

MINUTES
SELECT BOARD
TOWN OF PETERBOROUGH
Tuesday, January 3, 2022 – 5:00 PM
1 Grove Street, Peterborough, New Hampshire

Present: Tyler Ward, Bill Taylor, Bill Kennedy

Also Present: Nicole MacStay, Ed Walker, Lilli Gilligan, Ali Kreutz

Budget Committee Members: Carl Mabbs-Zeno, Mary Clark, Ronnie McIntire, Al Lenos, Rick Lesser, Don Parkhurst, Leslie Lewis, Mandy Sliver

This meeting was broadcast live on Ustream, YouTube, and Comcast Channel 22 and was recorded for posterity.

Chair Ward opened the meeting at 5:00 PM.

2023 Ambulance Rates

Fire Chief Ed Walker said the major payer of ambulance bills is the Center for Medicare & Medicaid Services (CMS), which covers all Medicare or Medicaid patients, and they set the rate they will pay for those patients. Their ambulance inflation factor is 8.7%, and Chief Walker recommended increasing ambulance rates by that same percentage.

He emphasized that increased rates doesn't mean there will be a corresponding increase on the revenue side, as "not everybody pays, not everybody pays the full amount" and as hospitals determine eligibility for discounted care, Ambulance discounts accordingly.

Chair Ward remarked, "that's quite a jump."

Chief Walker agreed, but said that it won't even cover the increase in costs for running the service, which have jumped considerably due to inflation.

From the audience, Al Lenos asked if supplies were included.

Chief Walker confirmed, and said a lot of supplies are replaced through the hospital, as is the case with many medications as well.

Motion: Mr. Kennedy made a motion to approve the recommended 8.7% increase in ambulance rates, effective as of January 3rd, 2023.

Vote: Mr. Taylor seconded. All in favor. Motion carried.

Vote to Approve Requests to Expend from Trust Funds

Motion: Chair Ward made a motion to approve the requests to expend \$185,000 from Water Capital Reserve Fund; \$223,423 from Sewer Capital Reserve Fund; and \$24,433.73 from Bridge Restoration Capital Reserve Fund

Vote: Mr. Taylor seconded. All in favor. Motion carried.

Vote to Sell Town-Owned Property on Greenfield Road

Motion: Chair Ward made a motion to approve the sale of town-owned land on Greenfield Road (Parcel ID: R012-035-000).

Vote: Mr. Taylor seconded. All in favor. Motion carried.

Mr. Kennedy asked for confirmation that the sale negotiations would include the caveats of the Conservation Commission as discussed in previous meetings.

Ms. MacStay confirmed, and said she would reach out to the property owners to get that process started.

Vote to Approve the Minutes of December 20th, 2022

Motion: Chair Ward made a motion to approve the minutes of December 20th 2022.

Vote: Mr. Kennedy seconded. All in favor. Motion carried.

Chair Ward called a recess at 5:19 PM.

6:00 PM – Joint Select Board & Budget Committee Meeting

Budget Committee Chair Carl Mabbs-Zeno introduced the present members of the Budget Committee: Mary Clark, Ron McIntire, Al Lenos, Rick Lesser, Don Parkhurst, Leslie Lewis, and Mandy Sliver. Andrew Osterman was not in attendance.

Motion: Mr. Lesser made a motion to approve the minutes of the last Budget Committee meeting held on June 15th, 2022.

Vote: Mr. Lenos seconded. All in favor. Motion carried.

Chair Mabbs-Zeno said the Budget Committee had reviewed the Budget Committee Charter at the last meeting and found it was very out of date, and have drafted a new version which will be up for approval at Town Meeting. He asked that any members who have further amendments send them to the rest of the Committee.

Select Board Chair Ward asked if the possibility for abolishing the Budget Committee had been discussed at that last meeting. He explained that he had witnessed “very capable” Town staff establish budgets over the years that were generally “always on the mark” and always passed at Town Meeting.

Ms. Sliver agreed that the budgets had worked smoothly in recent years, but said that having the current process in place ensures that there is something to fall back on if there are changes in staff or organization. Budget Committee Chair Mabbs-Zeno added that “the public perception of the process is an important part of it” but said it was a reasonable question to ask.

Capital Improvements Plan

Leandra Johnson-MacDonald, Chair of the CIP Committee, was joined by Vice Chair Sarah Steinberg Heller to present the Capital Improvements Plan.

Ms. Johnson-MacDonald thanked Town staff and the other members of the CIP Committee (Carl Mabbs-Zeno, Rick Lesser, Jim Hassinger, Lindsay Dreyer, James Kelly, and Ed Juengst).

Ms. Steinberg Heller explained that CIP looks at capital expenses of more than \$10,000. The CIP Committee meets with department heads to review requests and overall schedule, and then makes recommendations of sequencing and financing. The CIP Committee recommends accepting fewer bonds in upcoming fiscal years and funding capital reserve accounts instead.

Ms. Johnson-MacDonald reviewed current bonds funded by taxes and discussed benefits of transitioning from reliance on costly bonding. It was recommended that Capital Reserve Funds (CRF's) be established for the refurbishment or replacement of bridges, culverts, and dams, and also for maintenance of buildings and grounds by any town department.

A summary of capital reserve requests and the eight-year impact of approved bonds were displayed, and Capital Reserve requests were reviewed. Highlights included:

- The Police Department requests a CRF which would be useful in instances such as need for a new/replacement vehicle
- Fire Department CRF for Apparatus & Equipment increases towards end of six-year cycle to cover cost of a new ladder truck
- Steady progression of needs for Fleet Management Capital Reserve Fund
- Roadway System Upgrades CRF is set to expire in 2028 (ten-year project)
- New CRF is proposed for Bridge Refurbishment and Culvert Replacement
- Sewer Department CRF will be terminating at the end of this year, as will Water Department CRF

Ms. Johnson-MacDonald reiterated the benefits of establishing capital reserve funds and decreasing reliance on bonds. She noted that transitioning at a time when the Town is still paying off bonds will result in an increase in the tax rate for four-to-five years, at which point “progress would made.”

Ms. Lewis said it would be great to see a projection of future projects (like the Fire Department) that could impact bottom line for bonds.

Chair Mabbs-Zeno said there is no available estimate for the Budget Committee to consider at this point.

Ms. Johnson-MacDonald added that the CIP Committee can't make decisions on items that have not been brought before them, and "making up a number" would do a disservice to the process.

Mr. McIntire asked where the presentations made to the Budget Committee could be found.

Ms. MacStay said the CIP presentation will be posted to Budget Committee webpage on the Town website tomorrow.

Mr. Kennedy noted that on the slide addressing a new CRF for culverts, the Pine Street culvert was not addressed until 2028.

Ms. Johnson-MacDonald said that the projection was based on information received from DPW Director Seth MacLean.

Chair Mabbs-Zeno said the timing is not due to a prioritization issue, but issues with land rights and engineering, and should be discussed again later.

Ms. Lewis said she didn't feel the amounts being set aside for projects were adequate in some instances, as with roadway improvements.

Chair Mabbs-Zeno said the numbers came from staff, not the CIP Committee. He continued that the purpose of the Roadway Systems Upgrade is to ensure that the improvements made will make future maintenance more affordable and easily achievable in future budgets.

Ms. Clark asked how potential funding sources are factored into the projections.

Ms. Johnson-MacDonald said no funding sources are considered other than ones already in hand.

Mr. Lesser commented that "the era for cheap money for bonding is gone" and said that the CIP Committee felt this was an important time to start self-funding expenses, which would save the town a lot of money in the long run.

Ms. Johnson-MacDonald said she had been on the committee for 25 years felt it was "a great leap forward" to start considering things this way.

Mr. Kennedy asked if all of the CRF's that had been discussed were integrated into the current budget.

Mrs. Gilligan answered that all CIP items that are hitting the General Fund are in the General Fund Expenditure Budget, and the rest are in CRF Budget where warrant articles will be written to support requests. The only CIP items in the budget are recreation resurfacing, IT items, and Kyes-Sage painting.

Mr. Kennedy asked if funding all those projects would have an impact on the tax rate.

Ms. MacStay confirmed. Mrs. Gilligan said it would be about a \$750,000 increase.

Ms. MacStay added that the Town has "quite a bit of Fund Balance right now" and she and Mrs. Gilligan hoped it could be used to help support the program so that the impacts wouldn't hit the tax rate to the extent that they would otherwise.

Draft Budget and Town-Wide Impacts

Ms. MacStay said budget documents can be found on both the calendar item for the meeting and on the Budget Committee page on the Town website.

She said this budget process was started in the midst of high inflation. Costs related to energy have increased substantially, and there are knock-on effects related to those higher energy costs: "Everything has gone up accordingly."

This year there were grants received from the Infrastructure Investment Jobs Act, including the previously discussed Bridge Aid money and also a \$164,500 Highway Block Grant, which worked to insulate the DPW operations budget from cost increases this year. As such, we won't have to cut back any projects, but Ms. MacStay noted the Town is not expecting to receive any offsetting grants in FY 2024.

Regarding Personnel Costs: Almost 60% of the operating budget is driven by staff salaries, health insurance, payroll, retirement, etc.

Ms. MacStay said consideration of salaries has included what's being done in other local governments, Social Security COLA, and Northeastern CPI, and they've all gone up between 6% and 8.7%, so the budget includes an 8.7% increase to salaries across the board. The increase will help with staff retention and allow for effective hiring in an incredibly competitive market.

Ms. MacStay said she had asked department directors to provide a well-thought-out budget, which they delivered and, as such, there are no significant changes to services that are recommended this year, only several minor increases which will be reviewed in detail later in the process.

She added that the Finance Department did an "amazing job" analyzing past expenditures so that solid recommendations can be made.

Ms. MacStay then reviewed the changes in how the budget is presented this year.

The Public Works budget is presented in a way that reflects how the department is organized and managed: At the top is the Public Works Administration budget, followed by the General Services budget (a combination of Buildings and Grounds, Highway, Cemetery and Parks), Recycling, Water and Wastewater. Also, the artificial distinctions within the Ambulance budget have been removed. Revenues will continue to be billed based on percentage of run types (i.e. 911 calls vs. interfacility transfer calls), which are easily tracked, but budgeting is much more intuitive.

Pertaining to Budget Wide impact, Ms. MacStay said the majority of increases to the budget can be traced directly back to these expenses:

- Personnel – Based on the Northeast CPI from September 2022 (7.2%) and the 2023 Social Security COLA adjustment (8.7%) we have budgeted 5% COLA and 3.7% Merit increases on every salary line.
- Health and Dental Insurance – Beginning July 1, 2023, the increases will be as follows:
 - Health: 6.6% increase
 - Dental: 1.6% increase
- Pension contributions – The NH Retirement System has announced small decreases for the two years beginning July 1, 2023.
- Electricity – The Town's supplier rate jumped to \$0.1645/kWh, and though substantially less than Eversource's current default rate, it is still a significant increase. We continue to work with a third-party supplier to keep rates as low as possible while still purchasing hydro power and green energy RECs to reduce the impact of power the municipality uses outside of what is generated by the solar array.
- Diesel, Gasoline & Heating Fuels (Wood Pellets and Oil) – These projections were calculated based on actual usage and projections from the US Department of Energy, giving us an average increase of 33% over the current budget. Given the ongoing volatility in these markets, caution should be exercised with estimates.

Administration Budget, Finance, HR, HS, Miscellaneous Budgets

Ms. MacStay provided an overview of Executive Administration. Highlights included:

- The salary line has gone down slightly due to a move to Public Works.
- No increases in legal fees have been projected from Town Attorney.
- Human Services budget was moved into Executive Administration last year and has seen an increase. There was so much federal money last year to help with rent and utilities that there was not a lot of demand on the Town, but that has since dried up so the demand has gone back up to pre-pandemic levels. There have also been more requests for public assistance (from social services organizations).
- Assessing Department will be making purchase of new server for assessing software this year, and the current system and new system will need to be run concurrently until we complete a revaluation, so the services line has increased accordingly. It is also projected that Corcoran Consulting will need to be in the office more to help with the conversion, as there are elements that may need to be done manually.

Mr. Lesser asked for a general synopsis of the Town's staffing situation.

Ms. MacStay said it's generally in good shape though there are seasonal challenges in Rec Department: "It's becoming harder and harder to staff up there."

She continued that "we always have an open position" in the Police Department, and it's very tough to find good candidates. There have been openings due to retirements, and a few more are expected over the next few years. Additional positions that appear in that budget are part of continuity planning to ensure coverage when those retirements happen.

Mr. Kennedy asked if Recycling Center was now fully staffed.

Ms. MacStay confirmed.

Mrs. Gilligan presented on the Finance budget.

She said the majority of spending is coming out of Finance, as that's where all types of insurance are budgeted from. Biggest jump is in the Health Insurance line (\$200,000 increase) due to increases of 6.6% on premiums, and 6 new positions that need to be covered. Family plans have been allocated for all those positions by default.

Mr. Kennedy asked if it was possible that less would spent from that line item if the people who filled the new positions did not need the family plans, and Mrs. Gilligan confirmed.

Mrs. Gilligan continued that Property Liability covers all properties that are not paid for with fees. She noted that the Services line is the cost of the Trustees of the Trust using a Wealth Manager to handle the Trusts.

In Operations, there are no changes to staff, but she noted the Auditor has dropped the audit price by several thousand dollars as the audit is taking less time due to improvements in record keeping by Finance Department staff. Town bank accounts have also been balanced to the penny.

Tax Collection line is comprised of the salaries of tax collector and deputy tax collector. Their salaries are also split out into water and sewer billing, as they do the billing for those as well.

Computer services is a new line item comprised of the cost of the two products used for billing.

Regarding Tax Overlay, there are no agreements for paying any abatements going forward into next year. The \$113,000 in that line for last year consists of abatements that were paid out (impacted by the revaluation).

Mrs. Gilligan noted that the Debt Service line is not full cost of General Fund Debt, as \$150,000 is tucked away in Bridge Capital Reserve, and there was the earlier gift of \$96,000 from the 1833 Society. Those will both be used fully in next year's bond payments.

There was a 14.7% increase to the Finance Budget overall.

Mr. Lesser asked, regarding Health Insurance, if 'General Government' covered the staff working out of the Town House.

Mrs. Gilligan said it included every single Town position.

Mr. Lesser asked what the annual cost of a family insurance plan was.

Mrs. Gilligan answered that it was \$36,000 for the family plan.

Mr. Taylor asked about employee contribution to health insurance cost.

Mrs. Gilligan answered that employees pay 20% of the total cost.

Ms. Sliver asked if there will be an opportunity to ask questions about revenue in the future.

Mrs. Gilligan confirmed.

Mr. Kennedy said he would appreciate a discussion of revenues along with the budgets as they are presented.

Mr. McIntire asked for the time of the next Budget Committee meeting (scheduled for January 10th).

Ms. MacStay answered 5:30 PM.

Mr. Lesser asked if Ms. MacStay could speak to how much preparation by town staff is involved in making presentations to the Budget Committee.

Ms. MacStay answered that directors spend a lot of time preparing for presentations, but there is a fair amount of work (on budgets) that would need to be done regardless. She said the important thing to ask is “are the questions of the community being asked through this process.”

Select Board Chair Ward agreed, and said there were “great questions” heard tonight that clarified a lot of things and added to the presentation. He said the point of his earlier question was that the process “hadn’t changed numbers drastically in the past.”

Mrs. Gilligan said she felt the presentations to the Budget Committee were an “absolutely mandatory” part of the public process: “It’s incredibly important for the public to know there are individuals really committing themselves to looking at it in-depth.”

Ms. MacStay said she appreciates many sets of eyes looking at the budget, as it’s a lot of work to put into the hands of a very small staff, and she wants to make sure that everyone understands what the money is being put toward.

Mr. Lenos said, “the rigor of doing this in a public forum probably helps all the players” and said it’s helpful to be able to explain to residents “this is why you have the tax rate you have.”

Ms. Clark asked how common the process is in other New Hampshire towns.

Ms. MacStay answered that it’s very common in smaller towns (with populations under 10,000-15,000), though it depends on the community.

Motion: Mr. McIntire made a motion to adjourn at 7:20 PM.

Vote: Ms. Lewis seconded. All in favor. Motion carried.

Respectfully Submitted,
Alison Kreutz, Assistant to the Town Administrator

PETERBOROUGH
SELECT BOARD:

Tyler Ward



Bill Taylor



William Kennedy

BUDGET COMMITTEE CHAIR:

Carl Mabbs-Zeno

Carl Mabbs-Zeno