Town of Epping

Budget Committee Meeting

June 16, 2021

Call to Order:

The budget committee meeting was called to order at 7:00pm.

Attendance:

Budget Committee Members: Michael Charkowski-Chairman, Steve Ozols, Ben Leavitt-School Board Rep, Marty Dyer, Jen Chapman, Robert Hodgman, Mark Vallone, John Cody-Town Selectman Rep, Steve Thomas, Greg Dodge and Lisa Fogg. Mike Lecuyer, Cody Belanger and Cynthia Hounam were not present.

Selectman: Mike Yergeau and Joe Twombley

Opening Comments:

Tonight will talk about the town budget target.

New Business:

Michael sent a letter to the Board of Selectmen with a proposal. He asked if anyone on the committee had any questions. He asked Mike Yergeau and Joe Twombley to answer any questions.

* Mike Yergeau wanted to clarify if the 2.1% was line by line.
* Joe mentioned on the spreadsheet Michael sent the 2.1% was based on one month only, Joe based it off a 12 month average. The problem with basing it off 1 month is that there are seasonal fluctuation of costs.
* Joe said the CPI is used for the cost of living, they do it on a 12 month average of the prior year.
* Joe said the MCI is not specific to a region, he said we have be mindful on how we apply MCI to the budget as they include construction cost which is not carried in the budget. He said they do not have any year over year construction costs, that is 1/3 of the number that goes into the MCI.
* Joe said looking at a line by line 2.1% budget is not realistic and is setting us up for failure. He thinks that the 2.1% is good bottom line.
* Joe would like to clarify if the intent was to take 2.1% and apply across the board regardless of labor, discretionary and non-discretionary items. He would suggest only applying the 2.1% to the discretionary items as we do not know what the non-discretionary numbers will be.
* Mike Yergeau was under the impression that they were putting the cruiser back into the budget, if so doing that they are already over the 2.1%.
* Michael Charkowski was under the impression the 2.1% was being applied as a whole and any line item that went above the 2.1% there would be a discussion as to why. This would apply to all items on the budget except one time expenses, anything new coming in would be discussed separately and not fall into the 2.1%.
* Mike Yergeau mentioned that last year they paid for the cruiser from the detail funds and we were putting back in this year, now that we are putting back in the budget we are being told differently. John mentioned last year that if the took the cruiser out that we would be paying for it this year.
* Joe said there are (3) things being added that will always be there and those are the fire hire, police cruiser and the town clerk. That is $150,000 right there, we would be at 2% with that alone and that is without even touching the budget.
* Mike wants to point out that this year there was an overlay issue, the overlay they pay the abatements out of, he disclosed they had to pay Eversource a settlement payment of $259,000 for over assessment which we had $154,000, after paying that it left us a negative. There is another issue that he cannot discuss as it is ongoing, but there is a potential for us to pay out another $104,000. There are no funds in the account and that will have to be funded in the next budget.
* Steve Ozols said regarding the 2.1%, he is looking at it as a whole and if it is more than that we will talk about it, he would like to make it simple and not do line by line.
* Steve Ozols asked about the covid relief funds. Mike Yergeau said there are a lot of restrictions now and the money we were promised we now have to apply for. It was guaranteed but now it is based off of lost revenue.
	+ Lisa said the funds allotted to us we have to apply for, not get approved but just say we want it. She said we could calculate for lost revenue but we would have to use it for a certain purpose and a lot of the purposes don’t apply to us as a small town.
	+ The other is water/sewer & broadband infrastructure, she is not sure if it can be used for things already approved. The money would have to be paid upfront, no loans or bonds.
* John asked if there was a target date when this money could start coming in. Lisa said they are opening up the portal tomorrow through August 18. We have until 2024 to have the money obligated and until 2026 to actually spend it.
* Mike Yergeau said the biggest thing is spending labor.
* Joe said there are not many if any one time expenses in the budget. Joe would rather see the one time expenses on a warrant articles where as Mike would rather see them in the budget.
* Michael Charkowski would like to see flagging of any items that has been increased and the reason behind it.
* Joe said the budget that the committee receives in the fall they have already gone over and over. He said if you tune into the Selectmen meeting you can get a better idea of the line by line items.
* Michael Charkowski said that the committee needs to determine what they are going to do, are we going to reevaluate the 2.1% in the fall or do we say the 2.1% is a solid number and we not going to accept anything above it.
* Joe said no matter what the number is, his first request would be to give him a starting number and the 2.1% is a cap.
* Ben though the intention was to set the 2.1% which would be a minimum increase we support based on what the number looked like in the fall. The idea was to force them to look further at the increase and justify it. Mike Yergeau said they already do that with all the department heads.
* Steve Ozols asked if it was documented of any funds taken out of one fund and used to pay another. Joe said you will only see the fund decreased by that amount.
* Mark said we do need targets to start somewhere but ultimately, he is looking at the bottom line to what the change is from this year to next year. Mark asked if increasing the capital reserve fund would help with unexpected expense.
* Joe said he was glad the committee came up with a number but the root of the question he had moving forward is we should come with an agreement on using indexes and if 2.1% is the number we would like to know where to apply it.
* John said if we hold the non-discretionary items to 2.1% are we not making more work for ourselves and taking time away from what we should be deliberating. If those are fixed costs, why are we talking about them if there is nothing we can do about them.
* Joe thinks that if you take out the non-discretionary and said 2.1% they would be fine with that and could come pretty close to that number.
* Marty asked what the percentage is of non-discretionary vs discretionary. Joe thinks about 65% non-discretionary. Joe also mentioned that he will not support labor cost or playing with people employment.
* Mike said to go to a zero budget with numbers he outline earlier it would be a 4% cut on the existing budget with the overlay, police cruiser, fire hire and tax collector.
* Joe said if the police reform comes through who knows what that number will be and this is the problem with issues made by the state it handcuffs them to spend money that we theoretically don’t have but have to budget for. Mike said if HR1 comes to fruition there is 26 days of voting they need to budget for, right now they budget for 1.
* Jen asked if it used to state on the ballot what it would cost the tax payers. Mike said they entertained that but never did. Jen thinks that may be a good idea, Mike does as well but on the other hand it will deter people away from things we actually need.
	+ Joe said the other issues is that you calculate that on the current tax rate, once the election is over you just established a new budget that would impact the next tax rate, it is not accurate and would be held to a number.
* Jen thinks the idea of doing the 12 month average is a good idea because 10 years ago things were different from what they are now.
	+ Mike said that is how they calculate contract negotiations and COLA going forward for the town employees. They average the last year over the CPI then that applies to the next year.
* Michael Charkowski asked if they exclude the non-discretionary items would the 2.1% be useful for budgeting.
* Steve Ozols is hesitant to agree because we don’t know from year to year what the trend is on the spending of those items.
* Mike Yergeau suggested setting a range with budget we are trending at and a range for discretionary items and not an actual number.
* Joe said there were three things asked including a zero budget, is that not being asked for any more or 2.1% as it sits.
* Robert said the goal was to make it easier, he asked when the school and town presents their budget. Ben said the school is usually in November and the Joe said the town is usually a couple weeks before the school. Robert asked if they could get some info a

month prior just to go over it so they are not so crunched.

* + Ben said they will not have anything until September as the teachers are not back until August.
	+ Joe said he can get some data of the 10 year trend of non-discretionary item and have it by September.
* Michael Charkowski would like to make a motion to clarify our direction to the Board of Selectmen that the target applies only to discretionary items and it will be the lower of 2.1% or the 10 year average of discretionary, seconded by Jen. Michael opened it up for discussion.
* Mark said he is comfortable with the 2.1% bottom line, how you get there he does not care.
* Mike said it was a three part aspect: (1) town (2) school and (3) warrant articles.
* John thinks it is tough to set a target, he feels we should wait until the process is over and see what was right and what was wrong and go from there. He said we are jumping ahead by changing the process.
* Mike said that the town budget with out water/sewer is overall $10 million, the town is roughly $7.64 million, then add roughly $180,000 and 2.1% to the budget. Then you have to automatically add $300,000 from that already increased 2.1% budget.
* Steve Thomas would like to see what proposed cuts would be, not to say they will be made. He thinks it is incumbent to stand with the motion made last month, he respectively requests the current motion and the 2nd made tonight be withdrawn and move forward.
* Steve Ozols is reluctant to vote on the motion that is on the floor because he does not know what the 10 year average number is.
* Michael Charkowski said there is still a motion on the floor which is to clarify our direction to the Board of Selectmen that the target applies only to discretionary items and it will be the lower of 2.1% or the 10 year average of discretionary. All in favor, all opposed. Motion does not carry.
* Steve Ozols said in the May minutes the motion was the following: for the 2.1% and also made a motion for the Board of Selectmen to propose a flat budget scenario that will be discussed in a non public session for sensitive employee data and that motion carries. Steve asked if we need to address that motion.
* Michael said we cannot do that second motion because we cannot have a non public discussion, he would like to know if we should provide a priority list of what services have to be cut to get us to 0%. Mark said no.
* Mark makes a motion to resind the May vote a flat rate report from the Board of Selectmen, seconded by Steve Ozols. Michael asked for any discussion. All in favor, motion passes.

That is all for the town target, we will now move onto the school.

Michael said last meeting we made the motion for the school which was the same 2.1% and that has been conveyed and understood by Superintendent Furbush and the school board.

* Ben wanted to clarify that it is 2.1% across the board just like the Selectmen, Michael said yes unless there is any discussion otherwise.
* Mark said we will probably see (2) budgets, one with the 2.1% target and the other with the budget they are proposing both by the school and the town.
* Michael said the second part we asked the school was to have the school board to give us a scenario where they brought the average cost per pupil to the state average. After discussion we decided that was not fair and to amend to get the cost per pupil average for town that are similar to us that run their own set of 3 schools and single municipality. He did some research and found out that we are under the average for the set of schools.
* Steve Thomas was a little confused, if there are 894 students in 0ur 3 schools at and average of $18,721.84 that only amounts to an estimate of $16.7 million a year,
	+ Jen said there are a few things that are not in there, bussing being one of the biggest contributors.
* John asked if the other school districts have the grades we do, Michael said yes.
* Ben said he can send the url for the iplatform so you can see the data, Michael said that the data he provided was from the Dept. of Education which as published in December. This does not account for the adjustments we made to the budget last year.
* Steve Thomas thinks the tax payers are more concerned with actual costs, we have 894 students using roughly $20 million a year which comes to @ $22,000 per pupil so it is questionable as to what is included in the dollar amounts. He thinks that is a lot of money and would not be opposed to substantial reductions for the Epping schools, which is tough as it will affect personnel
* Ben does not have the numbers that would pertain to the reductions they made going forward as they have not had a year of schooling and test in the new format. He can’t say what the performance data would be for the students impacted by the changes that were made to staffing and does not have the numbers to the reflect the cost per pupil.
* Steve Ozols says the business report shows a positive balance which is encouraging to see. He is not sure if it unique of the covid year or because there are opportunities in the budget for some cuts. Also, we still have the $365,000 for the covid relief funds.
* Michael asked if we want amend what we asked for last meeting, which can not be done or ask the school board and superintendent for anything different in reductions. Mark is good with the 2.1% starting point.
* John said that does not mean we are going to accept the 2.1% you still have to justify it.
* Ben asked if he does not have the data from the state by October, do you want to postpone it. Robert said yes.

Meeting schedule:

 September 15, 2021 – 7:00pm

Motion to adjourn, seconded by Robert. Meeting adjourned at 10:08pm.

Respectfully submitted by:

Cynthia Hounam