

Minutes approved at October 22, 2014 BRC Meeting

Exeter Budget Recommendations Committee

Main Committee Meeting- Organizational Kickoff

July 23, 2014

1. Call Meeting to Order

Chairman Corey Stevens called the meeting to order at 6:33 pm in the Nowak Room of the Exeter Town Office building. Others present were William Campbell, Allan Corey, Rob Corson, Francine Hall, Phil Johnson, Peter Lennon, Nelson Lourenco, Judy Rowan, Harry Thayer, Robert Wentworth, Don Woodward, and Anthony Zwaan. Also present were BOS members Nancy Belanger, Dan Chartrand, Don Clement and Julie Gilman; and, Town Manager Russ Dean.

2. Election of Chair, Vice-Chair

Mr. Stevens opened the floor for nominations. A motion was made by Mr. Corson and seconded by Ms. Hall to appoint Corey Stevens for the 2015 Budget Recommendations Committee Chairman. Motion carried – all in favor.

A motion was made by Chairman Stevens and seconded by Mr. Corson to appoint Harry Thayer for the 2015 Budget Recommendations Committee Vice-Chair. Motion carried – all in favor.

3. Process Overview/Subcommittees

Mr. Dean presented an informational sheet outlining the Budget Recommendations Committee (BRC) process, the proposed subcommittees, and some important notes. Mr. Dean educated on the 'Right to Know' law, in particular, the requirements of subcommittee meeting postings which must be posted 24 hours before the meeting and stipulate the date, time and place. He requested that the subcommittees work through the Town Manager's Office, stating that his assistant, Sheri Riffle, will handle the postings.

Chairman Stevens talked about the four subcommittees: Public Safety (Police/Fire), Public Works General (Administration/Highway/Solid Waste/Maintenance), Public Works Water & Sewer, and Recreation/Welfare/Library/Social Services. Chairman Stevens established a fifth subcommittee for 2015, General Government. Mr. Campbell inquired if this would take the place of the traditional all day meeting, Chairman Stevens said it would not; the General Government subcommittee would allow for improved vetting of the budget and the members would report back to the full BRC.

Chairman Stevens will provide a spreadsheet of meeting dates and member assignment to subcommittees.

4. Review Calendar of Meetings

Chairman Stevens talked about the schedule for meetings; he went through the dates and times. The night meetings will begin at 6:30 pm. The full BRC will meet on October 22nd for an all-day meeting starting at 8:30 am. Chairman Stevens discussed the process for the nightly meetings, saying the subcommittees will present their report to the full BRC with any recommendations; department heads will be in attendance to provide information and answer questions. The BRC will discuss the subcommittee recommendations, accepting the recommendations or proposing new recommendations. Any member of the BRC may request to discuss a particular line item of the budget or make motions to amend a line item. Upon conclusion of review, the BRC recommended budget shall be forwarded to the BOS for their consideration.

Ms. Hall asked when the subcommittees could begin scheduling their meetings with department heads. Chairman Stevens replied once the initial budgets have been distributed. Mr. Dean added that the original budget submittals could be ready for September 22nd. He noted that the major budget category of health and dental insurance is not known until mid-October when rates are set by the HealthTrust, but there are conservative projections applied during this first pass. Chairman Stevens scheduled a full BRC meeting for September 24th at 6:30 pm. Mr. Corson suggested posting budget committee documents on the Town website.

5. Report from Work Groups

Chairman Stevens talked about two work groups the Committee wanted to explore – the establishment of a Policy and Procedure statement and a review of the Human Service application process. Chairman Stevens opened up discussion on the Human Services, much discussion ensued. Mr. Woodward presented a flow chart diagram of how the Town currently funds agencies (Warrant article, local transportation fees, general fund budget (welfare department and transportation)). He said the goal was to streamline the application process and to find out how much service each agency allocated to Exeter, versus how much Exeter funds the agency. Mr. Woodward suggested that the Town request the IRS 990 form. Mr. Corey said he wants to see the current 990 form to find out where the money is going, administration or services. Ms. Hall said we should be asking for the data we want. Mr. Thayer would like to see a copy of a 990 form; Mr. Corey will provide one to the Committee. Mr. Wentworth iterated that the issue in the past was that the application requests were not uniform; that the Committee was looking for information on who has been served and does the agency warrant funding. What is the volume of service to Exeter residents? He said the broad 990 form can be quite long and gives a lot of commotion. Chairman Stevens agreed with this, adding that there may be only five pages that are relevant and that it would not state what is allocated to Exeter. Mr. Chartrand stated there has been a movement over the last four years to tighten up how we do this. Let's not make it so tight it is not worth the organization's time. Chairman Stevens said this has been a point of contention among members in the past and that it shouldn't be that hard to get data that is uniform among agencies. Ms. Gilman said the question is what percentage of an agency's annual budget is coming from Exeter, versus the percentage of its services that are going to Exeter residents. She added that the transportation committee already

provides this data; she expects all agencies to provide this same information. Chairman Stevens asked Ms. Gilman if she could work with Mr. Woodward on the application. Mr. Dean said we should tweak the form and get it out fairly quickly. Mr. Corey said there is state legislation that requires funding of a welfare department; the rest is for the Committee to be prudent with taxpayer money. He asks should the BOS hand out taxpayer money to non-profit organizations. Shouldn't this be on a warrant article to let the voters decide? Chairman Stevens said they will have this conversation at a later date and suggested they move on.

Chairman Stevens presented a Policies and Procedures statement which outlines the purpose, structure and procedures of the BRC; he will be looking for the town to accept how new members are placed on the committee. He noted that there are two items that are different from past practice, one is for the BRC to be involved in the process sooner (discussing assumptions and planning for guidelines with the Town Manager); the other is on how the Committee members are assigned. He stated the NH RSA's give the BOS authority to assign members. Much discussion ensued. Mr. Corson said that how the members come on to the committee should be no different from any other advisory committee, such as the Water/Sewer Advisory Committee, which is appointed by the BOS. Mr. Thayer, referring to Town Council response, commented that the policies and procedures can be adopted by the Committee itself or the BOS; if the method of appointment to member selection is to change this is a subject that requires a town meeting vote. The best way is to present as a separate warrant article. Mr. Lourenco questioned the wisdom of the BOS appointing members to a committee that advised the select board.

Chairman Stevens requested that the Committee members review the statement so that they can discuss and vote on it at the next meeting.

6. Year-to-Date 2014 Budget Overview

Mr. Dean presented a summary sheet that outlined FY2014 revenues and expenses, including a synopsis for 2015. Also handed out were revenue and expense reports for YTD June (prepared by the Finance Department).

Reporting on revenues, Mr. Dean noted that property taxes remain the largest source of revenue for the Town. Motor vehicle revenue is trending upward, building permits are trending positively, and meals & room's tax revenues are expected to stay consistent. Mr. Dean informed the Committee that there are communities that are lobbying the legislature to change the formula on how these funds are allocated to towns, and, if successful, Exeter could lose out. The impact credits and exemptions have on the total tax rate were discussed. Mr. Dean stated that the Town can expect an increase in the 2015 Highway Aid payment it receives from the State as a result of the increase in the gas tax.

Mr. Dean reported that expenses are generally tracking as expected. The snow/ice budget continues to be one area of concern which should be discussed during this year's budget process. The Town has an established snow/ice deficit fund that has not been funded in a few years. The

Committee should discuss putting some funds in it for a hedge. When spending on snow/ice goes over the appropriated budget amount, funds come from elsewhere in the bottom line budget.

Mr. Dean provided a brief look at 2015. He reminded the Committee of the 53rd payroll in the 2014 budget that would not be part of the 2015 budget, an impact of approximately \$135,000. The Town has settled on two union contracts (Fire and DPW) and one is unsettled (Police). If this contract is settled it would be a separate warrant article in 2015.

The Town has realized savings by contracting the assessing service through MRI and is evaluating future contracts vs. hiring an assessor. Mr. Dean communicated that the Town needs to review funding of its Sick/Retirement Trust Fund that is set up to pay back earned but unused vacation and sick pay benefits. This fund has not been replenished in several years. He spoke about general categories such as supplies, postage, utilities, etc. that continue to feel rate adjustment/inflationary pressures.

Mr. Dean discussed debt service stating that the 2003 Conservation bond will be retired (2005 issue) as of 2015, reducing debt service by \$311,700. However, the Town has approved a new debt issue for Dam removal which will add \$244,968 to debt service in 2015. The town will be able to apply remaining bond proceeds from the initial dam design/engineering to offset principle debt costs in FY2015. The new ladder truck was also approved, the full cost was \$824,097; with \$123,102 as a down payment, the Town is committed to 7 annual lease payments of \$110,448 beginning in 2015.

Mr. Dean briefly discussed future projects, including, Continental Drive Fire Station/Substation, Linden Street/Court Street Culvert Construction, String Bridge Construction, Portsmouth Ave Road Drainage Improvements, Lincoln Street Road & Utility Improvement, and Side Walks.

7. Other Business

Chairman Stevens reminded the Committee of its upcoming meeting on September 24th at 6:30 pm.

Chairman Stevens adjourned the meeting at 8:47 pm

Respectively submitted,

Laura Hill

Recording Secretary

