

Budget Recommendations Committee
Town of Exeter NH
September 25, 2019, 6:30 PM
Nowak Room, Town Offices
Final Minutes

1. Member Introductions

Members Present: Bob Kelly, chair; Christine Soutter, vice chair; Anthony Zwaan, Don Clement, Judy Rowan, Dan Gray, Nancy Belanger, Corey Stevens, Nicholas Gray, Enna Grazier, Liz Canada

Members Absent: Dave Beavens and Tai Chin Tung were not present at this meeting.

Others Present: Russ Dean, Laura Zagopolis, Julie Gilman, Niko Papakonstantis, Anne Surman, and Kathy Corson

Mr. Kelly called the meeting to order at 6:30 PM.

2. Preliminary Presentation of FY20 Budget

Mr. Dean discussed the budget narrative. The revaluation created a 24% increase in the net taxable number for the town, or around \$420 million in additional value. 5% of that is new development, and 95% is existing properties going up due to market conditions. The average single-family home rose from \$337,000 to over \$400,000. The Town's share of the tax rate will decrease by \$1 or more; they're waiting for the DRA utility values to calculate the numbers. The TIF on Epping Road has been extremely successful. It was valued at \$21 million last year and \$43 million this year, not including the Unitil project or the proposed Monahan project.

In Police and Fire, the Staff line items have been combined into full-time or part time. Four total positions were requested by the departments. Mr. Stevens asked if the numbers for the new positions are included in the budget total, and Mr. Dean said yes, they built the position requests into the base requests.

The budget article in March 2019 was \$19,066,857, which went up to \$19,969,842 with Fire and SEIU Collective bargaining. This base budget was 4.46% over the adjusted budget and 4.74% over the voted budget.

This year, the numbers have not yet been adjusted for health insurance, but they've budgeted a 10% reserve in the Benefits and Taxes budget so it should be fairly accurate. Last year Primex gave a \$115,000 dividend on workers' comp, but we'll be getting a smaller amount this year.

In Wages, the collective bargaining agreement goes through 2021. For Non-union Wages, FY20 is similar to the union-negotiated contracts, with COLA and step increases. Health insurance is 18% for Blue Choice and 13% for Access Blue NE HMO. In Retirement, Group 1/Admins is at 11.17%, Group 2 Police is 28.43%, Fire is 30.09%.

In HR, there will be a full year roll-up of the part time person they hired, Brittany Flowers. She's helping to convert the MUNIS payroll system and other tasks. There are classification

requests in our budget process this year; jobs do change and the Town should address that. Mr. Stevens asked if the HR Director was seeing relief from the hire, and Mr. Dean said yes.

Transportation and Legal are similar over last year. There's an IT increase; they are stretched thin. IT is a two-person operation managing EXTV and other outside issues in addition to the Town's IT. There's been an uptick in demand throughout the organization for IT assistance. They're also dealing with cyber security and 91A requests for emails and text messages. They've asked for an audit to help with an IT roadmap, which will cost about \$8,500. In the Public Safety complex, they want to upgrade cameras and building security systems.

In Trustees of Trust funds, there is no increase. In the Town Clerk there is a decrease, due to a changeover in personnel and retirements. The Town Moderator and Elections Registration lines are increased, as there are more elections coming up.

In Finance/Tax/Treasurer/Assessing, Finance is up 6.6% for MUNIS, contract services for OPEB requirements, audit fees, wages and benefits, and changes to health insurance. They can't fill the Deputy Treasurer position, so they've deleted that \$1,000 budget. Tax Collection is up slightly, as there was a retirement in this area.

In Assessing, there was an increase. Vision is doing an upgrade of their appraisal software, and this department needs money to move the system onto the Cloud.

In the Planning Budget, there's a Studies budget increase. They haven't updated the impact fee ordinance in a long time. There's a decrease in the Capital Outlay line of \$9,000 which balances it out.

In Economic Development, there's a 3.8% increase, for a certification program for Darren Winham. In Code Enforcement/Inspections, there's a 1.8% increase.

In Sustainability, there's a lot going on at the Select Board meetings with the citizen's committee formed to work on sustainability initiatives. They're requesting a part-time position at 24 hours a week, graded similarly to the Natural Resource Planner position. Mr. Clement pointed out that this line is only eight months of this salary.

In ZBA, Conservation Commission, HDC, and Heritage Committee, there are not a lot of changes. HDC has been carrying grant matching funds, which flip between them and Heritage, but they left it in the HDC budget this year for comparative purposes.

In the Police Department, there's a 1.7% increase. There were staffing changes in the past year, creating a structural difference of a Deputy Chief and Lieutenant instead of two Captains. CPSM is doing a deep dive with the Public Safety facility and staffing analysis, and we're expecting their response around December. There are Fuel reductions, an Office Equipment Maintenance increase, and a \$10,000 placeholder for parking enforcement scanners.

Fire/Emergency Management is up 4.6%, as they're requesting two full-time Firefighter/Paramedics. Expenses are up 3.9%, due to Education/Training and Contract Services between Police and Fire. There's a Capital Outlay of \$11,988 to improve the Emergency Operations Center technology capabilities. They will look into potential grants or the CATV Fund to cover this cost.

The Communications budget is down considerably, due to changes in wages and benefits.

Health is up 1.3% over FY19, due to a wage increase for the full-time Health Officer and a mobile communications increase.

In the Public Works General Fund, Admin and Engineering had a 2% increase. Some Admins are split 60/40 between the Water and Sewer Funds.

In Highways/Streets, there is a request for one full-time Heavy Motor Equipment Operator. There's a \$5,000 increase in Tree Maintenance to deal with Emerald Ash Borers. There's a culvert replacement project on Tamarind Lane.

Snow and Ice is up 6.3% for Contracted Maintenance. Some years they have to pull from the Snow and Ice Deficit Fund.

Solid Waste is up \$121,000, including a solid waste contract increase of \$39,880. There's more work and monitoring at the landfill. There are Pickpocket Dam modifications, a contract with GZA Environmental, and a \$10,000 increase in household hazardous waste collection, which is partly offset by revenues.

Streetlights are a 0% increase request, as these were just changed to LEDs. They've begun the amortization of that process, the cost will be level for five years and there will be savings after that. Mr. Clement asked what public feedback they'd heard on the lights, and Mr. Dean said it was positive. Dr. Zwaan asked if the reduction in electricity is factored in, and Mr. Dean said yes, the gap is \$30,000 per year as they're paying back the netbook value of the lights.

Mr. Kelly asked whether increased landfill monitoring is a DES requirement. Mr. Dean said they should hear more on this from Public Works; it's not necessarily a mandate but more to do with concerns about groundwater management. Mr. Clement asked if new PFAS/PFOA standards were a factor in the landfill costs, and Mr. Dean said they have a number on that for Water/Sewer, under Lab Testing/Lab Equipment, but no specifics on the landfill.

The Maintenance budget has an increase of \$18,279 or 3.6%. There's a request for additional contract cleaning for the Rec building. Town buildings are up 10.6%, and there's the movement of the train station liability insurance back to the train station budget. They adjusted the Town Building accounts to accommodate the new Water/Sewer rates. Maintenance Projects is level funded at \$100,000. There will be a facilities condition assessment in FY20, funded through the Maintenance Projects budget. Maintenance for the Garage is a decrease of \$5,388 due to wages. The Mechanics Tools line item was reduced, as there was a purchase last year.

The Welfare/Human Services budget is up 7.2%, due to an increase in direct relief. This is something they have to provide if people qualify, but they reach out to outside human services agencies to offset. The Human Services funding committee is going through that budget.

Parks and Rec is a 4.3% increase, due to full year funding for the Office Manager, and a new Senior Services line of \$7,500. The Parks budget is a decrease overall of 1.1%. They eliminated seasonal parks help, as it was too difficult to hire, and are using contracted services. There are additional projects with landscaping, mowing, and park maintenance. There's a reduction of capital for a mower purchased in FY19. In Other Culture and Recreation, there's no change. This is a one-stop for special events such as the Holiday Parade.

The Library budget has a 0.1% increase, which will be adjusted with the updated health insurance numbers.

Debt Service and Capital is down 1.7%. In FY20, there should be no payment on the new library, but there will be some bond anticipation note interest on that project.

Vehicles and Equipment has a decrease of \$104,761, due to lease purchases being retired. There are two cruisers in the operating budget, as there were in FY19.

Nicholas Gray asked whether the Town would consider restructuring its debt for some of these purchases. Mr. Dean said yes, the Town can refinance or prepay bonds without penalty. They could look at it if the interest rates were low enough, but legal and other expenses would offset some of the gain. He didn't think the Town would need voter approval to reappropriate.

In Benefits and Taxes, health insurance and workers' comp are the big adjustments.

Mr. Dean next discussed the warrant articles. The Rec Park is TBD, as Tighe and Bond are still working on it. In vehicle replacements, the Parks and Rec request would be a fleet addition of a handicap accessible van, otherwise these are repeat requests, including a DPW dump truck. The Parks Improvement Fund was passed by the voters this year, and they're looking for an appropriation in FY20. There's the Sidewalk Program, and a Conservation Fund Appropriation of \$100,000. There's the Westside Drive design/engineering to look at reconstruction of the roads and drainage in that neighborhood, which is in the CIP. There's \$100,000 for the DPW Facility Garage design, as they're looking to replace this aging facility.

Regarding Pickpocket Dam, the Town has received a revised letter of deficiency that has benchmarks and milestones. The dam must pass 2.5 times the hundred year flood level by July 2020. They've contracted with GBHB to do an emergency action plan. Dr. Zwaan asked if this were an unfunded mandate, and Mr. Dean said that DES has the ability to come in under the dam regulations and require the Town to do things. There could be fines involved.

In total, there are \$1,223,175 in warrant articles. The FY20 budget is up 8.1% over FY19, or 90 cents per \$1,000 valuation.

In General Fund Revenues, there's projected revenue for sale of Town property, \$132,250 for Garrison Lane and the Hospital sale for \$50,000, as well as a change in account with Citizens Bank to generate more interest income. The EMS Transfer is stable. In the Excess Bond Revenue account, which manages excess proceeds left over when a capital project is finished, there are \$261,316 in Court Street Project proceeds. FY20 includes a decrease from the Great Dam proceeds, which are fully utilized. In this project, they got a grant to cover the cost, and have been applying the excess proceeds over the last few years. The excess of fund balance is applied to lower the tax rate. The \$900,000 in 2019 includes the Land Use Change Tax for the Epping Road senior housing, which is available to use. They may carry some of it over to 2020.

With the approved State budget, there may be a return of General Revenue sharing; this would be \$323,0000 spread over two years. The timing of the payment is this quarter. The Sewer State Aid grant money may be there as well. This payment is anticipated to be about \$700,000, which would be applied to the Sewer Fund.

Ms. Rowan asked about the Town's current bond rating. Mr. Dean responded that right now, it's A2, but they're in a position financially to have the bond rating agencies take another look. In the draft audit the fund balance is at \$5 million. If we apply \$700,000, it goes to \$4.2 million. A baseline of \$4 million puts our financials in a good position.

Mr. Clement asked how the TIF revenue changed with the revaluation. Mr. Dean said the value rose from \$43 million to \$78 million, although it's not all a general valuation increase, it's also for new projects. Mr. Clement asked about the TIF Fund balance. Mr. Dean said they've done one payment on the TIF Bond, and there are 10 payments total. They're hoping for \$700-

800,000 vs the \$500,000 added to fund last year. They're using this fund to pay off the debt. Ms. Soutter asked if all of the money goes to the bond payment, and Mr. Dean said yes; they leave some for the next payment, but if they had extra, they wouldn't wait to pay off the bond.

Next Mr. Dean discussed the Water and Sewer budgets. In Water, there are changes in Administration, and they need to do an impact fee analysis. The reclassification of the assistant Water/Sewer Manager position was approved. There's an allocation from this budget for the part-time HR Assistant. In Billing, there are audit fees and education and training; the Water/Sewer module is the last to convert to the MUNIS system, and they must train employees on that. There's a new Deputy Tax Collector. In Distribution, they must keep up with the meter replacement, that's \$40,000 of the \$67,000. There's a fire alarm communication system increase, they're requesting a different kind of system throughout Water and Sewer. In Water Treatment, they are increasing lab equipment and testing because of new regulations such as the TTHM requirements. The Chemical increase is a filter media change, but there is some decrease that offsets this line. There's the lagoon cleaning at \$45,000. In Debt Service, there are two projects: the Washington Street water line replacement, and the TTHM compliance project. In Capital Outlay, there are several replacements to keep water system healthy. There's groundwater source development, to increase the Town water supply, which is in the CIP. They previously authorized \$600,000 to do the assessment, and this year will need \$781,350. They're requesting \$100,000 for the Hampton Road Booster Station project to improve the water pressure issues on the east side of Exeter. They're also looking at alternatives to this project.

In the Sewer Fund, FY20 is stage 1, an interest-only payment; stage 2 is the Wastewater Facility debt service in full. The budget for treatment and debt service has a significant increase. Some increases are split 50/50 between Sewer and Water. In Sewer Collection, there's a Flow Assessment fee increase of \$13,500 for CSO monitoring. There are fire alarm communications increases at the pump station. In Treatment, there are wages of five full-time operators, versus the old plant with two operators. There's also a benefit cost adjustment. In the Solids Handling budget, there's a new process with an electricity increase, which is \$342,000 of the total. Debt Service has a 48.6% increase. There's the Salem Street project design. The Sewer capital outlay is mostly \$441,000 for lagoon sludge removal, which is in the CIP. This is year one of six, for \$2.8 million total. There are vehicle requests from the Water/Sewer funds.

In Sewer Fund bond articles, there's the siphons project, expanding capacity at the Webster Ave pump station, and the Folsom Pump rehab project

Ms. Rowan asked if the Select Board could give the BRC guidance regarding the large increases in the Water/Sewer Funds and how this should affect the Committee's process. Mr. Kelly suggested giving the Board time to discuss those issues amongst themselves. Mr. Clement said the Board used to give the Committee a goal of holding to a particular increase, but they stopped doing that. The Select Board will make their own cuts and do a final presentation. They just want to hear what the BRC has to say. Mr. Kelly said given the extraordinary increases, it would be worth having more input.

Mr. Kelly said the BRC is relying on the subcommittees to make the pitch on behalf of the departments, including CIP requests. Mr. Clement asked the subcommittees to expand the narratives where possible. Dan Gray said having some idea of priority and focus going in would be helpful. Mr. Kelly said they used to, but that felt arbitrary, since there may be needs that come up. The Select Board is looking for the BRC to make those recommendations. Mr.

Stevens suggested a meeting of the chairs of each subcommittee would be helpful, and Mr. Kelly agreed.

Mr. Clement said the CIP is a strategic plan of where the Town needs and wants to go, and it can help the BRC understand their priorities.

3. Minute approval - July 24th, 2019.

MOTION: Ms. Soutter moved to approve the minutes of July 24th, 2019 as submitted. Dr. Zwaan seconded. All were in favor.

4. Committee Calendar

Friday October 18 is the all-day meeting.

5. Other Items/Comments/Questions

Ms. Rowan said subcommittee reports should be delivered 48 hours in advance, but the guideline for posting subcommittee meetings is within 24 hours.

6. Adjournment

Mr. Kelly said the meeting stands adjourned, and it ended at 8:27 PM.

Respectfully Submitted,
Joanna Bartell
Recording Secretary