

BUDGET COMMITTEE MEETING
January 4, 2014

The meeting was called to order at 10:04 a.m.

ROLL CALL

Kristin Lewis-Savage, Chair
Martha Sumner, Vice Chair
Tricia Holt
Ben Sadewicz
David Gerns
Darrell Britton
Dennis Heffernan
Barry Weymouth,
John Sherman, Selectmen Ex-Officio

Also Present: Sean Fitzgerald, Town Manager and Gayle Hamel, Administrative Assistant to the Town Manager and Board of Selectmen

The Pledge of Allegiance was led by Christina Cruz, Plaistow Recreation Director.

K. Lewis-Savage announced that she has had to regretfully accept the resignation of Gayle Hamel, long time member of the Budget Committee. G. Hamel has accepted a position as the Administrative Assistant to the Town Manager and Board of Selectmen (BOS).

APPROVAL OF MINUTES

M. Sumner moved, second by D. Gerns, to approve the minutes of the November 19, 2013 meeting. There was no discussion on the motion. The vote was 6-0-3 (Britton, Sadewicz and Weymouth abstaining).

B. Sadewicz moved, second by M. Sumner, to approve the minutes of the December 3, 2013 meeting. There was no discussion on the motion. The vote was 8-0-1 (Weymouth abstaining).

BUDGET REVIEW and possible APPROVAL:

S. Fitzgerald noted that the Board of Selectmen has reviewed some additional changes at their recent meeting. These changes are based on factors such as end of year actuals; release of federal projections in gasoline and heating fuels; changes in personnel census; and merit increases for non-union staff.

The department line items that were changed by vote of the Board of Selectmen are as follows:

Building (Inspections) Department

Plumbing Consultant 1-4240-40-308 – BOS approved increase from \$5,500 to \$7,000
Electrical Consultant 1-4240-40-309 – BOS approved increase from \$6,000 to \$7,000

The increases are due to actuals spent in the 2013 budget year. It was noted that there was an increase in construction starts which was predicted to continue into 2014. These lines are “pass through” in that the department takes in the exact amount that is paid out for inspections so this change does not affect the budget to the tax payer. It was noted that offsetting revenue projections would be reported to DRA (Department of Revenue Administration).

D. Heffernan offered that this was a good sign that things are happening in the economy.

S. Fitzgerald added that he anticipated that Panera Bread would be open in 90 days; Aldi's is planning to locate at 9 Plaistow Road and the Plaistow YMCA would be holding a grand opening in a month.

Gasoline Adjustments

Adjustments over multiple departments where approved by the BOS. Changes were based upon; commodities tracking; 2013 year-to-date actual usage; analysis of the national averages; and federal projections for availability and pricing. The per gallon pricing approved by the BOS for gasoline in the 2014 budget are \$3.60/gallon for gas and \$4.00/gallon for diesel.

The effected department budgets are:

Police Department 1-4210-20-635	Increase of \$11,000 to \$60,000
Fire Department 1-4220-20-635	Increase of \$1,582 to \$14,000
Highway Administration 1-4311-00-635	Increase of \$6,000 to \$30,000

Departments with gasoline lines that were not changed are:

Government Buildings 1-4191-00-635
Building Inspections 1-4240-10-635
Water Department 1-4332-20-635

J. Sherman noted that some lines may be going up more than would be expected based upon more up-to-date actuals, not just per gallon costs.

Electrical Utility Adjustments (Electricity and Heating Fuels)

Numbers provided by the US Department of Energy's Energy Information Administration (EIA) were used to predict how energy prices will trend in 2014. Increases are predicted on of fuels, particularly natural gas, which could lead to increases in electricity pricing as well. The predicted price increase in 2014 is 11.9 cents per kilowatt-hour, a 2.1% increase over 2012-2013.

The effected department budgets are:

Government Buildings (Museum Electrical) 1-4194-30-410	Increase of \$700 to \$1,500
Government Buildings (Town Hall Heat) 1-4194-10-411	Decrease of \$2,500 to \$7,000
Government Buildings (Safety Complex Heat 1-2194-20-411	Decrease of \$5,000 to \$18,650
Highway Administration (HW Heating) 1-4311-00-411	Increase of \$1,000 to \$2,500

Departments with utility lines that were not changed are:

Government Buildings (Town Hall Electric) 1-4194-10-419
Government Buildings (Safety Complex Electric) 1-4194-20-410
Highway Administration (HW Electric) 1-4311-00-410
Water Department (WD Electric) 1-4332-10-410
Recreation (Electric @ Fields) 1-4520-10-410
Welfare Department (Unitil Electric) 1-4442-10-846
Street Lights (Street Lights) 1-4316-30-410
Government Buildings (Museum Heat) 1-4191-30-411
Welfare Direct Assistance (WF Heat) 1-4442-10-847

J. Sherman noted that most departments were able to absorb the electric increase, with the exception of the Historical Society. He offered that was relative to more activity happening at the Museum.

S. Fitzgerald offered that many energy savings measures, such as removing some of the fluorescent light tubes from the fixtures, were being employed at the Town buildings. He added that the foot-candles for the existing lighting were measured and some were at a level more appropriate for an operating room rather than an office environment.

IRS Mileage Reimbursement Rate

The Town of Plaistow follows the rate sent by the Internal Revenue Service (IRS) regarding how mileage fees are reimbursed for personal vehicle usage. The Town used the rate of \$0.565 for 2013. The IRS rate

for 2014 is \$0.56 a reduction of \$0.005. Due to the minimal reduction of the IRS rate no budget lines were changed.

2014 Performance Review/Merit Adjustments

There were adjustments made to some department salary lines for merit raises given to non-union employees based upon performance evaluation.

The effected department budgets are:

Police Admin (Police Chief) 1-4210-10-110	Increase of \$2,413.62 to \$82,867.62
Police Admin (Lieutenant) 1-4210-10-110	Increase of \$1,133.18 to \$57,792.18
FD Permanent Positions (Fire Chief) 1-4220-10-110	Increase of \$2,123.67 to \$79,912.67
FD Permanent Positions (Captain) 1-4220-20-110	Increase of \$1,196.21 to \$41,069.81
FD Permanent Positions (Fire Fighter) 1-4220-20-110	Increase of \$1,138.30 to \$39,098.80
FD Permanent Positions (Fire Fighter) 1-4220-20-110	Increase of \$1,123.20 to \$38,563.20
Exec Permanent Positions (Admin Asst.) 1-4130-30-110	Increase of \$291.20 to \$14,851.20
Police Admin (Admin Asst.) 1-4210-10-110	Increase of \$1,138.80 to \$39,098.80
PB Perm Position (Planner) 1-4191-10-110	Increase of \$971.78 to \$49,560.58
HR/Services/Assessing 1-4150-30-120	Increase of \$970.94 to \$49,518.14
Insp. Perm Position (Office Manager) 1-4240-10-110	Increase of \$1,001.52 to \$34,385.52
Highway Salaries (Supervisor) 1-4311-11-110	Increase of \$1,694.16 to \$58,166.16
Exec Salary (Town Manager) 1-4130-20-110	Increase of \$1,760.00 to \$89,760.00

Personnel Administration

These budget increases are based upon changes in salary lines; increases in health care insurance premiums; changes in employee census; and significant legislative changes in the obligations to the NH Retirement System.

Increases include the following:

From 19.95% in 2013 to 25.3% in 2014 for Police Officers
From 22.89 percent in 2013 to 27.74% in 2014 for Fire Fighters
From 8.8 percent in 2013 to 10.77 percent in 2014 for other Town Employees

There was also an employee participation increase of 7.9% to the Anthem Plan and 2% increase to the Northern New England Benefit plan.

Based on all these factors the over increase to the Personnel Administration budget approved by the BOS was \$152,692.

DEFAULT BUDGET

The Committee reviewed a printed copy of the Default Budget.

S. Fitzgerald offered that the language of the Default Budget can sometimes be confusing. He noted that it is set by the BOS by considering the 2013, reduced or increased by contractual obligations; completed one-time projects and purchases; salary obligations; and other items required by law.

D. Britton asked what last year's Default Budget was. It was noted to be \$7,765,133.

M. Sumner noted a discrepancy in the number shown on the MS7 form.

J. Sherman offered that it was most likely due to changes that were made a Deliberative Session.

M. Sumner noted that proposed Default Budget (\$8,030,101) was higher than the proposed 2014 budget.

S. Fitzgerald attributed the reduction in the combining of some departments as well as more efficiencies being identified.

D. Heffernan asked if the salary increase was contractual or overall.

S. Fitzgerald indicated that the merit raises were non-union salaries, but there were also some union contractual obligations.

D. Britton noted that the largest increase, that being in the Personnel Administration budget, mostly based on insurance increases was maddening.

There was a discussion of the percentage contributions for employer and employee. It was noted that older hires were paying at a rate of 90/10 (employer/employee), some were paying at 85/15 and some at 80/20, depending on their date of hire and/or contractual requirement.

M. Sumner offered that in the "real world" most contribution splits were 80/20.

K. Lewis-Savage noted that a salary matrix survey had been done and shows that comparable positions in private sector employment were paid at a significantly higher rate.

J. Sherman added that when other towns were previously surveyed many were paying 100% of the employee's insurance costs. He noted the survey was a number of years ago and things may have changed since then.

M. Sumner noted that her employer sent out a form to their employees each year that showed their salary, vacation, sick, insurance costs and other benefits to give a picture of the full compensation for each employee.

J. Sherman offered that not all increases were based on rate increases. He noted that some of the increases were due to employee census and plan changes.

There was a discussion of existing incentives for employees who do not need to take the Town's insurance package. It was noted to be minimal.

K. Lewis-Savage suggested that the Committee members review the default budget at their leisure and provide S. Fitzgerald with any questions they may have to be addressed at the next meeting.

Administrative Assistant

S. Fitzgerald noted there was one more change that the BOS approved which affected that Executive Department budget. He noted that formerly there were three (3) full-time equivalent (FTE) positions with the Town Manager/Selectmen's Office. These three positions were the Town Manager, Administrative Assistance and Receptionist/Administrative Assistant. S. Fitzgerald noted that over the past five (5) years that has been reduced to 2.5 FTEs.

S. Fitzgerald noted that with additional projects and grants to focus on the BOS voted to and back in the 20 hours per week and restore the staffing for the Town Manager/BOS Office to three (3) FTE.

J. Sherman noted that the BOS was in favor of having a full-time Receptionist and full-time Administrative Assistant to relieve tasks from the Town Manager.

K. Lewis-Savage noted that the voting to take these new budget numbers under consideration would be per department and not a single overall vote.

D. Gerns moved, second by B. Weymouth, to accept for consideration the amended budget for the Executive Offices in the amount of \$295,894. The vote was 9-0-0 U/A.

M. Sumner moved, second by T. Holt, to accept for consideration the amended budget for the Assessing Department in the amount of \$148,022. The vote was 8-0-1 (Sadewicz abstaining).

B. Sadewicz moved, second by M. Sumner, to accept for consideration the amended budget for the Personnel Administration Department in the amount of \$1,812,638. The vote was 9-0-0 U/A.

M. Sumner moved, second by D. Gerns, to accept for consideration the amended budget for the Planning Department in the amount of \$148,022. The vote was 9-0-0 U/A.

B. Sadewicz moved, second by M. Sumner, to accept for consideration the amended budget for General Government in the amount of \$179,305. The vote was 9-0-0 U/A.

D. Gerns moved, second by B. Sadewicz, to accept for consideration the amended budget for the Police/ACO Department in the amount of \$1,864,736. The vote was 8-0-1 (Lewis-Savage abstaining).

B. Sadewicz moved, second by D. Gerns, to accept for consideration the amended budget for Fire Department in the amount of \$541,111. The vote was 9-0-0 U/A.

B. Sadewicz moved, second by B. Weymouth, to accept for consideration the amended budget for Building Inspection Department in the amount of \$114,582. The vote was 9-0-0 U/A.

M. Sumner moved, second by T. Holt, to accept for consideration the amended budget for Public Works Administration in the amount of \$287,361. The vote was 9-0-0 U/A.

REVIEW/RECOMMENDATIONS OF WARRANT ARTICLES

J. Sherman noted that the Warrant Articles had been sequentially re-numbered since the last review of the Budget Committee.

It was noted that Warrant Article P-14-14 had been previously reviewed by the Committee but no vote had been taken. The Article had been temporarily withdrawn by the BOS pending further review. That review was completed and therefore was now ready to be discussed by the Budget Committee.

FIRE SUPPRESSION PUMP AND PUMP HOUSE CAPITAL RESERVE FUND DEPOSIT

Article P-14-14: Shall the Town vote to raise and appropriate the sum of \$70,000 to be added to the existing Fire Suppression System Pump/Pump House Replacement Capital Reserve Fund?

(Recommended by the Board of Selectmen (4-1-0) and Budget Committee (0-0-0); and this funding is included in the 2014-2019 Capital Improvement Program as approved by the Planning Board.)

[Intent: to continue to set aside money for future replacement of the pumps for the Fire Protection System and the pump house they are located in. The building that houses the pump that distributes the water for the fire suppression/protection system must be replaced at the same time that the pumps are replaced. The replacement is scheduled for 2015 at an estimated cost of \$200,000 for the pumps and \$150,000 for the pump house, totaling \$350,000. The money in this Capital Reserve Fund will be invested in an interest bearing account.]

Balance of the Fire Suppression Pump and Pump House Capital Reverse Fund is _____ as of December 31, 2013.

S. Fitzgerald noted that this Article would allow for the orderly replacement of the Fire Suppression pump system and pump house, therefore protecting an important asset and life safety function.

D. Heffernan noted that the Fire Suppression line was also an income generating function.

S. Fitzgerald added that the Town collects \$105,000 annual from business along the line.

M. Sumner moved, second by D. Gerns, to recommend Article P-14-14 in the amount of \$70,000 to be deposited to the Fire Suppression Pump and Pump House Capital Reverse Fund. The vote was 9-0-0 U/A.

ESTABLISHMENT OF A RECREATION PLAN CAPITAL RESERVE FUND AND ASSOCIATED DEPOSIT

Article P-14-??: Shall the Town vote to establish a Recreation Plan Capital Reserve Fund and raise and appropriate the sum of \$50,000 to deposit into this fund for the purpose of setting aside money to for the

completion of various recreation projects included in the Town's Strategic Recreation Plan. Completion of the projects listed in the Strategic Recreation Plan will allow the Town to meet all of its recreational needs.

(Recommended by the Board of Selectmen (4-1-0) and Budget Committee (0-0-0); and this funding is included in the 2014-2019 Capital Improvement Program as approved by the Planning Board)

[Intent: In 2012, the Recreation Commission completed a rewrite of the Recreation Chapter of the Plaistow MasterPlan. The recreation Department also developed a Strategic Recreation Plan that includes a list of the recreation projects that the Town should pursue in order to meet all of its recreational needs. Establishing the Recreation Fund will allow the Town to stabilize year-to-year variations in capital outlays for the various recreation projects and reduce or eliminate interest payments by having cash on hand. Overall, this will facilitate the implementation of the MasterPlan through the scheduling of proposed projects over a period of time in order to allow the Town to attain the goal of implementing the needed projects in order to meet the recreation needs of the residents of Plaistow.]

S. Fitzgerald explained that the next Warrant Article was a new one for the Committee to review. It was to establish a Capital Reserve Fund for the purposes of upgrading the existing facilities and programs and establishing new ones. S. Fitzgerald noted that the national standard for recreation is that there is a park for every 2,000 residents. He added that the Town has wonderful amenities, but there just aren't enough of them.

Christina Cruz, Plaistow Recreation Director, made a presentation to the Committee in support of the proposed Warrant Article, noting the following:

- Recreation is necessary for the enhancement of the quality of life for all ages
- There was consultation with the Recreation Commission; Recreation Staff and the Plaistow First Committee in the development of a Recreation Strategic Plan to be able to provide low cost/no cost recreational experiences for all residents

- To develop all areas of recreation
- Balance the monetary needs for projects

C. Cruz talked about was of developing recreational facilities, such as establishing walking trails near the PARC facility on Old County Road. She also listed seventeen (17) projects that are part of the Recreation Strategic Plan such as a dog park, Splash Park and a Community Life Center.

C. Cruz noted that she has been working with Mark Fougere, who has been contracted to the Town to update the Recreation Impact Fees.

D. Heffernan noted that when he looked at the projects list he didn't see anything that discussed soccer fields.

K. Lewis-Savage explained why the Timberlane Youth Soccer League (TYSL) doesn't use the Town's fields. She noting that since it is not a town-sponsored program the fields must be paid for and TYSL has chosen not to pay for the use of the fields.

J. Sherman offered that the Recreation Strategic Plan is included in the MasterPlan update to the Recreation Chapter that was done in 2012.

K. Lewis-Savage added that it's difficult to get voters to approve recreation projects or purchases when there were other important items on the Warrant. She suggested having a Capital Reserve Account would make achieving recreation goals more financially possible.

There was discussion of the Community Life Center being listed as a high priority in the chart included in the presentation. It was noted that while it is listed as a priority, it is also listed as being difficult to

achieve. Suggestions were made on how to better present the idea to residents, with emphasis on the multi-function usage and the potential of the center being regional and income generating.

C. Cruz noted that the \$50,000 deposit to establish this account would only mean a \$12.00 difference to the taxpayer. She noted it was not a wish list, but a plan that establishes benefits while balance the financial burden with passive and active recreation for young and old.

K. Lewis-Savage added that there wasn't anything that couldn't be changed if the needs of the Town were to change over time.

J. Sherman agreed, noting that there was now a YMCA in Plaistow who were very interested in working with the Town to supplement, not replace, the Town's recreational programs. He noted the Y wasn't known about at the time of the plan development.

S. Fitzgerald added that the Town was also always aggressively pursuing grants to fund projects as well. He noted that having a Capital Fund could make the difference when a grant becomes available and matching funds are required.

M. Sumner suggested that a cable program be developed base upon today's presentation.

M. Sumner moved, second by T. Holt, to recommend Article P-14-?? in the amount of \$50,000 to establish a Recreation Capital Reserve Fund. The vote was 9-0-0 U/A.

K. Lewis-Savage noted that she is a member of the Recreation Commission and did not abstain from voting for recommendation as she receives no financial consideration as a member of the Commission.

J. Sherman noted that other two Warrant Articles that were provided to the Committee were done so as a courtesy and were not financial in nature.

K. Lewis-Savage noted that there was an Article about reducing the number of member on the Budget Committee and if the Committee wanted to discuss that one it could be put on the agenda for the next meeting.

J. Sherman offered that the BOS was generally in favor of that proposed Article but had questions about the transition process of getting to the point of the reduced number of members.

Committee Reports

There were no committee reports at this meeting.

Old Business

There was no old business discussed at this meeting.

New Business

There was no new business brought forth at this meeting.

K. Lewis-Savage adjourned the meeting at 11:31 a.m.

Respectfully Submitted:

Dee Voss
Recording Secretary