

Budget Recommendations Advisory Committee

October 13, 2021

6:30 PM

Nowak Room, Town Offices

CIP Program Discussion

Members Present: Bob Kelly, Chair; Christine Soutter, Vice Chair; Corey Stevens, Judy Rowan, Nancy Belanger, Kathy Corson, Anthony Zwaan, Liz Canada, Enna Grazier

Members Absent: Mark Fabian, Amy Farnham

Others Present: Russ Dean, Melissa Roy, Doreen Chester

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

1. CIP

Mr. Kelly said this is an add-on meeting to consider the CIP process. He presented a chart that he and Mr. Stevens created that showed the various proposed projects and their average tax impacts to a \$300,000 home. The actual average single family home is a little over \$400,000, but when you add in condos and mobile home parks, you get around \$300,000. Ms. Canada said the immediate impact is \$292, but goes down to \$107 in five years, and Mr. Kelly said yes, some of the cost is short-term leases that will go down quickly.

Mr. Kelly asked the Committee to consider the direction we're going. Mr. Dean said in 2016 the town's share of the tax rate was \$7.09 per thousand, while in 2020 it was \$5.91 per thousand, and we've reduced our amount as a percentage of the total rate from 27% to 24%. He thinks it's been a good strategy.

Dr. Rowan said they should consider the impact of climate change and what happens in Congress in implementing infrastructure to assist with those challenges.

Mr. Kelly said the town is growing but not at a fast rate, so the water facilities are in good shape. They've put in some numbers for Public Safety and Parks and Rec, but Public Works projects are an X factor.

Ms. Soutter said we can't count on Federal funding. Whenever we talk about tax rate, Exeter's real estate is not as expensive as a town like Rye, so the tax rate is higher here. The three largest employers in Exeter are non-profits, which pay PILOT rather than taxes.

Dr. Zwaan asked if there's a mechanism by which we can approve major infrastructure projects upon receipt of matching Federal funds. If we don't do that, we're a year behind with the project. Mr. Dean said several years ago we wrote an article for \$4M contingent on the ARA program, so it's possible. It's just a question of whether it makes sense to bring it to the voters. Back in 1994, Town Meeting gave the Select Board the authority to accept grants.

Ms. Belanger asked for an update on the ARPA funds. Mr. Dean said we'll be receiving \$1.6M in ARPA money. If there's a year-over-year loss from 2019 to 2020, we

can use that funding for General Government services, so we're trying to demonstrate that. The funding could also be used on two projects that deal with non-point source pollution.

Ms. Belanger asked how different is this chart from different years. Mr. Dean said we have a potential \$12M facility, which is an order of magnitude more significant than in the past. We've had a \$4.5M Library project go through, but not another significant facilities upgrade. This year we've recommended funding half of the articles from fund balance. The budget is three components: debt service, lease purchase, and non-debt service capital. Regarding non-debt service capital, questions such as how much the town can afford to take on are addressed during the budget process and by the BRC. Mr. Kelly said in 2020, we were at \$945, and if we didn't do anything, the obligations are fairly flat over five years.

Dr. Rowan asked about the TIF. Mr. Dean said the Epping Road TIF has continued to be very successful. We've borrowed \$4.7M of the \$7.9M bonding authority and made three payments on that. It's up to \$78M in total value. When the TIF sunsets, the total value of the TIF will go back to the General Fund, which will lower the tax rate.

Ms. Soutter said she felt that in the past, the BRC has spent too much time on small details and small dollars. She'd like the Committee to break that habit to free up time to talk about the warrant articles, which could be millions of dollars.

Mr. Dean said things change, such as State regulations affecting Water/Sewer. The original Rec CIP did not pass, but now we have an opportunity to purchase a building for the Recreation Department for \$1.15M, which will change the dynamic.

Dr. Zwaan asked if we could stretch bonding out based on the size of the project to make it less painful. We're dedicating fund balance to CIP projects, but how do you square that with qualifying for ARPA? Mr. Dean said we can stretch out bonds, which we discuss internally with Finance. We stretched out the Library to 15 years because we got a good interest rate. Fund Balance is not related to ARPA. Ms. Corson asked what the typical bond term is. Mr. Dean said it's related back to the amount of the bond. \$1M is usually over 10 years, \$4.5M over 15, and the \$53M for the Wastewater Facility was 20 years. Bonds shouldn't go beyond 20 years unless they were hundreds of millions of dollars. We've refinanced older projects like the Epping Road water tank to get better interest rates.

Dr. Zwaan said these proposals look doable. He's worried about the expensive infrastructure of Water/Sewer, but those are utilities. Payments for cable TV and electricity rates will go up in five years, but the BRC doesn't get to deliberate on those. Mr. Stevens said they are separate, but it's all dollars at the end of the day. If there are big Water/Sewer projects coming down, it may inform what they do with other projects.

Ms. Belanger said we're a recommendations committee, and ultimately it's up to the Select Board and voters. Mr. Kelly said the BRC is asked to do an analysis and make that first cut. Ms. Belanger said the voters have to decide on each project at the polling place.

Dr. Rowan said she hears concerns about who will be able to afford to live in Exeter if taxes keep going up. It would be nice if we could keep the town's portion of the

tax rate at a rate that allows us to have a broad base of income levels who can afford to live in town.

Ms. Belanger said when we save the CIP for the end of the process, we're all burnt out and it doesn't get the look it needs. She feels her responsibility as part of this committee is to vet proposals and inform the public.

Ms. Canada said she likes this sheet because the five-year scope makes it obvious that stacking projects all at once will have a significant impact. It makes her concerned about the lack of staggering these projects in the past. She's also concerned about designing projects that don't pass afterwards. Mr. Kelly said they've started a new way of doing these projects. For both the Public Safety Complex and Public Works, the brakes have been pumped on the design process. It's now more of a \$50,000 ask rather than a \$200,000 ask, to get a rough idea of what the Department needs rather than throwing a bunch of money at a consultant.

Ms. Corson said we should design within a budget and stay within the scope of the project. You would be surprised at what properties are assessed at \$300,000 these days, and some of those owners would really struggle with significant increases.

Mr. Kelly said we spent \$250,000 on the Rec Park and it became a project that didn't fit into the grand plan. The tool he and Mr. Stevens created will allow them to stretch the analysis out to get a better idea of scope, and stay within budget. Ms. Canada said one missing piece is how long these investments such as a DPW garage will last for us.

Mr. Kelly said they will discuss the CIP further at future meetings.

2. Adjournment

Mr. Kelly adjourned the meeting at 8:24 PM.

Respectfully Submitted,  
Joanna Bartell  
Recording Secretary