

Town of Epping
Budget Committee Meeting
December 11, 2019

Call to Order:

The budget committee meeting was called to order at 7:04pm. 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, Jen Chapman, Adam Mungwai-Town Selectmen Rep., Marc Nickerson, John Cody, Phil Dudovicz, Mike Lecuyer, , Greg Dodge and Cynthia Hounam. Michael Charkowski was no present

Other Attendees: Bonnie Sandstrom, Ben Leavitt, Dave Mylott, Chief DeAngelis, Bob Jordan, Joe Trombley and Mike Yergeau

Opening Comments:

Steve said tonight we will be going over the school budget and town budget, Steve asked for any opening comments.

New Business:

School Budget:

Steve asked if the new revised figured that were moved over to the mandated side changed the default budget.

- Heather said the numbers for the special ed students we had last year were not in the default budget but where put in the proposed. Heather had Bonnie verify if we could put those number in the default since they we will be there next year and that we are mandated to provide education. The state responded yes, they should be in the default. Bonnie included monies for transportation, out of district placement, increase sight & speak tutors & OT. Heather said they total roughly \$260,000 which changed our default vs. proposed. New default \$20,659,798 making a difference of \$11,666 from the proposed.

Heather asked if there were any specific items from last weeks' review.

- John asked if there was anything in the budget for projected students. Heather said the projected numbers do not take into account anything for special ed, it is more of opportunity to see where we are going.
- Mike asked if a special needs student come into our district in the middle of the year if that district liable for the expense, Heather said no the expense comes to us. Mike asked if you do not have enough to cover more student' would you have to

find the funds, Heather said yes. Ben said that is the reason for the Special Ed Capital Reserve Fund. Steve asked if we could use that fund for that reason only, Heather said yes, the balance in that fund is \$150,000 and can only be used for unanticipated funds.

- Robert asked if we have fewer students next year and we do not use all the money does it go into the reserve fund, Heather said no, if you look at warrant article 3 Capital Reserve for Building & Grounds and article 4 Capital Reserve Fund for Special Ed, any fund left over up to \$200,000 in Building & Grounds and up to \$50,000 in Special Ed, if anything is left over after that it goes to the town and the selectmen to use to buy down the tax rate.

Steve asked for any questions, we will go over the warrant articles:

- Article 1: Operation Budget: Already discussed
- Article 2: HVAC Middle/High School: Read by Heather (attached). A proposal from ENE Systems/Energy Efficient Investment has been handed out explaining the audit and a few different plans to resolve the issues we have.
 - Heather said two reasons for doing this (1) we have not had an energy audit and (2) the boilers in the school are 30 years old. Heather said we currently have 8 boilers and 2 are non-functioning and all reaching their end of life. Heather did an overview of the plan they went with as well as the savings and rebates (attached)
 - John asked if they have contacted the fire dept for the 7 tanks that need to be installed, Heather said not yet, they will as they get closer. John also asked if the price can go up, Heather said no it is a fixed price.
 - Phil asked if the saving were guaranteed, Heather said yes. Ben also added we are guaranteed the rebates if we do what is required.
 - Mike asked if this has gone out for other bids, Heather said no.
 - Marc if this all started because the boilers failed, Heather said every couple of years the insurance company comes in and checks the heating system, they said they are passing but not sustainable. Jen asked if this was the first time the insurance company expressed concern, Dave said no, they budgeted for this a few years ago but was put off for other priorities, now this is the priority as they could fail.
 - Phil asked why they did not go out for bid, Dave said they received multiple options from this company who did the audit so they stayed with them.
 - Mike Yergeau, 6 Long Meadow Drive, said that if you have a one bidder status you have a one design build so they are telling us what to build instead have having other entity come in say this is what you should do. Having other entities coming in and bid give us the opportunity to bid on what we should do not have them tell us what you need to do. Heather said we did talk about that at one point, the thought process was this companies does everything that we need rather than going out to find many different companies.
 - Heather said the proposal and details are on our website, they are working on getting a tab on the front page under 2020-2021 budget.
- Article #3: Add to Building and Grounds Capital Reserve: Heather read (attached)

- Steve asked if it was legal to use these funds for roof replacement, Bonnie said yes as it is not anticipated.
- Jen asked if there was a cap, Dave said no because we are trying to reach a point where we can pay for the roof and then start over again.
- Article #3: Add to Special Education Capital Reserve: Heather read (attached)
 - Steve asked if we still needed to fund these since they are already heavily funding right now, Heather said yes with the Building & Ground we are hopefully to use it for the new roof rather than a warrant article.
 - Marc asked if they used anything from Special ed, Heather said no. Marc also asked if they have a cap for that fund, Bonnie said no as one placement could cost us \$300,000, so when we get to that point we will talk about a cap.

Steve asked for any other questions.

- Heather has the number for the number of staff in the union: 143 are in the collective bargaining agreement, while the rest of the staff of 58 are not, totaling 201 employed by the school district. Adam asked if the 143 were in the untouchable area, Heather said yes.
- Mike Yergeau expressed if you have intention on having the school cut their budget you should give them the courtesy of letting them know tonight.
- John mentioned that he does not agree with the Superintendent Improvement line, he does not believe we should be spending the money to send them to conference when we are returned asking the police and fire to cut their budget. John asked about the building & grounds line at \$7000, what does that entail? Heather will get that information and give it to the committee.
- John also cannot get behind the increase of students when they have been decreasing over the years. Heather said we have a lot of new developments being built with their children now attending, class sizes are larger than the past and we are increasing in that respect.
- John said that the school should go to the legal attorney, AG and the state reps regarding the SST rate to see if that is legal, the smaller towns should be not be held hostage for the larger towns. Heather said will do more research and push back but for the meantime we need to fund the budget.
- Robert asked for clarification on Article #1, is this written in case we fall back to the default budget and the town to uses the 10% rule, Heather said no, the article is written on the direction of the state lawyers. First you ask for the budget number, if it is not passed then go to default, based on the RSA 4013 10 & 16 they can hold a special meeting to revise the operation budget. Heather said it has not been something that has happened in the past. As far as the 10% rule, that would be done at the deliberative session, it would only change the operation budget number and would not change the default budget or eliminate the option to have a special meeting. Steve said the proposed budget can be less than default.
- Steve asked if anyone wants to make a motion to have the school board decrease their budget, John asked if we could table this until next meeting until we have the building & ground information, seconded by Michael. Steve asked Heather if she

- has all the info she needs to provide, Heather said yes: building & grounds number, \$15,000 for training, contact and see if the contract entered with SST rates is legal.
- Joe Trombley said that John's request to cut the budget by giving a general direction of where to cut versus at set number is more beneficial. It is a bottom line budget but you have every right to ask what that line item is. Joe said that helps is going back to look at places of concern.
 - Marc said that if we are going to ask the school to cut the budget now is the time so they can do it this week and address it next week, if they do cut it that does not mean we can't put it back in the budget that night just like we did with the town,
 - Adam said that the difference between proposed and default is only \$11,666, if we cut the budget it is going to make the public think that we are not working with the school. Cutting the budget is going to make the school take away resources we need to educate our students. Adam feels the school board did their due diligence with their budget and they did a great job. Marc also agrees, it is not a lot money.
 - Robert asked if we can make a motion that the school board to go back to see what they can do and come in at default or less, Heather said there is already a motion on the floor we need to resolve first unless the original person who made a motion and seconded it withdraw the motion. Steve asked all in favor or table this until next week 8 yea-2 nah. Motion carries and we are going to discuss this next week.
 - Mike Yergeau added one thing for information purposes, he agrees 100% with the select board chair except for the two meeting that he attended last the year the school board stated they over budgeted last year by 5% which equated to \$750,000-\$800,000 that is something we need to be looking into, Dave asked who made the statement, Michael said Heather once and Dave once. Heather said that was based on what we were returning to the town, someone wanted to know the percentage we were returning and may have mis-spoken, Michael said he will go back and look at that.

Town Budget:

Steve said we reviewed the town budget on both November 13 and November 20 and asked them to cut \$150,000.

- Adam said after reviewing every aspect of the budget the only places that we could cut from was police and the Highway Dept. Adam said at the risk of public safety no changes were proposed and he makes the motion to accept the budget as proposed by the Board of Selectmen, seconded by Robert.
- Heather asked what the new default budget numbers where, Adam said \$7,152,000 and the delta was \$184,160.
- Marc asked if that was all from the water/sewer plant, Adam said no that was only the town side. The water/sewer was \$346,565 now it is \$118,000. Steve said so basically the delta was split in half it was \$606,000 now it is \$303,000, Adam said yes, the water/sewer basically did not have to cut anything they just readjusted to include the new building.

- Joe asked Adam where they stood with separating the water/sewer budget. Adam said they are going to see what it looks like and the town will vote on 3 budgets, the town, school and water/sewer. Steve asked if they were going to propose it for the following year, Adam said they are moving forward maybe this year, there is an additional warrant article on behalf of the water/sewer but they will see. Marc verified that we are not motioning to accept we are just approving the number, Joe said yes it does not lock us in.
- Marc has some questions regarding the new truck for transfer station:
 - Highway Dept, vehicle maintenance and repairs: \$25,000 which is the (6) 6 wheelers and (2) 1 ton. So, if you just take the (6) 6 wheelers (more maintenance) divide by \$25,000 it is @ \$4166 a year
 - Vehicle Fuel: \$27,000 – average with just the 6 wheelers is it is \$4500/yr, plus new transfer station truck there is \$5000 for maintenance and \$5000 for fuel, then you go to water/sewer budget there is \$15,000 for vehicle fuel for the truck that was going to pay for fuel and maintenance, does that mean we are going to spend \$25,000 to maintain a brand new vehicle
 - Bob said the money in the first part was to run it for the highway and the second part was to run it for the water/sewer which is more than the dump. Bob said it is an unknown delta, so if they don't spend all the money the money will go back but they at least have to budget for it this year.
 - Mike Yergeau also added that the truck was supposed to go to turnkey and it will likely be on the road 5 days because it is for trash and recycling. Bob said that we used to be in a co-op to split the cost but we are no longer part of the co-op so we need to maintain it on our own.
 - Adam broke down the truck: \$25,000 truck lease, \$5000 fuel, \$15,000 water/sewer, \$5000 maintenance for a total of \$50,000, the original hauling services line was \$65,500, we are actually saving \$5500 in this little transaction.
 - New hire: On 11/28/18 budget committee meeting at 2hr40min when we were talking about the new truck and asked if we would need to hire a new person and Dennis said no. Adam said we are not hiring for the new truck we are hiring a new employee. Marc said at 2hr10 min he asked if the highway dept was fully staffed and Dennis said yes. So, Marc has a hard time with the new hire. Adam said we are under staffed and he is totally behind it.
 - Plan/legal services: 2016 - \$441, 2017 - \$756, 2018 - \$315 and 2019 - \$342 averaging \$722 and we budget for \$4000.
 - Planning/Professional services: 2016 - \$4160, 2017 - \$420, 2018 - \$0, 2019 to date - \$0 and your budget \$4000.
 - Zoning legal: Averages \$2700 for the past 4 years, but budget for \$5000
 - Mike Yergeau said regarding all the legal lines, it is an unknown and if it is not budgeted for then we would need to cut the budget

elsewhere. Adam said if the money is not spent it goes right back at the end of year.

- Highway Sand: Last 4 years \$5400 in 2017 other than that we spent \$0 for \$10,000 budget.

- Joe said the numbers for the new shifter has not hit that line yet

- Marc thinks those are some of the items that can be addressed,
- Jacklyn said if they received a more detail breakdown budget from the town it would have been easier to discuss as we could see where the cuts were actually made and asked if they could change that for next budget season.
- Heather made a motion to accept the budget as proposed, there is already a motion, Heather motioned to move the question, seconded by Adam. Steve asked all in favor of moving the question, 10-0. Steve said now we will vote to accept the 2020 Selectmen proposed budget of \$7,336,505.00, 9 yea, 1nay. Motion passes 9-1.

Steve asked for any other questions.

- Marc asked if there were going to be anymore warrant articles other than petition, Adam does not believe so. Steve asked if the water/sewer were going to do a presentation on the new water treatment plant, Adam said Dave Mercier will present. Greg asked what date you would like him it to present, Steve said next week, December 18. Steve asked for any more questions.

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Meeting Schedule:

- December 18, 2019: School budget, Water/Sewer presentation and any warrant articles

Steve asked for a motion to accept the minutes of November 13, motioned by Adam, second by Heather. Motion passes.

Steve asked for a motion to accept the minutes of November 20, motioned by Adam, seconded by Robert. Motion passes.

Marc motioned to table the minutes of December 4, seconded by Robert.

Marc motioned to adjourn, seconded by Heather. Meeting adjourned 10:15pm.

Respectfully submitted:

Cynthia Hounam

Date 11-21-19

ECM #	ECM Matrix	Cost for Installed Measure \$	Annual Energy Savings \$	Potential Rebates	Payback (years)
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Epping High School / Middle School

EHS1	Electrical Transformer Replacements	\$48,070.19	\$3,618.88	\$2,000.00	12.73
EHS 2	New LP Boilers at High school and convert Middle school to LP	\$411,440.00	\$25,000.00	\$8,000.00	16.14
EHS 3	Purchase & Install New 7 LP Tanks	\$53,865.00	\$0.00	\$0.00	
EHS 5	Partial DDC Controls	\$107,320.00	\$4,550.00	\$10,000.00	21.39
EHS 6	LED Lighting	\$220,000.00	\$20,500.00	\$42,350.00	8.67
EHS 7	Insulation	\$32,000.00	\$4,000.00	\$20,000.00	3.00
Total High School /Middle School		\$872,695.19	\$57,668.88	\$82,350.00	13.70

SAU Office

SAU	LED Lights	\$22,000.00	\$2,100.00	\$5,645.00	7.79
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Epping Elementary School

EES	LED Lights	\$76,339.00	\$7,089.00	\$10,770.00	9.25
EES	Insulation	\$4,500.00	\$400.00	\$2,000.00	6.25

	Cost	Annual Savings	Rebate	Estimated 20 year lease PMT Annual	Estimated Budget Impact
District total	\$995,044.87	\$67,257.88	\$100,765.00	\$62,786.72	-\$4,471.16

Notes final Costs include a P&P Bond and M&V fee which are added to subtotal which is approximately 2%

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Key Assumptions

Fuel Oil	\$2.58 Per Gallon
Propane	\$1.33 Per Gallon
Electric	.163 Per KWH
Interest Rate	3.627% per year

2020 EPPING SCHOOL DISTRICT WARRANT - DRAFT

STATE OF NEW HAMPSHIRE

FIRST SESSION OF ANNUAL MEETING (DELIBERATIVE)

You are hereby notified that the first session of the annual meeting of the Epping School District, for the transaction of all business other than voting by official ballot, shall be held Thursday, February 6, 2020, at 7:00 p.m. in the Epping Town Hall. The first session shall consist of explanation, discussion, and debate of warrant articles 1-4. Warrant articles may be amended, subject to the following limitations:

- a) Warrant articles whose wording is prescribed by law shall not be amended.
- b) Warrant articles that are amended shall be placed on the official ballot for a final vote on the main motion, as amended.
- c) No warrant article shall be amended to eliminate the subject matter of the article, but an amendment to change the dollar amount of an appropriation is permitted.

SECOND SESSION OF ANNUAL MEETING (VOTING)

You are hereby notified that the second session of the annual meeting of the Epping School District shall be held at the Epping Middle School Gymnasium in said District on the tenth day of March, 2020, at eight o'clock in the morning for the choice of School District Officers elected by official ballot, to vote on questions required by law to be inserted on said official ballot, and to vote on all warrant articles from the first session on official ballot per RSA 40:13. The polls for the election of School District Officers and other action required to be inserted on said ballot will open on said date at 8:00 a.m. and will not close earlier than 7:00 p.m.

Article A: To choose the following School District officers:

Two School Board Members 3-Year Term

Article 01: Operating Budget

Shall the Epping School District raise and appropriate as an operating budget, not including appropriations by special warrant articles and other appropriations voted separately, the amounts set forth on the budget posted with the warrant or as amended by vote of the first session, for the purposes set forth therein, totaling \$20,671,464? Should this article be defeated, the default budget shall be \$20,659,798, which is the same as last year, with certain adjustments required by previous action of the Epping School District or by law; or the governing body may hold one special meeting, in accordance with RSA 40:13, X and XVI, to take up the issue of a revised operating budget only.

The School Board (4-0-0) and the Budget Committee (?-?-?) recommend this appropriation.

Article 02: HVAC Middle/High School

Shall the Epping School District vote to authorize the School Board to enter into a multi-year lease purchase agreement for energy saving improvements including a conversion to LP gas from oil and the replacement of the boiler system, LED lighting, insulation and other improvements at the Middle High School, with the total payment for the project to be \$996,000 with the annual lease payments of approximately \$62,787? Such sum is to be funded entirely from guaranteed annual energy savings and the resulting reduction in annual cost for energy and utility expenses in the District's operational budget. This lease agreement contains a non-appropriation clause. This warrant will have no budget impact.

The School Board (3-1-0) and the Budget Committee (?-?-?) recommend this appropriation.

Article 03: Add to Buildings and Grounds Capital Reserve

Shall the Epping School District vote to raise and appropriate up to the sum of \$200,000 to be added to the Buildings and Grounds Capital Reserve Fund previously established in 2013? This sum to come from June 30 fund balance available for transfer on July 1. No amount to be raised from additional taxation.

The School Board voted (4-0-0) and the Budget Committee (?-?-?) recommend this appropriation. (Majority vote required.)

Article 04: Add to Special Education Capital Reserve Fund

Shall the Epping School District vote to raise and appropriate up to the sum of \$50,000 to be added to the Special Education Capital Reserve Fund previously established in 2017? This sum to come from June 30 fund balance available for transfer on July 1. No amount to be raised from additional taxation.

The School Board (4-0-0) and the Budget Committee (?-?-?) recommend this appropriation. (Majority vote required.)

Article 05: To transact any other business which may legally become before this meeting. Given under our hands at said Epping this ?rd day of January 2020.