

DRAFT MINUTES
BUDGET RECOMMENDATIONS COMMITTEE
JULY 27, 2016

1. Opening Remarks & Introductions

The session was called to order by Corey Stevens (immediate past chair) at 6:33 pm. Committee-members present were Ton Zwaan, Judy Rowan, Bob Kelly, Fran Hall, Corey Stevens, Immediate Past Chair, Peter Lennon, Frank Ferraro, Don Woodward, and Phil Johnson. Non-member officials present were Nancy Belanger, Selectman, Julie Gilman, Selectman, Don Clement, Selectman, Russ Dean, Town Manager, and Doreen Ravell, Finance Director. Also present for staff was David Pancoast, Recording Secretary. Mr. Stevens mentioned that Kathy Corson (Planning Board Alternate) is a new member, as is Robert Eastman, but neither were able to be present that evening, nor was member Bill Campbell. He said that they have 13 members now.

2. Nomination/Election of Chair and Vice-Chair

Mr. Stevens was nominated as Chair by Mr. Zwaan. He accepted the nomination and it was seconded by Ms. Rowan. The vote was unanimous for approval. Chair Stevens then appointed Bill Campbell as Vice Chair, indicating that, while not present, he indicated interest in being reappointed to that office by the Chair. No one on the committee expressed opposition to Mr. Campbell serving as vice chair.

3. BudCom Process Overview

The Chair went over the overall process and agenda generally.

a. Meeting/Significant Dates

See 2017 Budget Year Calendar. The only Budget Recommendations Committee (“BudCom”) meeting that was a scheduling problem was in November, will be looked at to see if the other group can move.

There was discussion on a meeting date before Thanksgiving, some thought it is not a good idea, as folks travel. The Chair said that he hoped the BudCom could skip meeting the week of Thanksgiving entirely. A question was asked about insurance information for the budget, and the Chair said he hoped it would be available in October. Mr. Dean said they are planning on using a 7% figure [for increases].

b. Format of Meetings

There will be a meeting to receive the proposed new budget on September 21st, which will be in the evening, and there will be a full meeting all day on October 21st. There was discussion on the start time of meetings being 6 p.m., with several members stating that they had trouble making that earlier time-6:30 pm being about the earliest they could do it. The consensus was for 6:30 pm.

i. All-Day Meetings

The first all-day meeting is October 21st. If others are necessary, they will be scheduled later on.

ii. Evening Meetings

These will occur as necessary and with advance notice. The scheduled dates are all for 6:30 p.m. and are September 21st, October 21st (all day meeting at 8:00 a.m.), October 26th, November 2nd, November 7th, November 10th, November 16th. November 29th is reserved for an extra meeting if needed

III. CIP Review

The Committee is going to cut down the amount and length of the presentations on the department budgets and will ask the Town for upfront info for various matters. It was discussed that CIP items will appear at the bottom of the dept. budgets. If the matter involves 'X' project, it will add '\$ Y' to the bottom line of that budget. The Chair said if a department is asking for a

CIP item, it will appear in the format specified. Ms. Ravell said that DPW has capital CIP items, so it is not appropriate to put those at the bottom of that budget-Spring Bridge would be an example. There's a capital project fund. The subcommittee worksheets will do CIP differently, but the regular budget will stay the same way it's been done. There was discussion on PDF documents being more reliable than Excel docs. The Chair said will do PDF docs and send them with an Excel file too.

b. BudCom Protocols

The Chair said that he will work with Mr. Dean to ensure the requested data is obtained for the FY17 process. these.

4. Subcommittee Discussion

The departments will be represented by subcommittees at full Budget Committee meetings. Subcommittees will be very important, since the Chairs of subcommittees will provide reports of activities, recommendations and decisions to the full BudCom and the Chair. The Chair will provide a template to use for those reports. Subcommittee meetings need to be posted at least 24 hours before they are held, with more lead time if possible. A subcommittee's name will appear in the meeting posting, to save members' time in deciding which meetings they want to attend.

The Chair said he would like more time to decide on subcommittee appointments, to see who is interested and decide how he will go about it, as well as designating the Chairs. The BudCom had 15 members last year, and most subcommittees had 3 members, but one had 2. There was discussion on 3 people being a good number. The Chair said if folks give him information, he can make those decisions, the members should email him.

5. Report from Town Manager

Russ Dean said that he started with three largest budget functions: DPW, Police and Fire, which make up 75% of the total budget. The snapshot is that last year, this past March budget passage was 70% favorable by public. Just about 70% of the total budget is wages, taxes and retirement. The big four: paving, solid waste, the assessing contract, and mosquito control, account for 80% of the total budget. Including Debt Service and Capital then push that figure up to 87% of the total.

He said that an issue about facilities is coming up. They are developing facilities recommendations for every departmental building, such as the DPW administration building and garage, and a second station for the Fire Department. The Library will be renovated and there is Lincoln St as a CIP project-there are different thoughts on that. Sewer work in that area is also needed and there is an issue of what to do with the road. There's also the Linden St culvert repair, and water/sewer line projects at Summer St and other locations. The Town is mandated to break ground in March 2017 on the Wastewater Facility upgrade, and it's under design now.

Relatively speaking the budgets are pretty stable. Health Insurance is a wild card, they will know the Town's rating in October. Some Department initiatives are forthcoming. An RFP is out for the financial software/system upgrade. Discussion followed on that RFP. it's open to whomever wants to bid on it. The Town is working off the current/'old' software. Discussion then focused on whether the Finance Dept. was on track for the schedule for the new software and Ms. Ravell said it was not behind. Mr. Dean said that some retirements had happened, so there has been personnel turnover. There's a new tech in DPW. The Welfare work is at status quo, Sheri Riffle is doing the work and it's going well day-to-day.

The Town Manager was asked if the Town was expecting any substantial requests for increase in employees or personnel? He said one part-timer had become full time and the 'IT' part-timer might become to full time too. The Board of Selectmen wants to replace the broadcast server. Mr. Dean

also said that the full time DPW mechanic that was approved had not yet been hired. The part-time Deputy Town Clerk that was approved was appointed and the approved Water Dept. position is still being advertised.

Sewer rates and their role in BudCom deliberations were discussed. The Water and Sewer Commission will discuss rate increases. Mr. Zwaan inquired if bond interest rates have any impact on planning? Mr. Dean said that as the Town's financial situation strengthens, which it has, the bond and interest rates are more favorable. It's expected that after next Jan 1st, interest rates will go up. The rate for the Wastewater Facility Bond should be favorable. There will be a lot of competition for that \$50 Million project. Discussion on bond rates and state involvement occurred.

a. Overview of Town Government Structure

This item was not expressly dealt with during the session.

b. Review of 2016 Budget Results – through 6/30/2016

Ms. Ravell said that everything was on target for the first six months of 2016. The tax rates will be forthcoming in November when it's set by NH DRA. She has done a thorough analysis of expenses and overall they have decreased. The Planning Dept had a decrease due to the vacancy in the Planner position for the first part of the year. Retirement of (Police) Chief Kane resulted in a decrease in that salary. Chief Shupe is onboard now. The Assistant Fire Chief position took time to fill. There have been increases in overtime because the "Call" volume is up. DPW had lower snow/ice-\$228,000 less this year than last, which are actual numbers not apparent numbers. Paving did start earlier this year with the downtown project so those went up. Maintenance has been down due to lower utility rates. The General Fund net income is estimated to increase by \$428,000 (see on page 3 of 7). That's due to the current tax estimate, not the actual tax rate yet. Mr Lennon asked if there's a way

to get a handle on the projected budget “surplus” or will it “go away” by the end of the year? Ms. Ravell said she couldn’t tell yet. Mr. Dean said they can’t do a real number budget snapshot until mid-November. Liquid Natural Gas is at a low rate now. Streetlights are not part of the electric contract but darker days haven’t come yet, so those costs will go up. Discussion was held of the water usage in Town.

6. Other Items/Comments/Questions

There was discussion on the social services funding warrant article. The suggestion was made for BudCom to cap the number without a specific number being named and make that a hard cap. Mr. Dean said that since Sheri (Riffle) has been working on that, dealing with the agencies and such, she produces a monthly report for him and he sees everything that the agencies are doing. The discussion was to have a subcommittee to review that, to investigate what number of Exeter residents is being served, and what the overhead is. With as many agencies as the Town has on its budget, it takes a lot of time-doing them at 3 to 4 per night. Ms. Hall said the BudCom knows them and doesn’t need to go over it all every year. These are charitable amounts, the BudCom doesn’t want to spend more than “x.” Some agencies have been in Town so long a summary is probably enough, unless they are new or recent additions. The Red Cross no longer serves this area, but had made a budget request. Once such information is found out, then that agency should be removed from the budget list. There was discussion on obtaining some data on the appropriate amount for the Town to expend, on the simple “pot” approach to agency expenditures and who gets allocation authority on a hard cap (Sheri Riffle or Town Manager). Mr. Clement said the governing body (Selectmen) must decide and then present it to the Town to approve. Ms. Hall said if a cap is set, it will be argued about anyway. The Chair said the BudCom has to do its due diligence-if the Agency is in Town, and actively doing things in Town, they can participate in funding. If not, then it would come out of the budget. Mr. Dean said that it’s always difficult when an agency makes a request, an immediate disconnect can occur. How do you find out if they are

out of Town? Some agencies can be seen active in Town, but some can't. Some, like NHSPCA, are active, but their work isn't seen as much. They have a relationship with Animal Control which helps them decide. It was suggested that the subcommittee for agencies meet with Sheri Riffle and decide since she is in charge that's the best way.

There were no other items.

7. Adjournment

There being no further business, it was moved by Ms. Rowan to adjourn the session and seconded by Mr. Lennon. The motion passed unanimously. The session was adjourned at 7:58 pm.

Respectfully submitted by David Pancoast, Recording Secretary