

FINANCE COMMITTEE REPORT -2019

The Finance Committee, consisting of 6 members, is authorized by the voters and appointed each year by the Town Moderator to advise the Select Board and other officers of the town in the prudential affairs of the town.

General Observations on Town and School Finances

Finance Committee members attended all School Board and Select Board meetings and public hearings related to the budget. In addition, separate Finance Committee meetings were held with public participation to discuss budget related issues.

The school budget, including warrant articles if approved, would reduce the tax rate by about \$.61 from last year. The town budget, including the library warrant article and anticipated revenue, would increase the tax rate by about \$.85. The approximate net impact would be an additional \$60 in taxes for a property assessed at \$250,000.

While we are concerned about ever increasing taxes, when voters are given a choice about warrant articles which add to the overall budgets, most pass overwhelmingly. And the demand for services seems to be increasing, not decreasing. The challenge for a community with a wide range of incomes is to find a level of service that everyone can live with. In this light, one of the primary roles of the Finance Committee is to help ensure the town and school are spending tax dollars responsibly, to effectively accomplish our collective goals.

In addition, we recognize that future costs can impact current budget decisions. To help make future costs more transparent, we are recommending a more robust Capital Improvement Program as described in the Comments and Recommendation section below.

Town Warrant

Meriden Library (Warrant article 2)

A Brief History: At the March 2017 Town Meeting, the community was asked to ‘defund’ the Meriden library and make the Philip Read Memorial Library the single, funded library for the Town. That warrant article was defeated by a vote of 225 against vs 29 in favor. The following year, March 2018, the Meriden Library Building Committee was formed to determine if the existing Meriden library building could be modified to make it a fully accessible building. In the end, because of asbestos in the building, the lack of available space for an accessible bathroom, and the need for an elevator to reach the bottom floor, the committee concluded that modifying the building was not financially responsible. Instead, it recommended that the Meriden Library be replaced and proceeded to research and develop plans and cost estimates for that. In March 2019, a warrant article was proposed that the Meriden Library be replaced at a cost of \$975,000 and that up to \$487,500 be funded by a bond issue. The vote on that warrant failed by a vote of 190 against vs 249 in favor which was less than the required 2/3rds (293) to pass a bond article. Note: At that time, the Finance Committee members opposed the bond article by a vote of 5 to 1.

The Current Warrant Article proposes that the Meriden Library be replaced at a cost of \$1,046,000 and that a one-time payment of not more than \$183,000 be raised from taxes.

The remaining funding is to be raised from the existing Town reserve fund for ADA access (\$45,000), the existing Town reserve fund for Meriden Library Replacement (\$18,000) and private funds raised by the Meriden Library Foundation (\$800,000). It also gives the Foundation until December 31, 2021, to meet their funding obligation.

Both the community and the Finance Committee are divided on this issue. Within the committee, objections were raised both on financial and procedural grounds. In particular, concern was expressed that the number of community members being served by the library and the trend of declining use of libraries generally does not support the investment being made. Procedurally, concern was expressed that the committees involved and the Town officers had not followed the existing purchasing policy which requires a competitive bid process for the award of large purchases and that not following the policy should be disqualifying.

A majority of the committee voted to support this article for the following reasons:

- Because the decision about this ‘purchase’ is to be made by the Town’s legislative body at Town Meeting rather than by Town officers, it is unclear if the Purchasing Policy applies. (Interpretation by the Town is that it does not.) In any case, it should be up to the community to decide if the lack of competitive bids in the project design process is disqualifying or if the Meriden Library Building Committee’s research and diligence in selecting a vendor is sufficient.
- Bearing the full cost of 2 libraries might fairly be considered a luxury, or undue burden, for a community our size. However, that is not our situation. On completion of the proposed library the town will own 2 buildings, worth approximately 2.2 million dollars in aggregate, with actual costs borne by the taxpayer of less than \$600k, or roughly half the cost of a single library paid for with taxpayer dollars. In this case, private funds are paying for over 80% of the buildings cost.
- Finding a way to make the existing Meriden library ADA compliant was the initial charge of the Meriden Library Building Committee. The committee found that with hazardous materials in the walls/floors of the existing building, lack of space for an accessible bathroom, and the need to expand the building to accommodate an elevator to reach both floors, renovation of the existing building would be too expensive and would leave all of the basic problems with the existing structure in place. It is true that the Philip Read Memorial Library provides fully accessible library. However, we have an ethical responsibility to make sure all municipal buildings fully comply with ADA requirements, which the proposed building will do.
- In addition, the proposed building will remove the future liability of a building with hazardous materials in the walls and floors that cannot be easily removed. It will also reduce maintenance and operating costs because of its energy efficiency.

We believe that this proposal represents a prudent investment for the community.

Tax Impact: If approved, this article would add \$.60 to the tax rate for one year, or \$150 for a property assessed at \$250,000.

Recommended by the Finance Committee (Vote 4 - 2)

Town Operating Budget (Warrant article 3)

The town operating budget increases by about \$91,000 or 4% from last year. The increase consists primarily of cost of living raises for town employees and about \$15,000 for the new trash and recycling contract as discussed above.

Tax Impact: If approved, this article would add \$.30 to the tax rate, or \$75 for a property assessed at \$250,000.

Recommended by the Finance Committee (Vote 6 - 0)

Reserve Funds (Warrant article 4)

Reserve funds are taxes collected by the town for specific identified future expenses. The use of these funds has served the community well by preventing large fluctuations in the tax rate from year to year. The \$257,500 requested this year includes an increase of \$25,000 in the Fire Department Equipment fund and an increase of \$15,000 in the Bridge Fund to better match anticipated costs in these areas and the elimination of \$25,000 approved last year for the Meriden Library Fund.

In connection with the development of a Capital Improvement Plan (CIP), as described in the General Concerns and Recommendations section below, the town should consider combining related funds to allow more flexibility in meeting the town's needs as they evolve from year to year.

Tax impact: If approved, this article would add \$.05 to the tax rate, or \$13 for a property assessed at \$250,000.

Recommended by the Finance Committee (Vote 6 - 0)

All Veterans Tax Credit (Warrant article 5)

This article expands the tax credit to include all veterans who meet certain minimum criteria. It is estimated to impact fewer than 20 taxpayers, so the change to the town tax rate is thought to be minimal. This tax credit seems like an appropriate way to recognize, in a small way, the debt we owe to all the men and women who have served this country in the military.

Recommended by the Finance Committee (Vote 6 - 0)

Trash and Recycling Contract (No Warrant Article)

The cost of the trash and recycling program has a significant impact on the Town budget (\$236,810); and, by observation, there seem to be a number of households which do not use the pickup service. In past years, the Finance Committee and others have recommended that the Town examine whether this service should be continued or

revised. As a result, the Solid Waste Committee was established. As part of their assessment, a simple, post-card survey was sent to all households. Over 60% of the households responded. The survey response overwhelmingly favored continuation of both the trash (85%) and recycling (95%) programs.

The Solid Waste Committee has made the following recommendations:

1. Continue the current contract with Casella Waste Service for one year to give the Town time to assess possible modifications to the program to reduce costs.
2. Identify potential vendors who could provide waste and/or recycling collections services to the Town as well as possible modifications to the current contract model. Develop a Request for Proposal (RFP) and solicit bids for this service.
3. Continue the Solid Waste Committee with a focus on residential education and outreach.

The Finance Committee unanimously supports these recommendations.

School Warrant

General Observations

The School Board continues to target budget expenditures to support the adopted school vision. The Finance Committee supports the efforts of the administration and School Board to focus budget requests in this way and feels that the budget requests were well justified.

Operating Budget (Warrant article 2)

The operating budget, not including warrant articles, is \$6,880,509 which is 1.8% lower than last year. Reductions in the education expenses and increases in revenue contributed to an overall decrease of -4.4% in tax dollars needed.

There are requests for additional support:

- \$11,875 for iPads to replace aging and broken equipment in the K-1 program
- \$4,000 for movable furniture to pilot a more flexible instructional environment in one classroom
- \$29,675 in benefit costs related to a teacher who is shared with Cornish. Essentially, a teacher with part-time positions in both schools with no benefits will be in a full-time position shared between the schools which includes benefits. If the model works, it will help both schools keep a well-qualified teacher who would otherwise be seeking full time employment elsewhere.
- \$10,000 to increase the music position from .8 to full time.

Tax impact: If approved, this article would decrease the tax rate by .79 and will reduce the tax on a property assessed at \$250,000 by \$198.

Recommended by the Finance Committee (Vote 6 - 0)

Floor Replacement (Warrant article 3)

This article continues the process of replacing existing floor covering with Terrazzo epoxy to address moisture issues in the building. \$35,000

Tax impact: If approved, this article would add \$.12 to the tax rate, or \$30 for a property assessed at \$250,000.

Recommended by the Finance Committee (Vote 6 - 0)

Building and Grounds Study (Warrant article 4)

Currently, the school is experiencing drainage issues on the playground and ball fields, lighting issues in the front of the building, and a need for additional paving along the parking lot side of the building. In addition, the gym roof will need to be replaced, and the current classroom configuration may need to be revised to support the instructional program, especially at the middle school level. This article provides funding to support an evaluation of these issues. \$20,000

Tax impact: If approved, this article would add \$.06 to the tax rate, or \$15 for a property assessed at \$250,000.

Recommended by the Finance Committee (Vote 6 - 0)

General Concerns and Recommendations

Capital Improvement Plan (CIP)

The Finance Committee recognizes the need for both the town and the school to be transparent about anticipated large capital expenditures in future years, to help voters make fiscally responsible decisions at town meeting. While the town currently has a CIP process, it is not well publicized and does not include all large capital expenses. The current process focuses on equipment needs for the highway, police and fire departments and results in updates to the Town reserve funds. It does not include anticipated renovations to Town buildings which now include two fire houses, two libraries, an additional storage building for the highway department, the town garage and two town halls. We strongly recommend that the current CIP process be revised to include members from the Planning Board, Select Board, and Finance Committee and that its scope be expanded to include major repairs and renovations to the town's buildings.

The School District also has a 5 year CIP plan that is not well publicized. While we recognize that the town and school plans are separate because the budgets are separate, both plans impact the same taxpayers. We recommend that anticipated capital expenditures for both school and town be presented together in any publication to the community, so taxpayers can readily see the full impact of all large future expenditures as they consider the town and school budgets.

Mike Sutherland Chair, Finance Committee