# Board of Selectmen – Annual Report

With a unique set of resources and assets that can be leveraged for stronger local and regional economic growth, New Durham has made significant positive changes during 2014. The Board of Selectmen believes that as elected officials it is imperative that we provide a high level of service to our citizens and that we be responsive to their needs. Advocating on their behalf, the Selectmen must be responsible in budgeting, provide effective planning, have prudent utilization of technology, and develop innovative ideas in responsibly managing the town's government with an eye towards cost effective value. Through the effective delivery of services, proper planning, fiscal responsibility, and a balanced respect for our environment New Durham strives to be a diverse, attractive community resulting in a highly desirable location for people to live.

In March of 2014 a unique milestone for New Durham occurred in that the Town voted to transition from the traditional Town Meeting form of government to the process described in New Hampshire RSA 40:13 as the Official Ballot Referendum (commonly known as "SB2"). This Official Ballot Referendum process requires that the Town now have all issues voted by the ballot process. This change required significant transition adjustments for the Board of Selectmen, Budget Committee, Town Administrator, and all Town Department Heads. The transition to an SB2 town required two primary operational changes: a) an earlier budget creation process, and 2) the development of two different complete budgets for 2015. One of these budgets is similar to that done previously in that it is the proposed budget for the next year. The second budget is termed the Default Budget and is analogous to the prior year's budget with certain required adjustments. Thanks to all affected entities, the Town met all timeline and legal requirements for this transition year. Not only was the needed budgeting information provided but the BoS also developed a Voter Guide. This Voter Guide is designed for all citizens to review to use as an aid in understanding all Warrant Articles and provides an increased description of the budget including many explanatory details.

In early 2014 the Board of Selectmen developed a written and public vision for the year encapsulated in a set of goals. These goals formed the framework for the substantial milestones achieved during the year. These goals revolved around three major initiatives: 1) Taxpayer Value, 2) Fiscal Responsibility with Accountability, and 3) Operational Improvements. An overview of the Selectmen's primary actions for 2014 is provided in the table at the end of this section of the report.

<u>Taxpayer Value</u>

Taxpayer value includes the types of services from all town provided and taxpayer funded entities. The key issue here is whether the services provided are the ones valued by the taxpayer and at the level desired for the cost required to provide the desired services.

During 2014 all department heads conducted marketplace research and developed data to compare New Durham's cost and operational data with selected other towns. From this data the Department Heads and the Board of Selectmen can benchmark best practices and cost value for the respective town services. This information will continue to be developed during 2015 and used to determine appropriate changes in both cost containment and service enhancements. The vision is for New Durham to be an organizational model for the effective and efficient providing of town services.

For many years, some dating as far back as 1978, New Durham has held on to land and buildings acquired through tax collector's deed. In 2013 these tax deeded properties totaled $1.3 million in assessed value. The

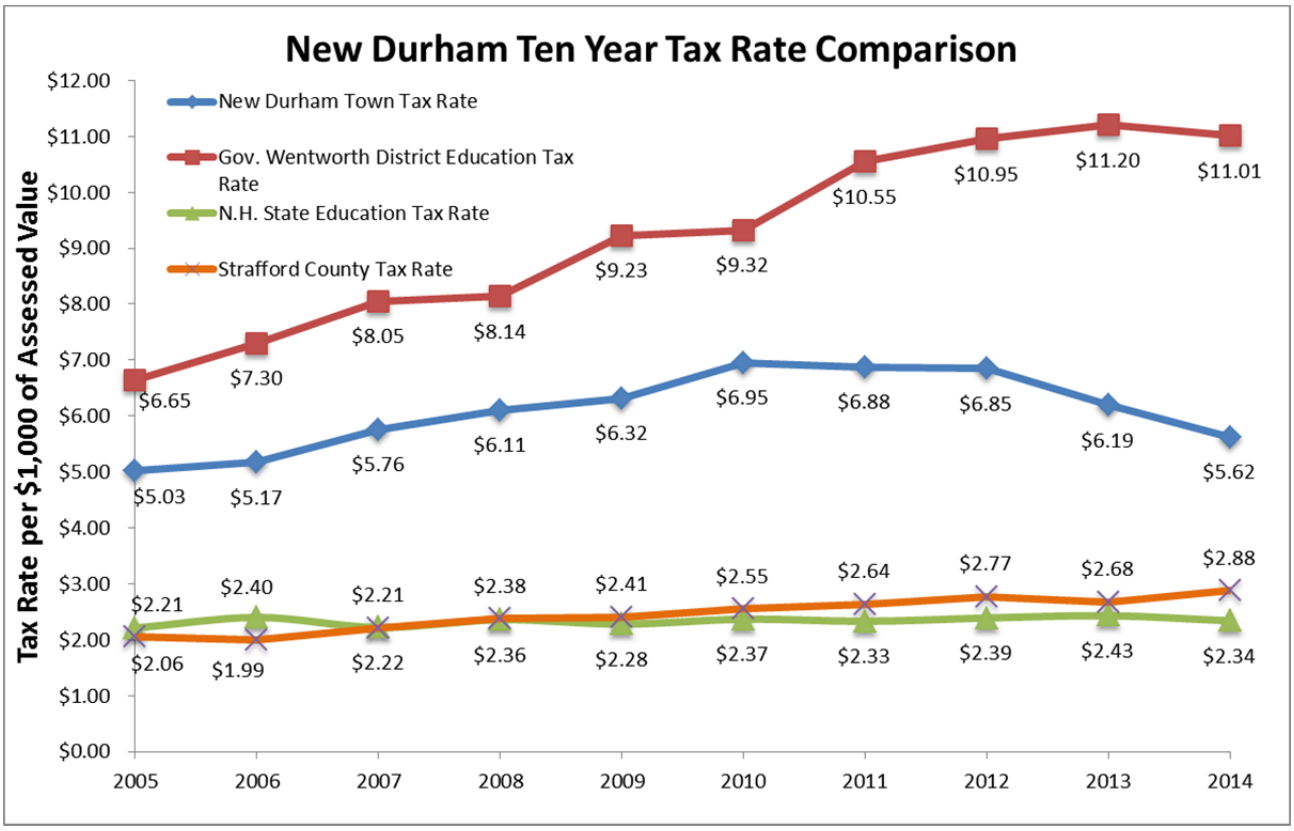
Town loses an important property tax source each year the Town continues to hold the tax deed. As part of the 2014 Board of Selectmen Goals an initiative was begun to return that tax deeded property back to the Town's regular tax rolls. As part of this process the Board in 2014 made decisions on 36 different properties. In 2015 the Board will continue to proceed in selling these properties so that the Town can obtain these missing property tax funding sources. By doing this the total property taxes required from other taxpayers will be reduced given all budget levels remain constant.

The State of New Hampshire requires towns to do a complete revaluation on all properties at specific time interval. There are two options to achieve this: 1) complete revaluation every five years, or 2) cyclical revaluation in which 20% or 25 % of the properties are completed each year. Historically New Durham has adhered to the state's requirement in performing a full revaluation every five years. During 2014 and 2015 the Town is completing its state required re-measure / re-list process for a full revaluation to be completed in September of 2015. However, the Town must look forward to beyond 2015 as to how to appropriately comply with these state requirements. In 2014 the Selectmen issued a competitive Request for Proposal (RFP) allowing any interested and qualified company to provide full assessing activities for New Durham. This would include the required re-measure / re-list requirements in addition to providing the day-to-day assessing function needed for the Town. The day-to-day assessing function is necessitated by the retirement of New Durham's current Town Assessor Bob Estey at the end of the year. During 2014 the Selectmen made several changes to the traditional assessing approach for the Town. After a thorough evaluation the Selectmen modified the approach to the total revaluation process by initiating a cyclical revaluation process to begin in 2016 including the state mandated statistical update required at the end of the cyclical updates. Included in the agreement was the requirement for the awardee to also perform the day-to-day assessing function. A six year contract to provide these services was awarded to Cross Country Appraisal Group.

Fiscal Responsibilities With Accountability

Perhaps the greatest responsibility of an elected official is to be responsible and prudent stewards of the taxes received. In 2013 the Board of Selectmen voted the largest tax rate reduction for New Durham in over a decade. In 2014 the Board of Selectmen not only maintained this lower tax rate but voted an even lower tax rate. All of this was done without either sacrificing any town services or reducing the quality of these services.

The total property tax rate you pay is composed of four different elements: 1) Town operating and special warrant expenses; 2) Governor Wentworth Regional School District taxes; 3) Strafford County taxes; and 4) State of New Hampshire Education taxes. The Selectmen only have jurisdiction over the town operating and special warrant expenses. Therefore, while the town operating expenses have gone down over the past two years, the total tax rate has not gone down as much as the town because the other three elements have often increased each year. The following graph provides the tax rate detail for these various elements for the past ten years. Perhaps the most important point to conclude from this graph is to note the dramatic tax rate reductions for the town over the past two years compared to the upward trends prior to that time period and the increase trends for virtually all other elements in the total tax rate.




Two important factors contributed to the town tax rate reduction this year. First, the Department Heads, Board of Selectmen, and Budget Committee all worked collaboratively to present a budget that would not increase taxes while assuring that there was no reduction in services for the town. Secondly, the Board of Selectmen applied $125,000 from the Town's Unassigned Fund Balance to your rate which accounts for a reduction of approximately $0.30 per thousand dollar valuation on your property. As the Board of Selectmen developed this tax rate reduction approach it was critical that we would be confident to provide an assurance of sustainability for this lower tax rate beyond 2015.

Over the past several years the town has grappled with setting an agreed upon reserve level to maintain sufficient funds to address cash flow needs, limited emergencies, and other potential unexpected expenses. In 2014 the Board of Selectmen established a goal to decide what level of reserves to establish as a guideline and to assure the approach met with all New Hampshire Department of Revenue Administration (DRA) recommendations. The Selectmen addressed this long standing town issue and did set a guideline of 8% with that number to be based on the total regular, general fund operating expenditures (i.e. excluding any special warrants, etc.). This guideline of 8% fully meets all DRA requirements and the Selectmen used approved DRA methodology in calculating this reserve level guideline.

As noted above, one element of the total tax rate is the Governor Wentworth School District taxes. These taxes are set by the School Board independent of any New Durham Selectmen action. However, The Town does collect Impact Fees for new construction, including renovations, and is able to apply these impact fees to adjust the Town's school tax rate. During 2014 the maximum Impact Fee available was returned to the tax payer ($31,462) and was used to reduce the taxpayer's local school tax rate portion of the total tax rate by approximately $0.07 per thousand dollar assessed valuation.

Operational Improvements

A fundamental requirement for any organization that wishes to succeed in today's economic environment is operational improvement. It plays an enormous role in driving cost containment, service excellence, and taxpayer value. The key is to ensure intelligent use of limited resources. By doing continuous benchmarking and using new strategies to improve services the Town is able to reduce waste, lower costs, and achieve dependable outcomes.

As part of the various operational improvements during 2014 the Town's Solid Waste Facility developed two required documents for the New Hampshire Department of Environmental Services (DES). Both a Solid Waste Operating Plan and a Solid Waste Closure Plan (should it ever be needed in the future) were developed and approved per DES requirements. These will be reviewed and updated as needed but minimally once every five years.

Due to departures of various town employees, the Town also hired a new full time Finance Officer (Judith Crouse), a new part time Highway / Solid Waste Department Assistant (Jen Nadeau), and a new part time Code Enforcement Officer and Health Officer (Mark Arenberg). We look forward to these newer employees continuing to provide the excellent service expected in these important services.

Proper information technology (IT) utilization is an important tool in being able to cost effectively manage the various town activities and finances. During 2014 a new server for Town Hall was installed, a new IT Policy for all employees was developed and approved by the Board of Selectmen, and an IT maintenance agreement was successfully negotiated. All hardware installations, software upgrades, and the new maintenance agreement were completed without increasing the tax rate.

The summary of activities described above are not all inclusive of the many important Selectmen actions in 2014. Among several other significant achievements during 2014 were: the New Durham Welfare Guidelines were updated, revised, and approved (last revision done in 2003); a ten year MetroCast franchise agreement was negotiated in collaboration with several other regional communities; and a new Committee Appointment Policy was established.

**Conclusion**

The Board of Selectmen want to thank the town employees; all those who sit on the town's boards, committees, and commissions; and the many other volunteers that make New Durham a diverse, attractive community resulting in a highly desirable location for people to live. The Selectmen are pleased to collaboratively work with all of these in helping to maintain and improve the quality of service offered to you at the most cost efficient level.

Respectfully submitted,

David W. Swenson Theresa A. Jarvis David Bickford

| New Durham Board of Selectmen – Overview of 2014 Primary Actions of Note | Date of Meeting |
|---|---|
| **Tax Payer Impact and Cost Containment** | |
| 1) Tax rate reduction – maintained the largest tax rate reduction in at least 10 years from 2013 Board of Selectmen actions with an even lower rate in 2014; additionally applied $125K of Unassigned Fund Balance to 2014 / 2015 rate while preserving guideline reserves; continuing work to assure sustainability of rate beyond 2015 | 11/17/14; & 11/24/14 |
| 2) Maximum Impact Fee available returned to tax payer ($31,462); used to reduce taxpayers local school tax rate (approximately $0.073 / $1,000 assessed valuation) | 09/18/14 |
| 3) Locked in 2015 fixed price for propane ($2.04), heating oil ($3.22), gasoline ($2.98), and diesel ($3.21) assuring managed energy costs for New Durham | July 2014 |
| 4) Set guideline of 8% and maintained 8% - 9% reserve with Town of New Durham fully meeting all Department of Revenue Administration (DRA) requirements; used approved DRA methodology in calculating reserve levels | 08/04/14; & 08/18/14 |
| 5) Initiated action per Board of Selectmen 2014 Goals to address tax deeded property owned by town; developed formal decisions on dispersal of property or other resolution; reviewed 34 parcels with 29 identified to sell in 2015 | 10/20/14; & 10/29/14 |
| **Public Safety & Operational Related** | |
| 6) Both a Solid Waste Closure Plan (should it ever be needed in the future) and a Solid Waste Operating Plan developed and approved per NH Department of Environmental Services requirements | 04/12/14; & 06/02/14 |
| 7) Awarded six year assessing contract to Cross Country Appraisal Group; converted from current reassessment process to a cyclical process with statistical update every 5 - 6 years | 11/24/14 |
| **Other** | |
| 8) Achieved successful transition from prior Town Meeting form of government to SB2 form of town government; Achieved both 2015 Proposed budget and 2015 Default Budget on schedule | Oct – Dec 2014 |
| 9) New Finance Officer, Code Enforcement Officer, Health Officer hired during 2014 | July / August 2014 |
| 10) New Town Hall server installed, new IT Policy developed and approved, and IT maintenance agreement negotiated. Thin client conversion initiated; <u>All</u> hardware and software upgrades, and maintenance agreement completed without increasing tax rate | 09/04/14; 09/14/14; & 11/30/14 |
| 11) Welfare Guidelines updated, revised, and approved (last revision done in 2003) | 05/05/14 |