Town of Epping

Budget Committee

December 15, 2021

Call to Order:

The budget committee meeting was called to order at 6:30pm. Pledge of allegiance followed by a moment of silence for the troops

Attendance:

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

Roll Call: Mark Vallone-zoom, Robert Hodgeman-zoom, Steve Thomas, Mike Lecuyer, Jen Chapman, Michael Charkowski, Steve Ozols, John Cody, Marty Dyer and Ben Leavitt. Cody Belanger is not present.

Michael Charkowski said last week they did not finish discussing the school budget and would like to open it up for discussion.

Mike Lecuyer talked about the title surplus sheet the school board provided.

* They said they were giving back $1.2 million but the real number that was over budgeted was $2,497,000 which includes $618,000 in covid grants. He feels like we asked for cuts last year and there was still meat on the bone. It is really hard for him take in consideration an increase when they over by that much last year.
* Michael Charkowski said those are valid points, he thinks they may be confusing budget with funds. The budget they approved last year is what they are working with now, so the funds they are giving back was from the previous year. He the revenues are what they cannot predict, they were higher than anticipated and that is why they gave back what they did.
* Mark said we are looking at one years number, we need to look at the trend and look at number of years because 2020-2021 was an unusual year. Mike Lecuyer agrees but in the last 3 years they have given back thousands of dollars. Mark said we have to look at the target we gave this year and see if those numbers fit and hold firm.
* John said we cannot sustain the current increase in this budget that we have, he has gotten word back that people do not want to see the increases we have over the past 3 years. We need to continue our trend to make sure that we watch this budget and not have the increases we have had.
* Jen said as much as we would like to see the school budget go down a lot of the reason the taxes have gone up the past couple years is because everything on the ballot has passed,. John said the school is the highest budget in town.
* Michael Charkowski said the one area that you have to affect the school budget is the teachers contract, once you pass that the ability to move the needle on the school is difficult without reducing the labor. John said and that has not even been brought forward and it is a teachers contract year which means there is going to be increases there as well.
* Ben said they are still negotiating, it should be in front of the school board tomorrow to approve. John asked when the committee will see it, Ben said he should be able to send a copy over Friday morning.
* Steve Ozols said the issue with the large school budget is this committee has no say. The salaries are almost half of the school budget, benefits are another $5 million not including FICA which is another $800,000. When you add all that up it is about $18 million of the $20 million budget, there is not much we can say to that. It makes it challenging for the committee.
* Steve Ozols agrees with having a sub-committee to better understand the school budget and what goes into it, it will give us a better idea where we can cut and not cut.
* Michael Charkowski asked if everybody feels like utilities part of the budget is adequate.
	+ John thinks the teacher to student ratio is too high, the number of students in a classroom is too low. Ben said there is a requirement that they have to offer some of those whether or not they have a high enrollment as part of the accreditation.
	+ Steve Ozols asked if bringing the middle/high school together if there has been some efficiency gain at least from an administrative level. Ben that is something we can look at the end of the year as this is the first year. At this point he can say what that would be.
* Robert thinks with the FTE there is room to cut and by doing so it gives more opportunity to offer more classes that not offered.
* Michael Charkowski wishes there was a way to get where they have a choice between the default and the proposed, but does not know how we would get there.
	+ John said the default budget is a structure, there are certain things you can and cannot put in there. It is based off of last years budget.
	+ Michael said if you change the proposed it also changes the default. Ben said the only thing that changes is the head count.
* Steve Thomas said his focus was to the actual expenses. One of the documents provided was cost per pupil, he took 2015-2016 and took what the increase was to 2019 and it was a 15.5% increase, with the cost of per pupil increase this is not sustainable. He also identified $900,000 of deductions at the 2.1% that they benchmarked earlier prior to receiving any documentation. He stated there are too many people employed at the SAU.
* Steve Thomas said somewhere somehow there has to be tighter oversight on the money that is being spent on the contract negotiations. We are out of whack on what we are spending to support 882 students and 213 employees.
* Michael Charkowski is concerned about the turn around rate of the teachers and we are on the lower rate of the pay scale, it costs money to train new people coming on. Jen believes that if we are not a co-op in school in 5 years we are going to be in trouble because we can’t afford to keep paying the teacher what they need to be paid.
	+ Ben said it is a challenging to find good employees, so they are paying $30 more for a sub and $60-$70 more for a nurse that needs to come in. There is a long temr benefit for retention.
	+ Steve Ozols asked if they look at surrounding towns when the negotiate the teachers contract, Ben said yes
* Michael Charkowski said there needs to be a plan put in place for where the budget needs to be for the next 5 years and give them the deadlines.
* Michael Charkowski said for this year he would be for a roll back of the 2.1% that we asked for. His concern looking at the school budget is they are under counting inflation.
* Ben said this budget best concerns the students in this building. The business administrator and the super intendant are good at pushing back for stuff they don’t need.

Michael asked for any other questions as to where they want them to go.

* Mark said we gave them 2.1% and they came back with 2.55% which is a delta of $100,000, he thinks it is best to stick with the 2.1%.
* Steve Thomas said the 2.55% brought to us by the school administration appears to be an increase of the obligate 2022-2023 proposed over the 2021-2022 budget.
	+ Ben said they were asked to come in at 2.1% over last years approved. Steve Thomas said 2.1% over last year budget would be an increase of $414,220 which is a reduction of nearly $120,000.
	+ Steve Thomas said if they used an overall 6% increase over 2021 actual expenses that would have come under the 2.1% benchmark.
	+ Steve Thomas thinks it would be prudent of the school district to prepare for the cost of inflation.
	+ Steve Thomas said it is our part to reduce or minimize the expense of further increases over the next 5 years
* Michael Charkowski agrees but concerned about going off the 2020-2021 budget because it was such a odd year due covid. He would be more for the idea of 4.2% off the 2019-2020 actuals.
* Jen asked if the actuals include the money they put in the trust funds. Mike Lecuyer said the surplus sheet does not include those in the actuals, they are deducted afterward.
* Mike Lecuyer asked if the $793,000 in the fund year end balance is the surplus from 2019-2020, Ben said that is the balance of the general fund.
* Steve Thomas said the funds amounts were in the 2020-2021 as actuals as $75,000 expense.
* Mike Lecuyer brought up the trend of being over budget every year. Ben said they budget for what the spend on supplies, staff, students the full amount of the health insurance, if they do not use it all that is what goes back to the town. Ben said if they budget off the actuals it will put them at the risk of going over budget.
* Steve Ozols asked when they budget for personnel do they budget as if every position is filled and they will take the family health plan. Ben said for the default budget it is based off what their contract provides for any increases and benefits that are actual, with proposed going off from default with any changes what they are looking for in staffing. Ben said they do not forecast everyone in there taking the family plan.
* Steve Ozols said most of concerns are the unknowns. Last year was the NH retirement.
* Mark thinks we should just got focus on the 2.1% and go with that rather than look at actuals from previous years.
* Steve Ozols makes a motion to change the proposed school budget to bring it down to the original 2.1% increase and for the final proposed budget he is recommending it to be $20,684,921, which is a reduction of $91,000 from the original proposed, seconded by Mark.
	+ Ben said part of the reason they are over the 2.1% is to bring on the new music teacher to better support the elementary school students and to bring on the part time person to take over the other duties that have taken up teachers which have taken stipends to do so.
	+ Steve Ozols said he is not making the motion to cut that position, there is probably other areas where you can find that $93,000.
	+ Mark said to Ben that he thinks this is the best deal the school is going to get at the 2.1%

Michael Charkowski asked for any more questions on this motion and will call for roll call vote:

Marty-I, John-I, Ben-nay, Steve Ozols-I, Michael Charwowski-nay, Jen-nay, Mike Lecuyer-nay, Steve Thomas-nay, Mark-I, Cody-nay, Robert-nay. 4-7, motion fails.

* Robert motion for the new budget to be $20,233,798, seconded by Mike Lecuyer. Michael Charkowski has opened it up for discussion.
	+ Ben said since that is the amount of the ESSAR, that is not money that cannot be used to offset the budget, that is to cover things related to covid. That is $542,000 that we have the potential to spread out over 3 year

Michael Charkowski called for a roll call vote: Marty-nay, Ben-nay, John-I, Steve Ozols-nay, Michael Charkowski-nay, Jen-nay, Mike Lecuyer-I, Steve Thomas-nay, Mark-nay, Cody-nay, Robert-I. 3-8, motion fails.

* Ben makes a motion to accept the proposed budget as presented, seconded by Jen. Michael asked for any discussion.
	+ Jen would like add the stipulation that we leave the budget as is it now with the understanding that we are going to form the other committee and make some decision for further down the road.
* Cody asked what the intent of this committee, if it an arm of the budget committee or the town, if it is the town he believes you need a warrant article to establish the committee. John agrees he does not think they have the authority to do that. Michael Charkowski said it will basically be advisory between the budget and school committee.
	+ Greg Dodge said there are two problems: (1) the discussion has to be germane to the motion and it has not been, that is out of order (2) the budget committee cannot compel the school board or any board to do anything. You need to stick the motion on the floor because the other discussion is out of order and move on.

Michal Charkowski asked for a roll call vote on the motion: Marty-I, Ben-I, John-nay, Steve Ozols-I, Michal Charkowski-I, Jen-I, Mike Lecuyer-nay, Steve Thomas-nay, mark-I, Cody-nay and Robert-nay. 6-5, motion carries.

* Michael Charkowski asked about forming a committee and if we should have a straw poll to see who be interested if it can be done. Greg said you already have Ben who is buy in from the school board, the school board sets up the committee and appoints those members to the committee, reports back to the school board and becomes an arm of the school board. The way you want to do it is not the way to do it.

Town Budget: John Cody reviewed some of the items:

* There were 3 warrant articles that are included in this budget: Town water/sewer project, additional town clerk position and police contract which was approved.
* Uncontrollable: Other half of the state retirement increase, unfunded training mandated for the police department, Keef site building was added and doors falling at the fire dept.
* Board requirement to put back in the cruiser
* Gave the fire dept premium pay for the night shift
* Consolidate the animal control position, it is now the position of the on duty officer
* Kept the computer budget the same
* Steve Ozols asked if the warrant article for the additional police officer is for one of the open positions, John it is part of the grant to be an additional position. It is for community service position to work with community.
* Michael Charkowski asked if the article passes on the police grant would it be possible to hire an officer on that grant without filling the other two vacant positions first, John the requirement is that cannot be part of the vacant position, it has to be for that position.

John makes a motion to accept the town budget as proposed, seconded by Steve Ozols with discussion. Michael asked for any discussion. Roll call vote: Marty-I, Ben-I, John-I, Steve Ozols, Michael Charkowski-I, Jen-nay, Mike Lecuyer-I, Steve Thomas-I, Mark-I, Robert-I, Cody-I. 10-1, motion passes.

Michael Charkowski asked to take a quick reading of the proposed warrant articles that they have.

* Steve Ozols asked if the Highway dept storage building warrant article is coming, John said it has been removed.
* Operating Budget: Just discussed
* Expendable Trust Fund: Steve Thomas asked about the language of “to raise appropriate funds” and “no additional taxation”, Michael Charkowski said that is wording for excess funds in that account. Michael Charkowski asked if this was almost depleted, John said yes as it got voted down last year, it is a critical fund to cover funds when people retire.
	+ Joe said there about $200,000 worth of retirements benefits coming up that we need to pay out and the balance as of now is $3000. We have to make sure it passes so the funds are there.
* Michael Charkowski said that he has seen other towns provide guides at voting for the warrant articles and did not think you could do that. Greg said that a lot of towns do not do it as it is a form of electioneering, so they don’t want the town to sway the vote. If you structure it in a way that is information or factual only you are fine.
* Town Hall Expendable trust fund: Any questions
* Highway Equipment Capital Reserve Fund: Any questions
* Watson Academy Repairs Expendable Trust Fund: Any questions
* Recreation Facilities Expendable Trust Fund: Any questions
* Landfill Closure Capital Reserve Fund: Any question.
	+ Steve Ozols said this one does not say “no amount to be raised from taxation” so this will be funded regardless of it passes. John said this is something that has to be funded
	+ Joe said wants to make sure we have enough to cover the first phase 0f engineering
* Government Building Expendable Trust Fund: Any questions.
* EYAA: Any questions
* Fireworks Capital Reserve Fund: Any questions
* Additional Full Time Police Officer: Read by Michael. Any questions
* Expendable Trust Fund: Any questions
* Property Tax Discount: Any questions
	+ Jen said it was not recommended by the selectman
	+ John said there were concerns about the software that is set up to be done quarterly. If you are giving a 2% discount you need to make it up elsewhere.
	+ Joe thinks that the budget committee should look and discuss this a budget stand point. If this passes it will pinch us for next year and we will have to budget for every property for a discount. It is not benefitting the residence of this town, it is going to impact the budget process.
	+ Mike Lecuyer says it sounds great, but it could be detrimental for us and the town.

Michael Charkowski asks for any new business.

Meeting Schedule:

 January 5, 2022: Final review of the warrant articles – 6:30pm

 Greg said the last date for the warrant articles is January 11

 January 12, 2021: Public Hearing – 6:00pm at the town hall

 January 13, 2021: Public Hearing if necessary

 February 8, 2022: Town Deliberative – 6:00pm

 February 10. 2022: School Deliberative – 6:00pm

 March 8, 2022: Voting

 March 16, 2022: Regular meeting – 7:00pm

Motion to adjourn by Jen, seconded by John. Meeting adjourned 9:10pm

Respectfully submitted

Cynthia Hounam