

Town of Rye
Budget Committee
10/16/18

Attendees: Chair Jaci Grote, Peter Crawford, Alternate Shawn Crapo for the Rye Beach Village District, Phil Winslow, Randy Crapo, Kevin Brandon, Scott Marion, Peggy Balboni. Also present: Rebecca Bergeron, Town Finance Director, Michael Magnant, Town Administrator, Mark Cotreau, Fire Chief, Kevin Walsh, Police Chief, Lee Arthur, Recreation Director (not present at the start of the meeting).

Chair Grote calls the meeting to order with the pledge of allegiance. We will review the first quarter school budget and the third quarter town budget.

Jaci Grote: The second item on the agenda is approval of the minutes. Peter Crawford sent out the minutes to everyone. Does anyone have any comments on the minutes?

Voted to accept the minutes as written. Phil Winslow made the motion and Kevin Brandon seconded. All in favor.

Jaci Grote: School Review is the third thing on the agenda. Scott is going to take us through that.

Scott: I would like to keep it short. As Amy presented it to the School Board meeting, we have three months of activity. We don't have a final report. We had a couple of unexpected retirements and a few decreases in the EL teacher. Amy does estimate encumbrances during the year but it's too early to have complete numbers.

Peter Crawford: Do we know how many kids at the high school yet?

Scott: No.

Jaci Grote: Is it possible for you to come under budget?

Scott: We always come under budget. We typically come in 1% to 3 % under.

Kevin: The only thing that would impact it this early is the unanticipated new hires or retirements during the year? That's it.

Randy: What about the contract you just signed with the union?

Scott: That goes out on the warrant. That would not be in this current budget. It wouldn't take effect until July, 2019. The RESPA contract would be for five years.

Peggy: On transportation, you are splitting the bus with New Castle?

Scott: That's for the middle school kids to come over. We share the cost.

Peter Crawford: You're \$10,000 over on that? Is that something that was not anticipated? Is that due to just the bus?

Scott: I don't know what that it is. We will look in to that. We have a board meeting tomorrow. I will check it out.

Peter Crawford: Is this the year for the renegotiation of the bus contract? So this will kick in for next year's budget. Enrollments are down, I don't know why we need such large buses.

Scott: We are looking at that. It drives many of us crazy that the parking lots and the lines to get into the school are full, and we have all of these buses running. We have to run the buses. With the number of kids that ride the buses we could probably cut the buses by a third or two-thirds, even. But the kids would then be on the buses for an hour and a half.

Kevin: You see the buses, and they're half full. If the seats are needed five or eight times a year, is it more economic for the bus company to add capacity, or to put smaller buses into the fleet? It's spread around among other schools.

Peter: Maybe the reason that the buses are so large is that Greenland needs bigger buses. Why should we pay for that?

Police Chief Kevin Walsh: We need large enough buses to accommodate mass evacuations in an emergency to get the entire population out of the building.

Scott: We are tied in with Greenland and it's really hard to find bus drivers. Even if we cut the bus size in half, we would still have all of the fixed costs.

Peter Crawford: All I know is that enrollment has dropped by 20-25% and the number of buses is still the same.

Kevin: We are required to provide transportation for children up to the age of 14 and whether there is one child or ten, it still does not change that.

Scott: We are looking at this and it is part of our budget discussion. That I can promise you.

Peter Crawford: Okay, good.

Jaci Grote: One last comment from me is, Page 4 Special Education, \$227,000. Is that number bound to change?

Kevin: A big chunk is tuition to LEA.

Peter Crawford: Which is the Lister Academy, which is not encumbered.

Scott: The high school does have the Lister Academy. We are having another meeting about that with our attorney and other SAU towns next week as a matter of fact. Do I expect it to go up or down? Is that your question Jaci Grote?

Jaci Grote: No I am asking will it remain the same or do you think we will eat away at it?

Scott: It should be more than covered. It depends on whether we get more children.

Scott: We do have reserves should we have more children move in.

Peter Crawford: There is \$87,000 for contracted services at the Elementary School.

Scott: That includes contract psychologists and things like that.

Peter Crawford: What is encumbered and what is not is not consistent. I noticed that the fuel oil is encumbered for one school and not the other.

Scott: Amy is working on it. She has not had a chance to complete it. She is doing a great job. We have not had any surprises.

Peter Crawford: Do we know any of the enrollments for this year?

Scott: I have that.

Phil: Are any other schools self insured for medical?

Scott: It's all through the trust.

Phil: Some private companies are self insuring.

Scott: Most all schools go through the insurance companies. What do you do for the town?

Mike Maganant: We use the Health Trust.

Scott: The enrollment at the elementary school is 253. Kindergartners 38, 51 first grade, second grade 39, third grade 44, fourth grade 43, fifth grade 38. Middle school is 127, there is a committee working on a transition for the 5th graders to the Junior High School. We think that

once the fifth graders get to the Junior High they will be less likely to leave. We have been losing kids between 5th and 6th grade.

Jaci Grote: We are done with the school. We now welcome Becky and move on to the town. Do you want to take us through your budgetary overview that you have submitted. It was attached to our email.

Shawn: I didn't get a hard copy.

Becky: I will go print out the copies.

Jaci Grote: In the meantime, I will move on to other business. I received an email from Steve Borne. We talked about the equipment at the fire department and he prepared a table. I want to present this and we can discuss it during your presentation. It is a table in which he compares the population of different towns in the area and the equipment that they have for their fire departments. His question is, should we be managing our equipment better in line with what other towns are doing? Are we going to continue to have our own fire department? These types of questions, and I think that this is a fair question, that we have talked about ourselves. So if you want to proceed and talk about it, you can.

Fire Chief: I can talk about it now or later, whatever is best. So let's back up a little bit. We spent the better part of this year with a committee doing just this research. This is not anything new. We looked at all our apparatus, whether is it suitable for Rye, is excess, what the condition is, etc. We had two outside companies come and evaluate our fleet. We look at a few things. Initially, what you need initially out the door. If you get something substantial, for example, if we have a fire, you need a hydrant apparatus, you need an attack pumper, You need

that at the beginning of your fire. Right now the attack pumper would be the station crew. The hydrant pumper would either be mutual aid or people being called in. You need apparatus for people to cover when you have a substantial call.

The other thing that goes into the determination of apparatus needs is multiple calls like hurricanes, thunderstorms and floods. You need to be able to spread this apparatus across multiple calls. There is a lot that goes into the placing of the apparatus, infrastructure, your service population, especially with EMS in this town, which is very important because we have the aging population as well as a tourist population which a lot of towns do not have.

You have to have a response time that is reasonable. It is true that the population adds up to 14,900 which is approximately equal to Windham, Exeter, Hooksett, and so on. If you look at the square miles in our area, there is more to it than we have two and they have two. I am an advocate of the regional approach. We handle hazmat that way. It is very expensive and Rye is the custodian of one of three breathing apparatus trailers that goes to fires in the area. If Hampton or Newburyport has a substantial fire then we respond so that they can be assured that they have a good supply of air. We do those sorts of things.

In here he talks about two ladder trucks in Portsmouth. There is actually have one staffed ladder in Portsmouth. North Hampton has a ladder, but it's an aging ladder. It's out of service a lot.

We are taking a regionalization approach to water rescue. We need to make our water rescues rescues, and not recoveries. We could wait and I have five or six examples of calls in the past year. These calls all could have been effected with a modest investment from us.

We need a regional approach. When we talk about a regional approach, regional is a give and a take. You have to have something to give. Our apparatus is aging. Seriously aging. There is some serious question as to whether the ladder truck should even be in service. That came from an independent assessment, not from me. I see the perspective and I see what the numbers appear to be but there is so much more than that. I am happy to explain it to anybody for any amount of time.

Kevin: I think just to interject, the analysis that Steve put together is very high level and it's simplistic. It generates a lot more questions than it answers. And that's fair and what you want to do is stimulate conversation. So I doubt for a second that he presented it as a fait accompli. I do think it makes a lot of sense though, and it's important that we have a lot of equipment that has a long useful life. The decisions made back then are in some ways triggering renewal decisions when the facts and circumstances might be totally different: the distribution of the call volume, demographics of the town, the willingness of the adjacent towns to share resources, the template that you said you already have for water rescue and hazmat. These are things we obviously need to look at because the long term planning is that once you own the equipment you need it to run it and man it. This is a very long tail investment and we can't make these decisions unilaterally, we need other towns to have input.

Fire Chief: Steve just wanted to get the conversation started. This is strictly directional.

Jaci Grote: As a Budget Committee we do want public input. I am saying that out loud for everyone who is listening. We do want people to participate in this. When we get this type of input, we will discuss it.

Peter Crawford: I think that this is all coming to a head this coming budget season because looking at the CIP plan, there is a \$950,000 pumper/ladder and the following year there is another \$300,000 for a new pumper in the CIP plan, and in 2023 there is \$260,000 for a third pumper. So you're planning over the next four years to replace all of the equipment, without understanding the whole picture. I would like to hear what the other Budget Committee members think we should do to evaluate this whole thing. I think it is a major decision that we don't necessarily want to see presented as one warrant article at one meeting to be voted on.

From my perspective the issue is how does mutual aid play into this whole thing? If we only have two or three people on staff and we never send a fire truck out with fewer than two people, we have an imbalance between the equipment that we have and the staffing to handle it. The second vehicle to arrive is almost always going to be mutual aid because we only have the two or three people. I would like to understand how having more equipment helps us in terms of safety if we don't have the people to staff it.

Chief: I can tell you this. I mentioned it to the Selectmen. I am more than happy and would love to do a public forum so that we can get input and I can present the package. It's really not a one year package, it's a multi-year package. We are working off a six year plan for the town but a 20 year plan for us. I want to do what's right for Rye, not for somebody else. We are not New York City. I understand that. I am more than happy to talk about it.

Peter Crawford: We need to start now thinking now about how we are going to approach this. Some of us have talked offline. There is general agreement among us that we want to see the whole picture very early in

the budget process. We don't want to see big warrant articles coming late in the process.

The Fire Chief explained how the additional equipment was removed from the request last year so that they could do an exhaustive analysis.

Peter Crawford: The Budget Committee will assume that what is in the CIP Plan will be proceeding, but nothing else. That is what we will be assuming at the next meeting, which is the all-day meeting. Peter mentioned \$700,000 for the Salt Shed and \$200,000 for Shoals View paving. It may well be that, when you add all of that up, we're looking at a pretty big increase in taxes. The Budget Committee members need to be thinking in those terms very early in the process. Maybe we don't have enough money for all of the frills in the town operating budget.

Jaci Grote recommended that the Fire Chief and Dennis McCarthy of Public Works need to have a public forum at the Library and allow people to make recommendations, talk, ask questions, etc. These departments have been funded in a constrained way. The Budget Committee will support this kind of forum. The Chief will come up with a plan for the Fire Department and what the town needs. The Committee requested a Power Point presentation but also to have it recorded on the town streaming so that everyone can review it should they choose to.

Shawn: The Selectmen are the policy setters for the town.

Jaci Grote: I understand that, but if you put a \$950,000 fire truck on the warrant, nobody will vote for it. Nobody will vote for the \$700,000 salt shed. They won't vote for those because they don't understand them.

Randy: I agree that forward-looking planning is required.

There was discussion regarding whether the forum could be done before the all-day budget meeting.

Scott: The Deliberative Session is the time that there will be a lot of people present to pay attention to the presentation.

Peter Crawford: I suggest that we do it then, but also have the material developed early in the process, so that the Budget Committee can have the information so that it knows whether to vote to recommend or not.

Kevin: The approach of bringing more understanding and analysis should not be viewed as an exception. This is the way the Budget Committee should operate. Otherwise, the Budget Committee is saying thumbs up or thumbs down in a vacuum, often what's dropped on the desk very late in the game. That's not a very effective process.

Shawn: We're starting to overstep and do the job of the Selectmen and the CIP Committee and come up with the same answer.

Jaci Grote: We're not doing everybody's job. We're educating ourselves on what it is that we're voting on. I am not going to be comfortable voting on stuff that I don't know anything about. That is not going to be the way this Budget Committee operates. I don't want it anymore. When we recommend something I want my recommendation to mean something.

Shawn: Are we going to make Kevin do a presentation on the next cruiser?

Jaci Grote: I referred to Fire and Public Works. Those are the areas where we are facing risks.

Peter Crawford: It's all relative to the costs. A \$40,000 cruiser is not going to get the same analysis as a \$980,000 fire truck, but they all should be analyzed.

Kevin: Proper governance dictates that you know more, to Jaci's point, regarding what we're actually discussing. If we don't do that, what's our job? Given my background, you don't actually budget by going line by line through the numbers and saying what they are. You challenge the assumptions.

Jaci Grote: Okay next let's have Becky do the 3rd quarter review. Thank you Becky.

Becky: As the Budget Committee requested, I did a brief overview of the highs and lows. We are in great shape. We are at 35.8 percent unexpended. We are ahead of where we should be. A couple of things to note: our debt service is paid, commercial insurance is paid. Those were two large expenditures. Legal expenses: the South Road settlement caused us to be above budget. The Fire Department has had some unexpected injuries and illnesses. The replacement wages have been a little higher than normal. That's really it. There are no disproportionate events.

The revenues for vehicles are up. Parking Permits (beach permits) are up. Interest is up. Building permits are down due to an absence of large projects.

Items that are being watched for the 2019 budget:

Wages and COLAs.

Health insurance. We got our rates. They are not horrible based on the three year average. This year, it's a 13.6 % increase due to experience.

Retirement expenses are going down

Capital Expenses and warrant articles

Peter Crawford: The paving budget seems to be hardly spent. Is that normal for this time of year? I would think we are going to spend the budget. Then he wants to increase it for next year to \$400,000.

Phil: This was such a significant expense that we asked Dennis to put it in the CIP, so we could take a look at the whole package. There are 45 miles of road and they last 15 years, so we have to repave three miles every year. The cost is \$132,000 per mile, so that's \$396,000 annually.

There was discussion of the cost per road and how much needs to be repaved each year.

Jaci Grote: Anyone have any questions on the details? I didn't have any questions. I thought the summary was great. Becky did a great job.

Becky: I am sure there will be quite a bit of spending at the end of the year. We won't be coming in way under budget. There will be quite a bit of spending in November and December.

Jaci Grote: Is there an update on the town hall building and painting, etc.

Mike Magnant: I just met with the painter. He will start on 10/22. The carpenter will be finishing up tomorrow and the painting should be completed. Any estimate of the costs? Approximately \$50,000 for the painting and carpentry. Estimated \$94,000. Should show a good savings.

Jaci Grote: I loved the 5 year snapshot of the revenue. I found that very interesting. There should be an increase in vehicle registrations.

Randy: Question about cabin licenses.

Mike Magnant: Old Rye had cabin fees. Meals and Room Taxes we get some from the State.

Jaci Grote: Let's go to CIP. We have a CIP Plan sent to us. Look at page 5, 2019 capital projects. Does anyone have any questions about anything else?

Peter Crawford: Look at page 28 which has the table of the projects.

Jaci Grote: I want to recognize that the CIP Committee for putting this together for us. I really appreciate it. There was some discussion about road paving. What is the infrastructure total?

Shawn asked about whether there would be a separate session for the Fire Department and Public Works or whether it would be part of the all-day budget session.

Jaci Grote said that she will think about it.

Phil: The Chief will do a presentation at the Library.

Jaci Grote: This would be the perfect thing for the Rye Civic League to do. They have the communication tool.

Peter Crawford: I have a question about the conservation bond. On page 28, it says 2019. Is that going to happen?

Jaci Grote: I think that it is going to be a tough sell. I have to have another discussion about it. This is why it is difficult to be on both the Conservation Commission and the Budget Committee. It's not dead, but it's almost dead.

Jaci Grote: Let's talk about the calendar. We have several dates on here. The town's work session is on October 25. Ours is November 8th. Scott and Doug cannot attend that meeting.

Budget Committee work session on the town budget is December 6th. Review of the school budget is on December 12th. Phil cannot attend that meeting. January 9th is the public hearing on the school budget. January 10th is the public hearing on the town budget. January 15 is a snow date for both and the last day that we can have the hearings. February 2nd is the Town Deliberative Session. We need a quorum there. February 5th is the precinct public hearings and the School Deliberative Session. We should use these dates.

Everyone is good with that? Okay, good. We will send out a confirmation of the calendar electronically.

Jaci Grote: Does anyone have any other questions or requests?

Peter Crawford: I suggest that any requests for information for the all-day meeting be voted on tonight. I would suggest that we ask for at least a preliminary indication on all spending, including capital outlay and warrant articles.

Jaci Grote: I would suggest a letter to Mike and Becky to communicate our expectations. I will send to everyone on the Budget Committee before I send it to the department heads.

Jaci Grote: I would like to thank everyone for coming prepared and answering all our questions. Can I have a motion to adjourn the meeting?

Motion to Adjourn

All in favor

Meeting ended at 8:20 p.m.