

Budget Recommendations Advisory Committee
September 29, 2021
Nowak Room, Town Offices
6:30 PM

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

1. Committee Member and Staff Introductions

Members Present: Bob Kelly, Corey Stevens, Judy Rowan, Nancy Belanger, Kathy Corson, Anthony Zwaan, and Liz Canada; Christine Soutter and Chris Zigmont were present remotely via Zoom.

Members Absent: Mark Fabian, Amy Farnham, and Enna Grazier.

Others Present: Russ Dean, Doreen Chester, Niko Papkonstantis.

2. Review 2021 Schedule and Guidelines

Mr. Kelly discussed the plan for the subcommittee meetings. Members will set up meetings with Department heads, post notice of meetings 48 hours in advance, record the minutes, and forward them to Pam in the Town Manager's Office. The Chairperson will confirm the BRC Recommendations & report to the Select Board.

3. Town Manager Presentation of FY22 Preliminary Budget

Mr. Dean said we're likely to see a 1.2% increase in the assessed value of the town in 2021. The revaluation of a few years ago resulted in a 24% increase. We've forecast another 1% for 2022. Income from Departments for FY21 was at \$1.215M. We've received a refund in 2021 from Health Trust and a Primex refund, but we can't expect those to recur, so 2022 revenue is projected to be lower. Meals and Rooms tax increased from FY20 to FY21, as a result of new legislation.

General Fund expenses for FY22 are projected at \$20,566,002, a 3.39% increase of the FY21 budget. This was a 3.39% increase in the gross budget vs the prior year. In FY21, there was a Police Collective Bargaining agreement approved, so the actual increase is 3.26% over the approved adjusted budget. That's separate from CIP warrant articles, which total an additional \$328,135. The Town has an unassigned fund balance of \$6.1M, so he recommends using \$269,770 of that towards additional warrant articles.

There are increases this year in General Government and the Public Works General Fund. Parks and Rec is up 7.34% and the Library is up 3.97%. Debt Service and Capital is down due to lease purchases retiring. Benefits and Taxes is at \$192,000, which includes the health insurance reserve of \$185,000. When we get our health rating, we will reassign the reserve through the Departments as usual.

Mr. Stevens asked if the \$269,770 recommended to come from fund balance for warrant articles was independent of the \$800,000 use of fund balance discussed elsewhere. Mr. Dean said that's correct. Mr. Stevens said in Benefits and Taxes, will the

percentage increase be assigned to other categories? Mr. Dean said yes, our reserve is 7.5% for health insurance, and the actual figure could go the wrong way or the right way.

In Wages, there are three union contracts: SEIU 1984 which is the Police Association, NEBPA, and the Fire Association. Hopefully they will be approved and become part of the FY22 budget. Non-union wages have a 2.5% step adjustment and 2% COLA effective July 2022, to reflect the current labor market and rising CPI. Dental is a 2% increase. Retirement percentages have stayed the same from FY21.

The Select Board budget request is a decrease of \$45; their total budget is \$20,636. That budget is changing because of life insurance. Town Manager is a 0.93% increase over FY21; this Department has two full-time personnel. There's a reduction of \$6500 because they are not planning to renew DocuSign, which they bought last year but was not being used. A number of accounts are going back to pre-Covid levels in their Education and Training budgets, including the Town Manager budget.

Human Resources has an increase of 30.16% due to the reorganization of the HR Director/Assistant Town Manager position and an increase of the HR Assistant position to full time. There's funding for MUNIS training and \$15,000 to address several outstanding reclassification requests.

Transportation is a \$1 placeholder. The Legal budget has no increase, as we're not anticipating any changes in the current legal services.

The IT budget is up by \$98,283, or 33.72%. The recent IT audit had several recommendations. We reduced Contract Services by \$3,000. This is the second year of the new full time Network Administrator. There's an additional \$5,000 for network penetration testing and a new server purchase at \$53,000. The PC account has been increased for more PC purchases, which were put on hold in 2021.

Trustee of Trust Funds is level at \$891, which is a stipend paid for managing all of our trust funds. Town Moderator and Elections are up, since there are three elections in FY22. The Town Clerk budget is an increase of 3.27%, mainly for Wage and Benefit changes, as well as Education/Training and Travel Reimbursement. Elections Registration is an increase of \$12,945 due to additional elections.

Ms. Belanger asked if trainings and seminars have resumed in person. Mr. Dean said yes, a lot of training opportunities have come back in person.

Mr. Dean said Finance is up 2.26%, at \$707,455. This includes an increase of \$5,000 for the valuation report, which will be part of our audit. There's an increase to the MUNIS software agreement, and we're restoring pre-Covid levels of education and training. Audit fees have been reduced by \$3,250 because we're allocating more of this to Water/Sewer.

The Treasurer budget is level-funded; this has been the same since 2005. Ms. Belanger asked if there was still a proposal for part-time help for the Treasurer, and Mr. Dean said there was a proposal for a Deputy Treasurer, but we were never able to make it happen.

Tax Collection is a decrease of 6.19%, due partly to discontinuing the lock box service. There are also changes in Wages and Benefits due to a retirement in the Department. In Assessing, there's a slight increase of 1.18%. There's an increase in the

mapping budget of \$150 and increase in postage of \$800, and a reduction in the software line of \$1,385, because we don't expect Vision to be as expensive.

The Planning Department budget is up by 11.1%. We're looking to turn the part time Natural Resources Planner position into full-time. This position would be able to work with the Energy Committee and the Sustainability Committee. The Town Planner is doing that work, and it's a stretch for him; he has 11 committees he's currently staffing.

Economic Development is up 3.79%; the main increase is for the Director to complete a training to become a Certified Economic Developer. To offset, Consulting Services have been reduced by \$1,800, from \$3,000 to \$1,200. We're also seeing a savings of \$400 in switching phone plans. Mr. Stevens asked if the BRC approved the certification in the past, and Ms. Belanger said yes, but it didn't go forward because of Covid.

Inspections and Code Enforcement is up 2.84%, an increase of \$7,704 over FY21. There's an increase of \$140 because the Code Enforcement Officer now has a smartphone. The part-time Electrical Inspector Position has been vacant since 2020 due to a retirement, and the Code Enforcement Officer has been performing those duties. This is a tight labor market with lots of vacancies.

The Land Use Boards are mostly level-funded. The costs there are mostly for recording secretaries and public notices of meetings, although the Conservation Commission and HDC have a few additional line items.

The Police budget is \$3,504,902, a 2.28% increase over FY21. There are Wage/Benefits Changes and munitions cost increases. Veterinarian costs are down. The Fire/Emergency Management Department has a 1.1% increase over FY21. This includes a request for two additional Fire Fighters, which would bring all shifts up to seven members. This was recommended by the CPSM study. The last personnel additions made to this Department were four years ago. Mr. Stevens asked if they're seeking to replace retired personnel. Mr. Dean said they're not having a lot of people leaving, but have reorganized the Department. They also reduced a part-time clerical position because the current Office Manager can handle the work. The Fire Department Expense budget has increased by \$10,172, or 3.3%.

Mr. Dean said Public Safety Shared Services, meaning Communications and Dispatch, is an increase of 1.49% over FY21, due to Wage and Benefits changes. Expenses are increased by \$150.

The Health budget is 1 full time Health Officer, James Murray, who has done more than 1 FTE of work during Covid. That account is up 3.15%. Education and Training has increased. General Expense Accounts are up 1.9%.

In Public Works, Administration and Engineering is up 3.53%, which includes \$3,000 for professional development. Highways and Streets is seeing an increase of \$137,433; that includes \$100,000 in the restoration of paving funds, \$5,000 in sidewalks curbing account, and \$500 in the Street Cleaning account. Snow Removal is a 0.65% increase. The winters have not been bad in recent years, so the Snow and Ice Deficit fund has a balance of \$103,150, so we have a reserve in place for a bad winter.

Solid Waste has a decrease of \$63,830, or 4.6%, most of which is due to the landfill monitoring budget being reduced. It also reflects the extra value associated with

the recyclables market. There's been a price increase in 65 Gallon totes, and they're recommending increasing the fee to \$75 to recoup costs. Mr. Kelly said they should look into recycling the existing blue bins. Mr. Kelly also mentioned that the Solid Waste contract ends in 2022, and last time it went up quite a bit. Mr. Dean said he got the feedback that the market is worse now than five years ago. Waste Management is pushing for an extension for another five years. He's heard that the bid market is not favorable, only two players, Casella and Waste Management. Casella came in at a significantly higher cost in the last bidding process. Streetlights have been level-funded since 2019, when we converted the street lights to LEDs.

The Stormwater Budget has increased by 71% to address the long-term control plan for nitrogen. We have to be compliant with the EPA and MS4. Paul Vlasich spoke to the Select Board a few meetings ago about some of the nitrogen reduction strategies, which include rebuilding seven catch basins that have less than favorable sumps in them, at a cost of \$28,000. Mr. Kelly asked why the number is seven, and Mr. Dean said the Department has targeted seven a year to try to come into compliance. Something like 68 total will need to be replaced. Mr. Kelly asked if Contract Services reflected the company that will come in to do the water tanks, and Mr. Dean said no, those are reflective of compliance issues.

The Maintenance General Budget has an increase of 3.48%, partly due to Education/Training and Wage and Benefit changes. There's also an increase of \$2,000 for a tracking software program.

Town Buildings Utilities accounts are up \$730, a 0.25% increase; we have favorable rates on electric and natural gas. Maintenance Projects is level funded at \$100,000. Some of the proposed projects are roof repair at the Public Safety Complex, attic insulation at the Town Hall, replacement of doors at the Public Works Complex, and work on the gazebo downtown. Maintenance Garage has an increase of \$4,808, or 1.76%. There's an increase of \$900 in the Mechanics' tools account, which hasn't been increased in some time. Dr. Zwaan asked if the gazebo in Swasey Parkway would be under Maintenance projects, and Mr. Dean said it's due for some maintenance in the next month or so, and will have the roof and posts redone.

Welfare and Human Services has a decrease of 0.94% from FY21. There's an increase in non-direct relief expenses of \$40 and decrease in direct relief of \$465. Human Service Agencies funding is down slightly at \$105,105, after a review of the agency requests by the Human Services Funding Committee. There's a \$100 increase for membership in an organization which tries to find housing for the homeless.

Parks and Rec has an increase of 7.34%. In Recreation Wages and Benefits, they had a personnel change when the Assistant Parks and Rec Director moved to HR/Assistant Town Manager. The Rec Coordinator has been moved up to Assistant Parks and Rec Director, and a new Rec Coordinator, Tara Barker, was hired. Benefits increased by \$30,470 due to the changes. There's a Parks increase of \$11,345, or 5.09%, mostly due to a change in personnel there as well. There's a request to increase Parks equipment from \$2,000 to \$5,000 to buy an enclosed trailer, and there have been corresponding decreases in other line items, such as landscaping supplies. Total Parks expenses are \$90,450, a decrease of \$765 from FY21. Other Culture and Recreation,

such as Christmas Lights, the Holiday Parade, Summer Concerts, the Brass Band, etc, is at \$33,500, the same as last year.

The Library budget has increased by \$42,884, an increase of 3.97%. This is mainly Wage and Benefit changes. Public Services are level-funded, which includes utilities, book purchases, and operating expenses. That budget is set by the Library Trustees.

Debt Services is up \$11,287, which includes the first year of the Salem Street Utilities Bond, offset by the retirement of the Great Dam study. Net principal has increased by \$21,196 or 2.1%. Debt Service interest has decreased 2.6% because of maturing debt. The Debt Service budget includes a first year interest payment on the Salem Street project of \$39,148. For Vehicles, Replacement/Leases requests are down by \$142,957 or 36%. FY21 was the last payment on Ladder 1 and a DPW dump truck. There's a request for \$110,000 to replace two Police Cruisers. Other vehicles are proposed warrant articles, with some to come from fund balance. Benefits and taxes has an increase of \$192,268; that's where the Health Insurance reserve is being held, and will be redistributed once the Health Trust sets its rates. The Health Insurance buyout program is still successful.

Dr. Zwaan asked if the replacement of the Police Cruisers with hybrids has been successful, and Mr. Dean said yes, the Chief seems to be happy with that.

The full General Fund budget is \$20,566,002, an increase of 3.26% over FY21.

There are three bond articles for the General Fund. One is the 10 Hampton Road property purchase at \$1,150,000, plus a renovation at \$100,000. There's a request for Pickpocket Dam modification at \$300,000; we've received two grants, a \$40,000 Coastal Resiliency grant and \$75,000 from DES. The remaining amount is at a level where it may or may not be bonded. Mr. Kelly asked if this is part of the \$600,000 town warrant, and Mr. Dean said no, it was originally set up to be a bond article. Mr. Stevens asked why the 10 Hampton Road purchase was not in the CIP, and Mr. Dean said it was just timing. The third is the Westside Drive area reconstruction design funds, which would be split between General, Sewer, and Water Funds.

For individual articles, there are three collective bargaining agreements and several warrant articles. There are lease purchases for SCBA equipment for the Fire Department, as well as Police Body Cameras, which we're seeking outside funding for. For non-debt service capital projects, the Raynes Barn improvements are recommended to be funded from fund balance. Replacing a one-ton truck with a dump-body truck is also recommended to be funded by fund balance. The Intersection Improvements plan has been moved up a year after the intersection issues that came up this year. The Public Works Facilities Garage is at \$50,000, reduced from \$75,000.

The Parks Improvement Fund was reduced from \$150,000 to \$50,000. With the 10 Hampton Road purchase coming forward, it was a good year to cut this. That would be funded via fund balance. There's a Car 3 replacement in the FD, a 2010 vehicle they're looking to replace, also funded by fund balance. A Facilities Condition Assessment has been put forward by the Facilities Committee; this would create a replacement schedule that could be used by the Maintenance Department. Public Works is looking to replace two Jeep Patriots. There's a \$25,000 Bike and Pedestrian

Improvement Plan study for the Planning Department. Two ARPA funded projects are in the CIP, to come out of the \$1.6M: the Great Bay total nitrogen permit work and the Winter Street Stormwater Mitigation. We have until 2024 to commit the ARPA funds, so we're analyzing which projects will qualify. This could free up more funding for the general budget.

Mr. Kelly asked if we need to submit the projects to get the ARPA funding. Mr. Dean said we've received the first tranche of payment, a little over \$800,000. Ultimately we will have \$1.6M. If siphons were partially funded through ARPA, it would be taken out of that, but it could also be funded by Congressional Direct Spending. Mr. Kelly said it seems premature to go forward with the ARPA projects until we get the technical aspects figured out, and he would like to explore this in the DPW subcommittee. Mr. Dean said if we can't spend this on General Government, that cuts out 80-90% of the possible projects. A big part of this is getting the State to agree you've done the right thing. Ms. Belanger asked how much a Department like IT would be working on the ARPA funding. Mr. Dean said they wouldn't be working on it directly, but would be having conversations with himself and Ms. Roy on what has potential. Mr. Kelly asked about Police and Fire related to ARPA, and Mr. Dean said they've been looking at it for SCBA equipment and even the two additional Fire Fighters because of the Covid connection. Anything ARPA funded would go before the Select Board, not the voters. It must be allocated by 2024 and spent by 2026.

For deferrals, they recommend deferring the replacement of Engine 5, a 20 year old engine, although the Fire Department aims to replace these vehicles every 20 years.

The FY22 preliminary budget is \$20,566,002, plus General Fund warrant articles at \$328,135. There were initially over \$600,000 in warrant articles, but we've taken about half to be funded through fund balance. The total budget plus warrant articles would be \$20,894,137. Total FY21 appropriations were \$20,167,541; FY22 is \$726,596 more, which is a 3.6% increase. The tax impact would be 39 cents per \$1,000 if everything were funded.

The Water Fund is an increase of \$199,311 or 4.92% over FY21. The Sewer Fund is an increase of \$434,386 or 6.19%. The Administration budget in Water is up 5.76%, or \$23,595 over FY21. There's an increase in the Consulting line of \$5,000 to create a lead service line replacement plan. Professional development opportunities have been restored to a pre-Covid level of \$3,000. Water Billing is a 12.24% increase. There's an increase in audit fees and in the Software Agreement line for Munis and Munilink. There's an increase of \$550 in travel reimbursement for Munis to come do training here. The Distribution budget is a 2.5% increase. The FD got out of the fire alarm monitoring business, so Water and Sewer are paying for their own monitoring for the pump stations. There's an increase for the PeopleGIS software and meter replacements. Water Treatment is up 2.7%, partly for increased testing to comply with the Safe Drinking Water Act. Water treatment chemicals have been increased by \$4,000. Water Debt Service is up 4.74% or \$59,835, for the first payment on the Salem Street Utilities project and the second payment on the Groundwater/Surfacewater Assessment Program. Retired some final debt from the Jady Hill Water Project in 2021. In Water Capital Outlay, there's an increase of \$53,970, or 10.47%. This is where you

see the vehicle and equipment requests of a Ford Escape Hybrid, a Half-ton Crew Cab Hybrid, and a ¾ Ton Crew Cab, for \$93,970. The Water budget is carrying \$460,000 for water system capital outlay; we're looking at having Suez do work on the clarifiers and filters at the Surface Water Treatment Plant, at a cost of \$335,412 in the first year, which cost will drop off in subsequent years. Right now the company does painting and maintenance on the water tanks. There are additional requests for a rehab of the Larry Lane and Stadium Wells. Water Fund Bond Articles represents the Westside Drive project.

The Sewer Fund has a 6.19% increase. Administration is up \$993. There's a reduction in Consulting Services of \$20,000. There's an increase in the Legal Expense line to deal with permit issues. Conference/Rooms/Meals is going back to pre-Covid levels. Sewer Billing is split 50/50 with Water Billing, and the increases are the same as in that budget. Sewer Collection is up 1.65% or \$12,115. There are fire alarm communication costs and a \$1500 increase in GIS software. Sewer Treatment is up 7.43%, or \$98,792. The largest items are \$59,000 for additional lab testing and \$22,500 in equipment maintenance. Sewer Debt service is up 6.33% due to lagoon sludge removal and the sewer portion of the Salem Street Utilities project. Sewer Capital Outlay is up 19.21%, which includes two vehicle requests split 50/50 with the Water budget. The bond issues for the Sewer Fund are for Westside Drive, the Court Street Design Project at \$400,000, the sewer capacity rehabilitation design phase at \$200,000, and the Webster Avenue Pump Station project. We're reconsidering the cost estimates of the Webster Ave project, which are at \$5.2M in the CIP. We've applied for \$1.04M for Federal Funding. This project may be deferred or phased due to increasing costs.

The Revolving Funds, CATV, EMS, and Recreation, are non-appropriated funds, so they're not approved by Town Meeting. With the EMS Revolving Fund, we're looking to replace an ambulance with a lease purchase for three or five years.

Mr. Dean thanked the Finance Department for doing a great deal of work on this budget.

4. Preparations for October 13, 2021 CIP analysis meeting

Mr. Kelly said that the BRC is trying to avoid the CIP situation this year, where the discussion is delayed until the end of the process. He and Mr. Stevens developed some spreadsheets and a write-up of the projects to discuss on October 13th. He wants the Committee to look at how each of the projects affects the taxpayers.

5. Adjournment

Mr. Kelly adjourned the meeting at 8:20 PM.

Respectfully Submitted,
Joanna Bartell
Recording Secretary