

Budget Recommendations Committee

Monday, November 6, 2017

Final Minutes

6:34pm - Called to order by Chair, Niko Papakonstantis

Also present: Pat Ballantyne, Len Benjamin, Steve Ramsay, Judy Rowan, Robert Ficara, Nicholas Gray, Fran Hall, Bob Kelly, Christine Soutter, Peter Lennon, Russell Dean, Town Manager, Doreen Chester, Finance Director, Jennifer Perry, Public Works Director, Matt Berube, Acting Water & Sewer Managing Engineer, Don Clement, Chairman of Board of Selectmen

Absent: Nancy Belanger

Chair: Anticipated reviewing Finance portion of General Government, will defer until CIP meeting.

Water & Sewer Department Subcommittee Review

Water Fund:

Insurance Deductible, Subcommittee does not recommend budgeting for; this is a new item. Per discussion, Town Manager recommends this be for (budget) planning purposes to amend to \$1, as a reminder.

Motion to approve, by Mr. Kelly, amend to \$1 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Legal Expense: Standard placeholder of \$5000, not \$15,000 in the absence of specific legal expense, until Ground Water explorations.

Motion to approve, by Mr. Kelly, amend to \$5000 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED, 10-1, Nay- Ms. Soutter

Printing: Budget of \$2,600, not \$5,000 with an added \$100 for anticipated postage increase.

Motion to approve, by Mr. Kelly, amend to \$2,600 for FY'18 Budget, Seconded by Mr. Lennon. Motion PASSED unanimously.

Motion to approve, by Mr. Kelly, new total with recommendations and changes of \$391,857 for new Administration Total. Seconded by Mr. Lennon. Motion PASSED unanimously.

Billing:

Chair: Deferring Billing discussion until CIP meeting, pending additional provided information.

Distribution:

Building Maintenance: Year to date, undercharged. Account will be spent according to DPW.

Equipment Maintenance: Year to date, undercharged. Account will be spent according to DPW.

Metering & Back Flow: Instead of increasing budget (to \$80,000), level funding at (\$75,000) recommended due to Meter Bond ending next year. DPW agreed with strategy.

Motion to approve, by Mr. Kelly, amend to \$75,000 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Pump Station & Towers: Ongoing work at Town water towers, fencing being added, added structures associated with Stadium and Gilman wells coming on-line, relative maintenance requirements.

Motion to approve, by Mr. Kelly, Distribution total \$832,394. Seconded by Mr. Lennon. Motion PASSED unanimously.

Treatment:

Sal/Wages Stand-By: New this year. Requires update on definition, not in FY'17 budget. Per Town Manager, this would be a better way to go (on-call) than spending OT dollars.

Building Maintenance: \$12,000 recommendation, down from \$16,000, is a slight increase of \$2,000 (rather than \$6,000) for out of warranty items at GWTP, would be worthwhile, and Public Works had agreed to increase.

Motion to approve, by Mr. Kelly, amend to \$12,000 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

GWTP Basin/Lagoon Cleaning: \$49,000, represents SWTP cleaning every 3 years, last 2014, budget for \$29,000. GWTP budget at \$20,000, cleanup 2 times per year, last 2015; removing metals buildup. May have to be ongoing cleaning, to be monitored.

Supplies - Lab Equipment: Proposed level funding at \$13,000 (down from \$15,000 request) as new UV/Chloramine equipment not on-line until mid-2018, agreed to by Public Works, part of 1.5M Bond from FY'17.

Motion to approve, by Mr. Kelly, amend to \$13,000 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Lab Testing: Agreed budget of \$25,000 (line somewhat undercharged, but will be close) UV/Chloramine equipment not on-line until mid-2018, due to Federal mandates/regulations. Testing requirements have gotten to be fairly onerous, even for a small utility like us. Limits are going down, not up.

Chemicals: With bringing GWTP on 2 years ago, chemical usage is down significantly. Recommended budget of \$90,000 (up from FY'17, down from request of \$105,900). Increased testing due to new UV/Chloramine addition at SWTP.

Motion to approve, by Mr. Kelly, \$90,000 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Motion to approve, by Mr. Kelly, amended Water Treatment total to \$798,957. Seconded by Mr. Lennon. Motion PASSED unanimously.

Capital Outlay:

Capital Outlay-Vehicles: Energy efficient car for meter reading, cost of replacing Vehicle 51 \$24,000, 2 Public Works trucks to replace; Truck 32, Truck 11; Approved vehicles 51 & 32, defer Truck 11 until next year.

Motion to approve, by Mr. Kelly, amend to \$45,581 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Motion to approve, by Mr. Kelly, amend Capital Outlay total to \$62,263 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Motion to approve, by Mr. Kelly, Debt Service total to \$1,119,250 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Billing:

Sal/Wages OT: Require Finance explanation on why generating OT on Billing.

Motion to approve, by Mr. Kelly, total of \$700 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Motion to approve, by Mr. Kelly, amend Billing total to \$165,546 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Motion to approve, by Mr. Kelly, new Water Fund total to \$3,370,268 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Administration, Sewer Fund:

Consulting Services: There are lots of impacts to the Fund. Lagoon structure and treatment plant are 50 years old. New assessments on compound found, PFOA, in aged lagoons.

Ms. Perry spoke of line item increase of \$40,000, \$30,000 of that due to Asset Management Grant to be received next year. \$30K expenditure, revenue offset by forthcoming Grant. Additional \$10K due to ground water management zone around lagoon requiring water tests inside the embankment. New compound found during this year's test, PFOA/PFOS (Perfluoroalkyl Substances/Perfluorooctanol Substances). The real challenge is the levels. They're not currently regulated, but they're health advisories. The (established) levels are at 70 parts per trillion. Not a concern on drinking water side, but on waste water side.

Motion to approve, by Mr. Kelly, to amend new Administration total to \$394,843 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Billing:

Motion to approve, by Mr. Kelly, \$165,571 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Collection:

Building Maintenance: Were some transfers from 2017 \$20,400 budget. Revised to increase to \$10,000, down from \$15,400.

Motion to approve, by Mr. Kelly, revised total to \$10,000 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Road Repairs:

II/Abatement: YTD 98% complete. Program winding down slow slide from peak in 2015. Reduced our unwanted flow into the waste water treatment plant by about 100K gallons/day (-10% on a daily basis), \$5,000 reduction. \$20,000 appropriate, newly agreed total.

Motion to approve, by Mr. Kelly, revised total to \$20,000 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Pipe Relining: New program to reduce line breaks, designed to capture infiltration in inflow. Instead of spending +/- \$1M putting new pipes in the ground, reline them to get 10-15 more years out of them.

Ms. Perry briefed on a reflection of experience with High Street sewer line collapse in the spring. It was a repurposed, reinforced, concrete pipe not typically used in sewers. Very susceptible to corrosion in sewer environments. 1st year program relining program, out of Manhole Maintenance budget. 2-3 year program, once completed, newly lined pipe has another 40 year lifespan, even if it's in terrible condition, because the liner has a structural component to it that extends the integrity of the pipe.

Manhole Maintenance: 2017 YTD \$79,000. Original 2017 budget was \$60K. \$50K spent as of 1 month ago, a lot of work left to be done before winter. Agreed to budget of \$69,600.

Motion to approve, by Mr. Kelly, the collection total to \$661,322 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Treatment:

Sal/Wages FT: Department requested 2 new Operators. Recommended 1 FT Operator at 6 mos., 1 FT Operator at 3 mos. (as opposed to Department request of 2 FT Operators at 6 mos. each)

New FT Operator Hire(s) total is \$147,940.

Industrial Pre-treat: Line item funding of \$11,000 recommended. Updated program 2 years ago.

SCADA Software/Hardware: Line item funding of \$10,000 recommended. Money transferred out of 2017 for PFOA testing. Need to update. (Need of transfers from existing plant to new waste water treatment plant, and additional monitoring)

Lab Testing: Line item funding of \$60,000 recommended. Mandated river and lagoon testing. YTD \$53K. N and PFOA.

Motion to approve, by Mr. Kelly, to approve the treatment total to \$548,924 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Debt Service:

Motion to approve, by Mr. Kelly, the Debt Service total to \$669,233 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Capital Outlay:

Capital Outlay Vehicles: Approved Vehicle 51. Approved Truck 32. Defer Truck 11.

Motion to approve, by Mr. Kelly, Capital Outlay total to \$136,952 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Motion to approve, by Mr. Kelly, new Sewer Fund total to \$2,576,845 for FY'18 Budget. Seconded by Mr. Lennon. Motion PASSED unanimously.

Ms. Rowan asked about overarching view of Water/Sewer projects; where were are and how these projects fit into a larger view, for discussion.

Mr. Lennon responded that the Master Plan, still a work in progress. Town demographics stable at 14,500.

Mr. Dean also responded that water and sewer is driven by regulation. No significant investment in line replacement and infrastructure upgrades, until past +/- 12-15 years. Despite population stabilization, infrastructure needs to be reviewed. Water Asset Management Plan commissioned and available for review on town website. Part of the challenge is price tag associated with concurrent water/sewer upgrades, in terms of millions of dollars in investment needed, its well in excess of 100M in overall.

PT Wage and Consulting Services.

Mr. Winham spoke of Utilizing Consultant, Dr. Charlie French, UNH Economic Development Academy, and Intern, Mr. Matt Ross, UNH Economic Development Academy, assist in writing Economic Development Strategic Plan in accordance with Town Master Plan. Discussed exponential growth (plan) over next few years on Epping Road. Interns and Consultants not a long term cost. Busy enough to hire (someone) FT, but not being considered at this point. Does not think there will be a need for an intern for (this) Department after 2 maybe 3 more years.

Ms. Hall asked for more clarification on the Lincoln Street study, not included in report. Initial budget for EDD in August 2013 was \$70K, the budget today is \$144,600 and change, increase of 100% in 4 years, due to intern and consulting costs. Move to level fund interns and consulting at \$1,000/year. She asked how the program has 'increased taxable revenue (for community) other than TIF.

Mr. Dean responded that the budget has grown very modest compared to other departments expense budgets. We don't actually invest a lot into our Economic Development activities, relative to other places, relative to ourselves. He just signed off on a Tax Warrant that's going to bring us over \$1/2M of Tax Revenue into the Epping Road TIF Fund, which is a major, success story for the community, due 95-98% to Mr. Winham. The facts of the matter is the Town's MS1 was certified 1 month ago, brought MS1 discussion to this committee on October 20th, did discuss Epping Rd. TIF valuation factor, tax rate just set. The TIF was in excess of \$20M in value which would not have happened if it wasn't for Darren's presence here in Exeter. We are 14,500 but we don't have Hampton's beach, and we don't have Portsmouth's Industry. Economic Development becomes a very important part of what we do and where we're going, and we have the right person doing it.

Ms. Soutter commented that it's very slow process. It takes years before an impact is seen.

Mr. Ramsay commented that business development, is like going to the gym. You've got to work at it all the time. There is a finite amount of space, but to have one intern is underinvested. Families are going to come here but it takes effort, and it just doesn't happen in a turn. You've got to invest in it. We should double down on this. You can't do that with one person.

Mr. Winham spoke about business retention taking a team of people. The BRE program helps with outreach, existing and new business needs, and is implemented by a team of UNH volunteers, gathering information supported by resources from the Small Business Development Center representing the town of Exeter. That's more than one person and one intern can find out.

Mr. Gray spoke of the information provided and how it could be somewhat tedious to produce and he felt that it should not be something Darren should be spending time doing. He felt that it was intern work, say \$1,000, and for the town to take on no additional obligation to pay benefits, I would say is a steal.

Ms. Hall moved to Level Fund Business Development Intern(s) to \$1,000 for FY'18 Budget. Seconded by Mr. Lennon. Motion did not pass, 11-1 (Show of hands taken for Minutes).

Mr. Ficara moved to pass Economic Development total to \$140,327 for FY'18 Budget. Seconded by Ms. Soutter. Motion passed. 1 Abstention, Ms. Hall.

Mr. Benjamin moved to adjourn meeting, 8:54pm, ALL IN FAVOR. Motion PASSED unanimously.

Meeting Adjourned.

Respectfully Submitted,
David S. O'Donnell