

Town of Farmington
Budget Committee Meeting Minutes
Tuesday, January 30, 2024
Selectmen's Chambers
356 Main Street-Farmington, NH 03835

Committee Members Present: Chairman Joe Pitre, Selectmen's Rep. Doug Staples, School Board Rep. Jess Parker, Jim Horgan;

Committee Members Absent: Vice Chairman John Deering, Angie Cardinal, Jenn Haskell, Heidi Mitchell, Bob Morgan;

Others Present: Town Administrator Ken Dickie, Selectmen Gerry Vachon, Ann Titus and Penny Morin, Police Chief Scott Orlando, Fire Chief James Reinert, Town Clerk/Tax Collector Becky Dickie, CEO/Bldg. Insp. Ron LeMere, Finance Administrator Kelly Heon, Highway Dept. Supervisor Ed Brannan, Selectmen's Secretary Erica Dickie-Yelle, Water/Sewer Dept. Supervisor Chuck Tiffany, Rec. Dept. Director Erica Rogers, Transfer Station Supervisor Pete Spencer, SAU Business Admin Mackenzie Campbell, resident Blake O'Brien

1). Call to Order:

Chairman Pitre called the meeting to order at 7 p.m.

2). Pledge of Allegiance:

All present stood for the Pledge of Allegiance.

3). Public Comment: None

4). Review of Minutes:

Postponed to the next meeting due to a lack of a quorum of the members present to vote.

5). Review Board of Selectmen's Budget:

2023 Year End-Town Administrator Ken Dickie said in a nutshell we finished after they encumbered the paving from the budget with right around \$550,000 left. He said from that they put warrant articles together to put towards those capital funds to strengthen the infrastructure and they would see that when they go through them.

He said they have approx. \$200,000 to the plus in revenues and they put that additional \$250,000 into the general fund as the budget increases to support the undesignated fund balance to remain around 8%-9% knowing with an increased budget that they have to include the school's proposed budget, the Town's and the County to be able to maintain that if we come into a time where we need to have that funding on hand to support until we start getting the tax dollars in.

Mr. Pitre asked him to explain where the revenue is coming from.

Mr. Dickie said some of the sources are the Rooms and Meals Tax, interdepartmental revenues,

and the School Resource Officers who are from the Town's Police Dept. and we finished about \$200,000 north of what they estimated.

He said they didn't have much for property sales and they estimated that we will have more this year than we had last year as they have hired an auctioneer to auction off some of the Town properties. This year we also recognized the sale of 7 Lincoln St. which was kind of abnormal because the heirs didn't want the additional funding north of what they owed for legal expenses and back taxes so that is coming to the Town as revenue which should be right around \$93,000 he said.

Proposed 2024 Budget-Mr. Pitre asked if there is anything they should know when they review the 2024 Town budget.

Mr. Dickie said they went through everybody's budget and that overall it's about a 6% increase. He said the tax impact if they have no additional revenues and it stayed the same as 2023 would be 80 cents. He said from what he estimated in 2023 to what he estimates for 2024 that they will see about \$357,000 in revenues or about 60 cents per \$1,000 increase in revenues which would help offset the tax rate. He said he's predicting it will be somewhere between 20 and 80 and that he thinks it will be on the low end around the 40 cent mark but it could be down as low as 20 cents but we'll see as we go along. The big thing this year is to generate sales to get the revenues to offset what we're proposing he said.

Executive- He said this line increased by about .68% and of that there is a difference from last year of \$1,700. He said the controllable part of that is they elected to put a part time Secretary at the front desk who would also be the Communications person to communicate interdepartmental but also to the town residents. He said that would be a part time job there but her full job is to do the communications, update the website, make sure all of the minutes are taken care of and not doing split time between the front desk and welfare.

He said over the last year they saw an influx of welfare especially with the elimination of the CAP program that put a huge demand and a lot of times that desk was not occupied because they were in the back office dealing with a welfare person and the bell would ring so he, Mrs. Heon or someone from the Planning Office would have to come out and take care of that. So to try to eliminate that stress amongst the rest of us we put a part time person at that front desk who is working 32 hours a week Monday-Thursday and we also plan to add a replacement for our Secretary in the Planning Office who will work Wednesday, Thursday, Friday so when the person on the front desk is out on Friday that person will come to the front desk and that is the plan to go forward there he said.

Finance Administrator Kelly Heon said they have been very lucky to be able to fill the open staffing in the administration area with part time people so we get a little more bang for our buck because we don't have to expend those big dollars on benefits. She said they've had really great hires that they've made in the last year for people that want to work part time and that is very helpful to our budget.

Town Clerk/Tax Collector- Mr. Dickie said she will not be running for the position next March and she is planning on retiring. He said based on that they added a position for her to train her replacement so when she does retire the replacement can run for the position and fill in so that is why they see a huge increase in her budget.

Mrs. Heon said that's a one year increase in her budget that will be corrected for 2025.

Mr. Dickie said there is a \$73,000 increase but it's based on that added person which is a 1 year impact and once she retires and the staff moves around it will normalize again.

Finance Administration- Mr. Dickie said the increase in Mrs. Heon's budget is due to moving the front desk position out of his budget and placing it under her budget because they took Human Resources away from Mrs. Heon to allow her to focus solely on finance and not be disrupted with HR.

Mrs. Heon said they are in a position with the size of our town and the number of employees that they have that they really need to have at least a half-time person focused on HR. She said there is a lot to it-employment law, NH Retirement, insurance and there's so much to deal with on a daily basis. She said it's always been that the Finance person also doubles as HR but they really can't do the job the way it should be done when you're splitting your time that way so this seemed to be a really good fit and Erica (Dickie-Yelle) is really suited for that role so she is looking forward to seeing this position blossom into what it should be.

Mr. Dickie said half her salary is sitting with Finance and the other half is residing with Welfare.

Revaluation- Mr. Dickie said this line is down 4%. He said they had money sitting in a Capital Reserve Fund account that they pulled in and they're still short about \$4,000 that they need to raise and appropriate through taxation that's not the \$25,000 that we normally have in there.

Mrs. Heon said the revaluation line is comprised of 2 separate aspects one is our general assessing that we have to pay for every year and that is by contract with Avitar Assoc. and runs about \$15,000 to \$18,000 a year. She said the revaluation is something completely different and that is a statistical revaluation mandated by state law once every 5 years.

She said we have been putting money aside into a CRF every year since the last revaluation in 2019 to prepare for this to have the money to pay for it and the money in the CRF is about \$4,000 shy so \$4,000 is going to have to be raised by taxation this year. She said in previous years all of that money that was put into the CRF came out of the undesignated fund balance. She said when talking about tax impact that all these different things are going to have it's going to raise the tax rate by this she wanted people to realize that it's going to be very difficult next year after the revaluation to really understand what the tax impact was because our tax rate will go down next year because our assessed value will probably almost double.

Mr. Pitre asked why it would double.

Mrs. Heon said because all of the values in town are going to be brought to a market value.

Mr. Pitre said she was right and he heard on the news tonight that \$469,000 is the average cost of a home in NH.

Legal – Mr. Dickie said this was a 17.5% increase and the reason for that is they had to add \$12,400 to have Brian Fog's private legal firm pick up the utility case where Eversource is contesting the property tax on telephone poles because Drummond Woodsum doesn't have the expertise to properly represent the Town. He said the retainer went down to \$67,600 but there was a significant increase last year for Code Enforcement and many of the cases that are won in court typically get reimbursed back to the Town but you don't see it in their current budget year.

Personnel Administration- Mr. Dickie said the reason for the 46% increase here is the Select Board asked Mrs. Heon to review the insurance that they currently offer for the Town's non-union workers so they reviewed it and reviewed it with the insurance company. He said last year they offered 100% coverage and a \$1,000 deductible and this year they dropped the 100% and went with a \$1,000 deductible and a \$3,000 deductible. He said the Town is picking up the deductible but is still saving money vs. going with a 100% deductible. He said they are using a third party to pick up the cost of the deductible so going with the \$3,000 deductible increased our liability so they had to strengthen that if they have more payouts to the deductible. Mrs. Heon said but the savings more than offset that and the savings of having a \$3,000 deductible which costs a lot less is offset by any increase in our liability on the reimbursement of the deductible.

Police Budget- Mr. Dickie said the Police budget dropped 2.93% and Chief Orlando did a good job on being creative on how to drop it and ultimately there is a concern was with wages and being able to maintain and sustain but he was able to take one of his positions and fill it and use that money to spread across the Police Dept. and still reduce it by 2.93% over last year.

Fire Dept. - Mr. Dickie said the Fire Dept. dropped by about .31% from last year which is about \$3,453 and Chief Reinert did a good job with that trying to minimize overtime with the per diems and the manpower that he has it's a struggle but he was able to do it.

Inspection- He said this line increased significantly and here is why. He said our Building Inspector wears 3 hats-he's our Building Inspector, our Code Enforcement Officer and he's our Health Officer. He said he can attest he has all the forms in his office that it's about a 50/50 split between inspection and his other 2 jobs. He said inspection is where they were currently drawing all the revenues to cover and move into his Special Revenue Fund to pay him. He said however 50% of his job is with Code Enforcement and with Health and based on the times we're in he's worked significantly on Code and Health and they have had several court cases and they just got word that the court ruled in our favor on a case. He said so obviously he is taking the time and the detail needed to win in court.

He said based on that and there are some years where inspections are up and down so they don't always get the revenues they think they're going to get to adequately fund his position so the Select Board opted to move him into the operating budget. That was the main reason for that increase and that's why. That way he's fully funded but he's also covered under the other 2

and not using the inspection fees to try to cover that. The inspection fees will solely go into the general fund as revenues and I included about \$90,000 more in revenues and that's probably a conservative estimate but that's what we think we're going to hit this year to help offset the increase from moving him into the budget he said.

Emergency- Mr. Dickie said this line was down and they are not going to get the grants they thought they were going to get so they only put in for \$18,000 and kept \$1 in one of the lines in case they do get one.

Highway Administration- He said they still have 2 positions open and they also have increases in salaries based on the union contract so this line went up 13%. He said they also had to absorb the increase in insurance and that was the other line he wanted to tell everybody about. He said the non-union insurance was for health went up about 15.6% so that was a significant impact and just the health increases alone across all the depts. is about a \$1 impact in taxes. He said but with the reductions on the other side they'll be able to take the increases they saw in wages and health and bring it back down and land it at 80 cents. He said wages and insurance increases is what drove the majority of the increase for the administration side of it.

Highway and Streets- Mr. Dickie said this is about a 4.5% increase and everything is going up as they know. He said salt went up 3% to \$93 a ton and they are trying to sustain the paving. He said they had to encumber \$350,000 from 2023 into 2024 to be able to work the infrastructure on Dick Dame Lane and on Cross Street and this year they want to combine it or ask the taxpayers for another \$350,000 so they can potentially work on upper Meaderboro Road where Cold Springs is because that's seeing a lot of heavy traffic with the tractor trailer trucks going through there 3 times a day. He said the underneath wasn't built for that kind of traffic so it needs to be done and the road needs to be built back up so that's where they're looking to go with that.

Bridges- He said the state was another part of the revenues coming in and the State Bridge Aid did a one-time payment for a second year in a row and this year it was approx. \$42,000. He said they plan to combine that with what we got last year which he thought was \$142,000 and utilize that to attempt to repair some of our bridges that are in need.

Mr. Pitre asked how many red list bridges the town has.

Mr. Dickie said we have definitely 4 with a 5th one soon to be added as they have been notified by the state that the Cocheco Road Bridge is going to be red listed. He said it could be weight limited and he told Johnny they would let him know as soon as we know if that gets restricted because he is going to have to not only change his route but all of his suppliers as well.

Mr. Pitre asked for the reason for the red listing.

Mr. Dickie said you can see rebar underneath on the cement pad and they are in fear of that cracking.

Street Lighting- He said they kept this one the same and there is no increase there. He said they have a set rate with a 2 year agreement and it's not the optimum price but they thought it was

good then not knowing it was going to drop to where it is now. He said they are in the second year of the contract and this ends that but they also have a warrant article to ask the voters to authorize them to bring in Community Power. He said they have a Community Power Committee and the Select Board approved their plan and it's moving forward to the voters. Mr. Dickie said it that gets in place the plan is an opt-out plan and everybody is in unless you opt out. He said they negotiate a contract based on all the residents in town including businesses for the total energy usage and they negotiate that out for a 30 month contract so you're stable with your electric rate for 30 months and they're waiting to see how that comes in if the voters approve it and then they can start work on the negotiations.

Sanitation Administration- He said that went up and it was mainly driven by insurance and the raises on that side. He said they just interviewed a gentleman who came from New Durham and he is filling a part time position that was left vacant a year ago so now Mr. Spencer will be back to the staff level that he was and will be operating with 2 full timers and 1 part timer.

Waste Disposal- He said they are on the last year of a 5 year contract with Waste Management. He said each year the contract shows the increases for hauls and all that and that drove the majority of this increase. He said it was 5% increase in that contract and when this is over they can renegotiate or put it out to bid and go with the best quote they can get.

Water Service- Mr. Dickie said this was raised from the floor so he didn't know whether they carry it year over year. He said that was to offset the water cost at the 500 Club and was motioned last year from the floor.

Animal-He said this was kept the same at \$1,900.

Agencies- Mrs. Heon said there are a couple of agencies that we give money to one is the Cornerstone VNA and the other is Strafford Nutrition.

Mr. Dickie said the VNA does a great job helping us out and Strafford Nutrition provides meals for our residents so we included them in the budget.

Welfare Administration- He said this is about a 13% increase based on health and going with a family plan and wage adjustments. He said the assistance is what drove this and they realized last year they were at \$55,000 or maybe even more than that helping these residents stay in motels and give them a roof over their heads until we can get them placed somewhere. He said we went from the year before at \$30,000 and now we're up to \$55,000 because we lost the CAP assistance from the federal government.

Mr. Pitre asked him to explain what CAP is as somebody watching may not know what it is.

Mr. Dickie said it's a federal grant that comes in to help offset and help the people pay for their rent but the federal government cut that program and now it falls back on all the towns. He said unfortunately there wasn't much of a notice when they did that so when they planned for it and put it back in the budget in 2023 they had no idea that it was going to end so they sat at \$30,000 thinking they would be okay.

Mrs. Heon said there was federal money that was paying for peoples' rent and there was no

strings attached to this money and in some cases it went on for 18 months so you had families that all of a sudden because they weren't planning for the money to end and at the end of March they were basically homeless. She said we had a huge influx of people coming in and Erica did a fantastic job with case management with trying to get people helping themselves, getting them into shelters or getting them hooked up with other services. But you had to deal with the immediate need especially people that had families that unfortunately necessitated us to over expend our welfare budget to make sure people had roofs over their heads. We're hoping that slows down in 2024 but just to be on the safe side we budgeted for \$55,000 which is approx. what we ended up spending in 2023 she said.

Parks and Recreation- Mr. Dickie said they started moving lines into the Rec. Revolving line one being supplies another being gasoline to transport the children from the school down to the after school program. He said that's not all of the cuts part of it has to do with a grant that's not in there and only a portion of that is in there now to finish the Fernald Park so they can realize the \$62,500 as there was a 50% match and it was a full \$125,000 grant.

Mr. Pitre asked who that is coming from.

Parks & Rec. Director Erica Rogers said it's from the Land and Water Conservation Fund.

Mr. Dickie said there's a 50% match but they have done more than the match but they need to finish it by getting the ADA compliant paths in to lead towards the basketball court, the playground and the bandstand. Once that's done then we can reap the \$62,500 back to the Town. That was the big reduction in her budget on top of moving lines into the Rec. Revolving he said.

Library- He said the library budget has a 5% increase and went from \$324,891 last year to asking for \$340,563 this year.

Mrs. Heon said they presented their budget to the Select Board at the end of Dec. and those increases are basically increases in costs that are not under their control and then some wages. She said its \$15,000 more over what they requested last year.

Special Events- Mr. Dickie said this was kept the same with no increase.

Conservation Commission- He said this line went up \$162 and that increase was for the minute taker as there were more meetings requiring more minutes to be taken.

Economic Development- Mrs. Heon said that is for the Coast Bus.

Mr. Pitre asked how much that is now.

Mr. Dickie said it's gone from \$31,000 to \$34,000.

Mrs. Heon said it's almost \$35,000 a year.

Mr. Pitre said they've been around a lot and a lot of people rely on them.

Bonds- Mr. Dickie said they are going to start realizing the first payment on the bridge bond and last year it was at \$377,000 and this year it's at \$461,000.

Mr. Pitre asked where the Public Safety Building is at as far as bonds.

Mrs. Heon said she thought it might be a 20 year bond and that it might be done in 2030 but

don't quote her on that.

Mr. Dickie said the sewer refurbishment won't be done until 2032 or 2034.

Interest- He said obviously this one would go up having an additional bond and it went from \$111,370 to \$157,159.

Mr. Pitre asked what we pay for interest on the bonds.

Mr. Dickie said it varies from different loans and different bonds. He said he thinks the last one we got for the bridge was 3.2%.

Lease- He said the lease was stopped because it's their copier lease.

Mrs. Heon said they put it into a different line where it needs to go.

Mr. Dickie said the Town Clerk/Tax Collector, the Town Administrator, the Police Dept. and the Rec. Dept. each have one and where the printers reside is where that lease is being put and that gives them a better feel for the cost to run their dept. He said they are trying to localize the costs and get them to where they belong to get a true picture of what the cost is for each dept.

Mr. Pitre asked if they pay per page.

Mrs. Heon said under the contract you get a certain number of copies for free under that contracted price and then over and above that there is a charge for black and white or color and sometimes there are some overages but they're very minimal.

Mr. Dickie said the benefits are they cover everything on the copier they repair it, they provide the toner, and they don't have to go without a copier with it being down they can get a new one or get it fixed.

Mr. Horgan said the DRA has a requirement that you have a rainy day fund of a certain percentage and asked if he knew what the range is and what percentage we're holding.

Mr. Dickie said Town policy requires them to hold between 5% and 17% and the DRA likes us to sit right around 9%.

Mrs. Heon said at the end of 2022 going into 2023 our unreserved fund balance was about \$1.8 million and we're estimating this year that approx. \$750,000 is going to be added to that and that's based on us not spending our entire budget and having a couple \$100,000 in excess revenues over what we estimated. She said it's probably between 8% and 9% and until our books are audited that's just a rough estimate.

Mr. Pitre said on Feb. 7 there will be a public hearing on this budget and everyone is welcome. He said they did a great job it's tough in these times and they've held it down and that's a good thing. A lot of people can't afford what we have now so thank you very much he said.

6).Review School Board Budget:

SAU Business Administrator Mackenzie Campbell began by summarizing the reports that they gave them: total revenues for Dec. - \$3,098,930; total expenses in Dec.-\$1,020,324 of which there is an additional \$317, 989 in grant expenditures. He said he was happy to report that as far as grants go they are currently operating as close as they can to current and he is saying it like that because grants are always a month behind. He said all of their grants have been

expensed and reported though Dec. of 2023 and they are just waiting for Jan. to close to report on Jan.

He said they are currently spending about 65% of the total grants of what they have budgeted but they have only spent 50% of what they're able to allocate and that should change in March should their warrant article about ESSER 3 be voted through. He said they would be able to allocate a large portion of the 50% he just mentioned roughly 40% of that is held up in ESSER 3 so they can delegate a lot of that out and get it spent to continue improving our schools in education offerings and being fiscally prudent with our own budget.

He said in terms of spending he mentioned the regular expenditures for Dec. totaled \$1,020,000 which constitutes a fairly typical month for the school district and they are tracking around the same spending as last year which is good it's meeting their projections that they used to create their budget. He said they were pleased with that and they are hoping to see the same trend continue into Jan.

Mr. Campbell said the revenues exceeded \$3 million for Dec. funded mostly by the Adequacy Aid and the Town's contribution in their estimated draw down. He said the other revenues came from grants and misc. revenue.

Mr. Staples said the tutor line at Valley View took a hammering and asked if anything else gets paid out of that line. He said they spent \$1,577 and only budgeted \$200. He then asked if it was supposed to be reimbursed from a grant and that's why it was so low.

Mr. Campbell said he saw transactions starting in Oct. going through to Dec. but he couldn't see who it was going to. He said it was under general education, 10-1100 and it looked like it was going towards tutor services so the expense seems accurate and they are over expending the line and he could take his question and find out if it does need to go into the grant.

He said it would have its own expense line in the grant if that were meant to be but it's possible that it was assigned the wrong code in the system so he would have to make sure by checking the grant at a different time. He said it is something that could be because ESSER is very education related and it pays for things like tutors and interventionists so it's quite possible the money could move back into a grant.

He said a grant would be in the 2200 account and not all grants would allow him to be retroactive but ESSER does so as long as it's an approved activity he can activate the money. He said he would have to get a final answer on if it belongs in the line and they are over expending the line and is subject to a possible increase in the future or should just be reimbursed out of a grant for now.

Mr. Staples asked if the supply lines that are being over spent are reimbursed out of a grant.

Mr. Campbell said that's correct and they are going to take the funds from there and put it into a grant for this year as long as they are educational supplies.

Mr. Staples asked if he was concerned how far the travel is for the Special Ed for the high school.

Mr. Campbell said Spec Ed is a bit of its own machine to operate and a lot of the parts are necessary to keep it running so it doesn't concern him per se but if it continues for an elongated period of time it would become concerning. He said the question is how they can substitute so that child can be receiving that transportation from the district as opposed to a contracted service. He said in times of extreme need if they can't find a driver and the Student Services Director can't-they have to honor the IEP and if it's in the IEP that we provide transportation we have to find a way to provide it. We keep the SPED budget consistently high to compensate for that because there could be overages in any one of those lines at any time he said.

Mr. Staples said they budgeted \$250 and they've already spent almost \$5400.

Mr. Campbell said there was deliberation among the School Board on those specific lines and whether the money should housed there or further down under Spec. Ed contracted services under transportation and the original idea was to move it back to the specific part of the SPED budget was how the Student Services Director was looking at it but the funds should be re-categorized under Spec Ed transportation. He said the miscommunication was she was looking at it as mileage for students but it would be her mileage and it wouldn't be over spent by her. He said this was a return to normalcy for the committee where they get a monthly update instead of a monthly scare. He said he hoped to continue this and keep bringing back up to date realistic numbers so we as a community can plan the budget and the School Board can plan and all do more effectively with those tax dollars.

Mr. Pitre said the School District Deliberative Session will be held on Saturday, Feb. 3 at 9 a.m. in the Farmington High School gymnasium and hopefully they will have a quorum then. He said we will be voting on a sizable budget so anyone who would like to attend would be welcomed.

7). Initiate 2024 Town Budget Process:

Mr. Pitre reminded everyone that the public hearing on the proposed 2024 Town budget will be held here on Wed., Feb. 7 at 7 p.m.

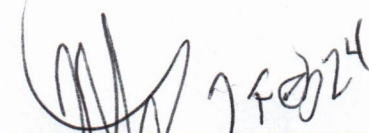
8). Public Comment:

Mr. O'Brien said good job!

9). Adjournment:

Chairman Pitre adjourned the meeting at 7:52 p.m.

Kathleen Magoon
Recording Secretary

A handwritten signature in black ink, appearing to read "Joe Pitre", is written over a horizontal line.

Joe Pitre, Chairman