

Thank You: My family and I appreciate the lovely flowers that were sent by the Town in my Father's memory.

Stephen Jeffrey has requested the Board of Selectmen convene a hearing to remove ZBA members and that Fred and Dawn recuse themselves. I suggest they recuse from the discussion, but I encourage the Board of Selectmen to reject the request. There is a legitimate question as to whether or not the ZBA had jurisdiction because of the nature of the subdivision, but that is best left to the court to decide whether or not it was the case. In this matter it was our attorney who suggest a variance was needed at a public hearing when Stephen Jeffrey was present, so it is hard to fault for the ZBA for process. ***What does the Board wish to do?***

Draft Default Budget: ***Does the Board have questions or suggestions?***

Draft Revenue for 2014: ***Does the Board have questions or suggestions?***

Highway Garage: One option on the garage is using unexpended funds from 2013 and unexpected revenue from 2013 (fund balance). This could be combined with one of the following if the Board wishes to spread the cost of the garage out over two years. There are difficulties with the request to spread the spending for the garage over two years but options to do so include:

1. Approve funds to complete part of the building which would function if the rest were not done in the first year and the balance to complete what was desired would be in an article for the second year. It would not be half the first year as the first year would be a much larger figure than the second. It would cost more to build total this way.
2. There is a new law that allows it to be spread over two years, provided there is a 60% vote of the voters of the 2014 meeting which would also guarantee money from both 2014 and 2015 if approved. This would delay construction to 2015 but avoid ending up with a half completed building.
3. Appropriate half the cost with nothing being done until a future vote approved the second half, probably in 2015 (majority required).

Tax Rate Impact on various items: There are several factors that make stating a tax rate change difficult. We need to be careful that we properly phrase any potential impact on tax rates. First there could be changes in other revenues such as state (unlikely other than perhaps highway funds), motor vehicle registrations (small increase likely), etc. More importantly there will be significant assessment changes this year. There is a state requirement that assessments must be adjusted town-wide to market value at least every five years. This is making sure everyone pays their fair share of the total taxes collected. Any percent change in assessments will have the opposite and same percentage change in tax rates. We expect the **average** assessment to **drop about 10%** which means tax rates **will go up 10%** if nothing else changes. This will happen despite the fact properties are starting to rise in value again. It is a residual effect from the drop that occurred during the recession, which is why our assessments are estimated to be 110% and the ratio was higher than that last year (i.e. true market value that much lower than the assessment). It is also important to note that some properties will drop more than others and some properties will go up in assessment. The rule of thumb is that 1/3 goes

down more than the average, 1/3 changes the average and 1/3 goes up compared to the average change.

Assuming there is no change in revenue or assessment and the entire amount under consideration goes onto the tax rate with the current assessment, then every \$91,510 of additional expenditure will be ten cents on the tax rate.

There is one other factor that impacts warrant articles, which is the use of fund balance. I anticipate there to be unexpended appropriations and revenues in excess of projection at the end of the year which could offset many of the warrant articles. The Board policy is to maintain our fund balance near its current level and appropriate any increase that might occur to fund balance for capital items. While I am not ready to put a number on fund balance I expect it to be between \$200,000 and \$400,000.

Bonding creates its own unique situation. The impact on the tax rate in 2014 depends upon when you first draw out the money (as opposed to when you approve the appropriation). Interest rates could change between and when the town takes out the bond. There is no tax rate impact in 2014 for the \$500,000 bond for the road and engineering. In fact it is quite possible we would not make an actual drawdown in 2014 which would push the beginning of the rate impact out another year. It is likely the impact on 2015 could be less than the amount shown on drawdown schedules because the drawdown might not occur until later in the year. With those caveats, a "level principal 10 year estimated debt schedule" would have the following impacts assuming complete drawdown August 15, 2014. 2015-8 cents; 2016-2019-7 cents; 2020-2024- 6 cents.

Expected privately funded construction reducing the amount of work for the proposed Bond: There is a commercial customer who will be developing the first lot on the proposed road bond for the Svenson property during 2014. That development will include the driveway on the proposed road location off Route 9, including permitting with NHDOT. We expect that drive to be to Town road specifications. As a result I suggest we can revisit the amount of the proposed bond and drop the request by \$150,000. We were carrying extra money for unknown NHDOT requests. ***Does the Board wish to change the warrant article bond request?***

Earned time: The right to buy out earned time amounts to a raise given in 2001. It was an increase in the base (for all those employees who use it). The Board actually reduced that compensation when it set lowered limits last year. I agree earned time factors into looking at total compensation, but it is going to have very little impact on changes in compensation in the past 5 years, and may even be a reduction.

Health Insurance: Rates have increased as follows for the Blue choice plan on July 1 of each year: 2008-3.3%, 2009-7%, 2010-15.9%, 2011-19.6%, 2012-3.2%, 2013-5.3% The sum total (compounded change for six years is 60% or an average of 10% per year. The impact of health insurance costs as a percent of total compensation is about an average of 1.8% per year increase.

Percent of salary and benefits and earned time:

2010

		Percent of total compensation
Total Wages other than earned time	\$ 2,076,081	81.79%
Total Earned time (included in total wages)	\$ 131,784	5.19%
Total employee insurances (town share)HI, SDI,Life,FSA)	\$ 462,164	18.21%
Total Compensation	\$ 2,538,245	
Average Percent Change Health Insurance 5 yr	10.00%	
% Health Insurance factored % of total	1.82%	

Salary Increases (1st paragraph repeat from 11/25): Steps without the collective bargaining unit would cost \$28,946. Steps for everyone would be \$43,361. A 1.5% COLA for all those in the budget other than bargaining unit employees (not counting recreation program staff from Revolving fund or ambulance crew from revolving fund) would be \$19,750, (\$26,942 including bargaining unit employees). I recommend both steps for those not in a CBA and a 1.5% COLA (total \$48,697).

For calculation for other COLA options each 1% for those not in the bargaining unit is about \$13,150. The bargaining unit employees will be included in the Collective Bargaining Agreement going to the voters when tentative agreement is reached.

The salary matrix was last adjusted January 1, 2008 when the minimum wage increased. At that point the matrix was adjusted and there was a merit step. Since then the matrix has not changed, i.e. no COLA any year. During the six years, inflation has been low compared to historical standards, in fact going slightly negative one year. However for the time period, the area cost of living has risen 10.6% in the past 6 years using the official CPI for the region for the most recently available 6 year period (September). By way of comparison the adjustment to Social Security has gone up 13.1% (compounded not counting 2008(since it is the base) but counting 2014 since is the year we are discussing). During that time there has been no adjustment to the matrix. In 2010 there was a onetime non-accumulating "payment" of 5 days earned time which would be 1.9% for all those who cashed them out, but this did not add to the employee's future year's wages. The only increases in salary that increased the base salary occurred in 2012 when we did the grade changes and in 2013 when there was a merit based step. During that time the value of the dollar paid to the employees for wages has decreased about 10%.

Tax deeded Manufactured Home: We have a man who has come in and offered to pay all the back taxes, interest and fees as well as our administrative costs to record a new deed if the Board of Selectmen will waive the 15% penalty that could be added. I recommend the Board accept this as it will cost us a lot of time and money to go through the eviction process, pay park rent and then have to sell it. ***Does the Board wish to do this?***

Holiday Party: We need a head count before December 9 from everyone, including the Board of Selectmen of how many are coming to the Party.

Single Stream Recycling: I expect a report for the December 16 Board of Selectmen meeting showing labor savings and increased participation rates.

Transfer Station Employee: An employee at the transfer station has resigned to take a full time job elsewhere. Our plan during the winter is go use Erin (our AA) who is certified to cover the Saturday hours. Her extra hours will come out of the transfer station budget from the account from which the resigned employee was drawing.

Backup for COLA information.

Consumer Price Index Boston-Brockton-Nashua, MA-NH-ME-CT (1982-84 = 100)

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U), NOT SEASONALLY ADJUSTED

Boston-Brockton-Nashua, MA-NH-ME-CT All Items 1982-84=100 (R)=Revised

Year	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Avg.
1998	171.2		171.3		170.9		170.7		172.1		173.3		171.7
1999	174.1		174.8		174.2		175.3		176.8		179.2		176.0
2000	180.2		182.8		181.7		183.2		184.3		187.4		183.6

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U), NOT SEASONALLY ADJUSTED**Boston-Brockton-Nashua, MA-NH-ME-CT All Items 1982-84=100 (R)=Revised**

		(R)	(R)									
2001	189.0	190.9	190.9	192.1	192.7	192.7	191.5					
2002	192.9	194.7	194.8	195.7	199.1	200.4	196.5					
2003	199.8	202.8	202.3	203.0	206.8	206.5	203.9					
2004	208.4	208.7	208.7	208.9	209.8	211.7	209.5					
2005	211.3	214.2	214.6	217.2	220.1	218.6	216.4					
2006	220.5	221.3	222.9	225.1	224.5	223.1	223.1					
2007	224.432	226.427	226.247	226.929	227.850	230.689	227.409					
2008	231.980	233.084	235.344	241.258	238.519	232.354	235.370					
2009	230.806	232.155	231.891	233.018	236.596	236.589	233.778					
2010	237.266	237.986	238.083	236.132	236.474	238.103	237.446					
2011	239.814	242.787	244.574	244.256	245.310	245.030	243.881					
2012	245.891	247.166	246.582	246.326	249.488	249.929	247.733					
2013	249.957	250.835	250.036	251.067	251.918							

Automatic Cost-Of-Living Adjustments

July 1975 -- 8.0%

July 1976 -- 6.4%

July 1977 -- 5.9%

July 1978 -- 6.5%

July 1979 -- 9.9%

July 1980 -- 14.3%

July 1981 -- 11.2%

July 1982 -- 7.4%

January 1984 -- 3.5%

January 1985 -- 3.5%

January 1986 -- 3.1%

January 1987 -- 1.3%

January 1988 -- 4.2%

January 1996 -- 2.6%

January 1997 -- 2.9%

January 1998 -- 2.1%

January 1999 -- 1.3%

January 2000 -- 2.5%⁽¹⁾

January 2001 -- 3.5%

January 2002 -- 2.6%

January 2003 -- 1.4%

January 2004 -- 2.1%

January 2005 -- 2.7%

January 2006 -- 4.1%

January 2007 -- 3.3%

January 2008 -- 2.3%

January 1989 -- 4.0%
January 1990 -- 4.7%
January 1991 -- 5.4%
January 1992 -- 3.7%
January 1993 -- 3.0%
January 1994 -- 2.6%
January 1995 -- 2.8%

January 2009 -- 5.8%
January 2010 -- 0.0%
January 2011 -- 0.0%
January 2012 -- 3.6%
January 2013 -- 1.7%
January 2014 -- 1.5%