

BUDGET RECOMMENDATIONS COMMITTEE
NOVEMBER 7, 2016
DRAFT MINUTES

1. Call to Order:

The session was called to order by Chair Corey Stevens at 6:32 pm.

Members present were Bob Kelly, Don Woodward, Chair Corey Stevens, Vice-Chair Bill Campbell, Kathy Corson, Peter Lennon, Niko Papakonstantis, Len Benjamin, Judy Rowan, Francine Hall, Anthony Zwaan and Christine Soutter, who arrived later, per below.

Julie Gilman, Selectman, and Dan Chartrand, Selectman and Chair of the BOS, were present as well. Staff present were Jennifer Perry, Public Works (“DPW”) Director, Mike Jeffers, DPW Water & Sewer Managing Engineer, Russ Dean, Town Manager, Doreen Ravell, Financial Director, and David Pancoast, Recording Secretary.

Chair Stevens mentioned that some Public works (“DPW”) items from last time were not dealt with so would be tonight. The Administration and Engineering budgets were not done. Also, for Line 60175xx, capital outlay for the new digital repeater that was requested. The Fire Chief submitted a memo to BudCom on why DPW needed its own repeater. Public Works Director Jennifer Perry made some update comments on her budget. Mr. Campbell said the new repeater was the way to go.

Mr. Kelly asked for the final figure for Administration and Engineering from Ms. Ravell, who reported it as \$479,895 and Mr. Kelly moved approval of that amount, seconded by Mr. Campbell, and approved unanimously.

Also on Highways and Streets, the letter of map revisions was discussed. Ms. Perry, said that it was in the CIP for continuing dam work, so it is to be reduced by \$35,000, but a breach analysis being done now is still unfinished and some more work might have to be another \$10K, so should be added and the new amount of \$14,200 should be approved, the remaining \$4,200 is for maintenance. Mr. Dean said the LOMAR in CIP is \$60,000 and would become a warrant article. Mr. Kelly said that if a warrant on it isn’t approved, the work would not be done this year and Ms. Perry said it would have to come back for next year. There was significant discussion on this point, on expenditures, on possible deferring of some expenses until 2018 and how much is needed. [Christine Soutter arrived at 6:42 pm]. The net amount is \$39,200. The amount was \$35K for the LOMAR. In the CIP it’s \$60K. Mr. Kelly said since it’s not critical, can we defer it and deal with more critical items? Mr. Kelly said \$120K + \$14.2K, = \$134.2K. There was discussion on

other activities in addition to the LOMAR, for monitoring for two years and cultural mitigation, both important. The \$120,000 amount is important for finalizing dam removal. Monitoring requirements are in the wetlands permit from NH DES per Russ Dean and must be followed. Mr. Campbell asked if it could be put off for a year if the warrant is voted down. Mr. Dean said they were trying to package them out and finalize them rather than tuck them into the budget. Restoration monitoring for three years vis-à-vis successful migrating fish passage and stream restoration were both critical requirements. If this warrant fails in March, Mr. Dean said that the Town would be looking for other ways of doing the work. There was discussion on covering three years' work in a one year budget. Most figures like this are estimates.

Mr. Dean said the other requirements are mandated. Mr. Chartrand offered that the cultural mitigation was an absolute requirement of the dam removal. Ms. Soutter said that an agreement with the state has to be done as agreed-any changes would require the state to agree as well. There was more discussion on the timeline on this matter. Mr. Lennon said that his experience tells him that any timetable is subject to renegotiation. He said there is no point in "parking" money in the budget for this, the Town could probably use "levers" to get more consideration. Mr. Kelly said BudCom should just leave it the way it is. There was BudCom consensus on that approach. The amount of \$39,200 was reduced to \$14,200, per Ms. Perry's update.

Under dam registration, the budget proposed was \$800, but it can be reduced to \$400, per Ms. Perry.

Per Ms. Ravell, the new general expenses total \$234,501. New highway total: \$2,115,540, which was increased to account for the sidewalks work of \$120,000 that was approved. Discussion on the increased figure was held. Mr. Campbell moved the amount of \$2,115,540, seconded by Mr. Kelly and it was unanimously approved. There was additional discussion on the approach of dealing with this. The \$1.786M bond for dam removal has been fully accounted for/expended per Mr. Dean, but these additional things discussed tonight weren't covered in that bond. Mr. Chartrand reported that this project was a citizen's petition that was passed over opposition of three members of the Selectboard. Now we need to get it right and that's what we're doing with CIP additions. We are obligated to get it done.

Snow load analysis for DPW garage line 6065202 discussed. There was no discussion so the prior approval of that stood.

Total Public Works: \$5,051,870, moved by Mr. Campbell, seconded by Mr. Kelly and unanimously approved.

2. Water and Sewer Budgets: Jennifer Perry, DPW Director, was present.

Mr. Kelly reported on the Water and Sewer Subcommittee. He discussed the water treatment process, chlorine dosing, tri-halo-methane's ("THMs").

A new Administrative Order from NH DES is forthcoming in 2020. We have historically wrestled with a \$5,200K consulting contract placeholder for that. Approving less doesn't make sense here. Property insurance is way up, due to new water treatment plant. Exeter is looking for new water sources. Legal notices is at \$5,560, expended to half of the allocation. Ms. Perry reported that the THM levels involves a quarterly sampling and analysis, which will be averaged for a full year. It takes a full year to cycle out of non-compliance fall is highest peak of organic content and we will get a notice of violations again in next three weeks. Major structural changes to treatment processes will help. No final design on that yet. An administrative order is coming from the state. We want to get this corrected as soon as we possibly can. Mr. Kelly said the Subcommittee did the arithmetic and couldn't get close to the required levels. Mr. Woodward asked if any grants are available for this type of mitigation work. Ms. Perry said there are some, the SRF program especially, but they didn't get any awards this year.

Ms. Ravell reported two changes in insurance: fleet \$416, property insurance \$79,172.

Mr. Zwaan moved the \$6K for legal notices, seconded by Mr. Lennon, and it was unanimously approved.

Ms. Ravell reported that new health insurance is \$49,182, new dental \$3620. Health insurance buyout line is changed to \$3395. Workers' Comp insurance changed to \$4407. New benefits total is \$98,689. General expenses is \$121,238, water administration is \$418,895. Mr. Kelly moved that amount, seconded by Mr. Lennon, and it was unanimously approved.

Mr. Kelly reported that billings were \$3K and recommended level funding on that amount. The audits went up 16% across the board. Mr. Dean reported this is an exceptional deal on the audits from Melanson Heath. There was discussion on audits and compliance, entire audit amount is about \$25K. Increases are due to single audit requirements. This contract is year to year and can be changed out in any given year. Exeter needs to be 'GASB 45' compliant for pension liability to get a clean audit. Mr. Kelly asked how we know we are getting a good deal. Mr. Dean said local towns that are

far smaller are paying similar amounts. It's a fairly limited pool of providers. Changing over to new auditors might lead to increased costs due to non-familiarity of the new auditors to the Town's finances. Discussion was held on audits. Francine Hall asked about allocations of auditors services? There was discussion on auditors, costs and processes and lowering the budget amount to force lower prices from providers. Mr. Kelly said the Subcommittee left the budget number as proposed.

Ms. Ravell reported the supplies/billing number based on projects for the year, should be at \$3,500 instead of \$3770. There was discussion of these figures and the recurring increases. [Ms. Corson left at 7:36 pm.]

Ms. Ravell reported changed salaries, which decreased since the allocation for purchasing agent removed: now \$70,389. New total \$78,857. The benefits total is \$43,171. Mr. Kelly made an executive decision to leave supplies at \$3500 and audits at \$8250.

Final Billing total: \$148,508, moved by Mr. Campbell, seconded by Mr. Lennon and unanimously approved.

Distribution: heavy system operator was added for six month funding, which was divided between water and sewer and worked out great, but this year it will be for 12 months. He discussed contract maintenance for tanks. Ten year contracted amount.

Metering and Backflow: cut it last year, now need to add it back in. Meters need to be done. Recommended adding 50% to the budget and bring it to \$75,000 to enable all the work. Meters are the revenue stream so it's necessary.

Pump Station and Towers: put in last year to update security at the tanks. Discussion on water sources and security was held. Mr. Dean said that \$48K was encumbered in the water fund. There is \$30K unspent on security and another \$30K is needed for the upcoming year to do that work.

Mr. Kelly updated administrative items: some line items were underspent. Discussion was held on current expenditures.

Ms. Ravell reported salaries went to \$204,808, to account for new operator and new salaries total of \$228,733. New benefits total was \$142,625. Mr. Kelly moved \$75,000, Mr. Lennon seconded and it passed unanimously.

Ms. Ravell reported the new general expenses total of \$496,416, and new totals for water distribution of \$867,773, which Mr. Kelly moved for approval, seconded by Mr. Lennon, and it was unanimously approved.

Treatment: Salaries was reduced due to a retirement, replaced with a lower salary. Maintenance will be spent during remainder of the year.

Consulting line item here was spent almost \$40K in excess, working with DES for a solution, trying to get into compliance on chemistry aspect of it.

Mr. Lennon: this is good faith demonstration to state and feds on this.

For technology, \$7K is an appropriate budget number, so adjusting that from \$22,950 down to \$7K. Lab testing: \$25,500, to be level funded in 2017. Chemicals: Treatment plant online in 2015 is down now with new facility helping so much. Amount needed is about \$90K. Paul Vlasich, Town Engineer reported it had been about right. Mr. Kelly said it was brought up to \$90K to cover any issues. Ms. Perry reported another small reduction from \$2300 to \$1900 on dam issues.

Mr. Lennon: numbers trending lower but we should give this the benefit of the doubt for one more year. There was discussion on this. Mr. Zwaan said the numbers don't match up on licenses.

Ms. Ravell reported the new benefits total: \$157,461. Mr. Kelly moved approval of new software/hardware to \$7K, Mr. Lennon seconded and it was unanimously approved. Mr. Kelly then moved approval for dam registrations at \$1900, seconded by Mr. Woodward, and unanimously approved. Mr. Kelly then moved approval for lab testing for \$25,000, seconded by Mr. Lennon, and unanimously approved. Mr. Kelly then moved approval for chemicals to \$90K, seconded by Mr. Lennon and unanimously approved.

Mr. Ravell reported the new general expense total: \$322,800, new Treatment total: \$713,317. Mr. Kelly moved approval of that amount, seconded by Mr. Lennon, and there was unanimous approval.

Debt Service and Interest for the new water treatment plant. Capital outlay increases were for new financial software. CIP includes a new vehicle but its being put into the budget and it's not a candidate for vehicle service life extension program. Water System Capital: amount went down as money spent earlier and came out of reserves.

Ms. Ravell reported new water debt service from the drinking water fund principal of \$759,583. New amount for treatment plant itself is \$136,882. New debt service total is \$759,583 for the principal. Interest goes to \$170,212 and new water debt service interest is \$343,135. The new debt service total is \$1,102,718. Mr. Kelly moved that amount for approval, seconded by Mr. Woodward, and unanimously approved. Mr. Kelly then moved approval of \$76,386 for capital outlay, seconded by Mr. Lennon, and it was also unanimously approved.

New water fund total was \$3,327, 596, moved for approval by Mr. Kelly, seconded by Mr. Lennon, and approval was unanimous.

Mr. Dean said if we bond the Washington Street design, it goes five years.

Discussion on waterlines and breaks in them unfolded with replacement elements and that design would need to be done anyway at \$68,000.

Sewer:

Mr. Kelly reported that increases are due to changes in federal monitoring requirements on the river with the new sewer treatment plant that is coming.

Vehicle line is for a share of the new maintenance truck. Recommend that the service life extension program be looked at by Public Works Department.

Ms. Ravell reported that fleet insurance is \$1849 and property insurance is \$43,025. The Chair mentioned that these did not need a vote.

There was discussion on line items and legal fees and the timeline for past increases. Mr. Kelly said reserve funds have more flexibility than general funds. Mr. Dean said that consent order issues cost the Town about 3 hours of legal work. Mr. Kelly said that hundreds of thousands of dollars spent on design and design engineer has acted as advisor on all of it. There was discussion on this point. Mr. Dean said the \$5K this year is review of contracts by Counsel with engineers involved, for design review re: issues with liability on design contract elements. Discussion was held on that.

Mr. Ravell reported the new administrative total of \$366,831, new benefits total of \$98,689, which was moved for approval by Mr. Kelly, seconded by Mr. Lennon, and unanimously approved.

Billing:

There was discussion on year to date which is \$3134, and Ms. Ravell said that \$3500 is probably sufficient. Mr. Dean said they could live with that amount. Mr. Kelly moved it, seconded by Mr. Zwaan, and unanimously approved.

Audits will be the suggested number and general expenses will be \$25,505. Internet Services is a portion of the website allocated to each department. Mr. Lennon said all that money is expended.

Ms. Ravell said that full time salaries have changed to \$70,389; total salaries is at \$78,857. New benefits total is \$43,171. [Mr. Woodward left at 8:26 pm] Total sewer number is \$147,533. Mr. Kelly moved approval of that amount, Mr. Lennon seconded, and it was unanimously approved.

Collection: Building maintenance at \$4300. Recommending \$30,000 request made for work to be done in-house. II Abatement for inflow reductions, at over 100,000 gallons per day taken out, which was discussed

Mr. Kelly went over the scope for next year and recommended \$25,000 rather than \$50,000, due to dealing with larger sources of P-E-A. It is best to start on the program this year. Ms. Perry said the Underwood Engineers estimated amount is appropriate.

Grit removal: Strategy was due to new plant, to dial budget back when it comes online.

Manhole maintenance: gone to \$60K over past 3 years. Continue for one more year.

GIS software:

Discussion was held on this-it would be level funded. There was discussion that level funding is necessary due to increases in costs. \$24,471 will be spent by year-end, just need time to get the items needed. Mr. Kelly recommended they keep the \$5K that is left and decided it that way.

Mr. Kelly moved II Abatement of \$25,000, seconded by Mr. Lennon, and unanimously approved. He then moved grit removal at \$2500, seconded by Mr. Lennon and unanimously approved.

Ms. Ravell reported wages: \$204,808; new salaries: \$228,733, new benefits total of \$142,624, new general expenses total: \$307,645. New sewer and collection total:

\$679,001. Mr. Kelly moved those figures for approval, Mr. Lennon seconded, and they were unanimously approved.

Treatment:

Have two full time operators now but need four with new plant. Ms. Perry said they need new operators on board before it opens on April 1, 2019. Takes time to hire experienced operators needed. Intention is to start the process next year and then the last hire in the following year. The Subcommittee recommended the increase of \$10,717 in salaries for the operator for 2017.

Ms. Perry said communication was great on this. Ok to delay hiring by a few months, but DPW will be coming in next year asking for two operators by 2018.

Ms. Ravell reported new full time salaries: \$112,376 and new salaries total at \$130,377. Mr. Kelly moved the \$112,376 amount be approved, Mr. Lennon seconded and it passed unanimously. Salaries total did not need a vote.

The new benefits total was \$73,088. No vote was necessary.

Mr. Kelly discussed industrial permitting and impacts that requirements have gone up. Take in about \$12K in revenue, to increase the budget to manage the work to accommodate that. It will be self-supporting.

Lab testing:

Contentious last year due to administrative order with increased river monitoring. The amount of \$50K is reasonable for next year.

The need is for \$50K for 2017, reduced from \$62,875, and that new amount was moved for approval by Mr. Kelly, seconded Mr. Lennon, and unanimously approved.

Gas monitoring was moved by Mr. Kelly at \$100, seconded by Mr. Campbell, and unanimously approved.

Ms. Ravell reported the new general expense total of \$268,450, sewer treatment total \$471,915, Mr. Kelly moved those amounts, Mr. Lennon seconded and the vote was unanimously approved. Debt Service amount of \$586,323 was moved by Mr. Kelly, seconded by Mr. Campbell and the vote was unanimously approved. There is Bond

Anticipation Note Interest for design costs, which can't be bonded alone. The amount is \$28,005, moved by Mr. Kelly, seconded by Mr. Campbell, and unanimously approved.

The CIP list is a fairly big chunk of the budget. The new capital outlay amount is \$122,266, moved by Mr. Kelly. There was discussion on this. No second that I heard. Mr. Campbell seconded and there was unanimous approval. The new sewer fund total was \$2,401,673, moved by Mr. Kelly, Mr. Lennon seconded and the vote was unanimous for approval.

The Chair announced the next session on Thursday 11/10 at 6:30 pm. Ms. Soutter pointed out that departments are careful with expenditures and she is grateful for that. Committee members agreed. There being no further business before the Committee, Mr. Campbell moved to adjourn, seconded by Mr. Lennon and it was unanimously approved. The Chair adjourned the session at 8:58 pm.

Respectfully submitted by David Pancoast, Recording Secretary.