

DRAFT

**Town of Franconia
Board of Selectmen
2026 Proposed Budget Hearing
Monday, February 2nd, 2026
at 6:00PM at Lafayette Regional School**

Board members present: Jill Brewer, Eric Meth, Dan Walker

Others Present: Libby Staples, Jenny Monahan, Stephen Schwartz, Larry Plate, Mike & Tina Betley, Rick Gaudette, Jan Cole, Melinda Richmond, Sally Small, Katie Raymond, Daniel Zajic, Jim & Carol Walker, Kevin Johnson, Rachel Pluchino, Jeremy Hall, two unknown persons.

The meeting was called to order at 6:02PM.

Chair Brewer presented an overview of the town’s recent tax rate history and the proposed 2026 operating budget. The total tax rate increased from \$12.95 in 2021 to \$15.94 in 2025, with changes attributed to adjustments in town, county, and education portions of the tax rate. An example was provided showing the impact on a property assessed at \$450,000, illustrating how annual tax bills have changed over the past several years.

Chair Brewer reviewed the 2025 operating budget, noting that of the \$2,733,869 approved, \$2,702,976 was expended, leaving \$30,893 unspent. Underspensing was attributed in part to staffing challenges and certain highway expenses being offset by deferred income and ETF distributions. Long-term debt had been over-budgeted in 2025, but an updated amortization schedule will improve accuracy in future budgets.

The 2026 proposed operating budget is \$2,843,651, representing a \$109,782 increase over 2025. Key factors include the proposed addition of a fourth full-time highway employee, the purchase of PAYT bags for the transfer station, increased Fire Department funding for vehicle repairs, a 3% COLA for most full-time employees, and a \$39,000 decrease in long-term debt budgeting due to updated amortization schedules.

Chair Brewer also reviewed the 2026 EMS warrant of \$607,200, reflecting a slight increase in contract costs and a lower revenue offset. The estimated tax impact is \$1.39. Discussions continue with Littleton Fire Rescue and Sugar Hill and Easton regarding potential cost sharing of EMS readiness in future years. The proposed budget also includes a 3% COLA increase for full-time employees.

Chair Brewer concluded by thanking town employees and volunteers for their service and participation in the budget process. She then invited public comment and questions.

Stephen Schwartz asked what the increase in the proposed budget is percentage wise? Jan Cole said that the increase over 2025 actuals is a 5.21% increase and proposed budget over 2025 budget is a 3.91% increase.

Larry Plate asked if there had been any progress on persuading the state to contribute to the town's EMS expenses. Chair Brewer said a letter had been sent to the state but a response was not received. Selectman Meth said there has been discussion with the tri-towns and a board representative from each town plans to meet with Cannon's General Manager to discuss the issue. Carol Walker suggested seeking help from State Senator David Rochefort.

Mike Betley asked about the cyclical appraisal process and whether or not appraised values are fixed over the 5-year cycle unless you make an improvement (renovations, new buildings, adding a feature) to your property. The answer was yes.

Kevin Johnson commented that he has been working part-time at the transfer station and notes that Tim Blake, the facility manager, is an integral part of the functioning of the station and if he could not work for any reason the operations there would cease. Kevin suggested someone should be hired as an assistant manager who could oversee the station in his absence.

Kevin also commented that he noticed the Chamber of Commerce appropriation has been decreased by \$2,000, which according to meeting minutes is a result of the chamber discontinuing its assistance with Old Home Day. Kevin said that historically, the increase was requested several years back, prior to being involved with Old Home Day, because they had not seen an increase in six or seven years and the revenue they were providing through their efforts with Room & Meals Tax had increased significantly over that time. He said that at the time, the board acknowledged the chamber's contribution and he would like to see that appropriation restored to the amount the chamber requested.

Selectman Walker responded, asking the public if people are aware of how Room & Meals tax dividends are calculated for distribution to municipalities, to which some attendees responded no. He explained that the amount the town receives is based on the population of the town, regardless of whether they even have restaurants or hotels.

Based on Selectman Walker's explanation, Mike Betley asked how the chamber is responsible for the Room & Meals revenue that comes to the town, to which Kevin Johnson responded that the Chamber promotes and markets the area for tourism and if the chamber were to go away, the businesses revenue would be negatively affected. He asked if the appropriation would be restored to the full amount and Chair Brewer said it would be taken under consideration.

Jim Walker asked for clarification on the proposed addition of a fourth full-time highway employee, and if the \$40,000 for insurance and payroll tax is primarily for employee benefits. Town Administrator Staples said basically yes; without knowing what the employee will elect for coverage (single, two-person or family) the proposed hire has been budgeted for a two-person plan, which in addition to payroll taxes is about \$40,000. Jim also remarked that it could actually be a higher cost if they do elect a family plan, to which the answer was yes.

Steve Plant asked what drove the request for the fourth full-time highway employee? Town Administrator Staples said originally, the Roads Committee report suggested that Franconia's highway Department is uniquely challenged due to the high proportion of unpaved roads in Franconia and the effects of climate change (increased storm activity and heavy rainfall events) causing greater maintenance and repairs than paved roads would require. She said the crew ends up having to react to issues rather than being able to focus on being proactive with roads maintenance. With such a small

crew, this makes it difficult to accomplish road maintenance and improvements. Road Agent Jeremy Hall agreed with Town Administrator Staples and added that there is significantly more traffic today on the town's roads than there was ten years ago. He said seasonal grading alone takes over a month and he is regularly called away from crew work to attend to administrative tasks or assistance requests. He said an additional employee would be helpful in the winter with turnover times as well, and that when it comes to completing projects, having two two-man crews is beneficial for productivity and recommended for safety standards. There is also the aspect of employees taking PTO or being out sick and that reducing the crew significantly for extended periods of time.

Sally Small commented in support of the employee safety factor and Selectman Meth stated the town has benefitted from increasing the police department staff from three to four full-time employees and that while keeping a lean budget is important, he supports the request for an additional employee and feels it is important to the functioning of the town.

Stephen Schwartz, who chaired the Roads Committee, stated that one of the committees' recommendations was that the highway employees need to stay on top of training that's offered by the state in the context of climate change and the demand it is putting on our roads, particularly with the high proportion of unpaved roads in the town and that Jeremy had commented that it was difficult to spare staff to attend training due to the limited number of employees.

Tina Betley complimented that road crew for the great job they do and asked if there is increased work due to so much new construction, to which Jeremy responded that yes, there is, but not on private roads as they are self-maintained.

Tina also asked if employee benefits are the same for all employees or just full-time employees. Town Administrator Staples responded that benefits are only available to full-time employees and there are two packages for employees to choose from and employees do contribute towards their benefits depending on the plan they elect (single, two-person or family).

Jan Cole commented that the Personnel Administration budget shows a 30% year-over-year increase in the retirement line and stated that the reason for this increase should be explained.

Town Administrator Staples responded that the increase reflects a proposed change to the retirement contribution structure, increasing both the employee contribution and the Town's matching contribution from 5% to 7%. This adjustment is intended to align with the 7% employee contribution required for Group 1 employees under the New Hampshire Retirement System (NHRS). Town Administrator Staples explained that this approach is being implemented on a trial basis to determine whether employees are able to fund their portion of the required match prior to the town considering participation in NHRS for its group 1 employees. She noted that the Police Department already participates in NHRS, as required by state law.

Carol Walker asked to confirm if the town did have NHRS for group 1 employees, the employees would contribute 7% and the town would match at 12%? Yes, but the percentage is set every two years and may fluctuate slightly. Carol also asked what would happen to the funds in the employees existing 457b plans? Those funds could be used to buy into NHRS or remain in their 457b and used according to the terms of the 457b account.

There followed a lengthy discussion with various questions about NHRS and the proposed increased contribution:

- Are employees aware this is being proposed? Yes.
- How much is the police match and contribution? Approximately 11% and 30%, respectively.
- Is the NHRS fund stable now? Yes.
- If any employees refused to participate in NHRS, would the potential for adopting NHRS for group 1 employees in the future not be possible? Not necessarily, but NHRS is not being proposed in this budget and this budget is proposing an increased match that is simply more in line with NHRS contribution for group 1 employees on a trial basis to see if it is feasible for future consideration.

Mike Betley asked if the board has received feedback from the police department recently on whether or not employees are happy as it relates to employee retention, recalling that in 2023 the town funded retention bonuses but that line was not carried forward. He referenced the comments Kevin Johnson made about the transfer station manager, and asked if the other departments had been considered similarly.

Selectman Walker replied that the retention bonuses were funded was when the department was understaffed and the board has inquired with Chief Cashin and he did not express any concerns.

Mike furthered that the town should consider cross training in departments to ensure coverage in the event that something occurred when the department head was on leave.

Jan Cole asked about the wage line in Buildings & Grounds increasing 19% from actual expenditures in 2025 to the proposed budget for 2026. Town Administrator Staples said this was due to part-time employees working less hours than anticipated due to less availability and an employee injury and the budget-to-budget increase is 3%.

Larry Plate asked about the Planning & Zoning budget being one budget and how that is divided between the boards and asked to confirm that the planning secretary wages line was decreased by \$500. Yes, that line was decreased by \$500 for this budget and the majority of that budget is used by the Planning Board as they typically have more business and hearings than the Zoning Board.

With no further discussion, the hearing was adjourned at 6:58PM.

Respectfully,

Jenny Monahan
Executive Assistant