

JOINT BOARD SPECIAL MEETING
Rockingham Selectboard & Rockingham Library Trustees
Tuesday, December 16, 2014

Present:

Selectboard: Thomas MacPhee, Susan Hammond, Ann DiBernardo, Joshua Hearne (Absent: Peter Golec)

Library Trustees: Carol Blackwood, Ray Massucco, Carolyn Frisa, David Gould, Jan Mitchell-Love, Hope Brissette, Patricia Fowler, Karin Fischer, Doreen Aldrich

Also Present: Willis Stearns, II, Municipal Manager; Kerry Bennett, Recording Clerk; Céline Houlné, Librarian; Deborah Wright; Joel Love; Jim McAuliffe; Elayne & Arnold Clift

Press: Joey Powers, FACT8; Domenic Poli, Brattleboro Reformer; Susan Smallheer, Rutland Herald

Call to Order: Meeting was called to order at 6:25 p.m. by Selectboard Chair Thomas MacPhee.

Additions to the Agenda for Routine Administrative Matters and/or Pressing Matters that will require ratification at a future meeting: None

Public Comment on Items not on the Agenda: None

Agenda:

1. Library Budget & Discuss Debt Owed to Town General Fund: Stearns distributed a handout outlining the Library renovation expenses as well as the Library Operating Fund Balances and Capital Fund from FY2006 to present showing a FY2015 YTD amount of \$30,684, a total fund balance of \$330,657, and a capital deficit of \$96,126. Stearns noted that the amount in the operating fund of \$30,684 will definitely be around \$150,000 deficit by June 30. It was clarified, however, that after the audit is complete in the fall of each year the library operating budget pays the Town what is owed.

MacPhee did note that it is unlikely that the lawsuit with SMP Architects will be settled before Town Meeting in March and the two boards need to decide how to best inform the public of the deficit and what plans are in place to rectify this.

Pat Fowler asked how the library could pay the town back without waiting for the audit to be complete. Stearns stated that year to date financials are available monthly and it would show what deficit there was at that time.

MacPhee asked what it should say in the Town Report. Stearns stated that it is known that the renovation project exceeded the bond amount and the public needs be aware of how this is being dealt with. Massucco stated that taking the amount owed out of the library's reserve funds would all in one year would be devastating. Massucco noted that a few years ago there was a special article on the Town Meeting Warning to add a penny to the tax rate to help with the deficit resulting from Tropical Storm Irene and suggested this may be an option to investigate further. Blackwood asked about a warning article for a one-time request of 2%. MacPhee stated that this would be 2 cents on the tax rate.

Joel Love stated that it seems to him that this started out as two blended together conversations, one of which was the incremental overage during the years and is really surprised that this has been going on since 2006 and hasn't been reported to the Board and the Boards heard basically that they have had a surplus every year in terms of their operational expenses and would seem that there should be a look into the root cause. Love stated that the other thing he is wondering about is there seems to be a mingling of capital expenditures and didn't hear an explanation whether some of those capital expenditures were a result of what was voted on in the year for being a capital expenditure. Love stated that it seems that this is a very complex and long-standing issue and probably requires a little bit of thought before anything is done about it as it has apparently been going on for a long time. Love also stated that his wife is one of the board members and she knew nothing about this incremental creep where things have not gotten paid for.

Jan Mitchell-Love stated that what her understanding is, and believes the other board members will agree, is that at the end of the year when the library runs over, the savings is dipped into and this is turned over to the Town. However, it is not turned over in the same fiscal year so it looks like nothing shows but the library did pay but paid later and the reason being that it is not known until the next fiscal year how much is owed. Stearns stated again that this is normal in the accrual system that is used.

Jim McAuliffe stated that this is not complex at all, that the elephant in the room is what started out as a \$158,000 deficit in the capital project. McAuliffe noted that how the operational funds are paid back is handled as well as can be. However, the issue for the public is the deficit and if the \$158,000, because of savings in the budgets is more like \$100,000 the question for the public is how is the Library going to pay off the deficit, and the other part of the public interest is the perception that the Library has funds of their own in different accounts. McAuliffe stated that he has heard rumors that it is a couple hundred thousand dollars but has no idea. However, if the boards want to be transparent they need to say how it is going to pay off whatever this number is. McAuliffe stated that the idea of raising more taxes to pay this off is a double hit to the taxpayer.

Arnold Clift felt that the boards should get back to the issue of the overrun on the renovation project. Clift also noted that the renovation project was a renovation of a building owned by the Town, not by the Library, the Town raised the bond and the Town has the responsibility to repay that bond. Clift stated that the suggestion that this overage should be paid out of the assets of the Library is totally contrary to accepted accounting principles. Clift noted that there is mediation coming in a month or so and that doesn't mean the boards need to say today on what is unknown. If the mediation comes up with zero or very little then address the problem at that time.

Stearns stated that this is exactly how he feels, that we should wait and see what happens at mediation. However, at Town Meeting in March there will need to be some uniform front presentation of a plan.

Carolyn asked if the legal activity does not result in the Town being repaid, could a special meeting be called to address that. MacPhee stated that the Town Report has to go out and there has to be something stated in that for the public.

After discussion it was decided that an acknowledgement of the overrun of the Library renovation project would be in the Town Report with a brief explanation and the plans to recover these losses through the law suit.

Executive Session – No executive session was necessary.

Other Business: None

Adjourn: Ann DiBernardo made the motion to adjourn the meeting at 7:20 p.m. Motion was seconded by Joshua Hearne. Motion passed unanimously.

Attest: _____
Kerry Bennett, Recording Clerk

