

**From:** ckatman <ckatman@aol.com>

**To:** carol <carol@cappolarockburn.com>; pbandjmore <pbandjmore@roadrunner.com>; billdowling <billdowling@roadrunner.com>; twinmtn <twinmtn@roadrunner.com>

**Subject:** Town of Carroll Financial Review, dated July 18th, 2011

**Date:** Mon, Aug 8, 2011 5:57 pm

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To Carol Cappola:

Re: Town of Carroll Financial Report dated July 18

Dear Carol,

After having read your financial report on the town of Carroll several times, and having unsuccessfully attempted to contact you, I have decided to forward my questions and comments regarding your work product for your review and comment.

In general, I was hoping for a more comprehensive response which would have included go forward projections of: tax rates, tax and other revenue streams and their probable effect on Town and Department budgets. I believe this was discussed in Public Session as well as defined in the Scope of Work section of your contract. It reads, "Analysis to include projections of property values, tax rates, and operating budgets including personnel cost projections". I do realize the report had been labeled "Draft – for Discussion Purposes". But unfortunately, the photo copy machine somehow did not pick that up when it was printed and made available for public consumption.

Please review these comments and questions in the spirit of moving to an agreed upon Final Draft. We as a Select Board simply need as much empirical data/information as we can gather as we make financial decision for the future of our town. I ask your help in getting there by answering my questions, as well as any questions provided by the other Select Board members.

Sincerely,  
Mark Catalano

Regarding your review of property taxes on page 3, I have the following questions:

- You state the second largest source of tax revenue consists of other tax, interest and penalties for late payment of taxes. But you go on to say the town has not experienced significant increases in outstanding property tax receivables. What are we to ascertain from these seemingly conflicting statements? How does the Town of Carroll compare with other similar towns outstanding tax receivables? To suggest a significant source of revenue is late tax penalties seems counterintuitive to your assertion late tax payments are "stable".
- You suggest your trend analysis indicates property taxes and other revenue sources will rise a paltry 3% in the coming years. Did your analysis include County tax increases, School tax increases, projected property value loss after the reevaluation starting next year, the loss of between 20 and 30% of the valuation of one of the largest individual tax revenue properties in the town - (the recent auction of property purchased by the owners of the Bretton Woods Resort Group), the decrease of State of New Hampshire contributions to

municipal retirement funds and the projected reduction or possible elimination of returning Rooms and Meal taxes? What do you mean when you say property taxes will “continue to increase at a rate of 3.3% per year”? Property tax revenue has increased at significantly higher rates than the 3.3% you suggest in your report. What empirical evidence did you include in your trend analysis? Why is this not included in the content of the report? All the information I have gathered would indicate a significantly lower tax valuation base and tax revenue streams - which should translate into a significantly higher increase in tax rates. How did you determine your suggested tax rate growth of 3.3%.

Regarding your comment on the Unreserved Fund Balance on page 4, I have the following question:

- You recommend a policy retaining \$500 to \$600K in this account. How did you come to that conclusion? Do you have a particular formula or a percentage of budgetary spend you recommend we consider in this policy?

Regarding your comments on stable tax rates on page 5, I have the following question:

- You recommend the Board should “establish financial policies that set baseline standards for financial stewardship while achieving structural balance”. You go on to suggest we should “balanced budgets; thereby ensuring that one time revenues are not used to fund ongoing service commitments.....”. By this do you mean budgets should be set/balanced against and according to projected revenue streams?

Regarding your comments on departmental increases on page 6 and 7, I have the following questions:

- You state the Fire Department and welfare have had the highest annual growth during the past 9 or so years – and the Sanitation Department has seen zero spending growth. Are we to assume, based on your comments, the Fire Departments yearly budget growth is excessive and the Sanitation Departments level budget is negative? Are you suggesting we should look for more gradual and/or stable budget growth across all Departments?
- You state Carroll’s spending per capita is in line with the Town of Lincoln, but you go on to draw a stark contrast with the State of N.H. spending per capita – Carroll’s being almost twice that of the State budgetary spending. Did you review the Town of Lincoln’s budgetary spend against the Town of Carroll’s to identify similarities/differences such as Lincoln’s outsourced Ambulance services.
- You state that the Taxpayers of Carroll directly fund over 90% of the town appropriations. *Is this congruent with the averages other towns which are similar to Carroll experience?* Are you suggesting we should find other non-tax revenue streams as ways to lessen tax payer burden?

Regarding your comments on assessed valuation, I have the following questions:

- You suggest our 2008 assessment levels are simply not sustainable going forward and that market trends suggest properties have already begun market corrections (they are lowering). You go on to educate the reader on the legal need for “Tax Equity” and the need for periodic reevaluations. But nowhere do I see any forecast of what would be a reasonable expectation of property valuation loss after the start of the reassessment

process. I have been told by many in the real estate business that a 30% drop in value should be expected. What do you think we should expect based on your experience?

Regarding your comments on the State of NH Biennium Budget Implications on page 9, I have the following questions:

- You suggest the “possibility” that budget pressure created by the unavoidable decline of property tax revenues will be lessened by the recovery of State and other forms of revenue. You go on to say a more conservative viewpoint is State and local budgets will be constrained for several more years. Do you suggest we adopt a more conservative budgetary approach or simply continue to spend at current rates and expect relief from State and other local revenue streams?

Regarding your comments on Interviews with town office staff on page 10, I have the following questions:

- You state the Town employees have not seen a merit increase against their pay in 3 (three) years. You go on to correctly point out that Town employees have seen increases in their contributions for health insurance and retirement premiums during that same period. The implication is that Town employees have not seen increases in their pay for three years. Did you review individual town employees pay to determine this? Are you suggesting we provide an across the board increase in an effort to retain town employees? Am I to assume your suggestion that the Select Board consider undertaking a comparative assessment of wages and benefits of other Towns indicates you are not making a determination of the fairness of current employee pay rates – and we should do an assessment prior to taking any remunerative actions?

Regarding your comments on Ambulance and Other Capital Purchases on page 11, I have the following questions:

- I have read the section several times and see only one capital purchase mentioned. What “Other Capital Purchases” are you referring to in the paragraph title?
- You suggest the Select Board consider arguments in favor of purchasing a new ambulance. Is it your assumption the Select Board has been neglect in considering arguments in favor of purchasing the ambulance?
- Do you believe the town is endangering the safety of its residents if it does not purchase a new ambulance now?
- Do you believe the other two ambulances are not sufficient for a town of 763 people?
- Do I correctly understand your statement that - other towns use similar funds for both equipment and wage/benefits expenditures?
- Your definition of what goes into the calculation of “average useful life” of a physical ambulance (the vehicle itself) included several predicated factors. I do not however see mileage mentioned. Do you think we should take that into consideration as well?
- In giving consideration to arguments in favor of an immediate purchase, do you think it

prudent that a committee be formed to look into the matter and make recommendations to the Select Board?

From: ckatman <ckatman@aol.com>

To: bmoroney <bmoroney@mtnclub.com>; twinmtn <twinmtn@roadrunner.com>; billdowling1 <billdowling1@roadrunner.com>

Subject: Re: Employee Meeting

Date: Fri, Jul 8, 2011 2:30 pm

To All.....

I believe Department heads were asked to comment in writing by July 15th so we could review their items of interest/concern as it relates to the DRAFT of a revised Employee Manual. Have we received any responses from any Dept heads? I would prefer to have their comments prior to meeting with them. I think it more prudent to have the opportunity to discuss their comments at the Select Board level before we meet with them in public or non-public. Also, I understand there is an outside law firm interested in reviewing the DRAFT revisions to the Employee Manual? Is this correct? If so, who invited the law firm to review the document? Has anyone provided this law firm a copy of the DRAFT? I do not believe it should be reviewed by anyone outside of the Select Board and Dept heads until we have had the opportunity to review their comments and respond to them.

I am not interested in discussing this in any meeting until we have Dept head comments in writing.

Mark

-----Original Message-----

From: Bonnie <bmoroney@mtnclub.com>

To: twinmtn@roadrunner.com; Mark Catalano <ckatman@aol.com>; Bill Dowling <billdowling1@roadrunner.com>

Sent: Thu, Jul 7, 2011 1:47 pm

Subject: RE: Employee Meeting

I will do my best to be there at 5 or a few minutes after, as that is payroll day. Thanks, Bonnie

Bonnie Moroney  
Mon Club on Loon  
90 Loon Mt. Road  
Lincoln, NH 03251  
603-745-2244 Ext. 5289  
Fax: 603-745-2317

-----Original Message-----

From: Town of Carroll [mailto:twinmtn@roadrunner.com]

Sent: Thursday, July 07, 2011 8:28 AM

To: Mark Catalano; Bonnie; Bill Dowling

Subject: Employee Meeting

Good Morning,

Jeff Duncan asked if we could set up a non-public session with the employees at the July 25th meeting to go over the new employee manual (he's on vacation until the 21st). Because we don't know how long it may take nor do we know if there will be other non-public matters, thus possibly making a very late night for everyone, we spoke about having this at 5 p.m. and if more time were needed, it could continue after the public meeting. I'll look forward to hearing from you all. As soon as I do, I will notify the employees so they can make their plans.

Thank you!

Maryclare

Maryclare H. Quigley  
Administrative Assistant  
twinmtn@roadrunner.com

From: ckatman <ckatman@aol.com>

To: bmoroney <bmoroney@mtclub.com>; twinmtn <twinmtn@roadrunner.com>; billdowling1 <billdowling1@roadrunner.com>

Cc: pbandjmore <pbandjmore@roadrunner.com>

Subject: Re: Employee Meeting

Date: Sat, Jul 9, 2011 1:06 am

I have no issue with a meeting with the department heads...I have no issue with a general employee meeting. I agree good ideas should have a forum for discussions. I am guessing Bill has no issue either. I simply want the opportunity to review their comments and do whatever research is necessary to have reasonable and thought out answers PRIOR to a meeting. There may be a need for more than one meeting depending on what questions arise. This is not an unreasonable request. Why do you have Jeff's comments and I have not seen them yet? I would like a copy to review. Maryclare, have any other Dept heads provided any feedback yet? If so, all three of us should see copies. As for Penny Dean, I am sure we will all eventually know who she is and why she is involved.

As for Bill working on the employee manual, you offered no interest in working on it. I started it but have my hands full with the financial review. Bill offered to do it and it was discussed in a Select Board meeting. You had no issue with him working on it then, why do you now take issue with his involvement? I do not believe his being a Dept head should disqualify his involvement. I disagree with you. I in fact appreciate his willingness to tackle a very contentious and difficult issue. You know as well as I do the current version of the employee manual has been a very serious point of concern with many townspeople. It must be addressed. I fully support Bill's efforts in moving this along and am confident the three of us will find a way to make whatever changes and/or compromises necessary to get the job done.

Thanks,  
Mark

4TH

-----Original Message-----

From: Bonnie <bmoroney@mtclub.com>

To: ckatman@aol.com; twinmtn@roadrunner.com; billdowling1@roadrunner.com

Cc: pbandjmore@roadrunner.com

Sent: Fri, Jul 8, 2011 2:55 pm

Subject: RE: Employee Meeting

Mark,

Maryclare, sent us this information the other day --To answer Mark's question, I don't know who Penny Dean is nor why she wants it). However, after having spoken with LGC Legal a few times - Dave Connell was good enough to research this as he recalled a similar question/case - different subject - several years ago. At any rate, this IS a public document even though it is considered a "draft" and has not been approved yet, because a quorum of "the decision making board" has seen it. As a result, we cannot ask any questions of the person requesting it - nor can we refuse sending it. So it has been sent!

In response to your question, so you know that it has already been sent. I would also like to say that Mr.Dowling is a Dept Head and as far as I'm concerned should not be the one working on the manual. I have a copy of Jeff's comments but he has asked to please be given the opportunity to discuss them in detail vs. what is written. I don't understand what the issue is about the employees having a chance to meet and discuss or at least the Dept Heads. The select board has the final say and it makes sense to hear from the employees before as they may have good ideas that were not included or addressed.

And I would still like to hear from Bill on his reasons for No. Thank you, Bonnie

Bonnie Moroney  
Mon Club on Loon  
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5TH

-----Original Message-----

From: ckatman@aol.com [mailto:ckatman@aol.com]

Sent: Friday, July 08, 2011 2:30 PM

To: bmoroney@mtclub.com; twinmtn@roadrunner.com; billdowling1@roadrunner.com