

**TOWN OF RYE
BUDGET COMMITTEE
Wednesday, June 21, 2023
6:30 p.m.
Rye Town Hall**

Committee Members Present: Scott Marion, Dania Seiglie, Suzanne Barton, Shawn Crapo, Ralph Hickson, Doug Abrams, Steven Borne, and Selectmen's Rep Bob McGrath

Also Present on behalf of the Town: Finance Director Becky Bergeron and Town Administrator Matt Scruton

I. Call to Order and Pledge of Allegiance

The meeting was called to order at 6:32 p.m. with the Pledge of Allegiance being recited.

II. Election of Officers: Chairman, Vice-Chairman and Clerk

Motion by Ralph Hickson to nominate Scott Marion as chair. Seconded by Doug Abrams. All in favor.

Motion by Scott Marion to nominate Jeff Ross as vice-chair. Seconded by Dania Seiglie. All in favor.

Motion by Bob McGrath to nominate Steven Borne as clerk. Seconded by Scott Marion. All in favor.

III. Approval of Minutes

1. 1/11/2023

Motion by Dania Seiglie to approve the minutes of January 11, 2023 as written. Seconded by Shawn Crapo. Vote: 6-0-2 Abstained: Steven Borne and Bob McGrath

2. 1/12/2023

Motion by Ralph Hickson to approve the minutes of January 12, 2023 as written. Seconded by Suzanne Barton. Vote: 6-0-2 Abstained: Steven Borne and Bob McGrath

3. 1/17/2023

Motion by Shawn Crapo to approve the minutes of January 17, 2023 as written. Seconded by Dania Seiglie. Vote: 6-0-2 Abstained: Steven Borne and Bob McGrath

4. 1/31/2023

Motion by Doug Abrams to approve the minutes of January 31, 2023 as written. Seconded by Shawn Crapo. Vote: 6-0-2 Abstained: Steven Borne and Bob McGrath

5. 2/04/2023

Motion by Ralph Hickson to approve the minutes of February 4, 2023 as written. Seconded by Shawn Crapo. Vote: 6-0-2 Abstained: Steven Borne and Bob McGrath

IV. 2022/2023 School Budget Review

Chair Marion gave an overview of the 2022/2023 Rye School Budget. It was noted that the School District follows a different calendar year than the Town. Their fiscal year runs from July 1st to June 30th. The Schools are coming up on the end of a fiscal year. The school budget for 2022/2023 was \$15,709,861. Two trust funds were funded out of unappropriated expenditures in the amount of \$170,000. The total appropriates last year were approximately \$16,000,000. It was also noted that a transfer from the School Property Maintenance Expendable Trust Fund was made to the general fund to pay for the roof project at the junior high, which was just over \$350,000. Technology upgrades for the year came from the Technology Trust Fund. The School District was able to retain approximately \$384,000 to help with various projects for this year. It's been projected that there will be a \$708,000 unassigned fund balance at the end of this year.

Chair Marion noted that the School Board will be voting on how much of the fund balance should be returned to the Town. Typically, if the tuition budget is less than what was budgeted for Portsmouth High School or special education, the difference will be returned to the taxpayers. He pointed out that this year, the budget for high school tuition was underwater, as more students came back from private schools and more moved into town. When there is this much of a carryover, there is normally a tax bump. He suggested to the School Board that they decide what they need to cover for the cost of the elementary school roof and return as much as possible to the town.

Member Crapo commented that the whole idea about the tuition was so that during the budget cycle, time didn't have to be spent at that meeting parsing out how many students to budget for. In the budget, it was built for five extra students and if that money wasn't needed it would go back to the taxpayers. The retained balance should just follow the statutes because ultimately, it's all taxpayer money.

Member Borne pointed out that amounts have been increased that can be retained.

Chair Marion confirmed it's gone from 2.5% to 5% of the budget, so almost all of this can be retained.

Member Abrams stated that from a budget committee member's position, if they are just rolling excess funds, he would vote to cut the school board budget. If the school board's focus was to have a bigger surplus and fund balance, he would vote to reduce it. He pointed out there are reserve accounts for infrastructure, heating systems, etc. He understands they don't want to underfund for student tuition; however, there has always been an additional amount factored into the budget.

Member Crapo commented there should almost be no surplus for the rest of the budget, because the money should have been spent for what they requested the money for. To have an additional \$700,000, they should be looking at what did not get purchased this year or what needs to be changed.

Note: *Member Crapo adjourned from the meeting at 6:56 p.m.*

Member Seigle asked what is customary for municipalities when there is an excess fund balance.

Chair Marion explained that the way the school funds are retained, there has to be a warrant article. For example, there was a warrant article to add \$80,000 to one of the reserve funds.

Member Borne commented that at the end of the year, the school budget should go to zero because money is sent to funds. He continued that when he first started looking at school budgets, the balance was zero and any money that didn't go into a fund would go back. The State changed the law and made it 2.5% to 5% that the school can retain in an unassigned fund balance without a warrant.

Chair Marion further explained that through the warrant articles on the ballot, the citizens will vote to allow funds to be put into reserve funds, if there is a surplus. This is done by warrant. It used to be that the school board could retain up to 2.5% of the approved budget. This amount has been increased to 5%.

Member Hickson pointed out that oftentimes the big discrepancy is in the special education line item. They may have budgeted a higher number than what actually had to be spent. There is no figuring that out to the exact amount, as they don't know what's going to happen. They may have budgeted for one student who may move from Rye, so the money is not spent.

Chair Marion noted that for next year's budget, the school district budgeted for thirty-two students for kindergarten. There are forty-six students already registered, so that's an additional teacher.

Motion by Doug Abrams to table further discussion on this topic until the school district's business manager is at a meeting to be included in the conversation. Seconded by Scott Marion. Vote: 7-0 in favor

V. 2023 Town Budget – First Half Review

The Budget Committee reviewed the 2023 budget and expenditures for the Town for the first half of the year.

There was discussion about the Coalition Community line item in the budget. Finance Director Becky Bergeron explained that a number of communities, including Rye, have hired a lobbyist to oppose the donor/receiver town legislation. Town Administrator Matt Scruton noted that the House and Senate agreed to the State budget last week without a committee of conference. The Governor signed the two budget bills into law, so there shouldn't be any significant changes in funding, at least in the near future. There were no significant changes to the current statewide education property tax.

There was some discussion on the process for regional associations to receive funds.

Chair Marion noted that the Police Department is fully staffed at this time. It was pointed out by Member Abrams that a seasoned veteran retired from the Fire Department and a new paramedic has been hired, which would drop the wages budget. There was also some discussion on the lifeguard staffing. It was noted by Finance Director Bergeron that Lt. MacGlashing hosted a lifeguard training class on behalf of Rye. Two or three lifeguards came to Rye from the class. The other lifeguards for this season were returning from last year. The head lifeguard ran a lifeguard program in California and is now in Rye. The Town is fully staffed this season for lifeguards. Member Borne commented that the Fire Chief and his department have been reaching out to swim coaches and UNH to get out in front to help recruit the lifeguards.

The Public Works Department is also fully staffed at this time. The paving line item is showing as under budget; however, the recent paving invoices are not reflected in this number, as they have not been received and paid.

Selectman McGrath commented on the interest on deposits. He asked about the moving balance in the general fund.

Finance Director Bergeron replied it could be four to five million but it will spike up at tax time. She noted that the Town's treasurer has been speaking with TD Bank about short-term CD's, which are carrying some competitive rates right now.

Member Seigle asked if the Town ever reviews banking relationships and considers other banks and services.

Finance Director Bergeron explained the Town has done an extension amount of research with other banks, most of which have solicited Rye's business. TD Bank has one of the most robust government banking divisions in the east coast. It's important to be sure the Town is banking with a bank that's geared for government finance. It's also important as to how the bank collateralizes money. Some banks do a sweep account and TD Bank does not, which is a huge benefit in the ease of reconciliation. The Town has tried to partner in some cases with local

banks, such as short-term deposits as well as bonding, and they do not want those. The banks want all accounts or they will assign higher interest rates for products.

Member Borne stated that he looked at the money the Town has sitting in trust funds and all the funds the Library has and it's a pretty big number for money. He asked what's it there for because it never gets used.

Member Abrams commented that it can be invested with accessibility with a slightly lower interest rate, so it can be accessed if needed. Referring to the money of the Library or the Town, everyone wants to be sure it's invested with security and accessibility, if needed.

Chair Marion noted that recommendations can be made to the Town's treasurer to take a closer look at this.

Finance Director Bergeron pointed out that the current town treasurer comes to Rye with a great deal of municipal treasurer experience. She understands her duties and responsibilities that are written in statute.

Member Borne commented that last year, the unassigned fund balance grew by almost 1.7 million. He asked how it's running this year.

Finance Director Bergeron explained that as far as expenditures are concerned, it's going to be much tighter this year. As far as revenues, it's depending on how the key indicators, (motor vehicles and building inspections), on whether or not the Town is blessed with unanticipated revenue that would come through. She doesn't think it's going to grow like it did last year.

Member Abrams asked if the fuel rates are set. Finance Director Bergeron confirmed. She will send the rates to the committee through Chair Marion.

Selectman McGrath asked for revenues broken out by line item. Director Bergeron confirmed that this can be provided. She can also provide a five-year analysis for comparison.

Referring to the overtime wages under the executive budget item, Member Seigle pointed out that the budget has 10.13% remaining for the year. She asked if this is worrisome. Director Bergeron replied that this line item will definitely be over this year, but it will be made up by other line items so the total budget will not be overspent.

Member Abrams asked about the phone line item expense, as it's at 28% remaining. Director Bergeron explained this is a monthly cost and it includes internet. She pointed out that cable and Consolidated Communication rates have increased. There are also a couple of cell phones tied into that line item expense, which have increased as well.

Selectman McGrath asked who negotiates those rates. Director Bergeron replied that the Select Board negotiates the cable agreement, which is currently on a three-year agreement.

Member Abrams asked how it was underbudgeted so much if it was based off last year's numbers. It was noted by Chair Marion that the rates increased and that was not anticipated.

There were no further questions regarding the 2023 town budget.

VI. Other Business

Chair Marion noted that Jeff Ross sent an email, as he could not be at the meeting, about the possibility of forming a subcommittee to review the budget committee process, and calendar, in order to be more available and transparent to the public, and to help look at the budget in the broader long-term. It was asked why the public hearings for the budgets are held so late in the process.

Member Abram commented that it's calendar sensitive. It's when things are complete.

Member Borne commented it's geared off the town meetings. The public hearing was set so the town meeting format wouldn't get bogged down with budget discussions. The Legislature said there has to be a public hearing to discuss budget items before town meetings. When towns went to SB2, changes were not made in the process.

Member Abrams explained it seems the Select Board, as well as the Budget Committee, are still working through the budget.

Director Bergeron explained that the New Hampshire Municipal Association (NHMA) sets the majority of the budget schedule based on deadlines and due dates for SB2. There is not a lot of town control for the last date for warrant articles, and public hearings. That calendar is usually available in August or September for the budgeting cycle. The budget committee meetings are scheduled around that predetermined schedule.

Member Borne asked if there are other things that could be done that would encourage more public discussion and involvement in the whole process. He commented that by the time there is a public discussion on the budget, no one is going to make any changes because it's too late in the process. He pointed out that Rye is not the only community that's questioning if there's a way to have a more engaged process with the public.

Member Abrams noted that unless there are controversial issues, people don't take time out of their day to participate. As much as the Budget Committee would like to gain more participation in the budgets, they don't have the interest.

Member Seigle stated they can't make a decision as to whether or not people want to be more involved. The past doesn't necessarily reflect the future. To the degree the Committee is interested in providing more flexibility, it should be considered.

Chair Marion commented he is open to the discussion. He pointed out that Jeff Ross asked about having an executive summary for each department, which would be more appealing to the public and they have a better chance of understanding the information. Chair Marion noted that every

process could likely be improved. It's up to the Committee if they are interested in supporting this idea.

Member Barton stated that it's not that people aren't interested, but most americans are living paycheck to paycheck. There are also single parent households and people who are working more than one job. It's not that people are not interested. They just don't have time. She would love to see more people involved. However, if she wasn't on the Committee, she would not stop her life to come to town hall to listen because there is too much in her home needing her attention.

Member Borne noted that his passion is getting people more involved. When the Civic News had forty people, he had a goal to get it to five hundred. It's now at fifteen hundred. There may be things that can be done to get people involved.

Motion by Steven Borne to form a subcommittee to come up with possible suggestions to present to the Budget Committee to improve public engagement and participation in the budgeting process across the town. Seconded by Dania Seiglie.

Member Seiglie asked if the motion includes the fact that the Committee might want to standardize the presentations by the different department heads.

Chair Marion replied that the subcommittee can make any suggestions.

Member Abrams stated that the department heads have done a great job on their presentations. He doesn't think they should be looking at changing that; however, he supports the idea of encouraging more residents in Rye to participate.

Member Seiglie commented that each department head could be a little more descriptive on things that are going well and things that they are concerned about, and why they have presented the budget the way they have. She has seen this done in multiple years of budget interactions.

Chair Marion commented that he feels like the department heads do that.

Member Seiglie stated this could be an improvement and she is asking that it be included in ideas.

Director Bergeron pointed out that with every single department budget, a department narrative from the department head is included. This is given every budget year and it goes through almost every line item in their budget. It gives an update of what's happened in the prior year and where their budget is going.

Member Barton commented that the upside is that if more people are engaged, maybe they would be more likely to step up to a committee position, as there are vacancies on several boards.

Chair Marion called for a vote on the motion to form a subcommittee.

Vote: 7-0 in favor

Member Abrams stated that he wants the subcommittee to stay within the focus of its charge.

Chair Marion agreed. He continued that he would like the subcommittee to expire this time next year.

Member Borne amended his motion:

Motion by Steven Borne to have an ad hoc committee that expires the date of the town election in March 2024. Seconded by Dania Seiglie.

Vote: 7-0 in favor

Motion by Scott Marion to nominate Steven Borne, Jeff Ross, and Dania Seiglie to the ad hoc committee. Seconded by Bob McGrath.

Vote: 7-0 in favor

Motion by Scott Marion to select Jeff Ross as chair of the ad hoc committee. Seconded by Doug Abrams.

Vote: 7-0 in favor

Chair Marion opened to the public for comment:

Joe Cummins, 990 Washington Road, spoke to the Committee about holding public comment at the beginning of the meetings. He also spoke in regards to the meeting minutes and the importance of maintaining a record of the minutes in writing. Mr. Cummins expressed concerns on minutes not being available in a timely manner in the past. He offered his services as a volunteer to take minutes for the Budget Committee.

After some discussion, the Committee agreed to take Mr. Cummins proposal under advisement.

Adjournment

Motion by Doug Abrams to adjourn at 8:10 p.m. Seconded by Dania Seiglie. All in favor.

Respectfully Submitted,
Dyana F. Ledger