

Town of Epping
Budget Committee Meeting
November 20, 2019

Call to Order:

The budget committee meeting was called to order at 7:00pm. Pledge of Allegiance was recited by the members followed by a moment of silence for the troops.

Attendance:

Budget Committee Members: Steve Ozols-Chairman, Jacklyn Ulban-Vice Chairman, Rep, Heather Clark-School Board Rep., Robert Hodgman, Michael Charkowski, Jen Chapman, Adam Munguai-Town Selectmen Rep, Marc Nickerson. John Cody, Phil Dudovicz, Greg Dodge and Lisa Fogg. Mike Lecuyer and Cynthia Hounam were not present.

Other Attendees: Dennis Koch-W/S Commission, Tom Gauthier-W/S Chairman, Jim Pouliot and John Dold.

Opening Comments:

Steve said last week we went over the town budget except the water/sewer budget which we will do tonight.

New Business:

Water/Sewer budget.

Water administration:

- Property and liability insurance: Increased from \$5500 to \$11,500. Tom said the rates have gone up, Lisa said the department was not paying their fair share and made an adjustment.
- Michael asked if the postage was going up because of a couple mailing coming up this year, Dennis said yes, they also use an outside firm for quarterly billing.
- Adam asked the administrative salary line was for one person, Dennis said yes. Tom said it was broken up between water and sewer.

Water Operations:

- Overtime: Increase by \$5000
- Laboratory services: Increased from \$5000 to \$10,000, the dept of environmental services is going to have us test for contaminants within the drinking water system
- Easement: Decrease from \$9500 to \$5000, we closed down the Fremont well they do not have to pay real estate tax.

- Building Maintenance: Increased to \$5000
- Chemicals: Increased to \$1500
- Depreciated expense: Increased from \$10,000 to \$47,000 which is heading in the right direction as to where that number should be.
 - Michael asked if the depreciate expense “up in the right direction”, is there a reason we are taking half steps, Jim said just trying not raise user rates drastically, so we are just taking baby steps. Marc asked what’s the goal, Jim said \$100,000.
 - Heather asked how they were able to pay the \$104,000 two years ago (the actual expense). Jim said that is something the auditor put in. Lisa said it is not an actual number we are told it is just a number that needs to be in there. Dennis said that they have never funded it at \$100,000. Heather asked why we fund it, Dennis said that anything above our expense will go into reserve, right now they have no reserves, so if that was funded we could use that money for whatever project or maintenance needed.
 - Steve asked if we were maxed out with water, Tom said with what we can treat, we have more capacity but we can only treat 100 gallons a minute and we permitted for 425 per minutes

Jim asked for any questions.

- Heather asked if the town maintenance is a monthly maintenance fee. Dennis said we are under a contract and they bill us quarterly.
- Steve was looking at the revenue said asked if the rates were going to go up again next year, Jim said no they should stay flat. Steve said there was an increase from 2019-2020, Jim said there is other ways of funding this line, they charge for fire lines going into commercial businesses and any private hydrants on private property.
- Heather asked much water rates went up, Jim said 41% over a 1-1/2 year period. Heather asked if our rates were level for the maximum, Jim said we at 1.3% of the median household income which is where the DES and federal government wants to see to makes us eligible for grants.
- Tom said the warrant article they are bringing forward is for them to be able to treat 438 gallons per minute so they can expand to West Epping, anyone that is interested to hook into they can. Heather asked if it is mandated for residence to hook in, Tom said we won’t make them. Robert asked if they don’t hook in can you ask them to contribute to water treatment plant, Jim said we are moving that way.
- Robert said looking at 2019 to 2020 revenue both water and sewer are a substantially increase, with sewer he assumes that is because more towns of bringing their sewerage is the number going to increase or stay flat line. Jim water is going to funded by commercial and personal property, with sewerage about \$600,000 will be coming in from the septic receiving building, right now it is very feasible. Michael asked what rate we are charging for septic, Jim said 9 cents per gallon, Tom said it cost us 4.5 cents to process it. Heather asked if our rates changed, Jim said we went from 8 cents to 9 cents this year.

Water Capital

- Heather asked if you have more meter replacements scheduled, Dennis said we have done 54 this year and we have not received the final invoices. Dennis we are looking to replace 50 a year. Marc asked if they are on a cycle, Dennis said that they were never on a cycle, when we got a water conservation plan approved by the state one of the components was we were supposed to be replacing 10% of the meters every year, in 3 years we should be caught up.

Sewer Administration:

- Property and liability insurance: Increased from \$8000 to \$21,000
- Dues and Subscriptions: Increased to \$1000
 - Heather asked why it was so significant this year, Jim said they had 2 new employees last year they had to send them for testing/training. Tom said there is going to be another person next year that will need the same process.
- Postage: Increased from \$900 to \$1500
- Audit: \$3000 due to having SRF loan we are required to have a special audit next year.

Sewer Operations:

- Overtime: Increased by \$5000
- New sludge disposal line: \$152,000
- Electricity: Increase by \$49,000
 - Jenn asked if the increase was due to the new building, Jim said yes on average it is about \$3000-\$4000 month. Michael asked if the processing was done only during the day, Dennis said yes
- New line for Roll off truck: \$15,000
 - Marc asked how they were spending the \$15,000, Tom said they are still trying to figure out how the sewer dept is going to pay the water dept to take the sludge to Rochester or Merrimac, so they felt that was a good number between full, upkeep and paying the driver.
 - Heather asked if the plan is to pay the town for the use of the truck, is that accounted for in the town revenues. Lisa said we get the bills and a portion of that will charge will go to the sewer dept, the highway hours will we charged to sewer so there will actually be no money paid to the town.
- Chemical: Increased by \$65,000
 - Michael asked if the increase was because of the volume we are taking in, Jim said no it was because with the new systems we need to use palamore which we never used before.
- Bond for the building
- Heather asked why they zeroed out the instrument repair line, Jim said it was put into plant and machinery & equipment.
- Phil asked about the test results of high levels of mercury and dioxins, is that a processing issue, Jim said no it was because of whatever septic was taken in at that moment. They are not sure where the mercury came from.
- Steve asked about the expenses in plant repairs and plant machinery & equipment, Jim said two years ago they pre-purchased \$600,000 worth of equipment when

the first warrant article was approved and we did not receive it until this year, it was an oversight not to put it in the line, it was in reserves.

- Jacklyn asked if this budget is what we will see as the budget going forward due to the new building, Jim said yes. Steve asked what happens if we go to the default budget, Jim said that will be a challenge. Lisa said DRA does not give direction on calculating the default budget, what the RSA says is that it is your expenses from the previous year and increase would include contract and those type of obligations, one-time expenses are not included, increase in electricity, fuel, postage are not included in the default budget. Heather asked if the bond was a contract and had to be included, Lisa said yes. Lisa said the other option is the water/sewer is allowed to go to the budget committee and request permission from DRA to overspend the budget as long as they have revenues.

Sewer Capital: Everything is pretty much the same

- Sewer Revenue: User fees are staying the same as last year, but septic treatment fees went from \$188,000 to \$600,000
- Steve asked about the enterprise fund for water and sewer, is that a reserve fund. Jim said no that is the running balances. Dennis said this basically what we have on hand at the end of the month.
- Heather asked since you have over spent your budget on the sewer side this year do you expect to be solvent on water and sewer next year. Jim said yes.
- Adam asked if \$600,000 from septic fees is gross, in addition to those revenue what is the break even point. Jim said 5.8 gallons at 9 cents a gallon at 9.5 years.
- Heather asked how long the bond was, Jim said 20 years.

Steve for any more questions.

Final town review budget, Steve asked for any question.

- Robert asked if the .75 tax increase, what is the trend of that, have we hit our target. Steve that number is based on the selectmen number if we spend right to that penny so that is the worse case situation. Heather said it is an estimate and does not include if we buy anything down. Greg it is just a guesstimate based on our current numbers.
- Steve asked if the line item voters see for the town budget, does that include the water and sewer, Lisa said the warrant article is written to include water and sewer. Steve asked if \$9.2 vs \$8.6 million are the two numbers that will be on the ballot. Lisa said yes.
- Michael asked at what point does the selectmen determine buying down the tax rate, Greg said it was part of the tax rate, we get our numbers from DRA and we tell the selectmen these are the numbers and they know what they have to work with in term of surplus to buy in down or keep the rate. Adam said all the surplus goes back to the resident in form of tax cuts, it is a very long process.
- Greg said with the re-evaluation next year you will see a big effect on the tax rate. Steve asked if the re-evaluation next year is for the entire town, Greg said yes.

Marc would like to make a motion for the selectmen to cut the budget \$150,000 from the proposed budget and see where it impacts, seconded by Jacklyn. Steve asked for a discussion.

- Steve asked if water & sewer are fair game, Greg said they are not. Lisa said their revenue equals their expense, if you were to have their budget voted on separately you are having a lot of the non-users vote on their budget. Adam asked if we separate their budget from the town budget would theirs speculate no tax impact, Lisa said she was not sure.
- Adam said if you look at the budget without water/sewer the default budget itself allows us to increase by \$541,010, if you look at the budget we incur in principal and interested debt because of the library @ \$160,000 so the increase does not even cover.
- Steve said with the delta warrant article of \$607,000 plus the tax rate going up you may see a lot of residence vote on the default. If the Delta is that large you may want to squeeze the difference down, what he does not like everyone else in town is going to see the hit except water/sewer. Adam said the budget increased \$.5 million because the water/sewer is taking in \$600,00 in revenue. Michael asked if we can change to wording on the warrant to let the voters understand that, Lisa said she is not sure that can be done as it is standardize how they can be written.
- Heather said that anything in the enterprise fund cannot be used for anything else in town correct, Adam said yes.
- Robert was the total money voted yes on last year for the warrant articles, Lisa said the gross appropriation was \$10,878,993.00 which includes everything, warrant articles and big bond. Steve said \$2.9 million was approved on warrant articles alone, the facility treatment was \$2.2 million of that.
- Greg said the 3 biggest budgets that would take the hit would be police, fire and highway which he thinks you should never touch.
 - Chief Wallace said there is nothing in his budget he can cut, then he has to start looking at the personnel and he does not think the town wants to do that. Chief Wallace also said there are things that he needs that he did not even put in his budget.
 - Heather reminded the board that there are things that were on warrant articles last year that we asked to put in his budget.
 - Chief DeAngelis said if you were to cut the fire dept, they will have to make the cut out of personnel and would be significantly deep. Chief said they are working with a very tight budget.
- Steve asked if they decide to cut the budget \$150,000 what happens next. Greg said the committee give us the number, we go back to the depts and selectmen, then come back and say yes we can or we can't. Greg said you also have to know where the impact is. Marc said that is what he wants to know, where the impact is.
- Steve asked if we cut it now and we don't like what they cut can we get back to the original number. Adam said yes.

Steve said there is a motion on the floor for \$150,000 decrease to the 2020 selectmen approved town budget, all in favor. Steve called for a hand vote. 8 yea-2 nea. Motion

passes. Gregg said you will get the new budget by December 3 so we will meet on December 11 for the town.

Meeting Schedule:

December 4, 2019: School budget

December 11, 2019: Town budget with reductions, 2nd part of the school budget and warrant articles

December 18, 2019: If needed

January 8, 2019: Reviewing town warrant articles (deadline is on January 14th)

January 15, 2019: Public hearing and vote on everything.

Steve asked for any questions on the meeting schedule.

Heather asked when voting on warrant articles, can we change the wording to “recommended by” to “recommendation of”. Greg said the recommended by is regulated by the DRA so we can state in affirmative or negative way which is confusing both ways. Adam asked that itsay “recommend by” if the board agrees and if the board does not agree say “not recommended”.

Steve said the next item is warrant articles:

Article: Accrued Benefits Trust Fund: Balance \$27,000

Article: Town Hall Improvement Trust Fund: Balance \$10,000

Article: Highway Equipment Capital Reserve Fund. Balance \$106,000

Article: Watson Academy Repairs Expendable Trust Fund: Balance \$45,000

Article: Recreation Facilities Expendable Trust Fund (attached). Balance of \$35,000

Article: Landfill Closure Capital Reserve Fund (attached). Balance of \$101,000

Article: Veteran’s Tax Credit.

Article: Service Connected Veteran’s Disability Tax Credit.

Article: Blind Exemption. Greg said it has no limit

Article: Safety Complex Renovation

Article: Antique Lights

Heather asked if anymore warrant articles are coming forth, Greg said yes-water/sewer, all the charities and some petition articles.

Marc motioned to adjourn, seconded by Heather.

Meeting adjourned 9:30pm

Respectfully submitted:

Cynthia Hounam

ARTICLE : ACCRUED BENEFITS EXPENDABLE TRUST FUND

To see if the Town of Epping will vote to raise and appropriate the sum of Fifteen Thousand Dollars (\$15,000.00) to be placed in the previously established Accrued Benefits Expendable Trust Fund.

[Recommended by the Board of Selectmen]

[Recommended Municipal Budget Committee]

Majority Vote Required

ARTICLE : TOWN HALL IMPROVEMENT EXPENDABLE TRUST FUND

To see if the Town of Epping will vote to raise and appropriate the sum of Fifty Thousand Dollars (\$50,000.00) to be placed in the previously established Town Hall Improvement Expendable Trust Fund.

[Recommended by the Board of Selectmen]

[Recommended by the Municipal Budget Committee]

Majority Vote Required

ARTICLE : HIGHWAY EQUIPMENT CAPITAL RESERVE FUND

To see if the Town of Epping will vote to raise and appropriate the sum of Twenty Five Thousand Dollars (\$25,000.00) to be placed in the previously established Highway Equipment Capital Reserve Fund.

[Recommended by the Board of Selectmen]

[Recommended by the Municipal Budget Committee]

Majority Vote Required

ARTICLE : WATSON ACADEMY REPAIRS EXPENDABLE TRUST FUND

To see if the Town of Epping will vote to raise and appropriate the sum of Twenty Thousand Dollars (\$20,000.00) to be placed in the previously established Watson Academy Repairs Expendable Trust Fund.

[Recommended by Board of Selectmen]

[Recommended by the Municipal Budget Committee]

Majority Vote Required

ARTICLE : RECREATION FACILITIES EXPENDABLE TRUST FUND

To see if the Town of Epping will vote to raise and appropriate the sum of Five Thousand Dollars (\$5,000.00) to be placed in the previously established Recreation Facilities Expendable Trust Fund.

[Recommended by the Board of Selectmen]

[Recommended by the Municipal Budget Committee]

Majority Vote Required

ARTICLE : LANDFILL CLOSURE CAPITAL RESERVE FUND

To see if the Town of Epping will vote to raise and appropriate the sum of \$20,000.00 (Twenty Thousand Dollars) to be placed in the previously established Landfill Closure Capital Reserve Fund.

[Recommended by the Board of Selectmen]

[Recommended Municipal Budget Committee]

Majority Vote Required

ARTICLE : VETERAN'S TAX CREDIT

Shall the Town of Epping increase the Veteran's Tax Credit from \$500.00 to \$750.00 as provided in R.S.A. 72:28.

[Recommended by the Board of Selectmen]

Majority Vote Required

ARTICLE : SERVICE CONNECTED VETERAN'S DISABILITY TAX CREDIT

Shall the Town of Epping increase the Service Connected Total Disability Tax Credit from \$2,000 to \$4,000 as provided in R.S.A. 72:35.

[Recommended by the Board of Selectmen]

Majority Vote Required

ARTICLE : BLIND EXEMPTION

Shall the Town of Epping increase the Blind Exemption from \$15,000 to \$30,000 as provided in R.S.A. 72:37.

[Recommended by the Board of Selectmen]

Majority Vote Required

ARTICLE : SAFETY COMPLEX RENOVATION

To see if the Town of Epping will vote to raise and appropriate the sum of Fifty Thousand Dollars (\$50,000.00) to renovate and expand the locker room of the Police Department.

[Recommended by Board of Selectmen]

[Recommended by the Municipal Budget Committee]

Majority Vote Required

ARTICLE : ANTIQUE LIGHTS

To see if the Town of Epping will vote to raise and appropriate the sum of Ten Thousand Dollars (\$10,000.00) to replace four (4) antique lights one on Main Street at the corner of Water Street, two (2) on Main Street at the base of the hill of the Community Church and one at the intersection of Main Street and St. Laurent Street and to restore power to said lights so that they are in good working order.

[Recommended by Board of Selectmen]

[Recommended by the Municipal Budget Committee]

Majority Vote Required