

APPROVED

**TOWN OF PELHAM
BUDGET COMMITTEE – MEETING MINUTES
Thursday, January 13, 2022**

CALL TO ORDER – Amber Capone opened the meeting at approximately 7:16 pm.

PLEDGE OF ALLEGIANCE

Ms. Capone performed a roll call attendance:

PRESENT: Meg Bressette
Jason Croteau
Philip Haberlen
Eduardo Martony
Bob Sherman
Bob Haverty
Megan Larson

ABSENT: Paul Grant (excused)
Kannan Sasi (excused)

MINUTES REVIEW:

MOTION: (Mr. Sherman/Mr. Haverty) To place the December 16, 2021, meeting minutes on file. Mr. Sherman said that on Line 309, there needs to be a second to the Motion. Ms. Capone said that was Mr. Croteau. Ms. Capone said that Paul Grant's absence for that meeting was unexcused.

ROLL CALL VOTE: Megan Larson – yes
Eduardo Martony – yes
Bob Sherman - yes
Meg Bressette – yes
Philip Haberlen - yes
Jason Croteau – yes
Bob Haverty – yes
Amber Capone - yes

(8-0-0) Motion passes.

OLD BUSINESS:

Ms. Capone said they are continuing to review the by-laws.

RECONSIDERATION

School Budget: Ms. Deb Mahoney introduced herself as the business administrator for the school district and Ms. Sarah Marandos as the assistant superintendent for the school district. Ms. Mahoney said she sent

a memo to the committee with a recommended adjustment for a reduction of \$30,922.00. The first one is for a worker's compensation insurance, as they received a not to exceed figure from the insurance provider and that resulted in a reduction of \$23,965.00. The second item is for an energy efficiency lease, which was refinanced, and the interest rate was reduced from 3.75% to 2.727%. That resulted in a reduction of \$6,957.00. Those are reflected in the changes as the default budget number. The school board voted and approved this. They are asking for budget committee approval. Ms. Bressette asked what the energy efficiency lease was. Ms. Mahoney said they reviewed the performance of their current equipment in the schools, and they realized there would be a savings if they were to improve the in-house equipment. The total savings they could achieve was about \$140,000.00 per year. They took out a lease and redirected the savings money to pay the lease for 14 years. By doing this they have new boilers, transformers, new controls and improvements. The new rate saves about \$7,000.00 per year in their payments. There are 12 years left on the lease. This resulted in a net neutral change in their budget due to the reduction being reallocated.

MOTION: (Mr. Sherman/Mr. Martony) For the fiscal year, 2023 school budget, that there be a reduction in the worker's compensation, insurance and energy efficiency lease to reduce the total budget to \$39,912,493.00. Ms. Capone noted that is a decrease in the amount of \$30,922.00.

ROLL CALL VOTE: Eduardo Martony – yes
Bob Sherman - yes
Meg Bressette – yes
Philip Haberlen - yes
Jason Croteau – yes
Bob Haverty – yes
Megan Larson – yes
Amber Capone - yes

(8-0-0) Motion passes.

RECONSIDERATION

Warrant Article – Ms. Capone said that Article 2, the Operating Budget had to change. She read it as it will be posted: Article 2, Operating Budget – Shall the Pelham School district raise and appropriate as an operating budget, not including appropriations by special warrant articles and other appropriations voted separately the amount set forth in the budget posted with the warrant or as amended by vote of the first session of the annual school district meeting. For purposes set forth therein totaling \$39,912,493.00. Should this article be defeated, the default budget shall be \$38,988,777.00, which is the same as last year with certain adjustments required by previous action of the Pelham School District or by law. Or the Pelham school board 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. Majority vote required, recommended by the school board.

MOTION: (Mr. Sherman/Mr. Croteau) To approve Article 2 as read.

ROLL CALL VOTE: Bob Sherman - yes
Meg Bressette – yes
Philip Haberlen - yes
Jason Croteau – yes
Bob Haverty – yes
Megan Larson - yes
Eduardo Martony - yes
Amber Capone - yes

(8-0-0) Motion passes.

Ms. Mahoney said she will take this budget and put it into the MS27 Report (which is the state report) and will drop it off at the police department on January 14, 2022. She asked for everyone to sign off on that quickly, so that they can get it posted. Ms. Mahoney said it has to be posted by Monday, January 24, 2022. Ms. Capone asked if it would have to be signed by the end of next week. Ms. Mahoney said she normally posts it on the Friday before, in case of inclement weather and yes, essentially it gives them a whole week. Ms. Capone told the committee that they need a majority signature on the MS27, and it will be located with the dispatch at the police station. Ms. Mahoney will email the committee to let them know when it's there. Ms. Capone asked if the speech pathologist needed to be discussed. Ms. Bressette said they never finalized a vote on that. Ms. Larson said it is now in contracted services and it does not need to be discussed.

TOWN RECONSIDERATION

Ms. Capone stated they are using the colorful page that was handed out at the beginning of the meeting. Mr. McCarthy introduced himself as the town administrator and he introduced Deb Padykula as the finance director and Brian Demers as the IT administrator. Mr. McCarthy said the committee has approved \$19,817,755.00. He said he will go over only the line items that reflect changes. He started off with the cemetery budget, they would like to increase it by \$1,300.00 and that is because of fuel. He is projecting the fuel for 2022 to be \$3.75 for regular and \$4.25 for diesel. Ms. Bressette asked where he got those projections from. Mr. McCarthy said he looked at the AAA numbers and his usual sources for his projection and he feels those are safe numbers for both gas and diesel. Mr. Sherman asked why diesel was only increasing by \$1.00 as opposed to the \$1.50 increase for unleaded fuel. Mr. Sherman asked if diesel doesn't go up as much. Mr. McCarthy said it does, but thought they were both safe numbers to operate with. Ms. Bressette asked if the town had locked in on those fuel prices. Mr. McCarthy said they get their fuel from a vendor, he thought it was B&H and they've never had an opportunity to lock in. He said he could explore that for the future. Ms. Capone said it would give the prices more stability. Mr. Sherman asked if the library's fuel was under the town buildings. Mr. McCarthy said yes, it was. Mr. McCarthy said for debt services, there were some land conservation purchases and there is a 10-year bond from a 2004 warrant article with an interest rate now of 2.65% for debt service interest. They will see an increase of \$31,973.00. For debt service principal, with the land purchases, they will see an increase of \$65,750.00. Ms. Bressette asked if those took effect because they entered into agreements to buy them. Mr. McCarthy said that was correct and that these were purchases done right at the end of 2021. Mr. McCarthy said within the Fire Department, they are asking for an increase of \$8,310.00 for gas and diesel. He said the Highway Department is asking for an increase of \$18,636.00 for gas and diesel. Insurance has increased in the amount of \$252,839.00. Dental rates decreased, property and liability rates increased by 17%, worker's compensation rates increased by 13%, unemployment decreased, health insurance rates increased by 5% and open enrollment changes, along with the addition of 2 patrolmen with family plan insurance packages. Ms. Bressette asked if that included worker's compensation, health insurance and unemployment all together. Mr. McCarthy said yes, that was correct. Ms. Bressette asked what the property and liability insurance covers; if it was just town buildings or if it also included the town forests. Mr. McCarthy said yes, it is for everything. Ms. Bressette mentioned that there is a warrant article to open up town forests and/or trails to allow off road vehicles, so she asked how that affects that line item. Mr. McCarthy said that in all of the parks, they have signs posted that they are to be used at your own risk. He said by posting these signs, they are covering the town and hopefully will negate any claims. Ms. Capone asked if they've made sure our insurance would cover an ATV accident. Mr. McCarthy said insurance companies prepare for such scenarios and depending on the circumstances, would depend on if they would pay out or not. Mr. Sherman asked about snowmobilers, and if they would fall under the same category. Mr. Croteau said as far as snowmobilers, they have their own insurance policy because they are an organized group. He said the ATV users would probably be a group that can do something like that. Mr. McCarthy agreed, should that come to fruition, and he has mentioned that to our insurance company. Ms. Bressette asked if there were an increase in worker's compensation claims and Mr. McCarthy said yes, they did see a significant

increase. She asked if it was due to a rollover in employees or employees getting hurt. Mr. McCarthy said employees. Mr. Haberlen asked if there were an unusual number of injuries. Mr. McCarthy said there were more than last year and that impacted the rate. Mr. Croteau asked if they had procedures in place to try and mitigate that going forward. Mr. McCarthy said yes, and they are meeting with the departments that were at the forefront of those claims and the insurance company to develop a plan to understand what was going on. He said it is on the front of his radar and this will be addressed to see if anything can be done internally to prohibit and reduce these claims. Mr. McCarthy said for the Parks and Recreation Department budget there was an increase of \$490.00 for gas. Mr. McCarthy said the Planning Department had an increase of \$1,120.00 for gas. Mr. McCarthy said for the police department, they made the decision to add the 2 new patrolmen positions at \$118,252.00 for the increase. The retirement increase for those two officers is \$27,095.00. Mr. Sherman said he made the reduction of \$11,000.00 for overtime and for next year, would they see a further reduction. Mr. McCarthy said yes, they would. Ms. Capone checked the numbers from what they approved and said it was an extra \$92,352.00 for the police, \$27,095.00 for retirement and \$46,000.00 in insurance and that was how it would be broken out. Mr. Croteau asked about the \$1,120.00 for the Planning department and was that with consideration for the new full-time building inspector. Mr. McCarthy said yes it was and the search is going well. Mr. McCarthy said for the senior center budget, there was an increase of \$436.00 for the gas fuel. Mr. McCarthy said for the town buildings, the electricity went up significantly, for an increase of \$42,503.00. He said our last 3-year contract with NRPC was up last November and this was the new rate they gave us. Mr. Bressette asked if that locked us in for the next three years and Mr. McCarthy said yes. Ms. Capone asked if they were aware of the rate prior to signing the contract. Mr. McCarthy said they knew there would be an increase. He said they checked with other companies, and they were all around the same pricing. Ms. Bressette asked how much it was per kilowatt hour in the new contract. Mr. McCarthy said it is 0.1174 and the old rate was 0.0773. Ms. Bressette asked who supplied the electricity. Mr. McCarthy said the NRPC negotiates for the 13 towns, and they buy as a group, which would give them a better rate by doing it that way. Ms. Capone asked how many years our contract was for. Mr. McCarthy said it started in November 2021 and would end in November 2023. Mr. McCarthy said that next November the rate will drop to 0.0912, so during the second year of the contract there will be a significant drop. Mr. Sherman asked what the solar panel situation was. Mr. McCarthy said they have moved away from that project. Mr. McCarthy said the transfer station has an increase of \$1,536.00 for gas and diesel. Mr. Sherman made a comment to change the wording on Line #560 'glass crusher'. Mr. Martony said it might be an aluminum sorting machine. Mr. McCarthy said it should be called a 'can separator'. Mr. McCarthy said the total requests for reconsideration for the town is \$572,240.00, which would bring the new budget number to \$20,389,995.00. Ms. Capone wanted to remind the committee that out of the \$572,240.00, they've approved \$168,560.32 and that was approved with the two patrolmen. Mr. Larson asked when they received their insurance rates. Mr. McCarthy said they usually get them in November. Ms. Capone opened it up to the public. No one spoke.

MOTION: (Mr. Croteau/Mr. Haverty) To approve the town budget with a new total of \$20,389,995.00, which is a difference of \$572,240.00.

Mr. Martony stated that an increase of 12.3% increase in the budget is out of control. Mr. McCarthy said they've seen some unexpected things come in. They are working at lowering insurance numbers for next year and the electricity numbers will go down. He said that having Ms. Padykula there now, with her experience and background will help to bring a new perspective in and that will help to make a lot of changes for the better. He said they are aware of it and are going to work hard to bring the numbers down. Mr. Sherman said that he had a similar concern, with paying the school bond and they still have a bond on the town building that will end this year. He was against adding the two patrolmen this year. He asked about the reserve fund and how much of that could be tapped to offset any of the increase. Mr. McCarthy clarified that it is the unassigned fund balance and currently there is 4.4 million in that now. He said once 2021 numbers have been finalized, that number should go up. He said that in the past they've used this balance for some things, but it can only be spent by authorization of the legislative body, in the form of a

warrant article. He said if they move forward with a capital project, they can consider the unassigned fund balance. He mentioned the problem with using that money comes to when they set the tax rate. When they set the tax rate in October, the more money that is in there, that allows them to level and stabilize the tax rate. He said there needs to be a balance in there. Mr. Haverty said it is recommended they have a certain percentage of money in that account. Mr. Sherman said he hoped some of that can be used to offset the increase. Mr. McCarthy said moving forward, a capital project would be the animal shelter and maybe they can use some of that money for that. He said that the American Rescue Plan is broadening their areas as to what grants can be applied for and he is actively applying for those. He has applied for a 1.4-million-dollar grant for the A/C systems and COVID related equipment for the air systems within the town. That will not impact the taxes at all. He said that they are constantly looking into grants and Ms. Binette does that as part of her position. He said the senior center has received some grants also. Ms. Capone asked if anyone looked at using the unassigned fund balance for the planning department renovation project. Mr. McCarthy said at the time they usually averaged about 100-200K a year for infrastructure projects, and they got a very fair number for these renovations. He said honestly it did not occur to him to go to the unassigned fund balance for that. Ms. Capone asked what they are doing with the 4.4 million currently in the fund and if that is invested at all to make money and that is reflected in the budget. Mr. McCarthy said it is reflected in the finance report they get from their auditors. Ms. Capone asked if the earnings go back into the same fund and Mr. McCarthy said yes. Ms. Bressette asked how much lower he could go on the gas prices. Mr. Haverty said that some sites said fuel prices will go up and some say they will go down and all they can do is try to estimate the best they can and that he is very comfortable with the number they came up with. He said he would be uncomfortable going with a lower number. Mr. McCarthy said that for this year they overspent on fuel because they went too low. He said he does not want to end up in that same situation and that it really is a forecast. He said that if they end up with a surplus, it will go back into the general fund, which goes into the unassigned fund balance. Ms. Bressette said that this has been the biggest bump she has ever seen in the past four years and hopefully next budget season there won't be as many projects or new hires, and they can stay pretty level. Mr. McCarthy said they didn't expect the insurance increases and they are going to take a hard look at everything to try and come up with better numbers. Ms. Capone said she doesn't think it's a matter of where the money goes, it is more of it not helping our taxes. Mr. Haverty said it actually does help the tax rate, because every year the Board of Selectmen analyze and decide to take some of that money to deplete the tax rate. He said they ask the taxpayers for the money this year and whatever they don't spend ends up in the unassigned fund balance and they use that to defray other years. Ms. Capone said it's hard to see it that way as a taxpayer. Ms. Larson asked how much of the unassigned fund balance was used for the tax rate this year. Mr. McCarthy said they used 1-million this year. Ms. Larson asked if they returned three and used one. Mr. McCarthy said yes, because they know what's coming with the bonds. Mr. Haverty said if they used three or four then they have to start out at that point next year and they need to be careful because it might not be there. Ms. Larson said three is a lot for them and they won't ever see that number again. She said she would expect it would be their normal rates or less this year and would be historically about 1 million. Mr. McCarthy said they want to have as much there to try and mitigate what might be coming. Ms. Larson said for the next tax cycle they should have whatever they'll have at the end of their surplus, plus what the school has, so they would have money to decrease the tax. Mr. McCarthy said that was correct. Mr. Samuel Thomas introduced himself, as being a member of the Planning Board as well as the chair for the Master Plan. He commented about the fuel pricing and said for the last 45 years he has worked in the oil and gas industry. He said as long as refineries don't come on stream, which they are not, they will see gas price increases. He said as long as this happens, we will not see a decrease in the prices. He commented that it is all about what the gas companies are doing. Ms. Capone said they appreciate his comments and asked him if he thought the \$3.75 price for gas was appropriate. Mr. Thomas said he would estimate it going to be about \$4.25 to \$4.75 on the east coast. Because we are so far from most refineries, and we haven't seen the effects of what is happening now on the west coast. He said because of COVID, natural disasters and supply and demand, this is his perspective of what may happen with pricing. Ms. Capone said that at least gives the committee some comfort that the pricing of fuel really cannot come down. Mr. McCarthy said his original quotes were higher.

ROLL CALL VOTE: Meg Bressette – yes
Eduardo Martony – yes
Philip Haberlen - yes
Jason Croteau – yes
Bob Haverly – yes
Bob Sherman - yes
Megan Larson – yes
Eduardo Martony – yes
Bob Sherman - yes
Amber Capone - yes

(8-0-0) Motion passes.

Warrant Articles

Ms. Capone asked Mr. McCarthy if the only Article that will change is Article 5. He said yes, that was correct. Ms. Capone read Article 5 into the record, with the approved numbers. Mr. McCarthy mentioned the default would change too. He said the new default budget number is \$19,638,322.00. Ms. Larson asked how he got that number. Mr. McCarthy said it is insurance and the additional police officers. Ms. Larson said they are new hires. She said if she had to guess it would debt service, debt principal, interest, principal and insurance. Mr. McCarthy said the new officers are not on the default. Ms. Larson said she got \$19,566,157.00 and she said retirement wouldn't be in there, as they are new officers. Ms. Capone asked if it should be \$19,215,595 plus the \$206,678.00 for insurance total, plus \$31,973.00 for the interest. Ms. Larson said hers were lower because the police are in the insurance number. Ms. Capone said the police are not in that one. Ms. Capone said she and Ms. Bressette came up with the same number, which is \$19,519,996.00 and Ms. Larson agreed. She said she took the original default budget at \$19,215,595.00, added \$206,678.00 for insurance, less the police, took \$31,973.00, which is debt service interest and took \$65,750.00 which is the debt service principal and added that to the \$19,215,595.00 for a total of \$19,519,996.00. Ms. Padykula mentioned the increase to electric. Mr. McCarthy said that is a contract for \$42,000.00. Ms. Larson asked if the electric reads are usually in the default. Mr. McCarthy said it is a contract, so yes it would be. Ms. Padykula said after adding in the \$42,503.00 for electric, she got \$19,562,439.00. Ms. Capone came up with \$19,562,499.00. Ms. Padykula agreed with that number as being correct. Ms. Capone read the new Article 5 with the updated numbers, as follows: Shall the town vote to raise and appropriate as an operating budget, not including appropriations by special warrant articles and other appropriations voted separately, the amount set forth on the budget posted with the warrant or as amended by vote of the first session for the purposes set forth herein totaling \$20,389,995.00. Should this article be defeated, the default budget shall be \$19,562,499.00, which is the same as last year with certain adjustments required by previous action of the town, by the town or bylaw or 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. Recommended by the selectmen and originally the amounts were recommended by the budget committee.

MOTION: (Ms. Larson/Mr. Martony) To approve the warrant article as read.

ROLL CALL VOTE: Philip Haberlen – yes
Jason Croteau – yes
Bob Haverly – yes
Megan Larson – yes
Eduardo Martony - yes
Bob Sherman - yes

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Meg Bressette – yes
Amber Capone - yes

(8-0-0) The motion passed.

NEW BUSINESS

Ms. Capone said this would be her final meeting and they need to elect a new chairperson.

MOTION: (Ms. Capone/Mr. Sherman) To elect Meg Bressette as the new chairperson for the Budget Committee. Mr. Haverty thanked Ms. Capone for her service on this committee and the town and for all of the work she had done.

ROLL CALL VOTE: Jason Croteau – yes
Bob Haverty – yes
Megan Larson - yes
Eduardo Martony – yes
Bob Sherman - yes
Meg Bressette – abstain
Philip Haberlen – yes
Amber Capone – yes

(7-0-1) The motion passed.

MOTION: (Ms. Capone/Mr. Haverty) To elect Philip Haberlen as the vice-chair for the Budget Committee.

ROLL CALL VOTE: Bob Haverty – yes
Megan Larson - yes
Eduardo Martony – yes
Bob Sherman - yes
Meg Bressette – yes
Philip Haberlen – abstain
Jason Croteau - yes
Amber Capone – yes

(7-0-1) The motion passed.

ADJOURN

MOTION: (Mr. Haverty/Mr. Croteau) To adjourn the meeting.

ROLL CALL VOTE: Megan Larson – yes
Eduardo Martony – yes
Bob Sherman – yes
Meg Bressette – yes
Philip Haberlen – yes
Jason Croteau – yes
Bob Haverty - yes
Amber Capone – yes

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(8-0-0) Motion passes.

The meeting was adjourned at approximately 8:20 PM.

Respectfully submitted,
Jennifer Castles
Recording Secretary