

**Town of Raymond**  
**Board of Selectmen Draft Minutes**  
**Monday, April 20, 2020**  
**3:00 PM**  
**Via Zoom Televised Meeting**

**Meeting Called to Order at High School by: Vice Chair, Campbell 3:00 p.m.**

**Chair read the teleconference statement.**

**Board of Selectmen in Attendance/via roll call:**

Jack Barnes, people present in room  
Scott Campbell, people present in room  
Christopher Long, no person's present  
Kathleen Hoelzel, no person's present  
George Plante, no person's present

**Town of Raymond Staff/via roll call:**

Joseph Ilsley – Town Manager, people present in room  
Deb Intonti – Executive Asst. – no person's present

**Board of Selectmen Excused: none**

**Pledge of Allegiance: The Pledge of Allegiance was recited.**

**Moment of Silence: To all citizen in and around our community either ill with COVID -19 or have passed due to COVID-19 and our first responders on the front lines.**

**Public Comment: Per Board Chair, all comments will be heard at the Citizen Questions/Comments section of this meeting.**

**Agenda:**

**CRF Media Replacement for Water Treatment Plant:**

CRF for Media Replacement for the Water Treatment Plant: Mr. Ilsley explained why this CRF is coming forward at this time. These were the bids that were opened at the last Board meeting. The awarded bid was \$110,250.00, which covers all aspects of the media replacement, gravel and sand. He also stated that the DES has reached out to us requesting that we suspend this until the Fall based on the COVID-19 pandemic. The total of this CRF currently is just over \$127,000 so this CRF would be depleted. Vice Chair Hoelzel made a motion to expend the amount of \$110,250 from the CRF, seconded by Selectman Long, Motion Carried via roll call vote 5-0-0.

**CRF Sick and Vacation Non-Union Expendable Trust Fund:**

Mr. Ilsley explained that we have two different accounts in order to pay out employees who retire. It is his recommendation to consolidate the Union and Non-Union accounts to better utilize the expendable trust fund in the future to cover all employee payouts via a warrant article. This year, we had a total of \$66,621.29 in buyouts. We had two people retire in 2020. In the budget we have \$55,000 budgeted to cover buyouts however due to COVID-19 we want to retain some of this amount for future expenditures should the need arise. We are asking the Board to approve one of the buyouts under the trust fund for the amount of \$39, 641.09, the funds remaining in that account is \$41,194.85 which will almost deplete this trust fund. However, it will allow us to retain approximately \$28,000 in the operational budget to cover unanticipated COVID-19 responses and also tax mitigation efforts. If this is not approved by the Board, we would have to exceed the budget line by approximately \$11,000 possibly deplete other funding lines. Vice Chair Hoelzel made a motion to expend \$39,641.09 out of the non-union vacation and sick leave trust fund, seconded by Selectman Long, Motion Carried via roll call vote 5-0-0.

**Decision on Upcoming Town Events:**

50 National Day of Prayer, Memorial Day, 4<sup>th</sup> of July and Town Fair. Mr. Ilsley briefed that these are events that are coming  
51 up, some don't require a decision this evening, but should be on the radar. First National Day of Prayer and Memorial  
52 Day, two events that were happening in May. For Memorial Day, no social gathering or parade would be the  
53 recommendation and we are looking for options to acknowledge these events. The 4<sup>th</sup> of July, we are short staffed as the  
54 church who typically assisted in this event will not be part of the program, and we were working on a very limited event  
55 at best. Also, the Town Fair event, the Board needs to think about how we will move forward with that event as well.

56 Selectman Plante stated that he has discussed Memorial Day with the Legion and VFW, they agree that having an event  
57 that would promote social gathering would not be good at this time no parade, but they do still want to place the 4  
58 wreaths, with a minimum of 10 people to place the wreaths. Selectman Barnes commented that the idea of cancelling  
59 the parade and going with Selectman Plante's proposal is a smart idea. Also addressed the National Day of Prayer  
60 scheduled for May 2<sup>nd</sup>. Asked the Board if they wanted to do a Zoom meeting to acknowledge the day. Selectman Barnes  
61 made a motion to accept the proposal to do a Zoom electronic recording and broadcast on RCTV, seconded by Selectman  
62 Plante, Motion Carried via roll call vote 5-0-0.

63 **Tax Mitigation Plan/Revenue Report:**

64 Mr. Ilsley asked the Board Chair if he could combine the Tax Mitigation and the Revenue report as they are  
65 merged together in this plan. Board approval to combine agenda items 4 and 5 together accepted. (*See Tax*  
66 *Mitigation Plan Attached to minutes*). Mr. Ilsley read is report to the Board. Four categories in a broad  
67 factor: Assessed Value, Collection of Property Taxes, State Funding, Mitigate Impacts of a Sustained Economic  
68 Downturn.

69  
70 **Eagle Scout Presentation:**

71 Alex Tellier, Eagle Scout presented his project to the Board. (*See attached documents*). He is proposing a cross country  
72 trail through School and Town Property. He has been before the School Board and the Conservation Committee for  
73 their approval. Vice Chairman Hoelzel expressed her concern regarding the Town's liability with the use of these trails.  
74 Mr. Ilsley stated that he would like to have an opportunity to look into the insurance piece; when does the applicant need  
75 the vote and can it be contingent on the Town Manager contacting the Town's insurance carrier. Allow the town to look  
76 into the lack of exposure if low, let it go forward, and if we find an increased exposure, we bring it back to the Board for  
77 further discussion. Selectman Barnes made a motion for the board to accept the project contingent on research regarding  
78 the town's insurance liability; seconded by Selectman Plante, Motion Carried via roll call vote 4-1-0.

79 **Acceptance of Unanticipated Revenue/Donations:**

80 The Town accepted a donation of hand sanitizer donated by Flag Hill Winery, brought over to us by Matt Mayberry  
81 (running for Congress) the Town accepted this donation on behalf of the Board of Selectmen and Town Staff. As we  
82 were not able to meet prior to accepting this donation it was brought forward today for the Board to accept the donation  
83 officially. Vice Chair Hoelzel made a motion to accept the donation and send a thank you note, seconded by Selectman  
84 Barnes, Motion Carried via roll call vote 5-0-0.

85 **Approval of Public Minutes:**

86 Board of Selectmen Public Minutes of March 16, 2020 – Selectman Barnes made a motion to accept the public minutes  
87 as written and presented, seconded by Vice Chair Hoelzel; MOTION CARRIED 3-1, (no vote via teleconference from  
88 Chairman; communication lost during the meeting).

89 **Other Business/Board Announcements/Board of Selectmen Reports:**

90 Selectman Barnes, no comments; Vice Chair Hoelzel, no comments; Selectman Plante, stated his thanks to the Town  
91 Staff and Town Manager for their efforts during this pandemic, Selectman Long, no comments. Selectman Barnes sent  
92 a thank you to Kevin Woods, RCTV for all of his time and effort in assisting the Town staff with communications.

93  
94 **Public Comments/Questions:**

95 No calls, no public present.

96  
97 **Town Manager Report:**

98 Mr. Ilsley stated that the Town Office is not closed. We are closed to allowing the public in our buildings and our staff  
99 is working either remotely or in limited staff in our town buildings to continue to do town business. The 2020 roadway  
100 work is proceeding; we are continuing with the Old Fire House renovations; we are proceeding the front end services to

101 the public with regard to taxes, dog licenses, car registrations, payments etc. and appointment setting for those who need  
102 one on one services in order to register vehicles; we have remote library, remote recreation; we are proceeding with the  
103 LED conversion for the Town; we are working on CIP and we are also collaborated with regional support with our  
104 surrounding communities with our EOC meetings. It is important to state that we are continuing to advocate for the  
105 residents on a local and state level during this pandemic. We continue to work with Pine Acres Campground who has  
106 been collaborating with us to keep our residents safe. Selectman Barnes asked about the Solid Waste Strategy. Mr. Ilsley  
107 stated that it would be his recommendation that the Board review the Solid Waste Strategy, bring questions and concerns  
108 forward for the next Board meeting and after final review, we can schedule a public hearing. We will be moving forward  
109 with the permit program as you already approved us to move forward with that.

110  
111 **Board Correspondence:**

112 Board correspondence was reviewed and discussed and signed. The Board viewed the Intent to Cut document that was  
113 sent to the Board. Selectman Barnes made a motion to approve the intent to cut presented, seconded by Selectman Long;  
114 Motion Carried via roll call vote 5-0-0.

115  
116 **Adjournment:** Selectman Barnes made a motion to adjourn, seconded by Selectman Long; motion carried by roll call  
117 vote 5-0-0. Board adjourned public meeting at 4:25 p.m.

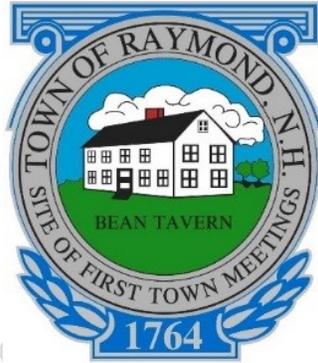
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These minutes are in draft form therefore are subject to change.
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Minutes Recorded By:

Deborah Intonti, Executive Assistant to the  
Board of Selectmen and Town Manager

Attached: Tax Mitigation Plan



**TOWN OF RAYMOND**

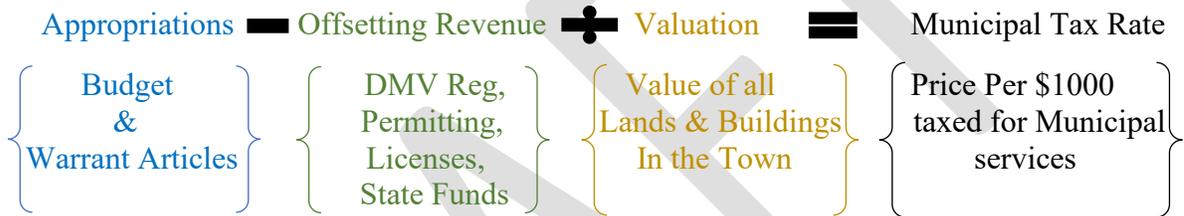
**2020 COVID-19; Recommended Fiscal Plan**

**(April 20, 2020)**

## Concept of Tax Impact

As identified on March 16<sup>th</sup>, there is a realistic risk that the economic impacts of COVID-19 could result in a potential tax impact. To best plan to mitigate these potential impacts we should evaluate the four basic categories which could be impacted by a significant or catastrophic economic downturn and their impacts on the tax rate or cashflow. In addition, it is important to realistically evaluate if there are any potential negative outcomes in these areas and the measure in which they could be controllable or mitigated. Here are the four broad factors:

- 1) **Assessed Value:** The assessed value of a Town is the major factor of setting the tax rate. In simple terms, the total amount appropriated through taxes minus offsetting revenues is divided by the assessed value.



If the economic impacts of COVID-19 cause a depreciation of the property values across the Town, then the municipal tax rate would increase. However, this increase does not translate into people paying more in taxes because the increased municipal tax rate would be multiplied by a reduced property value.

	×	\$5.00	=	\$1,000
House Valued at \$200K		Example Municipal Tax Rate		Amount Paid in Taxes

Below highlights the impact of a 15% loss in Town Evaluation which would likely translate into a loss in the value of properties and lands in the Town.

	\$5.75	\$977.50
Same House Valued at \$170K (15% loss in value)	Example Municipal Tax Rate (15% increase in Tax Rate)	Amount Paid in Taxes

**Indicators of Impact on Assessed Value:** Indicators are that the initial impact of COVID-19 has caused a 15% reduction in property values nationally and an 11.5% reduction in NH; the loss in property value seems to be directly linked to the severity of the outbreak in an area. Raymond is going through a Re-evaluation in 2020. Impacts will not fully be known from a numbers perspective; however, a loss in value will increase the tax rate but not significantly alter what people pay in taxes.

**Summary:** An uncontrollable factor that may alter the numbers in the calculation, but on a broad scope will not alter the taxes received by the Town or paid by property owners.

**Recommended Action:** Monitor, inform public of potential changes, if any.

- 2) **Collection of Property Taxes:** The actual collection of property taxes *does not* directly impact the tax rate. This is because the tax rate is set on the Assessed Value of the community and the assumption that these taxes will be collected. However, if there is a shortage in this area, it does translate into a reduction in Cashflow.



**Cashflow:** Cashflow, in simple terms, is the receiving of incoming funds to pay outgoing obligations. Cashflow is the collection of taxes to pay appropriations, and having sufficient cashflow is the goal of setting the tax rate.



Most Towns' primary cashflow requirement is to public education. If there is a catastrophic drop off in people being able to pay their taxes below our existing obligations, then there would be a cashflow shortage. Of course, this would have to be a widespread economic collapse, locally or nationally, which does not seem likely.

**Summary:** An uncontrollable factor that is not likely to occur fully; however, the potential does exist for some reduction in cashflow.

**Recommended Action:** Monitor and implement strategies to ensure capability to cover 40% of the Town cashflow obligations for the year.

**3) State Funding:** The funding received from the state has a variety of impacts:

**Block Grant:** This is nearly \$240,000 that the Town receives annually for roads; it does not have a tax impact if reduced. However, 2021 funding for road work would be impacted.

**Summary:** An uncontrollable factor that, if occurred, would not create an immediate tax impact but would cause future tax needs.

**Recommended Action:** Monitor and work with elected state officials and NHMA to ensure funding is provided to the best of the ability of the state.

**Meals and Room Tax:** The Town receives approximately \$543,270 from the state under this tax. This funding source has a significant impact on the tax rate and, if not provided, the municipal tax rate could increase by an estimated \$0.55 per thousand (8.4% increase).

**Summary:** An uncontrollable factor that, if occurred, would create an immediate and significant tax impact.

**Recommended Action:** Monitor and work with elected state officials and NHMA to ensure funding is provided to the best of the ability of the state. Leverage Tax Mitigation Strategy below to plan for an impact.

**Capital Grant:** In 2019, the state passed a two-year capital grant for Towns. Raymond's amount projected to be received from the state is \$145,519. Since this had to be projected as anticipated revenue, the loss of this funding could have a tax impact of \$0.14 per thousand (2%). Since this was part of the 2019 State Budget, it seems unlikely that this funding will be lost. However, losses in revenue here should be monitored and could be mitigated through diversion of funds from the Unassigned Fund Balance.

**Summary:** An uncontrollable factor that, if occurred, would create an immediate and significant tax impact. It is unlikely because it has approved in the 2019 State Budget, but it is a risk.

**Recommended Action:** Monitor and work with elected state officials and NHMA to ensure funding is provided to the best of the ability of the state. Leverage Tax Mitigation Strategy below to plan for an impact.

**In addition, the School has received a similar grant and it is recommended to determine the impacts if these or other state educational grants are lost or reduced.**

**State Roll-up:** The Town has projected to receive \$933,789 in 2020 from the state, of which \$688,789, if lost, could increase the tax rate by \$0.70 per thousand.

**Town Offsetting Revenue:** As stated above, this is the revenue generated by the Town that is used to offset the tax impact of appropriations; the entire amount in

this category create a tax impact and is the most likely factor to be impacted by an economic downturn.

However, it is important to note there are really two categories in the area of offsetting revenue: Projected Revenues and Actual Revenues.

**Projected Revenues:** Since municipalities must submit a Revenue Budget to DRA prior to the funds being received, then these revenues are estimated (or projected) and do not match the actual revenues received at the end of the next year.

It is important to note; only projected revenues have an impact on the tax rate, not actuals revenues.

In Raymond, the fiscal practice is to conservatively project revenues to protect the taxpayers from an unexpected economic downturn or fluctuations in revenue streams.

**Actual Revenues:** This is the amount in offsetting revenues actually received and has no impact on the tax rate because it is not known until after the end of the funding year. (again, projected revenues are used to set the tax rate because they are an estimate of actual revenues at the beginning of the funding cycle).

Last year the Town of Raymond exceeded revenue projections by \$614,049, or 26%.

*This is the area where the Town can do the most to mitigate the tax impact.*

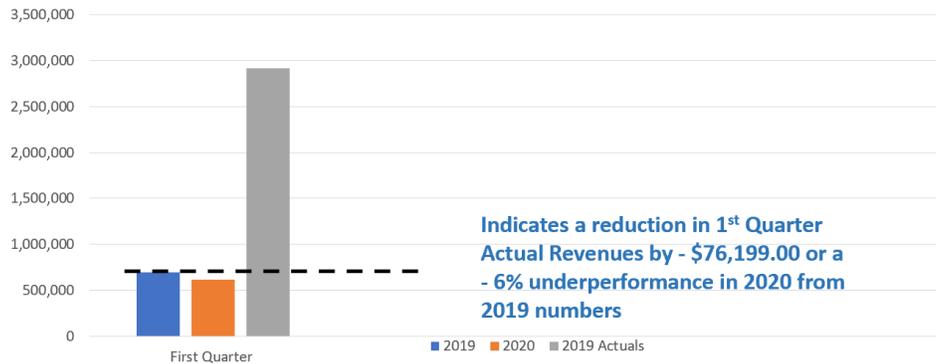
**How we stand:** In 2019, the Town “*projected revenues*” of \$2,305,565 (what was estimated the Town would generate in revenue) and generated “*actual revenues*” of \$2,919,614 (the revenue actually generated).

The difference between the projected revenues and the actual revenues means in the 2019 the Town had an excess revenue over projections of \$614,049. This was deposited in the unassigned fund balance.

**2019 and 2020 Actual Revenue Comparison:** By the first quarter of 2019, the Town had earned \$690,248 in offsetting actual revenue.

Comparatively, in the first quarter of 2020 the Town has an actual revenue of \$614,049, which is a 6% loss in revenue from 2019. (See chart below)

## Town of Raymond 2019-2020 Actual Revenue Comparison



The 2020 Revenue Projections were set in January at \$2,374,502 which was a 3% increase over 2019 projections. However, the 2020 projections were still below the 2019 actual revenue by \$545,112 indicating the still could meet revenue obligations by adjusting the projections in October to a less conservative figure.

If we project a 20% loss in actual offsetting revenues from 2019, we could assume we would bring in \$2,335,691.20 which would be an estimated \$38,811 revenue shortfall or \$0.039 per thousand impact.

**Summary:** An uncontrollable factor that, if occurred, would create an immediate and significant tax impact. It is extremely likely there will be a loss in revenue in 2020 from 2019, as well as a possibility that the loss would continue to a lesser degree in 2021. However, the 20% projection is to plan for a worst-reasonable-case scenario, and current numbers do not support this level of loss.

**Recommended Action:** Monitor and work with Leverage Tax Mitigation Strategy below to plan to temporarily supplement a reduction in the municipal tax rate, if needed. Make proper adjustments in October 2020, with a less conservative projection and/or use unassigned fund balance to cover the gap.

**In addition, the School receives Impact Fees which may also be reduced over this year. It is recommended to inform the School Board to look into the Revenue Projections for these Impact Fees to assess and prepare for any School Tax Rate impacts.**

**Mitigate Impacts of a Sustained Economic Downturn.** As highlighted on March 16, 2020, the Town had developed a strategy to mitigate the potential impacts on the tax rate. The Plan should address freeing up cashflow for obligated costs, tax rate stabilization, and possible temporary tax relief.

**Secure Cash Flow:** This plan incorporates the nearly \$1 Million dollars (estimated \$967,424) in 2019 excess funds and revenues deposited in the unassigned fund balance even after the passage of all of the 2020 Board of Selectmen Warrant Articles.

If required, these funds could be combined with the \$3,821,051 already in the Unassigned Fund Balance for an estimated total of \$4,788,475, which represent a cash reserve of 61% of the Town's 2020 Operational Budget and represents 97% of the amount owed to the SAU in July (\$4,925,727) and 48% of what is estimated to be owed through all of 2020.

These funds would be available for School Budgetary requirements if revenue projections experienced a catastrophic underperformance of property tax payments and a cash flow shortage.

In short, even if we had nearly 100% loss in property tax revenue (extremely unlikely) we could ensure we covered our cashflow obligations by 97% for short-term (6 months) and 48% of long-term (until the end of 2020).

**Tax Rate Mitigation Through Budget Holdback Initiative:** Tax rate mitigation should focus on a couple of objectives that are increased if possible or needed.

**Budget Holdback Initiative (BHI):** This is an effort to hold back 8% of the Town's 2020 Operational Budget to cover COVID-19 expenses and to provide funding to mitigate the loss of offsetting revenue.

The 8% holdback equates to an estimated \$622,421 set aside to address municipal tax mitigation efforts.

If there was a 20% loss in actual offsetting revenue and a total loss in state funding, the revenue deficit would be \$652,860, which could be covered up 95% by the Budget Holdback.

**Further Discussion:** With the BHI and the \$134,00 in reduced Municipal appropriations in 2020, Objective 1 (below), appears to be extremely achievable.

In addition, since it is unlikely the Town would have a total loss in property tax payments, then portions of the \$4,925,727 could be made available to support these objectives:

**Objective 1: Prevent an Increase in What People Pay in Municipal**

**Taxes:** The first objective is recommended to ensure individual economic impacts are not increased by an increase in municipal taxes. This is done through the Municipal Budget Holdback Initiative.

**It is important to note:** This is not a focus on the tax rate (see Assessed Value Illustrations), but rather a focus on what our residents pay in Municipal Taxes.

**Objective 2: Secure the Tax Rate the Municipal Tax Reduction**

**Projected in 2020:** If Objective 1 can be achieved, the second objective should be to ensure that the municipal tax reduction of \$0.13 per thousand is guaranteed by using the funds made available through the Budget Holdback Initiative.

**Objective 3: Offer One-Time Tax Relief:** If all of the objectives above are secure, and it has been determined the families in this community have been significantly impacted by the COVID-19 impacts, the funds available could be used to *artificially and temporarily decrease* the tax rate.

This effort would reduce the taxes for one year to help families recover from this event. However, it must be understood, this action would only temporarily suppress the tax rate, and the following year's tax rate would increase back to its legitimate level.

In addition, these funds would not be available, or would deplete funding, for capital improvement which would most likely increase cost (and perhaps taxes) in the future.

## **Clarification of the Concepts of the Budget Holdback Initiative (BHI):**

### **1) What is the Budget Holdback Initiative?**

- a. In July 2018, the Town implemented spending protocols and at the beginning of each year 4% of the Operational Budget is restricted and set aside to address unforeseen and greatest needs.
- b. This action has saved the taxpayers on average of \$50,000 to \$60,000 per month in spending and has allowed the Board of Selectmen to reduce the growth in the Operational Budget in 2019 and 2020.
- c. This year, due to COVID-19, the holdback was increased from 4% to 8%.
- d. This does not mean there were excess funds. Rather, some things will not be purchased or completed if the need is less than COVID-19 actions or Tax Mitigation actions.

### **2) Is the Holdback achieved by increasing budget lines in the budgetary process to cover unexpected cost (example increasing lines by 3%)?**

- a. Absolutely not. The budget is developed line by line, after a five-year lookback on the spending in each line. In addition, the Town conducts research into market trends like US Postal Service increases, energy forecast, and known upcoming or eliminated obligations.
- b. The Town does not “pad” the budget for unexpected cost; the Contingency Fund adopted in 2019, allows the Town the ability to gain access to 1% of the previous years appropriations from the unassigned fund balance to cover emergency or unexpected cost. The establishment of the Contingency Fund eliminated the budgeting practices of inflating budget lines within the Town of Raymond.
- c. The Operational Budget is proposed to the Board based on actual and projected costs.
- d. Since the spending protocol and the five-year analysis were implemented, we have drastically reduced the growth of the Operational Budget, as evidenced by the less than 1% growth in 2020.
- e. The Holdback simply works via tradeoffs and prioritization of needs (similar to what we all do in our home budgets). The Town projects known and actual cost of normal activities, but we undoubtedly will have something that is unknown (like COVID-19) which may come forward after the approval of the budget.
- f. The Holdback allows us to trade doing something of lesser common good for the ability to do something of greater common good.

g. Examples of actions taken to achieve the BHI (not all inclusive)

- i. Retain balance of Employee Buyout Funds
- ii. Restriction on Employee Vacation Buy-Downs
- iii. Holding off on new employee hiring in Planning
- iv. Controlling of spending of facility energy consumption (adjusting facility lighting & temperature controls)
- v. Anticipated reduction in fuel expenditures due to reduction in cost/use
- vi. Anticipated reduction in vehicle maintenance cost due to reduced use
- vii. Evaluation of restriction of seasonal employee hiring
- viii. Anticipated reduction of office supplies and printing
- ix. Restrictions on purchase on all non-critical items and equipment
- x. Restrictions and reductions in overtime (cannot compromise safety)
- xi. Restriction of contracted services to only those deemed mission critical
- xii. Earmarking funds not used for activities due to COVID-19 restrictions
- xiii. Restricting use of legal services to TM or Designee approval
- xiv. Not Re-painting Town Roads in 2020
- xv. Reduction in contract scope of work (i.e. road sweeping, uniform services)
- xvi. Accelerate action on Facility LED Conversion to reduce cost
- xvii. Accelerate phone system conversion to reduce cost
- xviii. Altering Town and SAU Dumpster pick-up schedule to reduce cost
- xix. First Quarter savings on Street Light LED Conversion
- xx. Leveraging State and Federal Emergency Programs to mitigate cost

In addition, the Town has established financial practices to track the cost associated with COVID-19 across all Town Departments for potential FEMA reimbursements and relayed this information to the SAU for their consideration.

Lastly, it is important to note; this plan outlines a response to a catastrophic economic collapse and a loss of all state funding, which is extremely unlikely. However, this program allows the Board of Selectmen with the ability to not only ensure the fiscal viability of the Town, but also allows for the protection of and relief to our residents in the event that any of these factors pose a risk of a tax rate spike.

Respectfully submitted,  
Joseph S. Ilsley  
Town Manager, Raymond NH