

Budget Recommendations Advisory Committee
September 27, 2023
6:30 PM
Nowak Room, Town Offices

Members Present: Chair Bob Kelly, Chris Zigmont, Timothy Gwynne, Andrew Elliot, Anthony Zwann, James Darden Reeves, Judy Rowan, Enna Grazier

Members Absent: Elizabeth Canada, Christine Soutter, Amanda Kelly, Enna Grazier, Christopher Zigmont, Andrew Elliott

Others Present: Town Manager Russ Dean and Select Board members Niko Papkonstantis and Nancy Belanger

Mr. Kelly called the meeting to order at 6:30 PM. He asked for a moment of silence for Bob Wentworth, a former member of the BRC, who recently passed away.

1. Budget Overview

Mr. Dean said the Select Board modified the budget by \$80,000 for Public Works after the presentation on Monday, which is not reflected in his presentation.

Mr. Dean said the proposed budget is \$23,019,413, plus that \$80,000 he mentioned. The General Fund is a 4.9% increase at \$1.69M. The current town tax rate is \$5.96/\$1,000; the new rate will be coming up in November.

The Town Operations tax rate is 23.3% of the total tax rate of the town. Most of the bill is taken by the school district, the Coop, and the County. Regarding the water/sewer budget, we expect to have a recommendation for a FY24 rate increase on October 16. FY24 will see a significant rise in property values; right now we're at a 60% assessment ratio. People are gaining equity in their homes.

The FY24 budget is focused on recruitment and retention. We're in a competitive labor market. We have 11 vacancies in our town services. This isn't an issue that's exclusive to Exeter. The Select Board approved a reclassification plan with a new wage scale, which is reflected in the FY24 budget. There are bonuses planned for Police and Fire, either from the budget or ARPA funds if they become available. Wages represent 45.18% of the total budget; benefits are 11.43%; and retirement is 9.27%.

Mr. Zigmont asked if that's up year over year. Mr. Dean said it's up some, but it tracks generally with the growth of the budget.

Wages had a 6.28% increase due to the FY 23 reclassification for non union personnel, as per the MRI study and implementation. There was an increase in Police and Fire Contractual wages and SEIU adjustment of 2 steps. Non-union wages will increase in July 2024. There will be Police, Fire and SEIU step increases and COLA increases in July 2024. Regarding Benefits, there will be a Health Insurance increase of 10%, where in FY23 there was a reduction of 1.5%.

In expenses, Debt Service and Vehicle replacements have \$551,000 in debt service on four projects. The General Fund has a new part-time (30 hours a week)

position in Welfare and Human Services to relieve the Town Manager's Assistant of Welfare duties. This doesn't fit in with the day to day office activities, so we'd like to break it out into a separate position. There's \$10,000 for a new part-time Emergency Management Director position, related to the Fire Chief retiring and possibly taking this new role. The Police Prosecutor position is moving from full time to part time, and we'll be contracting with a Prosecutor who is a former Police Officer.

Dr. Rowan asked about revaluation, if property value goes up, it doesn't mean your taxes go up, the rate changes. Mr. Dean said yes, we anticipate the tax rate will drop next year, even as the budget goes up.

The General Government budget is \$1,476,712, an increase of 11.79%. The Select Board budget increased by \$1,500. The Town Manager budget increased by 13.06%, representing the Senior Executive Assistant being allocated full-time to the Town Manager's office with no Welfare allocation. The Human Resources budget is \$2,500,103, a 10.04% increase, due to wage and benefit adjustments. Transportation is a \$1 placeholder. The Legal budget is \$100,000; it increased last year from \$80,000 to \$100,000. The IT budget is \$342,653, a 1.04% increase. Andy Swanson, the IT Coordinator, is about to retire, so we will need to rework the Department. Steve Bailey is part of our succession plan. The former IT Tech, Bob Glowacky, used to be 50/50 between the General Fund and CATV; now he's the Media Communications Coordinator at \$64,366. This position reports to the Assistant Town Manager.

Dr. Rowan asked if that figure includes benefits. Mr. Dean said that's 50% of the total package of wages and benefits.

The Trustees of the Trust Fund budget has no increase, it's an \$891 stipend that goes to the Chair. The Town Moderator budget is up \$597 due to more elections in 2024. The Town Clerk budget is \$412,982, an increase of 5.89%, due to wages and general expenses. Elections/Registration is up 59.48% as there are four elections in 2024 vs one in 2023.

Finance has a total budget of \$760,116, an increase of 7.04%. Finance saw wage increases, an audit fee increase, an increase in contracted services for GASB reporting, a dues increase, and an increase in the Munis software agreement. The Treasurer budget had no changes; this is a small stipend for the Treasurer. The Treasurer position will become appointed, rather than elected, before the next election. Tax Collection had a wage increase due to reclassification of the Deputy Tax Collection position, but there was a benefits decrease. In Assessing, the MRI contract is going up \$2,200 or 2.2%. There's an increase in the revaluation contract for a Riverwoods appraisal due to a legal settlement. The Planning budget is \$744,699, a decrease of 0.87%. Most changes are due to wages and benefits. The Economic Development budget is up 2.67%. In Inspections and Code Enforcement, we removed the part time Electrical Inspector position which we've been unable to fill. The current Code Enforcement Officer is being paid a stipend for this work. There is some discussion at the Select Board level about that proposal. The Land Use Board budgets had some changes due to dues and Recording Secretary costs. The Recording Secretary position was reclassified to \$18.50/hour. Renewable energy is level-funded at \$1.

The Police budget is \$3,872,453, up 4.38%. There will be a further increase when the Health Insurance numbers are allocated through the budget. Wage increases are \$54,885, and there's an increase in shift differential of \$5,200, a

personal leave replacement increase, and overtime. We got news from the Chief today that the Police are now fully staffed. We recently had an Officer hired away by a smaller town that gave them a \$10,000 sign-on bonus and bought out their contract with Exeter. We are no longer sharing wage data with other towns. There's an unwritten rule that towns are not supposed to poach from each other, but that hasn't been the case over the last two years.

Mr. Kelly asked about the Health Insurance. Mr. Dean said there's a 10% reserve baked into the number. We've been verbally told 10% and he thinks the number is firm, so the budget should not change much.

Mr. Elliott asked why if we're fully staffed, there's an overtime increase of \$10,000. Mr. Dean said it's due to shift replacement, when an Officer is out sick, on vacation, or on Workers' Comp.

The Prosecutor budget has an increase of \$45,022 due to new contract Prosecutor services. General Expenses are down \$23,304, largely due to the decrease of \$35,000 from the Contracted Services budget for the Prosecutor. The comfort dog Maple budget has been reduced by \$6,000; she's paid for, so there's no more need for those funds. Dr. Zwaan said she's funded by donations.

Mr. Dean said the Fire/Emergency Management budget is \$4,290,984, up 4.88%. There are FY 24 wage increases of \$83,343 for FT and \$9,939 for the Emergency Management Director PT position. The total wage increases are \$99,045 or 4.1%. There are increases in command supplies, the IT contract, fuel, protective equipment, and travel reimbursement. There's a Hydrant Maintenance fee recommended by a study just done. For years it's been \$20,000, but Underwood Engineers recommended a \$30,000 increase coming from the General Fund, for a new overall budget of \$50,000. The overall increase is \$54,290, with \$30,000 of that for hydrant maintenance.

In Dispatch/Health, the Dispatch budget is \$448,400, up 2.64%, and the Health budget is \$157,431, an increase of 2.06%. The Health budget has a full time wages increase and payroll increase of 9.1% due to the Health Officer being reclassified. The Health budget expenses decreased by \$4,000 due to a favorable mosquito control contract.

The Public Works budget is \$4,736,806, an increase of 3.49%. The Administration/Engineering budget is \$569,012, an increase of 24.04%, due to wage reclassification and the full year funding of the GIS Technician, although this position is currently vacant. The Highway budget is \$2,103,384, a decrease of \$37,281 or 1.74%. General Expenses are \$217,701, a decrease of 1.4%. The Capital Outlay budget decreased by \$5,000 in culvert maintenance. We recommend level-funding paving at \$700,000. The Snow Removal budget is \$314,696, an increase of 0.54%. The Solid Waste budget is \$1,488,354, with an increase of 6.05%, mostly in contract services and wage reclassification. There's a decrease in the brush grinding budget of \$5,000, due to doing the grinding one fewer time next year. The Street Lights budget is level funded at \$169,000. FY24 is the last year of our buyout from Unital, so we should see savings next year. The Stormwater budget is \$92,360, level-funded.

Mr. Zigmont asked if the increase in the Waste Management contract was scheduled, and Mr. Dean said yes, it's the escalator built into the contract.

Mr. Dean said the Public Works: Maintenance and Garage budget is

\$1,230,729, a decrease of 4.94%. There's a General Maintenance decrease of 12.07%. We propose defunding the HVAC/Plumber Technician and using contract services, which is what we're doing now. There's a Town Buildings budget increase of \$4. We are locked into an electricity contract until 2025 at a very favorable rate. Maintenance Projects is level funded at \$100,000. There's a plan to use Bureau Veritas condition assessment report to guide the Facilities budgets going forward.

The Welfare and Human Services budget is \$249,199, an increase of 35.74%. We're looking to add a part-time Welfare Administrator at 30 hours per week; the impact of nine months of this position would be \$39,541. The total wage increase would be 251.3% with the allocation of the Senior Executive Assistant to the Town Manager budget. There's an increase in Direct Relief expenses of \$34,650, we raised that budget due to an uptick in that category. We rely on Rockingham Community Action as much as we can. The Human Services Agency funding increased by 6.6%; this budget is subject to review of the applications by the Human Services Funding Committee.

The Parks and Rec budget is \$682,230, an increase of 11.02%. The Rec budget is \$431,667, an increase of 10.29%. There are wage increases due to reclassifications. Expenses are level funded at \$7,450. The Parks budget is \$250,563, an increase of 12.3%, partly due to wage increases, payroll taxes and benefit adjustments, and health plan changes. Expenses were increased by \$11,340 to support a greater level of maintenance by contract services. We have only two full time employees.

The Culture and Recreation budget is \$34,500, an increase of \$500 or 1.47%. This increase is in the Veterans Activities line for the Memorial Day parade.

The Public Library budget is \$1,244,151, an increase of 6.13%. This is a budget passed by the Library Trustees. The Library has added some full-time positions and reduced part-time positions.

The Debt Service budget is \$2,324,260, an increase of 31.14%. There were increases for Westside Drive Design/Engineering and construction, the Solar Array at Cross Road Landfill, and the Pine/Front/Linden Street roundabout. The Vehicles/Leases budget decreased by \$19,771.

The Benefits and Taxes budget is \$767,021, up 52.5%. This represents our Health Insurance Reserve. This includes our Health Buyout program. We will relocate that number through the rest of the budget in the next week. This includes unemployment and other programs through Primex.

For Bond Articles, there is the Police Station with Fire Substation; this is in the CIP and unanimously endorsed by the Planning Board, so we're going to move it forward for another round. It only lost by 45 votes last year. There's the School Street Area Reconstruction project. This project involves reconstruction of the streets and drainage. It's eligible for 35% principal forgiveness for the sewer portion of the project, or \$914,000 from the sewer portion of \$2.37M. There's a water portion as well which is not eligible for forgiveness.

The CIP includes a ADA Capital Reserve Fund allocation of \$25,000; the Great Bay Total Nitrogen Permit at \$75,000 for implementation of an advanced septic system program; a Parks Improvement Fund allocation of \$50,000, down from \$100,000 in past years; and a Water Street Planning Grant at \$100,000 but which comes with SRF 100%

principal forgiveness, so it's a project with no cost to the taxpayers.

Mr. Dean said for fund balance articles, we're looking at a Planet Playground redevelopment at \$297,500. This is recommended if the town receives a LWCF grant for 50% of the total project cost of \$595,000. We've also been talking about fundraising potential for this project. If the grant is unsuccessful, the Sidewalk program will get \$200,000 from fund balance.

Mr. Elliot asked if we own the land of Planet Playground yet. Mr. Dean said no, but we would look to own the land before we move forward with this.

Mr. Dean said the Snow & Ice Deficit Fund is \$50,000. The Sick Leave Trust Fund is \$100,000, which makes available a sick leave buyback when people retire.

The General Fund FY24 budget is up by \$1,546,710, a 7.15% increase from FY23. The estimated tax impact is 69 cents per \$1,000 assessed valuation. That's based on FY23's value, so it will change in FY24.

The Water Fund is \$5,020,522, an increase of 10.36%. We are contemplating an additional Water Operator in the Water Fund. There will be a 50% funding of an air compressor and the replacement of Car #13, an old Crown Victoria, with a truck and a plow package. The Sewer Fund is \$7,567,340 or 4.3%. The billing budget is up and there are classification changes. We are proposing a sixth Wastewater Operator in the Sewer Fund based on a report from NH DES.

Dr. Zwaan asked how many of those positions we have filled. Mr. Dean said we have a Senior position open. There are four vacancies in Public Works overall. Mr. Kelly asked about the DES analysis, and Mr. Dean said he would have to follow up on that.

Mr. Dean said in Sewer Debt Service, there are no issues coming online in FY24, although the Siphons will come online in FY25. The Capital Outlay budget has an increase of \$18,575.

Regarding Bond Issues, the Surface Water Treatment Plant design is \$2.5M. Our Surface Water Plant is very old, the last time it was overhauled was 1993. It needs to be replaced. In the CIP, the total figure is over \$28M. School Street reconstruction is \$6,150,000. The Sewer Capacity Rehabilitation project design is \$3,420,000, but the Department is recommending that it be pushed off until 2025. The Webster Ave Pump Station additional funding is \$884,000.

The revolving funds are non-appropriated budgets, so they don't go to Town Meeting; they are approved by the Select Board. CATV has \$212,000 in proposed funding. There was an amendment to the CATV fund that allows more cable revenue to be shifted to the fund instead of to the General Fund. We're proposing moving a part-time position to full-time. The EMS Fund has \$813,499 in revenue due to fee adjustments. That fund gives back 95% of its revenue to the General Fund to offset the cost of the Fire Department. The Rec Revolving Fund revenue is projected at \$624,613.

Mr. Dean mentioned that the budget has already been pared back by over \$800,000 prior to this presentation.

Mr. Kelly asked Mr. Papakonstantis to discuss what the Select Board expects of the Committee. Mr. Papakonstantis said the BRC work is important and respected by the Select Board. They take the recommendations seriously. When you look at the budget, the reclassification of wages hadn't been done since 2014, and we were way behind. The labor market has been very tight over the last few years. We're looking to

retain the talented employees we have now. If we lose employees, the recruitment and retraining costs significantly more than the increase in wages. There are several positions still open.

Mr. Kelly said there are 11 deferrals in the CIP that town staff were able to defer to later years, totaling over \$1.4M.

2. Board Calendar

The next meeting is the all-day meeting on Friday October 20th, starting at 8:30 AM. This will review General Government. The meetings go from mid-October through November. The meetings start at 6:30. The CIP meeting will be Thursday, November 16.

3. Other Business

Mr. Zigmont said given the valuation change, when will we know the tax rate? Mr. Dean said the budget goes to the voters in March, and the revaluation happens in summer of 2024. The new value will go on our MS1 report which is typically due September 1st. The new tax rate will be in the second half bill in 2024.

Dr. Zwaan asked to what extent we're depending on ARPA funds in the FY24 budget. Mr. Dean said not much; probably just the Police/Fire bonuses. The ARPA balance is down. Dr. Rowan asked if there had been infrastructure funds yet. Mr. Dean said outside of the 35% forgiveness for School Street, no. There is federal money coming in but not that.

Mr. Elliott asked with the vacant positions, is the Fund Balance up? Mr. Dean said the General Fund balance has decreased because we used \$1M to offset last year. The Riverwoods settlement meant a payout had to be made. The Fund Balance isn't as robust as in previous years.

4. Adjournment

MOTION: Dr. Zwaan moved to adjourn. Dr. Rowan seconded. The motion passed 8-0 and the meeting adjourned at 8 PM.

Respectfully Submitted,
Joanna Bartell
Recording Secretary