

Budget Recommendations Advisory Committee
September 28, 2022
6:30 PM
Nowak Room, Town Offices

Members Present: Bob Kelly, Chair; Christine Soutter, Vice Chair; Andrew Elliott, Eduardo Contreras, Kathy Corson, Christopher Zigmont, Enna Grazier, Judy Rowan, Anthony Zwaan, Chris Newport, and Liz Canada

Members Absent: None

Others Present: Town Manager Russ Dean; Finance Director Corey Stevens; Select Board member Nancy Belanger

1. Call to order and Member Introductions
 - a. Mr. Kelly called the meeting to order at 6:30 PM. He welcomed new BRC member Chris Newport.

2. Town Manager Report
 - a. FY 2023 Budget and Warrant Articles Presentation

Mr. Dean said we're proposing a \$21,404,372 budget for FY23. This is about a 3.65% increase over the adjusted FY22 budget, which includes warrant articles and collective bargaining agreements, or a 5% increase over the unadjusted FY22 budget. This budget number does not include the CIP, which is an additional \$672,871. We recommend funding \$478,000 of the CIP warrant articles from the \$7M fund balance. We're only recommending that one article be funded through the tax rate: the Linden Street Bridge improvement, at \$295,000. There are budget increases in Fire, EMS and Emergency Management, Police, and Communications. Benefits and Taxes is up 49.2%, but that's because when we find the real % increase number we allocate the cost to the Departments. We're estimating the health insurance increase at 7.5%. We're also dealing with inflation issues such as natural gas, fuel, and wage and benefit increases.

In General Government, the Select Board budget is \$20,968, an increase of \$332 or 1.6% over FY22. There's a reduction in the Life insurance line item. Special expenses increased from \$500 to \$3,500. The Town Manager budget is up 1.45% or \$3,767. A larger percentage of the Welfare and Human Services Administrator is now in the Town Manager budget; it's now 84% Town Manager and 16% Welfare and Human Services, which is reflected in the benefits. The Human Resources budget is \$180,343, up 14.26%. There's a new position proposed, a part-time Human Resources Assistant. HR already has one full-time Assistant position, so that proposal will likely have some discussion in the subcommittee meetings. The HR Director has identified the need for more support. The budget also includes the cost of family plan insurance for the full-time position. The part-time Wage and Benefits

increase is \$7,777. The Transportation budget is \$1 as a placeholder, in case there's an issue not covered by the Transportation Fund. The Legal budget is \$80,000, which hasn't changed in many years. The Information Technology budget is at \$331,752, an increase of \$17,537 or 5.58% over FY22. Changes include an increase in computer software, dues, and a decrease in equipment purchases, GIS software, internet services, and network supplies. Email archiving increased by \$1,275. There is a reduction in the Software Agreement of \$4,500. ARPA has subsidized this budget. Mr. Stevens said that last year we pulled \$75,000 from the budget lines and paid these costs from ARPA, so this year we're comparing the budget against those lower numbers of last year.

Mr. Dean continued with the budget overview. The Trustees of Trust Funds has an \$891 stipend for the Chair. The Town Moderator budget has decreased 33.33% because we only have one election in 2023. The Town Clerk budget is at \$386,238, an increase of 2.63%, mostly in Wage and Benefit increases and some small expense increases. Elections and Registrations is \$12,533, a decrease of 49.88%, due to only having one election in FY23.

Mr. Elliot was concerned that if we fund CIP projects through the General Fund, it will take away people's ability to vote on the projects. Mr. Dean said not necessarily; \$377,000 of projects are planned to be warrant articles on the ballot. Mr. Kelly said if something is critical, rather than have people vote on it, we just put it in the budget.

Mr. Dean continued with the budget overview. The Finance budget is .83% under FY22. This budget had some increases, such as audit fees and bank fees, but a change in personnel has reduced the budget, and there was a reduction of \$550 in travel reimbursement. The Treasurer, an elected position which manages cash flow and bank accounts, gets a stipend. There was a decrease of \$100 due to reduced expenses. The Tax Collection Department collects all property tax revenue as well as Water and Sewer. This Department has an Increase of 11.95%, since we have changed personnel and are budgeting for a family plan for the replacement.

Mr. Elliot asked why Tax collection is separate from the Town Clerk function. Mr. Dean said some towns have those combined, but we've always had separate departments. It would take a town vote to combine them. He [Mr. Dean] thinks they are different jobs. The Deputy Tax Collector is primarily collecting revenue, but the Town Clerk's office has other functions. Mr. Kelly said many towns where the Town Clerk also does the tax collection don't have a utility like Water/Sewer, which complicates things.

Mr. Dean continued with the budget overview. The Assessing Budget is at \$241,752, an increase of 1.7%. We had a Contract Assessor from MRI, but now Janet Whitten is certified as an Assessor, so the contract has been reduced.

In the Planning and Building Department, Planning is at \$281,478, up \$10,382 or 3.83%. It's currently staffed by two full-time people and one part-time person. We changed the hours for the Natural Resources Planner position last year. Sustainability was budgeted at \$2,500 in FY22 but we haven't spent that money, so it was reduced for FY23. Economic Development is at \$159,929, an increase of 4.5%,

primarily in Wages and Benefits. There's a class that the Economic Development director has been talking about taking for several years, which was put back in the budget for 2023. Inspections/Code Enforcement is at \$285,757, a 2.3% increase. The Electrical Inspector position is vacant, but we're compensating the Code Enforcement Officer for performing those duties.

In Land Use Boards and Committees, ZBA is at \$4,326, a 0% increase. This budget is for advertising, case load, a recording secretary, and legal notices. HDC is at \$2,825, a 0% increase. Conservation Commission is at \$10,089, a 0% increase. Heritage Commission is at \$893, a 0% increase. Renewable Energy has a \$1 placeholder to account for grants that may come in.

In the Police Department, General Expenses are up 4.8%. The overall budget is at \$3,685,876, up 4.3%. There's a new comfort dog at the Police Dept, at a cost of \$8,000. A new bargaining agreement with Police is driving the costs. The new Second Lieutenant position will be in place for a full year in FY23. Mr. Stevens said there should be offsets to cover the expense of the comfort dog, such as donations and the sale of special badges.

Mr. Dean continued with the budget overview. Fire/EMS is at \$4,095,817, an increase of 5.48%. Wages are up due to the new bargaining agreement and the cost of two new Firefighters for a full year. There's a \$75,192 increase for benefit costs. Fire Department General Expenses are up \$8,015. The FD has requested a budget for a social media consultant this year, like the one the Police Department is using.

Communications and Dispatch is at \$455,650, an increase of 6.13% over FY22. One dispatcher is charged to the EMS fund. The Dispatcher position was another area where we were chronically underfunded, so we bumped up their wage scales. The town is facing a staffing issue; many positions are open in Public Works, and until recently we have had issues in Police and Fire.

Ms. Canada asked if there was a chart of open positions and how long they've been open. Mr. Dean said he can get that information. Ms. Corson said she'd like to see if a position was just filled after a long period. Mr. Contreras said when the Public Works budget was made, there was an expectation about demand. Has demand gone up? Mr. Dean said the subcommittee will get the story. This is a fairly recent phenomena, in the last year and a half. We have to get more savvy in recruiting. The candidates just aren't there. Dr. Zwaan asked if there are unfilled positions, what happens to the funds which were not spent? Mr. Dean said if we don't fill a position, the unspent funds fall to the surplus fund balance. We can create a document that shows that. We're operating without a sewer street crew, which is three open positions. If we can't hire, we can fill the Contracted Services cost by moving money from the budget so we don't double-budget.

Mr. Dean continued with the budget overview. The Health budget includes one full-time position, Health Officer James Murray. The changes in this budget are a reduction in Education/Training of \$1,500, and an increase in the mosquito contract of \$1,000.

In Public Works, Administration and Engineering had an increase of 8.57%, mostly in wages and benefits, since we're proposing a new GIS Technician. Dr.

Rowan asked about the DPW Director position, and Mr. Dean said it's posted now and we have some candidates. Ms. Perry will stay through the end of the year.

Mr. Dean continued with the budget overview. There's an increase in the solid waste contract and fuel, so we cut the Highways and Street budget by reducing paving \$100,000. A Highway Aid grant of \$257,000 is coming to the town, and the Department would like to buy a street sweeper with the funding. There's a Snow Removal decrease of \$185. We can't predict these costs, but this seems like a good number based on prior years. There's a \$153,000 balance in the Snow & Ice Deficit Fund as of July 2022. The Solid Waste budget includes Transfer Station operating costs and weekly trash pickup. There was an extension signed in 2021 with Waste Management. This budget includes the contract for landfill monitoring. There was a reduction in blue bag costs. Mr. Kelly asked about the extension with Waste Management. Mr. Dean said it's a 5-year extension with an annual escalator.

The street light budget is level-funded. It's expected to be level for the next five years, and there will be savings thereafter. Stormwater had a 0% increase; this budget is related to the MS4 permit.

The Maintenance budget is up 5.95%, mainly due to Wage and Benefit issues. There's a new bargaining agreement with the DPW. Custodial Supplies increased \$4,000, while Covid expenses decreased by \$6,000. There's a request for \$18,000 for fire safety measures, which is a code issue. Town Buildings is up 3.2%; that includes the maintenance of all town buildings and utility budgets. Natural gas increases are significant; they have almost doubled. The Maintenance Projects budget is \$100,000, for smaller capital projects. One issue is how to allocate the costs of 10 Hampton Road. Mr. Kelly said we allocated money in the warrant article. Mr. Dean said yes, we do have some, but we anticipate more costs.

Mr. Dean continued with the budget overview. There was a Garage budget decrease of 2.41%, due to a shift in health insurance. This budget includes three full-time personnel. Welfare and Human Services is at \$183,475, an increase of 1.41%. This budget includes the Human Services Committee funding recommendations. Parks and Rec is at \$624,029, a decrease of \$16,087 or 2.15%. Rec had an increase of 3.6%, due to wage increases. To keep wages competitive, we've budgeted a 2.5% step increase and 2% COLA for non-union employees. Parks had a decrease 12% because benefits have decreased. We offer a health plan buy-out of 30% if they don't take our plan. Other Culture/Recreation has a 0% increase; this includes expenses such as the brass band, parades, summer concerts, and Christmas lights.

Regarding the Library budget, the Library Trustees met last night and adjusted this number. Mr. Stevens said originally it was originally reduced by \$25,000, but the Board voted to put some back, for a budget of \$1,175,956. Library Services is at \$189,854, an increase of \$51,313. Dr. Zwaan pointed out that we have no control over that budget.

Mr. Dean continued with the budget overview. Debt service is at \$1,117,695, a decrease of 3.76%. Vehicle Replacement is down 48% due to the retirements of vehicle and equipment leases. Benefits & Taxes are at \$731,373, up 49.27%. The

Health Insurance Reserve is part of this budget, along with Worker's Comp and liability insurance.

In the Water Fund, Water Administration is up by \$113,257. Water Admin includes the allocation of IT/Human Resources and \$80,000 in consulting for the lead service replacement plan. The GIS Technician position would be 60% from the DPW Administration budget, 20% from the Water fund, and 20% from the Sewer Fund. Water Billing is up 3.91%; there are wages and benefits changes and some expense increases. Water Distribution had an increase of 7.8%, including a reduction in tank maintenance, a GIS software increase, a metering and backflow lines increase, and natural gas, electricity, and fuel increases. Water Treatment had an increase of 10.17% due to increases in water testing, lab equipment, chemicals, natural gas, and electricity. Water Debt Service is up due to the first-year payment on the bond issue for groundwater exploration and Westside Drive engineering. Water Capital Outlay had a decrease of 4.74%. Two Water Fund bond articles were deferred.

Mr. Newport asked of the \$12M for Water/Sewer, how much is offset by bills? Mr. Dean said 100%. Mr. Kelly said we monitor costs vs the rate increases. The last increase was a year ago, and we're hoping we can go another year without an increase.

Dr. Rowan asked if any funds will be available from the Infrastructure bill. Mr. Dean said we've been approved for Congressional Direct Spending for the Webster Ave Pump Station project at \$1.05M. ARPA amounts from the State are coming in as well. For Water, the forecast is that we will bring in \$4.166M in revenue, but we're forecasting a deficit. Wastewater is predicted at \$8.7M revenue vs \$7.396M in expenses, so there should be a surplus. We need to monitor consumption. We can cover any deficits with fund balance. In Sewer, we had to raise rates quite a bit due to the cost of the new Wastewater facility.

The Sewer Fund has a 0.66% increase. There is an Admin increase of 7.23%. Like the Water side, there are General Fund allocations to this budget.

Mr. Contreras asked what "Administration" means here. Mr. Dean said there are General Fund employees that are part of Water/Sewer, such as the Town Manager overseeing contract work, IT, HR overseeing employees, and a GIS technician, as well as DPW management.

Sewer billing has an increase of 3.79%. There are increases in audit fees, phone utilization, internet services, and the software agreement. Sewer Collection has an increase of 8.77% to cover I/I abatement, natural gas, electricity, and fuel increases. Sewer Treatment is up 14.14%; this includes the facility costs of treatment. There are increases in building maintenance projects, outfall dredging, industrial pre-testing, SCADA, lab chemicals, solids handling, natural gas, electricity, and fuel.

There is a Sewer debt service decrease of 2%, due to reductions in interest from the Jady Hill project phase 2 and the Wastewater Treatment Plant. There's a Sewer capital outlay decrease of 72%. Mr. Newport asked if the rates will decrease when we pay off the facility. Mr. Dean said they should decrease. Mr. Kelly said

that's 16 years from now, so there may be some backfill. Mr. Stevens said we try to keep debt service level through the years.

Mr. Dean said Court Street and a Sewer Rehabilitation project are in the CIP.

Dr. Zwaan said regarding utility expense increases, would there be opportunities to jump in on solar? Mr. Dean said the Inflation Reduction Act has a 30% tax credit for solar. We're looking to re-evaluate our proposal for a solar array at the landfill proposal. He [Mr. Dean] can talk with Dave Sharples about whether we should look at other solar facilities as well. Ms. Corson said the library is looking into solar.

Mr. Dean said in Bond Articles for General Fund, there's a proposal for a new Police Station and Fire Substation at \$15,950,000. We're working on final details but have a plan, and could bring it forward this year. Mr. Contreras asked if that includes maintenance contracts and related expenses, or just the building. Mr. Dean said just the building. No new personnel are associated with this project. Dr. Rowan said "substation" is a confusing word since it's more about storage. Mr. Kelly said there will be a Fire presence there of three personnel. Mr. Dean said he talked to people at the ICMA conference, and this cost is in line with what they're seeing for Public Safety facilities.

Andrew Elliot left at this time (8 PM).

Ms. Corson asked if there's anything in the CIP regarding renovations of 20 Court Street, which is not accessible and is in poor shape. What will happen to the old Parks & Rec building? The CIP doesn't show the voters the whole picture. Mr. Kelly said a \$20-25M project for both facilities is a big burden for one year. We want to take some time to find out what the Fire Department needs. Mr. Dean said we could not build a Public Safety facility to current standards on the current property because the footprint is too small. Mr. Kelly said the FD wanted to be downtown. Mr. Zigmont said he and his neighbors are concerned about sustainability and how forward we're thinking. What does the PD move do to disenfranchise people who don't drive? What infrastructure will we support out there? Mr. Kelly said we'll continue to discuss this proposal on Oct 24.

Mr. Dean said other bond articles are the Westside Drive Reconstruction Project and the Intersection Improvements Program. If Intersection Improvements are approved, there would be a roundabout at Pine, Front, and Linden Street, as well as lower cost projects on Winter Street. The Linden Street Bridge is a warrant article at \$295,000; it's a \$635,000 project, but the balance will come from Bridge Aid. Other articles are a downtown traffic parking/pedestrian/flow analysis, the Conservation Fund appropriation, Public Works facility design/planning, the Parks Improvement Fund allocation of \$100,000, a proposal to establish a capital reserve fund for ADA improvements, the FD Inspector vehicle replacement, and the DPW replacement of a half-ton truck in highway with a half-ton truck with a plow package. The total for these projects is \$377,871. There's also an article for a lease purchase to replace the DPW sidewalk tractor. One project on the deferral list is the Planet Playground replacement; we have been working with the property owner to secure the site, so it's still being worked on. Other projects deferred are the new groundwater source

development, the surface water treatment plant design, Great Bay total nitrogen permit activity, the sidewalk program, Fire Utility 1 replacement, School Street Area reconstruction design, and a DPW replacement of a six-wheel plow truck #33 with a hook lift truck.

The Preliminary budget is \$21,404,372. Adding in the non-fund balance articles of \$295,000 gives a total preliminary appropriation of \$21,699,372, compared to the FY22 appropriation of \$29,017,800. The appropriations have increased \$781,572, or 3.74%.

3. Meeting Dates

Mr. Kelly said the Police & Fire discussion will be Wednesday Oct 26. Public Works will be Wednesday November 2. Friday Oct 21 is the all-day meeting for General Government, from 8:30 to the afternoon. Subcommittee meeting dates have been circulated. The CIP review meeting with the Select Board is on Oct 24. November 17 is CIP night.

4. Other Business

- a. Mr. Contreras asked why renewable energy money was not added to an Administration line item? Mr. Dean said it's not a payout, it's a 30% tax credit on the project cost. We haven't looked at it for operations, just capital.
- b. Dr. Zwaan said the Planning Board and Select Board meetings regarding the Public Safety complex will answer a lot of questions. Ms. Corson said the proposal was discussed at the Facilities Committee meetings as well.

5. Adjournment

Mr. Kelly adjourned the meeting at 8:31 PM.

Respectfully Submitted,
Joanna Bartell
Recording Secretary