

Budget Recommendations Committee
General Government Subcommittee Reports
Tuesday, September 26th, 2018
Town Offices, Nowak Room
Draft Minutes

1. Call meeting to order

Attendees: Doreen Chester, Finance Director; Russell Dean, Town Manager; Mike Dawley; Len Benjamin; Judy Rowan; Nancy Belanger; Nicholas Gray, vice chair; Niko Papakonstantis, chair; Bob Kelly; Christine Soutter; Corey Stevens; and Julie Gilman, Select Board Member, were present at this meeting. Tai Chin Tung, Steve Ramsey, and Dave Beavens were not present. Mr. Papakonstantis called the meeting to order at 6:32 PM.

2. Review/Approval of Minutes

There were no minutes for review.

3. Review subcommittee protocols/procedures/reports

Mr. Papakonstantis put together the subcommittees:

- a. Police and Fire Subcommittee: Judy Rowan, chair; Len Benjamin; Corey Stevens
- b. General Public Works Subcommittee: Nicholas Gray, chair; Dave Beavens
- c. Public Works Water and Sewer Subcommittee: Bob Kelly, chair; Niko Papakonstantis
- d. Rec, Library, Welfare and Human Services Subcommittee: Christine Soutter, chair; Mike Dawley; Steve Ramsey

Mr. Papakonstantis said that most of the work is done by the Subcommittees prior to the meetings. The subcommittee chairs will present to the full BRC. Department heads will be available for questions.

Mr. Papakonstantis said that last year Bob Kelly and Peter Lennon did an exemplary subcommittee report for Water and Sewer. There is a report summary at the top, and for each variation or recommendation in a budget item line, they put a one-sentence summary in the comment line. The subcommittees don't need to go through every line item. If any committee members have a question about any line, it can be discussed. They should use this model to be more consistent for the Select Board. Mr. Stevens asked if they should talk about the CIP items as well, and Mr. Papakonstantis said yes; they won't be voting on them on the subcommittee night, but they'll have some prework done by CIP night.

Subcommittee reports must be provided to the department heads and the BRC chair 48 hours prior to the meeting. Mr. Papakonstantis sends it to Sheri Riffle so it's posted on the website and sent to the rest of the BRC. Requests for additional information from department heads should go through the subcommittee chair. Minutes must be posted within 5 business days. The outcome of all BRC votes shall be determined by the majority, with the chair casting a vote in the case of a tie. Mr. Dawley said it's beneficial if the chair votes on everything, and Mr. Papakonstantis confirmed that he intends to vote on everything.

Select Board members are encouraged to attend the meetings and to provide background information where appropriate. Upon conclusion of the budget, the BRC chair will

forward the recommended budget along with a memorandum to the Select Board, and will present the findings at a Select Board meeting if invited to do so.

4. Review 2018 Draft Budget

a. Presentation of Town Manager

Mr. Dean discussed the preliminary town budget, which is a draft. The health insurance rating comes in the 2nd or 3rd week of October, which changes the numbers.

He mentioned that the tax rate of the town in 2013 was \$7.81/\$1,000, and last fall it was \$7.08/\$1,000, so it's lower by an order of magnitude. The General Fund budget is affected by budget votes, collective bargaining, and lease purchase agreements. Warrant articles are not included in the budget but also affect the tax rate. The majority of the town budget, 70% or more, goes to Public Safety (Police/Fire) and Public Works.

Exeter has an active and engaged community whose service level expectations are high, and the town tries to budget accordingly. In addition to town employees, they rely on the work of over 100 volunteers on the boards, committees, and commissions. The town relies on property tax as the primary revenue source. The town has generous credits and exemptions, and a lot of not for profit/tax exempt property, which factors into the tax rate and influences the tax burden on each payer. Ms. Soutter asked about the difference between what is paid by the nonprofits with PILOT (Payment in Lieu of Taxes) versus a standard tax rate. Mr. Dean said only the Exeter Housing Authority is paying PILOT. The way the PILOT laws are written in New Hampshire, it's something organizations have to volunteer to pay. The top three taxpayers, RiverWoods, PEA, and the Hospital, all have a nonprofit component.

Mr. Dawley asked how much the tax base is going to increase this year. Mr. Dean said around 2%, but the assessors are still working through MS1. There's also a revaluation for next year that is not part of this MS1. Mr. Gray asked how much of the 2% increase in net taxable value is new development versus increase in assessment of existing property. Mr. Dean estimated that one third to one half is new development, but he will try to get a firmer number.

The FY19 budget has a preliminary increase of 2.89%, \$539,975 over the approved FY18 budget of \$18,646,644. Taxpayers have been supportive of the operating budget over the last few years. With warrant articles, a new loader, the Engine 4 replacement, and Police Collective Bargaining, it will be \$18,836,060.

Mr. Dawley asked if they've considered starting a reserve for replacement rather than paying all at once. Mr. Dean said that the town uses vehicles and heavy equipment that are more expensive. They're not saving up for ten years to buy a fire engine because they have a fleet of fire engines. The fleet is large, around 322 vehicle equivalents. This year, he is not recommending the cash purchasing of specific vehicles. Instead he'd like to set up a \$100,000 Capital Reserve Fund for cash purchases.

Several additional personnel requests this year, for a total of \$238,923; those items have been set aside from the rest of the budget. The Recreation Department office manager would go from part time to full time. The Fire Department would be adding a 20 hour a week office clerk and two more firefighter/paramedic positions. The town clerk's office is requesting a 25 hour a week position. The Sewer Treatment Plant is requesting another operator as they move to the new facility. The Town Manager's office is looking for a benefits assistant/administrative assistant. HR is a one-person department; the town has added employees and the HR director

is spending more time on processing issues, payroll, and benefit applications, not higher level work. EXTV/IT needs administrative support. Parks and Rec asked for seasonal help, two part time temporary positions, \$12/hour for 20 weeks. The Maintenance Department is looking for contracted cleaning services at \$26,000.

Mr. Dawley asked if the new personnel requests are a lot for one year. Mr. Dean responded that the dollars are not out of line with other years. They haven't put in administrative/support requests in a while, but the Town Offices are understaffed. The requests are separated so the BRC could see the total, instead of siloed. This way, you can view the personnel requests in context of the other requests. Mr. Dawley said that if you add that \$238,000, the increase is over 4% this year, and he's not comfortable with that.

Mr. Papakonstantis pointed out that half of the total personnel request was the two firefighters, and asked what the justification for two more firefighters is this year. Mr. Dean said that there are four shifts in the Fire Department: two shifts have one lieutenant and six firefighters, and two shifts have one lieutenant and only five firefighters, so they're looking to fill out those shifts.

Mr. Papakonstantis asked about the projection for the Health Trust board. Mr. Dean said they'd budgeted 5%, but it usually averages between 2.7% and 3%. Not all groups are rated equally in the pool.

Mr. Gray and Mr. Stevens wanted to include the personnel requests in the FY19 budget. Mr. Dean said this way gives you a base budget and personnel is additional. Mr. Kelly said it would have been nice to have it both ways, but this is Mr. Dean's budget and they're just here to make recommendations. In future years, it would be better to have it in there. Ms. Soutter and Ms. Rowan liked having all the requests together on one sheet. Ms. Belanger and Mr. Benjamin wanted to give this format a chance.

Mr. Dean said that the solid waste budget had a significant increase, \$140,000, in FY19 due to the contract. They raised the blue bag fees in response. Mr. Papakonstantis asked the length of the contract; Mr. Dean said it's a five year deal that started last year. Recycling markets are in free fall. Landfill monitoring is up from \$48,000 to \$70,000, for additional cap work and monitoring wells. This is regulated under DES; they must provide analytics, which they are doing with GZA GeoEnvironmental.

In Wages, there's a step increase for non-union employees budgeted in July 2019. The Library sets its own wage rates, they have a 2.23% step increase effective July 2019. Health insurance has increased 5%, and dental insurance is up by 2%. Retirement assessments are scheduled to go down next year. Fire are going from 31.89% to 30.09%, Police from 29.43% to 28.43%, for every dollar of payroll. They do not participate in social security.

In General Government, they funded a sign for Town Offices in the FY19 budget. In the Town Manager's budget, there are no changes other than personnel. In Human Resources, they're requesting \$20,000 for reclassification issues. Every year positions change and duties are added, which may impact the position's rate of pay. There's also a market issue; this money could be used when they're not paying competitively.

The Transportation budget is level at \$10,000. This is not their entire assessment, just the part that's funded from the General Fund. COAST have changed to a demand/response model.

The Legal budget is level at \$80,000. They use Mitchell Municipal Group, but the Select Board decided to go out to bid recently. They also use Jackson Louis for collective bargaining, labor, and personnel; Devine-Millimet for Environmental issues; and DTC Lawyers for special issues like cable TV.

There's an IT department increase request. They're taking on the Police Department's computer budget. Andy Weeks has come to an agreement with Chief Shupe. IT is also carrying the cost of the MyExeter app.

In Financial Administration, Trustees of Trust funds are at \$898. Town Moderator is at \$861, since there are fewer elections in 2019. In the Town clerk elections budget has decreased to \$359,837, since the records retention project is finished. In the Finance budget, they need to replace a copier. The Treasurer budget is the same. The Tax Collector budget funds two positions, Deputy Tax Collector and Collections Specialist, and there are no major changes. The Assessing budget is \$222,007, and their postage account is up for the revaluation year.

In Planning, they're requesting part time staff, and funding for a parcel-specific building analysis, which will allow them to determine what's doable. This is following up on the Master Plan.

In Economic Development, there are no major changes.

Inspections and Code Enforcements has two full-time personnel.

For Land Use boards, Conservation Commission some small budget increases for trails work, and their training budget. They'd like to attend more of the NH Association of ConCom events.

The Police Department is up 1.1%, related to the new contract covering sergeants and dispatchers. Most of the Computer line item has moved to IT. There's one equipment purchase, adding a trunk vault to store equipment. Fire and EMS has requested two new personnel. Lieutenant Jeff Liporto's retirement is coming up, which will lead to budget changes there. They request an enhanced exhaust removal system and an additional part time position. Mr. Dean mentioned the NH Legislature cancer presumption workers' compensation; it's unclear whether this creates additional expenses at the local level. Ms. Rowan wanted Firefighters/EMTs to be well protected and have excellent medical care, but she's not sure these physicals are the mechanism to pursue that. Mr. Papakonstantis said they're going to Convenient MD, and wondered if it should be more specialized medicine. Mr. Dean said that they can sit down with the chief and ask the questions.

In Public Works there's funding for river monitoring as per the MOA re dam removal. In Street Marking there's an old paint machine to replace for \$10,000, which is part of the Highway budget. There are no changes to snow removal budget. In Maintenance, there's a contract cleaning request, and an automotive lift, which would be the third lift in the dept. It would let them manage the heavy equipment better. \$100,000 for Maintenance projects. Jeff Beck has been promoted to maintenance superintendent and doing a great job. Mr. Kelly asked if a mechanic had replaced him, and Mr. Dean said there's still a vacancy. Mr. Dawley asked if there were a labor pool for that job. Mr. Dean said they've had to increase recording secretary wages, and there have been a few retirements. It's harder to fill positions, but they are working hard to recruit.

The Welfare and Human Services budget has increased to \$175,671, which reflects the Wentworth Trust revenues that come back to the town to offset that budget.

The Other Culture budget is down because the Arts Committee is on hiatus, from \$6,000 to \$1. Add under summer concerts, there's \$2,000 increase to add two concerts, which they're branding as the "Return of the Parkway."

The Library budget had a nominal increase of .5%.

General Fund debt service has increased by \$30,804 to \$1,045,774. The String Bridge project was completed, so they added that debt to the budget. Some bonds are in their later years which reduces the debt service.

The Vehicle and Equipment replacement budget has been reduced by \$111,935, or 17.2%. They're looking at a vehicle capital reserve fund of \$100,000 in lieu of budgeting for replacement of vehicles on a cash basis.

For Bond Articles, there's the Library design renovation and construction; it would be a 15 year bond if it materializes. Today's interest rate on 15 year bonds is 2.93%, and continue to tick up. Parks and Rec is proposing the Recreation Park design and engineering. This is a rescoped request from \$4.7 million to \$250,000 just for the design piece.

Mr. Dean discussed several Warrant Articles. There's a dispatch technology upgrade. For the LED Streetlight retrofit, an investment of \$146,000 would save \$32,000 annually in energy costs. An additional \$80,000 investment would allow networked lights which would give them more control. The Sidewalk program is \$120,000; there's only \$20,000 in the Capital Reserve Fund so not enough for a significant project. The creation of a \$100,000 Parks Improvement Fund would cover several different park improvement projects, and would allow them to prioritize projects and use surpluses on other projects.

There's an Intersection Improvements Fund of \$50,000. This went to the Select Board last year and wasn't voted into the warrant articles, but they continue to have requests from the public for intersection improvements. There's an ADA Capital Reserve Fund; they've had some issues with ADA compliance, and this would create a transition plan. It's something that's supposed to be in place and would help with applications for federal funding. The Epping Road sidewalk extension is a TAP project, and would be 80% funded by the TAP grant, 20% by the town. If approved it would connect the existing sidewalks and work towards their goal of making the town more walkable. The Conservation Commission brought forward a Raynes Barn rehabilitation project, which would make that site more usable for community events. They're seeking an LCHIP grant, so it would be \$214,000 gross but only \$107,000 net. Of the \$1.8 million dollars of projects on this list, \$859,000 would be reimbursed by grant funds.

Mr. Dean moved on to Revenues. In 2017, building permits were high; they leveled off in 2018 and he expects the same for 2019. Other revenues are Cable Franchise Fees, Town Clerk's office fees, the Rooms and Meals Tax distribution, State Highway block grants, and revenue from departments, mostly blue bags. The Interest income is small. There are transfers in from EMS and Trust Funds. They applied \$500,000 in Fund Balance to lower the tax rate. Mr. Dawley asked if ambulance rates are on par, and Mr. Dean said they're billing at Medicare plus 30%.

The Water Fund is a .7% increase and the Sewer Fund is a 12% increase. The Water Fund is a level budget. In Administration, there's a reallocation of the fixed assets of the water system, so a decrease. The Billing function increased by 7.4%. There's a request for a part time utility billing clerk for 24 hours per week, which would be an additional \$4,000 in additional wages. Mr. Kelly asked about the software agreement increase. Mr. Dean said it's based on

Water/Sewer abatements; people want to be able to go onto an online portal and check their water consumption. This would allow Water to purchase specialty software for that. Mr. Kelly asked how many requests for the portal they get, and Mr. Dean joked 100% of those who seek abatements.

The Distribution budget has decreased, since the tank maintenance contract for Hampton Road/Fuller Lane is dropping off in the later years. There's an increase of \$7,000 to cover system parts. The Pump Station accounts increase by \$17,500 to rehabilitate the underperforming Stadium Well.

Treatment is down by \$49,486, since they're not doing the one-time lagoon cleaning of 2018. There's a reduced consulting budget, since there's no more work on TTHM issue, it's moved into construction phase. The Water debt service is down \$57,000, due to the retirement of an SRF loan that paid for the waste stream reduction project. There are increases in the Capital Outlay request: an allocation for light duty vehicle lease purchases; the financial software lease purchase; 50% of vehicle equipment replacements for Water and Sewer. They're funding a new dump truck; they'll replace a dump truck in Water/Sewer and hand the old one off to Highway. They need \$28,000 of fiber optic work to connect the groundwater plant to the surface water plant. There's a request for \$45,000 for the River Pump station for rehabilitation. There's a proposed replacement of the Surface Water Treatment Plant VFD device and pump at \$50,000. Mr. Kelly asked whether the fiber optic work was done as part of SCADA, and Mr. Dean said not all the way because of a back and forth with Fairpoint over the poles.

For Administration in Sewer, there's a decrease in consulting, an increase in property insurance, and an asset allocation of the wastewater system, for a net increase of 2%. In Billing and collection, there's a part time utility clerk hours increase and a software budget increase, as with Water. The collections budget is the same as FY18. The Sewer Treatment budget continues to change. They need funding for four full time operators as opposed to two, increases in chemicals, and solids handling costs, so there's a 55.3% increase. Debt service is down \$93,109 due to the retirement of the Water Street interceptor project, a 13.9% decrease. Sewer Capital Outlay is up \$79,000. The newest Vactor truck has been paid off. There are three capital projects: a comminutor rebuild at the Webster Avenue pump station for \$22,000; the replacement of two pumps and gate valves at the Front Street/Westside Drive pump station; and \$30,000 for lagoon aerators for remaining lagoons. Mr. Kelly asked if the Solids Handling line item of \$168,000 would be for each year, and Mr. Dean said yes. Mr. Kelly asked if they had considered building a facility to treat those solids. Mr. Dean said that hadn't come up. There's reluctance from the department to become a licensed facility. Mr. Kelly asked if they'd hired additional operators, and Mr. Dean said one was a promotion and another hire. There are four total operators now.

Mr. Dean discussed the Bond articles for Water/Sewer Funds. There's the Newfields Road water main extension, which will enhance the firefighting capability at the DPW complex and provide a public water source. As they do the sewer main for the Wastewater facility project, the road will be open, so now is the time to put it in. There's a request for design and engineering for improvements to Salem Street area water, sewer and drainage. There's the Folsom Lift Station rehabilitation, which comes from the Sewer Fund; this is a sewage lift station on Prentice Way off Drinkwater Road which is 30 years old and in poor condition. They'll add a new building and upgrade the works. This is a 5 year project on a small bond. There's the

Squamscott River Sewer Siphons project for \$800,000. Two siphons run under the river from Jady Hill to the pump station. The DPW would like to add a third siphon to increase capacity, since the Webster Pump station is maxed out. Next year, there will be a request to increase capacity at the Webster Pump Station. Mr. Kelly said that as part of the subcommittee work he'd like to get a history of the siphons.

Mr. Dean mentioned Pickpocket Dam, which is in the CIP. The price tag is \$400,000. They need to have more conversations with the state before next steps. The dam is in two towns, since it overlaps with Brentwood. Mr. Stevens asked if that's for dam removal, but Mr. Dean said they need to find out what they have to do. The state has sent them a letter of deficiency indicating that they've reclassified the dam as a high hazard, and also changed the rules about hundred year flooding, but the state has not given them a timeline for action.

5. Review of reports and discussion on any additional reports that may be necessary from the town

Mr. Papakonstantis wanted department narratives, the CIP book, and a report on 5 year history of expenditures vs budget (BVA). Mr. Gray asked for information on how the median assessment for a single family home has changed over the last five years. Mr. Dean said he would ask the assessors for that information.

6. Review BRC meeting schedule

All meetings will begin at 6:30 PM, other than the October 19th meeting at 8:30 AM.

- a. Next meeting is October 19th, the all-day meeting, on the General Government Subcommittee budget.
- b. Wednesday, October 24th is Rec, Library, Welfare, and Human Services.
- c. Thursday, November 1st is the General Public Works Subcommittee.
- d. Monday, November 5th will be Police and Fire.
- e. Thursday, November 8th will be Water and Sewer
- f. November 14, CIP and wrap-up.
- g. November 27th and 28 are also reserved if needed.

7. Other Business/Comments/Questions

None

8. Adjournment

MOTION: Ms. Belanger moved to adjourn. Mr. Benjamin seconded. All were in favor and the meeting adjourned at 8:35 PM.

Respectfully submitted,
Joanna Bartell
Recording Secretary