

OFFICIAL

BUDGET COMMITTEE MEETING Hooksett Town Hall - Council Chambers 35 Main Street Thursday, January 6, 2011

CALL TO ORDER

The meeting was called to order by Chairman M. Miville at 6:30 pm

ATTENDANCE

Chair M. Miville, Vice Chair T. Keach, N. Comai, K. Hughes, J. Hyde, JR Ouellette, D. Pearl, T. Lizotte and D. Argo, School Board Rep., and V. Lembo, Town Council Rep.
D. Sorel- Excused

APPROVAL OF MINUTES

December 4, 2010

V. Lembo motioned to approve the minutes of December 4, 2010. Seconded by K. Hughes.

Vote unanimously in favor. J. Hyde abstained

December 9, 2010

Corrections made no motion made.

December 16, 2010

*K. Hughes motion to approve the minutes of December 16, 2010. Seconded by D. Pearl
Vote unanimously in favor*

PUBLIC INPUT

None

BUSINESS

Presentation of Water Precinct Budgets

Village Water Precinct – Joe Hebert and Cliff Jones

C. Jones, Commission Chair: Increase in labor, line 14. The increase is based on a comparison with surrounding towns. All superintendents in surrounding towns were paid a salary. We proposed changing Joe Hebert, Superintendent from hourly to salary at \$60,000/year. Comparable towns were paying as high as \$69,000/year. The other two employees did not get a pay raise but rather a cost of living increase of 2.5%.

We were able to do this without raising any water rates. We are in the process of reviewing the insurance. Currently Hooksett Village Water pays 100% of the employee's insurance. That eventually will change within the next few months where the Precinct will pay 90% and the employee will pay 10%. That will be consistent with the town's policy. That may change to 80/20 in the next few years.

N. Comai asked if the Water Precinct considered the goal of a 1% budget decrease established by the Council?

C. Jones: We tried to reach that goal but because of the increases in expenses including electric and water treatment we were not able to meet that. We did make cuts but the cost of chemicals and testing offset the cuts.

C. Jones stated that the Precinct is not covered under the town's insurance.

V. Lembo asked if they could obtain a better rate if they were included with the town.

C. Jones stated that staff is looking into other insurance options.

D. Pearl: How many customers do you serve?

1024

D. Pearl: When you change the Superintendents salary from hourly to salary, I assume there will be no overtime.

C. Jones: Correct

T. Keach: With the change in insurance, will the Superintendent be actually getting a decrease in pay.

C. Jones: No

N. Comai: Could you explain line 17, temporary help?

C. Jones: That is used for Labor Ready to shovel hydrants and hydrant maintenance. T. Amato does all the State testing. Last year we went over by \$1000. This is a less expensive option than hiring an employee. We only call for help when needed.

N. Comai: I understand but this is an increase of 29% from the actual in 2010.

Increases:

- 1 General Production Expense increase of \$3119. – increase due to sod ash and chemicals going up.
5. Purchase of Power increase of \$7084 – increase due to a new booster station on Route 3. The electricity cost has increased.
8. Maintenance of Services increased \$500. – Services which need to be replaced.
13. Emergency Fund decreased \$5000 – We actually only spent \$3500 so we made the adjustment.
14. Labor- increased \$5617 – explained earlier

- 15. Temporary Help increased \$3000 – explained earlier
- 20. Engineering decreased \$2250 – last year budgeted \$14,250 and reduced because most of the projects are now engineered.
- 21. Legal and Audit increased \$500 – fees went up. \$15,000 is the retainer for legal services and the balance is for the audit
- 24. Health and Dental increased \$4655
- 39. Truck Expense decreased \$2330. – new vehicle requiring less Maintenance
- 43. Water meters increased \$300 – Originally budgeted for 100 meters. We decided to only buy 50 and we budgeted for 50 this year.

V. Lembo asked if the Precinct was involved with the Town computer upgrade and are you networked to the town?

J. Hebert: We have our own system and communicate with the town through email.

J. Hyde: The budget is going up 3.35%. How can you do that without raising rates?

J. Hebert: Our projected revenue is \$490,317. In the past, we've had quite a bit of surplus. We are using the surplus to our advantage by not raising the rates in spite of a budget increase.

J. Hyde requested the pay scale analysis used to determine the pay adjustments be made available to the committee.

C. Jones will email it to the Budget Committee Secretary.

J. Hebert: We place surplus into a reserve fund.

D. Pearl requested that in the future, the precinct separate legal and audit.

K. Hughes requested that the actual and the previous year and the proposed budget be combined on one page.

Warrant Articles (1-9) – were presented and reviewed

J. Hyde: Rather than putting all \$50,000 towards the maintenance fund, use half and put \$25,000 towards reducing rates.

C. Jones: If we do that, we are not raising rates, the initial impact is less now but 3-4 years we will be in the position we were in a few years ago when we had to raise rates because we had to replace a tank. I'm trying to prevent a huge sticker shock.

N. Comai: Why is there \$110,792 in the 2011 Budget revenue for Monthly Customer charge and 0 in 2010 actual?

Nancy: It was previously included in the Water Rents for 2010 actual.

Central Water Precinct- Bill Alois and Irene Beaulieu

Bill Alois: The budget decreased 1.95%. There are no pay increases. There are no rate increases. There has not been a rate increase since 2005. Warrant Articles are standard.

K. Hughes: Payroll - part time, budgeted \$2500 and the actual was \$112.50.

B. Alois: This is to clean hydrants and that is if needed.

D. Pearl: How does the salary structure for the Superintendent compare to that at Village?

B. Alois: It is a little lower.

Irene: Our function is a little different. We don't treat our water, we distribute Manchester water. Our daily projects are different.

J. Hyde asked how many employees were in the Central District and Village Precinct.

Central has 3 employees and Village has 3.5 employees.

J. Hyde asked how they will save 5% in power.

Irene: That is based on usage.

V. Lembo: Is there going to be a cost of living increase to offset the insurance increase?

B. Alois: The employee pays no insurance and there is no plan to change that.

Warrant Articles (1-12) were presented and reviewed

The Committee requested that the Warrant Articles include how the money would be raised.

Presentation of Sewer Budget – Bruce Kudrick, Superintendent

B. Kudrick: We are a separate entity from the Town. Our budget does go into the town budget but it is an in and out item. It does not affect the tax rate. All our money is raised by sewer users. We run off of a State and EPA permit. Those are rules and regulations we have to follow. One of them is running the operation of the treatment plant. I told the commissioners if you want to cut budget, you can do that, but if something happens, and we can't afford to fix it, it's not an excuse to EPA. They will come after you, they will find you and they will put you in jail. We are probably the only department in town that this would happen to. The Council won't come after us, the EPA will come after us.

Budget

1. Wages – increase: changing an employee in July from an operator to a chief operator. This will take the load off of Bruce so he can take some time off.
11. Heat – increase because of the cost of oil. The usage has not changed.
14. Laboratory increased because of a new process and equipment is not yet on line.
15. Chlorine decreased \$7780 because of the new system
23. Testing increased because we are looking at ways to cut our sludge hauling cost.
30. Plant Maintenance increased, we have new equipment and we have to buy spare parts for that.
31. Manholes and Mains increased \$500 because we are clearing easements and we have over 54 miles of sewer lines and 14 miles that are cross country. EPA regulations require that we be accessible to those at all times. We have to go up with a mower and keep the middle clean. That increased \$500.
32. Vehicle Maintenance increase comes from Diane and fuel cost increase.

The actual operating budget for the treatment plant went up 2%.

Debt Services – Through two warrant articles, we have to payback, through EPA or the State the loans/bonds we took out. The first one is \$251,371 and the second one through the State revolving loan is \$543,230 for a total of \$794,602.

Because of the debt service that must be paid back a year from now, we are looking at a total increase of 10%. The Board is looking at ways to pay this back. The State gives two options, you can do a set amount for 20 years of \$447,000 or you can go with a higher amount which is \$543,000 and then each year it decrease. We are getting \$155,000 from the State. That is part of the contract with the State of NH.

Most of the increase is to pay back the bonds and that is what the voters voted and now we have to pay it.

N. Comai: I thought that the 6 million and 3 million dollars, 6 vs. 3, which is 2 in and later on reimbursed 1. How is it \$794 in and \$152 back?

B. Kudrick: I asked that same question. When I looked at it, you're taking roughly 6 million dollars, I should getting 3 million back. When I talked to the accountant he said, no you are only paying on the principle. The principle is \$311,200 and that's what you are getting half of it back. That is how it works through the revolving loan fund. You are correct, that is not how we thought it was, but when they did the paperwork, that's how it came out. I can have the accountant come to the next meeting to explain it to you. We will get back \$155,000 each year.

N. Comai: I believe I have the paper that says we will be 3 million back.

B. Kudrick: We will not be going up on the rates. I thought if we get a million dollars, we would get \$500,000 back but that isn't how it works. It was never explained to us like this.

JR Ouellette: Ask about the increase in wages last year?

B. Kudrick: There was a change in position for the lab director. This person got an increase and two other people got increases but the people on the high end did not get an increase. Although it was taken out the budget, the commission made the decision to give those increases.

JR Ouellette: On the wage line, was an employee added because there is a \$55,000 increase?

Bruce: Going back to the personnel issue, there was one person out for 6 months without pay and another out for two months. That is the difference. For a large amount time, there was no paid out.

B. Kudrick: In the back of the book is a page titled "Reserved Sewer Capacity". This lists the project names, the locations, the gallons sold and the number of units approved and the number of units built.

Revenues – (pg. 17)

This is based on how many units will be coming in. One problem this year and last is the income has decreased. When the rates were figured out we were taking in 238 million gallons. That was done in 2008. In 2009 it was 212 million and 2010 was 218. We lost over \$111,000 in income because of foreclosures of homes. We lost with Walmart leaving and Wendy's closing for a while.

B. Kudrick stated he did not have any warrant articles at this time.

B. Kudrick: It is not official, the sewer rates are being updated. The projection is \$636.00 per year and should not increase. A hand-out was distributed showing the rates of all the towns in NH.

SCHOOL DISTRICT WARRANT ARTICLES

D. Argo: The School District Agreements were ratified. The good news is the costs have gone down. The Hooksett Education Association, the estimated salary increases \$164,969. Estimated Health and Dental Savings is \$207,000. Net savings to the district is \$14,416. The Support staff agreement salary increases are \$51,195 and the estimated Health and Dental Savings is 100,597 with a net savings of \$39,808. This is what came from the negotiations with both bargaining units. Both sides worked hard and the district is happy to be presenting a net savings to the town.

JR Ouellette: Assuming this passes, the following year, since this is a three year contract with zero increase, the third year it doesn't pass, the Evergreen Claus kicks in. The Evergreen Claus kicks in on the fourth year. How will this affect the initial contract?

D. Argo: This is the second year of the three year contract which we had a wage opener. We negotiated this for a year.

This savings in the health care is due to a change in providers. There is no increase in contribution by the employee. We changed from Anthem to a different company.

This was a huge concession on the part of the union.

The salary increase is steps with no cola and comes to about 2%.

JR. Ouellette: If this is step only, does that mean some teachers are not getting step?

D. Argo: Those at the top of the scale will get an increase. There was adjustment made to the scale and everyone will get an increase.

D. Argo: If this warrant article fails, we will revert back to the insurance through LGC and the cost will increase.

MISCELLANEOUS

D. Pearl asked if they could request a standardized budget sheet with a standard format from the Town Administrator for all budgets. It will make it easier.

Next meeting is at Memorial School for a School District Public Hearing.

ADJOURN

***N. Comai motioned to adjourn the meeting at 8:50 pm. Seconded by V. Lembo.
Vote Unanimously in favor***

Respectfully submitted,

Lee Ann Moynihan