

Town of Epping
Budget Committee Meeting
December 18, 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, Jen Chapman, Adam Munguai-Town Selectmen Rep., Marc Nickerson, John Cody, Phil Dudovicz, Mike Lecuyer, Greg Dodge and Michael Charkowski. Cynthia Hounam was not present.

Other Attendees:

Dave Mylott, Deb Brooks, Michael Yergeau, Tom Gauthier, Valerie McKenney, Joe Trombley, Dave Mercier and Jim Pouliot.

Opening Comments:

Steve said first thing on the agenda is reviewing the School budget then the water/sewer presentation. Steve asked for any questions or comments.

New Business:

Steve said there are some changes to the school budget, Deb Brooks-Chairman will go over the changes.

- On page 41: you will see that line for Professional development go from \$15,000 to \$10,000. The next page gives an itemized reason.
 - \$2000 was taken out for the National Convention for the Business Administrator
 - \$3000 was taken out for additional workshop conferences. This reduces the budget by \$5000 and the new default budget is a difference of \$6,666.
- Building Grounds: Increase of \$70000. The reason was last year there were to incidents of falling branches/limbs, (1) during a softball games where it took 45 minutes to remove and (2) the limb fell on one of the staff members vehicle. This is the second year of a three year plan, the facilities manager and custodial staff have cut as much as they can but they now realize they need a bucket truck to continue that process.
- Don Nichols, Facilities Manager, and Dave Reinhold have worked together and suggested Accucut could do this at less cost to us. It will be in the budget this year

and next year so that we can finish the 3 year period and wanted to a little bit every year.

- HVAC system: It was questioned as to why we did not go out to bid, Deb only solicited EEI and the reason is he had come to a facility director meeting for school districts in the state of NH, Don Nichols was impressed and talked to other school districts that EEI did work for. EEI generally work for school district and municipalities because they understand the budgeting process and they would do a free audit.
- Deborah said that we do not have anyone on staff that has the engineering capability of an audit or can't write an RFP that they can bid from so they were forced to hire an engineering firm for \$25,000 so we could put that out to bid, we did and took the best bid then steel prices went sky high and price went up. EEI will lock in the price, guarantee energy rate @ \$63,000, lease/bond contract so we can spread it out over time, no written requirements to use their company and they would do the grant writing for us.
- Informed in 2012 they need to replace the boilers, on January 30, 2019 the insurance company sent in travelers boiler service in return said the boilers far exceed the life of the boiler and have 2 years to replace them. They are hoping the 6 working boilers will last this year and we can do this next year.
- Deb said the rational for using this company is due to the past expense we endured. Deb said she is proud that there is only a difference of \$6,666 from the proposed to the default budget.

Steve asked for any questions.

- John asked about 1420-Athletic: 2018-2019 actual \$287,074, budgeted 2019-2020 \$322,275. Anticipated remaining for athletics \$113,717.90 would like to know why. Deb said that when you budget you need to budget as if every single team is going to make the finals, so you need to budget for transportation, fees, referee, chaperone, etc. Deb said anything not spent goes back to the town. Heather said that the sheets handed out only shows one season, there are still two remaining.
- Mike Lecuyer asked the difference between anticipated remaining and expected anticipated expense through June 2020. Deb money for coaches' salaries, etc was incumbered for expected, then the anticipated is for transportation, referees, uniforms, etc. Steve asked if the anticipated remaining is money you have expect to have left over, Deb said no. John asked if you they are expected to spend @\$63.000 by the end of the year, Deb said yes.
- John asked who was in the contract for the default budget, Deb said all the teachers, the two nurses, and all paraprofessionals. John asked excluded those three who is getting raises in this next budget, Deb said in their budget next year they have a 3% increase in all administrative staff, but that does not mean they are getting it. They decided in the spring who gets it, but it is in the budget for cost of living. John is that 3% included in the default budget, Heather said per Bonnie it is only included for union staff, the people under the negotiated contracts.

- John asked the difference between the default and proposed of \$6,666, how is that possible if you did not include the raises for those people. Deb said because we cut in so many other places.
- John questioned 2600-Operation/Plant: Does that include increases in town water, electric, etc. Deb said Bonnie talked with water/sewer and got a projection, as well as the oil. John is that included in the default, Heather yes. John said according the NH Municipal Associate that cannot be included in the default. Heather will check with Bonnie said what is in the budget is the amount from last year not what is projected for next year,
- John asked with SST increase since it was not in the previous budget, will we be out those prorations if we go to default. Deb said we would not be out, we would have the same amount that is in the budget, if there was an increase, we would have to turn away students.
- Mike Lecuyer asked about the Climate and Culture survey for \$34,000, are we received a \$20,000 grant for that. Valerie said she wrote a \$20,000 grant for this year and \$20,000 for next but there is no guarantee you are going to get it so you need to put it in the budget. Dave said we received the grant for this year, we will write the grant in April 2020 for next years budget. Valerie said for 2019-2020 the total coast \$34,000, she wrote a grant and received it for \$20,000 which brought it down to \$14,000. It is the budget for 2020-2021 for \$34,000 and she will write another grant for \$20,000
- Michael Charkowski suggested looking into a fund in the future for the Athletic line for the teams if they do go to the finals that we could you use the money from there rather than budget for it.

Steve asked for any other questions. Heather motioned to accept the budget as presented by the school board of \$20,666,464, seconded by Adam. All in favor 10-0, motion carries.

Steve said next on the agenda in the presentation for the water treatment plant and warrant article. Dave Mercier, engineer will do the presentation.

Warrant Article: Read by Steve (attached)

- Marc verified that has been recommended by the Board of Selectman, Steve also said that thins article needs a 3/5 vote
- Dave said they changed two words in the last sentence: up to rather than at least, they edited that because 3.5 million is that max they would like to borrow if they borrow less then the principal debt forgive is 10% less of what we borrow.
- Steve asked when the article is finalized will be the Board of Selectman need to vote again, Adam said if it changes, they will revisit, but a wording change would not change the article.
- Dave would like to go over the presentation and explain the need for the treatment plant.

Page 1: New for New WTP

- There are only two existing sources of water (1) Hoard Pond Well-85gpm and (2) Temporary Pilot WTP at Epping Crossing-100gpm and the town uses all 185gpm

- Both contain arsenic above the newly implement limit, both exceed that limit (effective July 1, 2021)
 - Heather asked if they both have arsenic wouldn't they both have to be shut down, Dave said no, the temporary pilot plant at Epping crossing is getting the arsenic out but it is not permanent.
 - Adam asked how long has it be known about the arsenic limit, Dave said it has been in the works for about 3 year but went into effective about 6 months ago
- Town currently uses 185 gpm with no spare capacity
- Hoar Pond Well will have to be shut down (46% loss)
 - Steve asked if this article passes would Hoar Pond be shut down all together, Dave said they would suggest temporarily but not to abandon completely.
- New water treatment plant is need ASAP at Epping Crossing
- Marc asked what the capacity of this new plant would be, Dave said we have wells that are permanent that pump 200 gallons each at Epping Crossing. Marc asked if this was to build a plant at Epping crossing only not Hoar Pond, Dave said yes.
- Phil asked was Epping Crossing was built as a temporary pilot and not permanent. Dave said part of it was the process they were proposing to use is one where the state would not support designing the full scale without doing this process to be sure that is would produce the required limits and provide good water to be put out to the users.

Page 2: Need for MtBE Water Main

- 37 Properties in West Epping have private wells contaminated with MtBE
- NHDES MtBE Bureau has limited remaining funding but will fund 17,000 feet of new 8" water main to this area
- As an incentive, they will also provide a grant of \$0.78million and DWGFT will provide a grant of \$0.78million toward the new WTP
- Epping Water & Sewer wishes to upsize pipe to 12" for \$0.7million, to provide better fire flows on a long dead end run
 - This was presented to the water/sewer commission and the board of selectman that it is recommended that town pitch in \$700,000 which is the differential to make the pipe go to 12" from 8",
- Marc asked if residents at the new water line would have the option to hook in, Tom said yes. Dave said with the grant the state pays the connections fees but the town still receives the connection fee money.
- John asked if we would still need the systemns for the new developments coming in if the 12" pipe is approved, Heather cannot answer that as it is the decision for the fire dept chief to make. Tom Gauthier said it will also help with ISO rating. Mike Yergeau said that there is going to be fire hydrants along that line because the reason we asked for the 12" pipe was for fire suppression.
- Marc asked where you would tie in to get the 12" line, Dave said where the Fremont well site was, just before Martin Road.

- Mike asked if it would be cheaper for homes to tie in while you are doing the line vs. 5 years down the road, Dave said yes. Tom said if it passed they would send out a notice to see who would be interested in connecting.

Page 3: Funding the \$3.5million loan

- Income survey just completed shows MHI for water/sewer users is \$41,000/yr
- Current water and sewer rates are \$664 and \$654 per year (average residential) or 3.2% of MHI
 - Heather said that prior years we have been below state average and now we are above average, would like to know how. Tom said because of the recent rate increase
- \$3.5M CWSRF loan will cost \$187,200/yr
 - Dave said this 1.704% interest rate for 20 years. The \$187,200 per year includes principal forgiveness.
- Water systems has 912 accounts = \$205/yr increase
 - Heather is this was the number of accounts current or after you add houses. Dave said just he just existing numbers.
- Town valuation = \$722.6M; tax increase would be \$0.26/\$1000
- May also receive a \$0.5million grant from DSBC
- Steve asked if this passes we will be getting a grant for 5 million, Heather asked if this passes we are getting a bill for \$3.5million. Dave said yes.
- Marc asked if that \$3.5 million will be paid by water/sewer users or tax payers, Dave said it would be the tax payers (see attached sheet)
- Marc asked what the time frame would be for these two projects if they pass, Dave said the Water Treatment Plant has been 90% designed and submitted so we can advertise that for bids starting January 7th so that way we will have a bid number on Feb. deliberation session, the water main extension would have to wait until the plant is done which would be mid 2021.
- Heather asked if this was the last big article you will be submitting to the town, Tom said there will be one more for closing the lagoons and that is in the ball park of \$8million. Heather asked if the \$8million was for one or two lagoons. Tom said both.
- Heather asked what happens if this does not pass. Dave you may lose the funding and on July 1, 2021 the state could enforce us to shut down Hoar Pond and lose 46% of the water supply.
- Heather asked if you put this in will it take care of the brown water some people are getting, Jim said no that is the piping in the road.
- Adam what are you going to propose to the residents that will not benefit from water quality, iso rating and fire protection to this to pay .026/1000, Dave said that the benefits would be to bring the town up to where it should be and to have the opportunity to bring in more commercial buildings and revenue.
- Steve said that you need a 3/5 vote and you are going to have to convince the residents on well and septic to get on board.

- Heather does believe that this has to happen, but she is concerned on how you are going to convince the tax payer that do not have town water or sewer to pay for this as it will raise their taxes again.
- Heather asked if the cost can be split up between the tax payers and the rate users. Mike Yergeau said the largest portion of the users are the elderly, so if we increase the rate again it would be a huge hit and most are on a fix income and could not pay for it. Joe Trombley said he got behind because this is a community issue and should be addressed in that manner.
- Steve asked if the water main extension can be pushed out, Dave said they are trying to convince the state that it can be modified so it is an option.

Steve asked for any more questions.

Steve asked for a motion to accept the minutes from the December 4, 2019 meeting, motioned by John, seconded by Adam. All in favor 10-0, motion passes.

Meeting schedule:

- January 8, 2020: All town and school warrant articles. Deadline for warrant articles is January 14.
- January 15, 2020: Public hearing starting at 6:00pm with a 10:00 cut off and go into the next day, January 16, 2019.
- February 4, 2020: Deliberative session for the town
- February 6, 2020: Deliberative session for the school

Steve asked for any other question.

Heather motions to adjourn, seconded by Adam. Meeting adjourned 9:28pm

Respectfully submitted by:

Cynthia Hounam

SUGGESTED WARRANT ARTICLE

NEW WATER TREATMENT PLANT AND MTBE WATER MAIN EXTENSION

To see if the Town will vote to raise and appropriate the sum of \$8,500,000.00 (gross budget) for the purpose of design and construction of a new water treatment plant at the Epping Crossing site, and a water main extension to provide municipal water to homes with private wells contaminated with MtBE, that will qualify the Town for federal and state funds, and to authorize the issuance of bonds or notes in accordance with the provisions of the Municipal Finance Act (RSA 33) in the amount up to \$3,500,000.00; and further to authorize the Selectmen and the Epping Water and Sewer Commissioners as applicable, to issue, negotiate, sell and deliver such bonds or notes, and to determine the interest rate thereon and the maturity and other terms thereof; and further to authorize the Selectmen and the Epping Water and Sewer Commissioners as applicable, to apply for, obtain and accept federal, state, or other aid, grants or other funds, if any which may be available for said project that may reduce the amount to be financed with bonds and notes, and to participate in the State Revolving Fund (SRF) RSA 486.14 established for this purpose, and to allow the Selectmen and the Epping Water and Sewer Commissioners as applicable, to expend such monies as become available; and to authorize the Selectmen and the Epping Water and Sewer Commissioners as applicable, to take any other action or to pass any other vote relative thereto. It is anticipated that the Town will receive up to \$350,000.00 in principal forgiveness from the State Revolving Fund loan program. It is the intention of the Town that the bond or note repayment shall be paid for by general taxation.

[Recommended by Board of Selectmen 5-0]

[Recommended by the Municipal Budget Committee #-#]

3/5 Ballot Vote Required

Need for New WTP

- Two existing sources of water:
 - Hoar Pond Wells 85 gpm
 - Temporary Pilot WTP at Epping Crossing 100 gpm
- Both contain arsenic above the newly implemented limit (effective July 1, 2021)
- Town currently uses 185 gpm with no spare capacity
- Hoar Pond Wells will have to be shut down (46% loss)
- New WTP is needed ASAP at Epping Crossing!!

Need for MtBE Water Main

- 37 Properties in West Epping have private wells contaminated with MtBE
- NHDES MtBE Bureau has limited remaining funding but will fund 17,000 feet of new 8” water main to this area 100%.
- As an incentive, they will also provide a grant of \$0.78M and the DWGFT will provide a grant of \$0.78M toward the new WTP
- EW&SC wishes to upsize pipe to 12” for \$0.7M
 - To provide better fire flows on a long dead end run

Funding the \$3.5M Loan

- Income survey just completed shows MHI for water/sewer users is \$41,000/yr
- Current water and sewer rates are \$664 and \$654 per year (average residential) or 3.2% of MHI
- \$3.5M CWSRF loan will cost \$187,200/yr
- Water system has 912 accounts = \$205/yr increase
- Town valuation = \$722.6M; tax increase would be \$0.26/\$1000
- May also receive a \$0.5M grant from CDBG

TABLE 1 - \$8.5M Project

EPHING, NH

PHASE 1 - New Water Treatment Plant - \$4.3M

| Work Item | Budget (M\$) | Funding Source | Funding Amount (M\$) | Net Cost to Town (M\$) | Cumulative Cost to Town (M\$) |
|--------------------------|---------------|----------------|----------------------|------------------------|-------------------------------|
| Design Engineering | \$ 0.27 | MtBE Bureau | \$ 0.270 | \$ - | \$ - |
| Construction Engineering | \$ 0.35 | MtBE Bureau | \$ 0.035 | \$ 0.315 | \$ 0.315 |
| Construction Cost: | \$ 3.68 | MtBE Bureau ** | \$ 0.479 | | |
| | | DWGTf | \$ 0.780 | \$ 2.421 | \$ 2.421 |
| PHASE 1 | \$ 4.3 | | \$ 1.564 | \$ 2.736 | \$ 2.736 |

PHASE 2 -17,000 Foot MtBE Water Main Extension - \$4.2M

| Work Item | Budget (M\$) | Funding Source | Funding Amount (M\$) | Net Cost to Town (M\$) | Cumulative Cost to Town (M\$) |
|---------------------------------|---------------|----------------|----------------------|------------------------|-------------------------------|
| Eng & Construction for 8" pipe | \$ 3.50 | MtBE Bureau | \$ 3.50 | \$ - | \$ - |
| Eng & Construction for 12" pipe | \$ 0.70 | None | \$ - | \$ 0.70 | \$ 0.700 |
| PHASE 2 | \$ 4.2 | | \$ 3.50 | \$ 0.70 | \$ 0.700 |
| PHASE 1 and PHASE 2 | \$ 8.5 | | \$ 5.064 | \$ 3.436 | \$ 3.436 |

** MtBE \$0.368M + \$0.111M in connection fees