

Budget Advisory Committee Town of Temple, NH

Meeting Minutes

6:00 PM, 30 April 2020, Remote Access via Zoom

1. Scholl read the State of Emergency Order Checklist allowing electronic meeting under Right-to-Know law.
2. Call to Order and Roll Call 6:06 PM
Gary Scholl, John Kieley, Gail Cromwell, Ken Caisse (6:45 PM), Tim Fiske, Christine Robidoux, George Willard, Bill Ezell
Absent: Ken Caisse

Guests: Connie Kieley, Peter Allen, James Stein, Honey Hastings

3. Sub-Committee Report Out: Risk Management Strategy for Town Operating Cash Flow (see attached document for background information)

To understand impact and develop strategies to respond if and when necessary.

Select Board met on Apr 17, recommended proceeding with analysis and strategies. Early April, things were stable, no changes at that time. Things changing since then. Subcommittee created a model for Temple to see how cash flow would be affected.

John Kieley: Standard model used by corporations. Agree on modeling element (Cash) look at variables that affect cash and impact. Came down to 15 variables then looked at those closer to prioritize and determine what was most important including late taxes. We budgeted 24K for interest. Looked at state rooms and meals tax and block grant program. State expecting 7M deficit. Temple may lose 100K more or less from state revenue. Rooms and Meals and Block Grant about \$1 on tax rate.

Timing of tax collection will have the biggest impact. Sending out late into June would be a problem. In 2009, 80% of taxpayers escrowed their taxes with Mortgage Company. Elizabeth reports that it's 35% now, asked to check with Jeannie, it went up to 37%. People have changed how they plan and pay taxes. State average is substantially higher. We are at higher risk now. We anticipated different scenarios in terms of tax collection. In prior years 70% paid within the month of June. 25% paid in July. Typical year 95% paid within 45-60 days of tax bill. Unemployment rate in Temple now at 20%. Prior to this it was 3%. Projection

scenario dropped 70% to 50% and looked at gradual scale so that taxes were paid by October. Model shared by Gary assumes that scenario.

Second scenario more realistic anticipates June 35% tax collection than grades down to 15% still unpaid by end of calendar year. December tax bill will also have lag of payment into 2021. We will run out of cash, perhaps by the end of the year.

Model assumes we spend 2020 budget with no expenses cut back. Discretionary spending is recommended. Kieley has already spoken with Road Agent Perry about alternatives to major paving projects and ways to save cash.

Gratitude to SB on advising Town departments and committees.

Fiske: Major expenses are police, highway and schools. School costs can't be changed. Warrant articles: can they be re-appropriated for other expense.

Scholl and Kieley believe they have to be used for what they were appropriated for because it was put into a trust.

Line items are at the upper limit, aggregate. Warrant articles are committed to what they were voted on.

Gross funding for operating expenses, SB can make decisions on appropriating without special meeting or vote.

Cromwell: 45K fund for road projects. 35K for West Rd and culvert replacements. Perry is not going to do Main St and Fire House lane. Could save \$5-\$10K if that is the case.

Scholl: Hitting low level of cash \$40K by end of the year. Into 2021 shortfalls continue. There are still lots of possibilities. Important to collect data, weekly reports rather than monthly at least through July, to get indicators as early as possible. Monitor cash flow and state updates, expectations for relief have dried out. Develop some preemptive strategies. Large expenditures should get SB approval. Cooperation of department heads and encourage keeping communication open with them going forward.

Darnell: Welfare families?

Scholl: Welfare line was raised by \$10K at town meeting. Looked at expending more if needed, this was before indicators.

Kieley: 3C model anticipates \$50K of Welfare payments. Monitoring every few days.

Fiske: Town owns some properties on Rte 45 that could be buildable or possibly sold, but keep in mind or consider the possibility of selling these properties.

Cromwell: Legislation has already been passed that allows town to sell that land without town meeting or vote.

C Kieley: Warrant Article does not require expending the funds in 2020. Warrant articles shared below.

Willard: Has BAC considered tax anticipation notes, is it possible we would need to borrow money? As in Antrim a couple of years ago.

Kieley: We would have to pay that money back. If in November, we needed to borrow money, we would need a plan to pay it back. Don't expect this will be solved in early 2021. This trades one problem from another. Governor suggests "towns plan for the worst".

Even if Temple taxpayers pay as in the past, if it happens again, we will still have a problem in December because of other lost state revenue, likely \$100-150K. Tax rate goes up by \$1. Planning for cutbacks is what will protect us in the longer term.

Fiske: Has School board weighed in on cutbacks or savings to towns.

Scholl: Recent note from ConVal essentially says they don't know. They are meeting and looking at scenarios, also. Online teaching still incurs expenses, however they were non-committal in terms of how to go forward.

Ezell: School pointed out that obligations are contractual and we should not expect any relief from them.

Tax Collector expects last minute payments that usually come in will likely not come.

Kieley: Sat in on ConVal School call. Finances were discussed as far as why they are going to continue spending at usual. People on call did not ask questions, however Kieley reached out privately after the meeting and will speak with Saunders. Agrees will unlikely get any relief from the school.

Ezell asked about relief abatements, no penalty interest on late payments. SB needs to decide if they will adopt. NHMA recommends waiting.

Scholl believes this will make us vulnerable. Only in effect during the period of emergency. Not clear when the emergency order will end, what the affects will be at that time. Scholl believes the wording is a bit fuzzy and needs clarification.

Kieley feels that the policy is an incentive to not pay. No interest penalty. We will have to make some serious cutbacks if that happens.

Cromwell: Interest amount was reduced. Under \$7 per \$1K. No cost to not pay taxes. We don't want to see any liens.

Scholl: Has not seen anything encouraging SB's to adopt it. It passed, it's one of the emergency orders.

Robidoux shared River Center information regarding helping residents plan ahead for financial and housing insecurity. Will continue to put information out there.

Scholl: Monitoring will continue, not just rely on highway department. Need to hear from other departments on where they can start making cuts.

Kieley: Can BAC help them in this process.

Caisse: Weekly reports are a great idea. This may require extra hours from the bookkeeper.

Scholl: Shouldn't take more than 5 minutes to run the standard reports and email the data to Scholl.

Fiske: Bills paid every two weeks, will that work?

Scholl: Taxes getting paid weekly and would like to see that data weekly. Getting into rhythm and establishing procedures now would be helpful.

Caisse: May has Peterborough ambulance payment. Kieley factored that into the model.

Kieley: Thanks to Peter Allen, Town Treasurer for staying on top of things and getting important data to BAC and Select Board.

4. Adjourn (Fiske, Willard) Unanimous by roll call vote.

Referenced and shared during the meeting, two 2020 Warrant articles approved at town meeting in March:

Article 3: Paving: To see if the town will vote to raise and appropriate the sum of forty five thousand dollars (\$45,000) for the Highway Department paving projects planned for 2020.

Article 4: Asphalt and Paving Expendable Trust: To see if the town will vote to raise and appropriate the sum of one hundred forty thousand dollars (\$140,000) to be placed into the Asphalt and Paving Expendable Trust, previously established by Article 4 at the 2010 Town Meeting.

Attachments:

2020_04_10_Email_PauseExpenses_Scholl
2020_04_17_Email_OnlineTaxPayments_Scholl
2020__04_26_BackgroundHandout_Scholl
2020_04_28_Email_ConValPayment_Allen
2020_04_29_Email_HighwayBlockGrant_Allen
2020_04_29_Email_PnLCash_Scholl