

Village District of Eastman  
Budget Hearing, February 6, 2014, 7:00PM  
South Cove Activity Center, Eastman

These minutes were transcribed from audio by Amy Lewis, and presented to Deputy Clerk Michele Donegan for approval.

In attendance:

VDE Officials: Commissioner Duncan Wood, Commissioner Robert Fairweather, Commission Chair William Sullivan, Treasurer David Wright and Deputy Clerk Michele Donegan.

VDE Staff: District Manager Bill Weber and Office Manager Amy Lewis.

Guests: Gretchen Fairweather and Robert Parker, Eastman residents.

Eastman Security Officer Merritt Cavanaugh was also present.

The meeting was called to order at 7:05 by Commissioner Sullivan.

The purpose of the meeting was presented by Commissioner Sullivan: two proposed budgets will be brought to the community for the 2014 year. The first budget will be for the potable water division, with the second being the budget for the wastewater division, assuming the VDE will have control of the sewer company by April 1, 2014. Questions and comments will be taken after each budget has been reviewed.

Commissioner Wood said that the review of two budgets is assuming that the transfer of the ESC to the VDE will occur by April 1, 2014; the wastewater budget presented is for nine months. He added that the VDE as established is a dual-purpose district, meaning that the district has the authority to operate both potable and non-potable water systems. At the Annual Meeting, VDE voters will be asked to support both budgets.

Commissioner Fairweather began the presentation with Article 1 of the warrant – the election of district officials. We will be electing one commissioner for a three-year term; one treasurer for a one-year term, one moderator for a one-year term and one clerk for a one-year term.

Commissioner Fairweather explained the potable water budget as compared to the budget for 2013. A portion of the administrative wages and related benefits were allocated to the wastewater budget to show the estimated cost that would be incurred with the transfer of the ESC to VDE control. The total operating budget for 2014 is approximately 6% less than 2013.

The debt service is down from 2013 due to principal and interest reallocations. Trust fund allocations are slightly increased from 2013, in order to build up reserves for planned equipment replacements. The warrant will ask for a change to the name of the Alternate Energy Audit trust fund, in order to allow for research and equipment reimbursement, as the district would like to move toward renewable energy. The Water Mains fund is kept separate because of the funding request of \$80,000. The Office Building fund was also discussed; the district would like to have funds available as a down payment toward an addition to the existing maintenance garage, with the ECA's possible move to the Center. The balance of the accounts were outlined, with the desired 2014 capital budgeting.

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Total expenditures are \$875,766, less than 2013 budgeted expenditures by about \$30,000.

Revenues were then discussed. The board is recommending that the water usage rate be increased by \$0.05 per 100 gallons used for residential users. This increase will shift more of the operational cost to usage revenue, rather than taxes. The district had a surplus from 2013 due to the additional billing, which is being used to offset taxes for 2014. With the expected usage revenue increasing for 2014 and the transfer from the general fund to offset the precinct 1 tax charged, the total tax to be collected decreases from the 2013 rate by 10%.

Mrs. Fairweather asked how the tax rates to the towns are determined. The bulk of the tax revenue comes from Grantham, because 92% of the community is within Grantham. Commissioner Fairweather explained that the tax rates are set by the NH Department of Revenue Administration, and that the state attempts to equalize the rates so that customers in the three towns within the District pay roughly the same tax based on their properties' assessed value.

Mr. Parker asked if there was any way to get information from the state as to the formula used for the equalizer, as he has continuously paid a higher precinct 1 rate than his Grantham neighbors. District Manager Weber invited him to the VDE office to discuss at his convenience.

Commissioner Wood presented the articles referencing the wastewater budget. The wastewater budget is for nine months beginning April 1, assuming that the VDE will have ownership of the ESC by that time. Should the transfer take longer, any budget will be less than the one presented for approval by the community.

The wastewater budget shows the pre-audit figures for 2013 as provided by the ESC, as well as the 2013 ESC budget, the 2014 ESC budget and the proposed 9-month VDE budget. The overall expenses will decrease from the ESC 2014 budget; some administrative costs will go up to account for salary allocation and office supplies, but other expenses such as insurance and taxes will go down. The debt service will also go down; the VDE is able to secure a lower interest rate because of its municipal status.

Three capital reserve funds will be able to be funded as well; these trust funds were established in 2013.

On the revenue side, the quarterly rate will increase by \$75 to bring the total annual rate in line with the sewer fee averages for the state. Raising the rate will not require PUC approval once the VDE has control of the wastewater operations. The rate increase will allow the VDE to establish capital reserves for necessary upgrades and expenses.

Commissioner Wood moved that the board reappoint Michele Donegan as the district deputy clerk for 2014. Commissioner Sullivan seconded and the motion was approved unanimously.

With nothing further, Commissioner Sullivan made the motion to adjourn; the motion was seconded and unanimously approved. The meeting closed at 7:45.

Respectfully submitted,

*Michele Donegan*

Michele Donegan  
Deputy Clerk, Village District of Eastman

*Will Sullivan 2/19/14*  
*Jeanne Wood 2/19/14*  
*B. Danforth 2/19/14*