

**BUDGET COMMITTEE
TOWN OF PEMBROKE, NH
DECEMBER 8, 2022 at 6:30 PM**

Mark LePage, Chairman, called the meeting to order at 6:30 pm.

I. Attendance:

Budget Committee Present:

Clint Hanson, Dave Doherty, Sue Whitbeck, Gene Gauss, Mark LePage, Gerry Fleury, Brian Seaworth, Peter Gagy, Louis Caron, Andy Camidge

Staff: David Jodoin, Town Administrator

Excused: Jenn Johnson, Matt Miller.

II. Approval of Minutes – December 1, 2022:

Gerry Fleury moved to approve the minutes of December 1, 2022. Dave Doherty seconded the motion. Motion passed 9-0. Gene Gauss abstained.

III. 2023 Sewer Commission Budget Presentation:

Paulette Malo, Office Manager, Pembroke Sewer Commission, presented the 2023 Sewer Commission budget.

Matt Miller sent questions to the Sewer Commission ahead of the meeting since he was unable to attend. Some of those questions are:

- Does this department run like the Water department, and all residents using the service pay bills (as opposed to budget by tax collection)?

Paulette explained they are a self-funded department similar to Pembroke Water Works. They are not dependent on tax dollars aside from some past large-scale capital projects.

- Pembroke pays sewer rent fees. To whom do we pay rent, and who operates the plant? What ability does Pembroke have to review and comment on operations, maintenance plans, financial practices and emergency response plans?

Paulette answered any unpaid sewer fees and associated late payment fees are sent to the tax collector at the end of the year. The Commission maintains the Pembroke collection system and 4 pump stations. The sewer treatment facility is owned and operated by the Town of Allenstown. Each year, by November 1st, Allenstown sends their proposed budget with the proposed cost to treat to Pembroke's waste. The Commissioners take that budget amount and add an

additional \$10,000 as a buffer in the event of an overage. The Commissioners are responsible for reviewing the maintenance plan and overseeing the financial practices and emergency response plan for Pembroke only.

- The Budget 2022 column shows a transfer from Trust Reserve in the amount of \$90K. When will that happen, and what is the reason for that type of transfer?

Paulette explained since the trust funds over the last several years have lost money, the Commissioners made the decision to remove two of the accounts for facility and equipment from TD Bank and put it in NHPDIP. They have already made up \$19,000 in interest.

- Collection System camera/Repairs. \$60K listed in 2022 under Maintenance and then \$60K listed again under maintenance. What is this line item? Is it really maintenance or a capital expense? What is the function of the camera, and at \$60K/year maintenance, is it the right tool for the job?

Paulette explained the camera repair line is budgeted for \$60,000 because they need to camera 1/5th of the system every year according to the EPA and DES rules and regulations, in order to receive the discharge permit. That is approximately 5 miles of the system a year.

Gerry Fleury asked why they have not spent any of that \$60,000 as of November 15th. Paulette answered they are training a new employee in the field and by the time they put it out to bid, it was too late, and the costs came in too high. The Commissioners decided to hold off a year since they had already done maintenance to those lines, which covers them for the license.

Mark LePage asked if they have a number for the rental fees. Paulette answered they will be finalized on the 19th. They wanted to wait and see how the last quarter bills came in before adjusting.

Mark LePage asked if Paulette could explain line 055 and the prior year receivables reference to capacity and truck. Paulette answered they ordered a truck in March that has not come in yet. The capacity is the Inter-Municipal Agreement with Allenstown (IMA). The IMA is signed and approved and on the desks of DES and the Attorney General. There will be a \$460,000 fee to the Town of Allenstown for an additional 150,000 gallons. Unlike most of the Town budgets, money doesn't lapse at the end of the year, it continues. What has been collected in revenue in prior years can be used as revenue to pay for things coming up.

Brian Seaworth asked if the year-to-date expenses are currently only showing 60% of budget, will there be a surplus or are there expenditures to come. Paulette explained there could end up being a surplus but there are still expenses coming in for the year. There are a few items still on order like a \$25,000 grinder for a pump station.

Brian Seaworth explained when Water Works was in, they discussed the possibility of connecting to the City of Concord for capacity. Does that possibility exist for Sewer. Paulette explained the Commissioners have been working with Concord on a study and now Concord is doing their own study. When that is complete, they will meet to discuss sending some flows to the City.

Gerry Fleury asked when Paulette will retire and what are the plans for her successor. Paulette answered she will retire at the end of April 2024. They have hired one employee for field work and he is being trained right now. The Commissioners are hoping to bring someone into the office for office work and part time field work. If the positions aren't fully staffed, the Commissioners have asked her to stay on part time in the office.

Mark LePage asked to what extent is the procedures and processes have been documented. Paulette explained there are documents for policies and procedures of most things but there are always going to be case scenarios that are rare.

Louis Caron asked why there was a large jump in the legal fee lines. Paulette answered they always increase the budget when they are dealing with the Allenstown IMA. It is a long and expensive process.

IV. 2023 Public Works/Cemetery/Solid Waste Budget Presentation:

VJ Ranfos, Director, Pembroke Department of Public Works, presented the 2023 Public Works, Cemetery, and Solid Waste Budgets.

David Jodoin shared the janitorial services was brought back in house so there is a correlating increase to wages and benefits. In January, the Town will have the Primex insurance budget information. The budgets for all town departments will be effected.

Matt Miller sent questions to VJ ahead of the meeting since he was unable to attend:

- What is the reason there was only one bid listed for each of sweeping and winter sand contracts? How many bids are commonly requested or required for Municipal services work?

The sand bid was advertised twice and each time there was only 1 response. There is a lot of work and not enough contractors. For the sand bid they have used Merrill in the past and are very comfortable with their work. All bids are approved by the Board of Selectman and if they only receive one bid, the Board has the option to waive the 3-bid requirement.

Gerry Fleury asked if there was a dollar threshold that forced a competitive bid process. David answered it is \$5,000 but with rising costs that should be reviewed to possibly \$15,000.

- Street sweeping shows a new contract. Is it a new provider, or the same provider? If a new provider, how does the level of service compare with the previous provider under the previous contract? I am interested to know if the 17% annual cost increase is reflecting inflation or a different level of service.

Sweeping this year will be a new vendor. They have checked his references and they were positive.

Gerry Fleury asked where the sand from the street sweeping goes. VJ explained because the Town is a MS-4 community, there is a pile at the transfer station where it is dumped and before that sand can be used for any purpose, it has to be tested.

- What is the cause of the decrease in health and dental insurance? Salaries and associated employment taxes (social security, medicare, retirement) are increasing, so it appears that the staff level is not decreasing.

The decrease in health and dental is because new employees were budgeted at family plans and one opted out of health insurance and the other did not take a family plan.

- Striping Contract shows \$0 expenditure year to date in 2022. What is the reason for that?

VJ explained that right now the actual amount left in that budget line is \$800.

- Gas and fuel estimated 20% increase. I understand and support the reasons for the 2023 estimate. I would not be surprised at all if gas and fuel ends up being less costly than estimated.

VJ explained the Town is partnered with the State to get diesel cheaper than what is seen at the pump. They typically fuel up at the State Highway pumps located in Allenstown.

- Salt and sand shows almost 18% increase. What is the reason for that estimate? How much is due to inflation?

VJ explained the salt prices increased \$7/ton which is less than the increase was last year. Sand increased \$3/ton largely due to fuel prices for them to haul to the material to Pembroke. The tonnage estimates are based on last year actuals.

- What is the heating fuel for Safety Center, Town Hall, Public Works (Natural Gas?)?

VJ answered all town buildings are on natural gas.

- observation that the school's electricity cost is more than 3X greater than Safety Center, Town Clock, Town Hall, and Library combined. It was explained that facility size and power consumption for the sites were not compatible.
- What services and activities does the Engineering line item cover? For the past 3 years, it appears that the town has spent less than 15% of the requested budget consistently. Are we neglecting some activity, or is this line item some kind of contingency for an urgent unplanned problem?

VJ answered the engineering work is mostly for road projects and culvert replacements. David explained that money is often encumbered at the end of the year and the expenses that correlate are shown on the balance sheet and not in the budget lines. They have already encumbered some funds for next year for a project on Fairview Avenue.

- What is the reason the recycling line item actual spend has declined for the past two years (down to \$2438 YTD) whereas the requested budget is increasing 25%? line 1000-43244-39000

VJ explained the increases are due to the new recycling contract and the decline in value for recycling in the commodities market. The Town was making money or paying very little for recycling but the latest bill was \$155/ton to recycle. Mark LePage asked what the standard waste tonnage costs are. VJ answered \$99/ton. Gerry Fleury explained the Solid Waste Committee met with Casella to discuss options for the recycling program and then they presented the Board of Selectman with a recommendation. The decision was made to continue with the program as is, budget for the increase, and wait out a market rebound.

- How close will the 2022 full year road repair and reconstruction (1000-49093-73002) come to the \$750K budget for 2022? Current report is showing only \$402K spent through Nov 2. If we underspend significantly, what are the reasons?

VJ answered that currently, they have spent \$402,000 as of November 2nd. By the end of the year, they expect that 99% of the \$750,000 will be spent.

Mark LePage asked if there are any other highlights to note in the budget. VJ explained the computer lines will be going up because they are looking into asset management software. He has secured a grant to cover the actual software but there will be a subscription cost.

Louis Caron asked if all the DPW employees will be doing the data entry. VJ answered there are four people being trained to take a tablet into the field to input the information as they are working to keep everything as current as possible.

David Jodoin shared that DPW is fully staffed.

VJ also shared there the increase in contracted services is for a sidewalk plow to be more efficient in the wintertime. DPW will be responsible for Academy Road down to the Village and the contractor will handle from Academy Road north to Route 3. They used him last year and it has cut down tremendously on resident complaints. After plowing all night, it was sometimes taking them 2-3 days depending on the size of the storm to get to the sidewalks.

Gerry Fleury asked if the Town treats the sidewalks. VJ answered they do with sand and salt.

VJ explained the 10-year contract with Casella ended this summer. The Solid Waste Committee put out an RFP asking for a few different bids structures back and ended up re-negotiating a new contract with Casella. The Town went from paying \$67/ton to \$99/ton in solid waste and there was a considerable increase in recycling.

Dave Doherty asked what the state of vehicle fleet is. VJ explained as part of the CIP program, they will be asking to replace the 6-wheeler that is 15-years old and a 30-year-old chipper. The 6-wheeler is budgeted at \$250,000 and the chipper is \$65,000.

Mark LePage asked VJ what keeps him up at night. VJ answered it is making sure they are able to go out, do their job, and keep Pembroke residents, employees, and the traveling public safe. Another thing is the MS-4 regulations from the EPA. There are a lot of unfunded mandates to stay on top of and there are still a lot of unknown costs.

V. School Budget Update:

Andy Camidge shared the bottom line of the food service budget is up \$125,000. They are looking at pooled increases for custodial and food service staff. They are having a hard time keeping people because their pay is low. The Board was presented with a prioritized cut list but the list is not straight cuts and more alternative funding sources such as trust funds. The Board just got the full budget, so they have to review it, digest it, and then discuss further. They have another meeting before the holiday break. There has been significant progress in the teacher contract negotiations, and they should have an announcement next week. The Committee should also have their budget binders in the next week or so. They do have a first draft of the warrant, but it is not finalized.

VI. Other Business:

The next meeting will be December 15th with Karen Guercia, Assistant Superintendent of Student Services, to discuss Special Education in Pembroke.

VII. Adjourn:

Gerry Fleury made a motion to adjourn at 7:34 PM. Clint Hanson seconded the motion, and it was approved unanimously.

Mark LePage, Chairman