should not be incentivizing one system over another. There are programs at the state and federal level that are sufficient to encourage individuals to undertake such projects.

## **ARTICLE 25 – Budget Committee Charge - \$0**

The Budget Advisory Committee voted 5-4, to support this article

### **Majority Report**

The majority believes it is important to update the charge of the Budget Advisory Committee to bring it in line with the SB-2 form of government. This article clarifies the name of the committee. The majority agrees that the committee should engage in future discussions with the Board of Selectmen to clarify which items on the warrant should be reviewed by the committee.

### **Minority Report**

The Minority agrees to the need to redefine the Budget Advisory Committee but feels more clarification on its operation such as vacancy appointment, etc., must be recognized. Also the "recommendations" to be made should be spelled out such as the 1974 version which included "recommendations on items of the budget, warrant articles, and other matters concerning the town." Therefore, the article needs work and discussion and should be presented in its entirety for vote when completed.

## **ARTICLE 26 – Numerical Tallies on Warrant - \$0**

The Budget Advisory Committee voted 9-0, to support this article

### **Majority Report**

The RSA spells out the procedure for recording tallied votes and states that any town may vote to require it. This process is already done voluntarily by the Budget Advisory Committee, so this article merely formalizes the report as a requirement.

Several years ago the State adopted RSA 32:5, Va and RSA 40:13, Va, however, the State left it up to the individual municipalities to formally adopt the provisions. At the time, Milford was already recording the votes as stated in the RSA and hence in compliance. Since Milford was and continues to comply with these provisions, this vote is a formalization of adopting the provisions of RSA 32:5, Va and RSA 40:13, Va.