

TOWN OF HOPKINTON
Budget Committee Meeting
Wednesday, December 9, 2020, at 5:30 p.m.
Remote Meeting
Approved

CALL TO ORDER – PLEDGE OF ALLEGIANCE

Mark Zankel called the Budget Committee Remote Meeting to order at 5:30 p.m. Mr. Zankel read the Right-to-Know Law remote meeting checklist as follows:

As Chair of the Hopkinton Select Board, due to the COVID-19/Coronavirus crisis and in accordance with Governor Sununu's Emergency Order #12, pursuant to Executive Order 2020-04, this Board is authorized to meet electronically.

Please note that there is no physical location to observe and listen contemporaneously to the meeting, which was authorized pursuant to the Governor's Emergency Order. However, in accordance with the Emergency Order, this is to confirm that we are:

a) Providing public access to the meeting by telephone, with additional access possibilities by video or other electronic means.

We are utilizing the Zoom platform for this electronic meeting. All members of the committee have the ability to communicate contemporaneously during this meeting through the Zoom platform, and the public has access to contemporaneously listen and, if necessary, participate in this meeting through dialing the following phone number 1-646-558-8656 and meeting ID: 892 1128 8232, or by clicking on the following website address: <http://zoom.us/j/89211288232>.

b) Providing public notice of the necessary information for accessing the meeting.

We previously gave notice to the public of how to access the meeting using Zoom, and instructions are provided on Town of Hopkinton's website: www.hopkinton-nh.gov and on the Town of Hopkinton's Facebook page.

c) Providing a mechanism for the public to alert the public body during the meeting if there are problems with access.

If anyone has a problem, call (603) 746-8242 or email: townadmin@hopkinton-nh.gov.

d) Adjourning the meeting if the public is unable to access the meeting.

In the event the public is unable to access the meeting, we will adjourn the meeting and have it rescheduled.

Please note that all votes that are taken during this meeting shall be done by Roll Call vote. Let us start the meeting by taking a Roll Call attendance. When each member states their presence, also please state whether there is anyone in the room with you during this meeting, which is required under the Right-to-Know Law.

This meeting is being recorded and will be available to watch later. The link will be available on the Town Website www.hopkinton-nh.gov.

All supporting information referred to in these minutes can be found at the following link <https://www.hopkinton-nh.gov/budget-committee/agenda/agenda-supporting-documents>.

Mark Zankel began the meeting with an attendance roll call.

Committee Member	Attendance Anyone Else in the room	Committee Member	Attendance Anyone Else in the room
Rich Houston	Present – with Edith Houston	Ginni Haines	Present and alone
Steve Reddy	Present and alone	Jonathan Cohen	Present and alone
Norm Goupil	Present and alone	Janet Krzyzaniak	Present and alone
Ken Traum	Present and alone	Mark Zankel	Present and alone
Don Houston	Present and alone	Thomas Lipoma	Not present

There were 9 Budget Committee Members present at the beginning of the meeting.

Neal Cass, Town Administrator, was present for the Town's presentation.

Ginni Haines led the Pledge of Allegiance.

APPROVAL OF WEDNESDAY, NOVEMBER 18, 2020, DRAFT MINUTES

Ken Traum motioned to approve the November 18, 2020, Draft Meeting Minutes. Jonathan Cohen seconded the motion. Mr. Zankel asked for any corrections or discussion. Norm Goupil pointed out a correction that needed to be made in his report.

A roll call vote was taken to approve the November 18, 2020, minutes with the correction addressed:

Committee Member	Vote	Committee Member	Vote
Rich Houston	Approved	Ginni Haines	Approved
Steve Reddy	Approved	Jonathan Cohen	Approved
Norm Goupil	Approved	Janet Krzyzaniak	Approved
Ken Traum	Approved	Mark Zankel	Approved
Don Houston	Approved		

The vote passed – 9 approved.

Thomas Lipoma joined the meeting.

TOWN FINANCIALS UPDATES – KEN TRAUM

Ken Traum presented the 2020 Town's Budget Revenue Summary through November 30, 2020, explaining that they are 11 months into the year and at 91.67%.

On the Revenue side, they are not anticipating any over collecting on the Revenue side that would go into the Fund Balance. He pointed out that 3186 Payment in Lieu of Taxes, they are still waiting for about a \$100,000 payment from St. Methodios.

On the Expense Side, they are assuming they will be coming in about \$149,000 under budget. They are including \$149,000 in the year end Fund Balance. The main drivers are the Health Trust refund of about \$65,000, and most of the other lower expenditures relate to Emergency Services and Solid Waste.

Mark Zankel asked if the landowner from the outstanding Payment In Lieu of Taxes is going to be able to make the payment this year? Mr. Traum and Neal Cass explained that there has been ongoing communication and they are not expecting non-payment, but perhaps a late payment.

Janet Krzyzaniak asked if this landowner gets charged interest on the late payment. Neal Cass explained that there was no mechanism to do that, but that it would be a good idea. Ken Traum asked Mr. Cass to research that and make a recommendation at the next Select Board meeting, about how to proceed with the idea.

PRESENTATION OF PROPOSED TOWN BUDGET – KEN TRAUM

Mr. Traum stated that it certainly seems like we have been through this recently, which is true. Only this summer we finalized the Town's budget for calendar year 2020. As I get into the 2021 budget and areas which have changed since 2020, please recognize that for the 2020 budget, we were able to reduce appropriations in places, because we already knew that certain things had occurred, such as the Slusser Center being mostly closed, or how much overtime our DPW had incurred, due to road plowing and treating in the first part of the year, being much lower than a more normal year.

Let me start by thanking the many individuals involved in this process, from Neal Cass and our Department Heads and staff, to the many Committee members, including yourselves, my fellow Select Board members, and the many wonderful volunteers in Town, for all their hard work and dedication in helping develop this budget and helping to keep the Town running as smoothly as it does.

We have tried to balance the legitimate needs for the Town, while recognizing that many of our fellow citizens continue to be stressed financially, due to the pandemic and we expect to receive significantly less funding from the state government. In other words, there is still a lot of uncertainty for how 2021 will unfold.

In addition, since the impacts of the \$1.8 million Road Bond, which was approved this past summer, as well as the refinancing of two existing bonds will act to reduce costs in 2021, while significantly increasing them in 2022, we have strived to have a large fund balance, in order to reduce any potential tax increase in 2022.

SHORT TIME BETWEEN BUDGETS

The process we have followed this year.

- The process for developing the 2021 budget began almost before the ink was dry on the 2020 approved budget, in other words in August.

BUDGET PROCESS TO DATE

- The Department Heads prepared their budgets with the guidance to just focus on needs, not wants, as much as possible. And as you will see later, they did an excellent job of trying to just maintain the Pre-COVID status quo.
- The Department Heads met with the Town Administrator to review their requests.
- The Select Board met with each Department Head to review and scrutinize their requests including their capital requests.
- The Select Board began the hard work of trying to balance the Town needs with affordability to our taxpayers, recognizing that the starting point was the Department Head proposed increase of 16.71%, which didn't address using any of the fund balance.

SELECT BOARD CHANGES TO DEPARTMENT HEAD'S REQUESTS

The Select Board reduced the Department Head's Operating Budget requests by \$36,509.

- Town Clerk Professional Services (\$ 3,000)
 - Removed one of two restoration of archive books
- Finance Department GASB 75 (\$ 4,000)
 - Town will remain in noncompliance
- Legal Fees (\$ 5,000)
- Merit Wage Pool (\$ 15,921)
 - This is the only single change over \$5,000 the Select Board changed and reduced the proposed 2% merit wage pool increase to a 1.5% across the board - cost of living adjustment.
 - By comparison in 2020, our dedicated Town employees received a 3% merit increase. Our employees don't receive longevity or step increases.

SELECT BOARD CHANGES TO DEPARTMENT HEAD'S REQUESTS, continued

○ Planning Department Professional Services	(\$ 2,250)
▪ Removing half of scanning of documents	
○ Propane – Slusser Center	(\$ 600)
▪ Gas fireplace will be left off	
○ Cleaning Services – Slusser Center	(\$ 2,340)
▪ Opening Unknown	
○ Cemetery Sexton	(\$ 600)
▪ Will receive same increase as other staff	
○ Police Overtime	\$ 5,000
▪ Helps scheduling difficulties	
○ Fire Part-time Wages	(\$ 5,000)
▪ Level Funded	
○ Conservation Commission	(\$ 2,798)
▪ LUCT increased in 2020 so returned budget to \$1	
TOTAL OPERATING BUDGET CHANGES	(\$ 36,509)

SELECT BOARD CHANGES TO WARRANT ARTICLE REQUESTS

The Select Board reduced the Capital Appropriation requests by \$125,000.

○ Recreation Facilities Capital Reserve Fund	(\$ 25,000)
▪ George Park bathrooms moved to 2022/2023	
○ Transfer Station Capital Reserve Fund	(\$ 10,000)
▪ Still allows us to purchase a needed trailer in 2021	
○ Library Building Systems Capital Reserve Fund	(\$ 10,000)
▪ Pushed off improving building access. Who should pay for it?	
○ Sewer Equipment/Sludge Removal Capital Reserve Fund	(\$ 35,000)
▪ Appropriation cut in half with the thought that the sewer system users should be paying a share of these costs through their sewer rates.	
○ Library Technology Trust Fund	(\$ 5,000)
▪ Fund balance in the account sufficient for proposed purchases	
○ Town Facilities Maintenance Trust	(\$ 40,000)
▪ Original request included \$80,000 to pay to fix the Houston Barn roof in one year. We opted to fund it over 2 years instead. If necessary, there would be sufficient funds in the Trust to pay for the roof in 2021.	
TOTAL WARRANT ARTICLE CHANGES	(\$125,000)

SELECT BOARD PROPOSAL**REVENUE**

○ Estimated Revenue of \$3,332,508	
▪ Decrease of \$47,286 – (1.40%)	
○ Major Drivers	
▪ Motor Vehicle	\$30,000
▪ Municipal Aid (from State)	(\$45,406) eliminated
▪ Room & Meals (from State)	(\$57,809) estimated 20% decrease
▪ Highway Block Grant (from State)	(\$38,341) estimated 20% decrease
▪ Ambulance Charges	\$10,000
▪ Sewer User Fees/Reimbursements	\$22,115
TOTAL – MAJOR DRIVERS	(\$ 80,441)

SELECT BOARD PROPOSAL, REVENUE, continued

The non-property tax revenues forecast for 2021, unfortunately shows a projection decrease of \$47,286, this includes an increase from Sewer User Fees and reimbursements from the Contoocook Village Precinct. Excluding the sewer funds, which are paid by the users of the sewer system, non-property tax revenues are forecast to decrease by \$70,401 or 2.19%.

The projected decrease of \$70,401's main driver is the assumption that funds coming from the State will be declining by 20% from 2020 levels for Room & Meals Revenue Sharing, as well as from the Highway Block Grant and by 100% for Municipal Aid. In total, these reductions amount to \$142,556, which equates to an almost 3% increase in the tax rate. These assumptions are consistent with what we understand other Towns are projecting.

On the plus side, we are projecting a \$30,000 increase in Motor Vehicle Fees and a \$10,000 increase in Ambulance Changes.

POTENTIAL FUTURE REVENUE SOURCES IN PROCES

- In the 2020 approved budget, there was funding for a Part-time or Per Diem Economic Director.
- This 2021 budget includes a full year of funding for that position, with the costs shared with the TIF districts.
 - The Select Board has retained Mark Monahan from the Central NH Regional Planning Commission on a Per Diem basis for 2021, with the expectation to encourage development and obtain grants going forward to keep our tax rate affordable in the long term.
- The other real positive that I want to point out is that the Solar Array at the Transfer Station and adjoining land in Webster, is moving forward towards expected revenues to Hopkinton of around \$150,000 in 2023 or 2024.

OPERATING BUDGET

- Total Proposed Operating Budget of \$7,604,943

Reflects a decrease of about \$100,000 compared to the Pre-COVID Operating Budget this Committee approved last year, or an increase over the 2020 Final Approved Budget of \$84,288 or 1.12%. Within there is a large decrease, due to the changes to debt principal and interest.

- Major Drivers
 - NH Retirement \$ 49,673
 - Election Administration (\$ 11,462)
 - COLA at 1.5% \$ 39,559
 - Health Insurance \$ 30,953
 - Police PT Wages \$ 13,076
 - Police Gasoline (\$ 5,040)
 - Fire Dispatch \$ 6,424
 - DPW PT Wages \$ 24,000
 - HWY Paving/Shimming \$ 17,700
 - HWY Tree Service \$ 5,000
 - Trash Transport & Disposal \$ 38,500
 - Demolition Tipping Fees \$ 6,000
 - Transfer Station Equipment Rental \$ 6,000
 - Economic Development Director \$ 16,450
 - Debt Principal & Interest (\$251,952)
 - Sewer department \$ 11,958
 - TOTAL – MAJOR DRIVERS \$ 46,512**

OPERATING BUDGET, continued

The largest is the state mandated increase in the percentage the Town must pay effective July 1, 2021 for the NH Retirement System of \$49,673.

Because there will be fewer elections in 2021 than 2020, the Election Administration is reduced by \$11,462 or 56.96%.

Health insurance based on a guaranteed maximum increase of 6% or \$30,953.

An increase for police part time wages of \$13,076, which represents an 8 hour per week increase in total part time hours.

Police gasoline is decreased by \$5,040, primarily due to a lower estimated gasoline price versus the 2020 budget.

Fire Dispatch Mutual Aid is a fixed increase of \$6,424 based on the Town's valuation.

The DPW PT wage increase of \$24,000, which brings the total for that line item back to where it had originally been approved by the Select Board and Budget Committee for 2020, prior to the pandemic. The approved budget for 2020 for this item was so much lower, because we knew that winter road maintenance costs had been much lower than normal due to the weather. We obviously can't count on the same for 2021.

DPW shimming and paving was increased 5%, or \$17,700 to put us back on the trajectory where in non-COVID years, we have been increasing this line item by 5%, to continue chipping away at the backlog of road work that needs to be addressed.

Highway Tree Services was increased by \$5,000, due to the impact of the emerald ash borer on trees in town.

Trash Transport and Disposal was increased by \$38,500, to reflect the expected price increase per ton for removal. We will be looking into whether 2021 is an appropriate year to increase the rates we charge for dumping at the Transfer Station.

Demolition Tipping Fees was increased by \$6,000, due to a larger amount of tonnage. I'll note that we have increased the estimated revenue from commercial haulers, who dump at the Transfer Station, by \$10,000 for the same reason.

Equipment Rental at the Transfer Station was increased by \$6,000, recognizing that actual expenditures for this account in 2020 were \$30,257 for 11 months, which was \$11,257 over budget.

The EDC Community Development Director line was increased by \$16,450 to reflect a full year for this position, which was approved this past summer.

Debt Principal and Interest is projected to decline by \$251,952, of which principal payments will decline by \$314,124, while interest payments will increase by \$62,172. This is due to the maturing in 2020 of the Beyer/Carson/Rollins Bond, the Myron Loan, and the Community Well Loan, in combination with the expected refinancing of the Fire Station and initial 2016 Road Bond in early 2021, as well as the issuance of the recently approved \$1.8 million Road Bond.

The final item is an increase in the Sewer Department of \$11,958, which is fully offset by Revenues. The major driver here is for mandated testing.

DEBT SERVICE AND INTEREST

The Town, at our July Town Meeting vote, approved the \$1.8 million bond. Assuming an early 2021 issuance at 1.5%, but hopefully lower, we have included \$45,000 in interest and no principal payments for 2021.

The existing Road Bond was issued in 2016 and has a remaining principal of \$1.38 million. Refinancing it in early 2021, at an assumed 1.5% interest rate, versus 2.54% currently, should save at least \$42,000 in interest over the remaining life of the bond. We have included \$106,982 in principal and \$40,660 in interest payments for 2021 in the Proposed Budget.

The existing Fire Station Bond, that was issued in 2014, has a remaining principal of \$2,061M. Refinancing it in early 2021, at an assumed 1.5%, interest rate versus the current 3.15%, should save at least \$191,000 in interest over the remaining life of the bond. We have included \$99,322 in principal and \$97,590 in interest payments for 2021 in the proposed budget.

REFINANCING COMPARISON

Year	New Bond NO Refinancing	New Bond & Refinancing	Difference
2021	563,670	325,064	(238,606)
2022	724,319	731,094	6,775
2023	721,619	696,696	(24,923)
2024	718,919	687,236	(31,683)
2025	716,220	677,777	(38,443)
2026	713,519	668,314	(45,205)
2027	461,540	404,431	(57,109)
2028	458,840	398,788	(60,052)
2029	457,821	393,145	(64,676)
2030	184,050	387,501	203,451
2031	181,350	298,821	117,471
Total	5,901,867	5,668,867	(233,000)

This shows that the cumulative interest savings due to refinancing is about \$233,000. It also shows that in 2022 the costs of interest and principal payments will increase by about \$400,000 compared to 2021.

CAPITAL RESERVES/MAINTENANCE TRUST FUNDS

- Total Capital Reserve Fund/Maintenance Trust Funds \$818,500
 - Increase of \$70,500 – 9.43%
 - Major Drivers
 - Recreation Facilities \$ 30,000
 - Fire Vehicle Replacement (\$ 62,500)
 - Highway Vehicle Replacement \$ 20,000
 - Transfer Station Equipment \$ 45,000
 - Revaluation \$ 22,000
 - Library Building & Grounds (\$ 34,000)
 - Town Facilities Maintenance Trust \$ 35,000
- TOTAL MAJOR DRIVERS: \$ 55,500**

The additional \$30,000, for a total of \$50,000 for Recreation Facilities is so that we can install irrigation for Park Avenue fields.

CAPITAL RESERVES/MAINTENANCE TRUST FUNDS, continued

Fire Department Vehicles and Equipment is declining by \$62,500 to \$200,000 primarily, because we purchased a \$600,000 plus fire engine in 2020.

Public Works Vehicle and Equipment is increasing by \$20,000 to \$220,000 so we can purchase a backhoe and small dump truck in 2021 for an estimated \$260,000.

Transfer Station CRF is increasing from zero to \$45,000, so we can replace trailer 1 for about \$52,500.

Revaluation is increasing from zero to \$22,000, starting to set funds aside for the next town wide revaluation in 2025.

Library Facilities Maintenance Trust is decreasing by \$35,000 from \$41,000 to \$7,000; in 2020 we set aside funds for painting the inside and outside of the building, as well as other future projects.

And the final major change is to the Town Facilities Maintenance Trust for a \$35,000 increase from \$25,000 in 2020 to \$60,000 for 2021. This is to fund the Houston Barn roof over 2 years.

The other areas where we are proposing putting in funds, but do not represent significant changes from 2020 are:

- | | |
|---|---------------------------------------|
| ○ Ambulance CRF | staying at \$75,000 |
| ○ Library Replacement systems | declining \$10,000 to \$10,000 |
| ○ Police Cruisers and Accessories | increasing \$1,000 to \$28,000 |
| ○ Radio replacement | increasing \$1,000 to \$13,000 |
| ○ Road and Bridge CRF | increasing \$8,000 to \$38,000 |
| ○ Dam Maintenance | increasing from zero back to \$10,000 |
| ○ Sludge Removal and Sewer Equipment | increasing from \$30,000 to \$35,000 |
| ○ Recreation Facilities Maintenance Trust | remaining unchanged at \$5,500 |

INDIVIDUAL WARRANT ARTICLE

- Total Individual Warrant Article of \$61,300
 - Increase of \$61,300
- To see if the Town will vote to raise and appropriate the sum of \$61,300 for the purpose of purchasing and installing financial software. This sum to come from December 31 fund balance. No amount to be raised by taxation.

This is to purchase and install modern financial software to replace the software that is about 13 years old.

FINANCIAL SOFTWARE

- The current software is still supported, but not updated.
- New software provides substantially more ability to obtain detailed information efficiently
- Includes a reconciliation module
- Includes a budget module saving a substantial amount of time for both areas
- Integrated with NH Department of Revenue Administration forms providing the correct info easily
- Includes full integration of ACH payments, which is not part of the current software
- Web-based, thus providing for added assurance of continuation of service.

USE OF FUND BALANCE

- Total use of Fund Balance \$371,300
 - Increase of \$21,300 - 6.09%
 - \$310,000 would be used to offset Operating Budget

USE OF FUND BALANCE, continued

- \$61,300 for financial software
- Fund Balance offsets the amount needed to be raised by taxes.

UNRESERVED FUND BALANCE

- Are funds remaining in the budget after all obligations have been met that is not committed for other purposes and can be allocated in the upcoming budget or returned to reduce taxes.
- The NH Department of Revenue Administration recommends an Unreserved Fund Balance of at least 5% of all taxes committed (town, school, county, precincts).
 - For cash flow
 - Emergencies
- Unreserved Fund Balance Estimate 12/31/2020 \$2,011,044
- 5.0% Retainage Estimate \$1,314,439
- Estimated Available for 2021 \$ 696,605
- PROPOSED USE 2021** **\$ 371,300**
- **Estimated minimum available 2022** **\$ 325,305**

The word minimum is being used as we are hoping the State will come through with additional funding as we are assuming receiving \$142,556 less in 2021 than 2020, and that in general we will receive more Revenue in other areas than we are budgeting for, as well as lower Expenses than budgeted for in 2021. For instance, in 2020 we are estimating that actual Expenses will be at least \$149,000 below budget.

EFFECTS OF 2020 EXEMPTION CHANGES

Exemption	Number	Amount
2019		
Elderly	74	\$ 5,410,600
Solar	41	\$ 205,000
Disabled Veteran	1	<u>\$ 384,100</u>
TOTAL		\$ 5,999,700
2020		
Elderly	73	\$ 9,057,200
Solar	49	\$ 245,000
Disabled Veteran	2	<u>\$ 697,200</u>
TOTAL		\$ 9,999,400
Increase in Exemption Amount 2020		\$ 3,999,700
Tax Value of Change -		\$116,991.23

At the 2020 Town Meeting, the exemption levels for low-income elderly, solar, and disabled veterans were increased. While the Select Board strongly supported the increases and continues to, information shows that these increased exemptions resulted in those eligible individuals saving about \$117,000 off their tax bills. Since this amount must be recovered, it resulted in over a 2.0% increase in the tax rate overall.

SUMMARY PAGE

The Summary page that follows shows all the items impacting the proposed tax rate, resulting in an increase of 4.78% or \$0.30/\$1,000 to \$6.55. We have assumed a 1.0% increase in the Town wide valuation, due to new construction and renovations.

2021 TAX RATE ESTIMATION SELECT BOARD NUMBERS

	<u>2020 Approved</u>	<u>2021 Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
<u>REVENUE</u>				
<u>OPERATING REVENUE</u>				
Operating Revenue	3,207,951	3,138,550	(69,401)	-2.16%
Sewer Fund Revenue	171,843	193,958	22,115	12.87%
Total	3,379,794	3,332,508	(47,286)	-1.40%
<u>PASSTHROUGH REVENUE</u>				
Road Bond	1,800,000	-	(1,800,000)	-100.00%
From Special Revenue Funds	121,380	113,200	(8,180)	-6.74%
Total	1,921,380	113,200	(1,808,180)	-94.11%
GRAND TOTAL	5,301,174	3,445,708	(1,855,466)	-35.00%
<u>EXPENSES</u>				
<u>OPERATING BUDGET</u>				
Expenses	7,353,483	7,425,813	72,330	0.98%
Sewer Expenses	167,172	179,130	11,958	7.15%
Total	7,520,656	7,604,943	84,288	1.12%
<u>WARRANT ARTICLE (INDIVIDUAL)</u>				
To CRF	676,500	746,000	69,500	10.27%
To Trust Funds	71,500	72,500	1,000	1.40%
Total	748,000	818,500	70,500	9.43%
<u>WARRANT ARTICLES (INDIVIDUAL)</u>				
Road Bond	1,800,000	-		
Financial Software		61,300		
Pay-by-Bag Special Revenue	120,000	110,000	(10,000)	-8.33%
Senior Center Rental Spec. Rev	1,380	3,200	1,820	131.88%
Total	1,921,380	174,500	(1,746,880)	-90.92%
<u>OTHER RATE IMPACTS</u>				
Fund Balance use	(350,000)	(371,300)	(21,300)	0.00%
Overlay	137,458	180,000	42,542	30.95%
War Service Credits	207,900	207,900	-	0.00%
Total	(4,642)	16,600	21,242	-457.60%
<u>GRAND TOTALS</u>				
GRAND TOTALS	4,884,220	5,168,835	284,616	5.83%
TAX IMPACT	6.25	6.55	0.30	4.78%

Valuation

2020	780,889,991
2021	788,698,891

ESTIMATED TAX RATE IMPACT 2021

- Amount to be raised by taxes

<u>2020</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
\$4,884,220	\$5,168,835	\$ 284,616	5.83%

- Tax Rate (2021 is estimated)

<u>2020</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
\$6.25	\$6.55	\$ 0.30	4.78%

QUESTIONS FROM THE BUDGET COMMITTEE

Neal Cass answered Norm Goupil's question regarding the Fund Balance; towns have been required to carry a Fund Balance that includes uncollected taxes.

Ginni Haines asked how the estimated 20% reduction from the State funding was founded. Is there a default plan if less was received?

Ken Traum stated that he and Mr. Cass had talked about the 20%, and that the 20% came in the middle of the range, which was discussed at the NH Municipal Association. If less is received, it would impact the Fund Balance at the end of the year.

Jonathan Cohen asked if Mr. Traum anticipates a decrease on the Revenue side, based on unemployment and underemployment 2020.

Mr. Traum explained that to this point, Revenue from Property Tax payments has stayed solid. Hopkinton's unemployment rate, according to the State, is around 2.7%.

Mr. Cohen stated if the 1.5% COLA increase was compared to an estimated increase of true cost of living, and how sufficient it might be to the town's employees.

Mr. Traum explained that they used information from what Social Security is doing, and they are going up 1.3% or 1.4%.

Mr. Cohen asked if we had sufficient hardware to support the software, regarding the Warrant Article of \$61,000.

Neal Cass explained that they are looking to go to web-based software. This would reduce the need to replace servers. Web-based software would allow remote access and increase their ability to function, in an emergency, from anywhere.

Mr. Cohen asked about the Trash Transfer and Disposal increase of \$38,500. He asked Mr. Traum if he anticipates this to keep going up.

Mr. Traum explained that they just approved a multi-year contract, and the fee structure is that there is a slight increase per ton each year.

Mark Zankel asked for explanation about the bond refinancing. The last two years on the projections, the net of current versus refinanced goes in the opposite direction. There are two larger bond payments in the two final years.

QUESTIONS FROM THE BUDGET COMMITTEE

Neal Cass explained that it has to do with the timing. Going from bank loans to bonding, they have this lag in 2021, in the payments because the first principal payment for the bonding won't take place until 2022. Had the Town Meeting been held in March, they might have been able to be part of the mid-year 2020 bond issue. The Fire Station has less paid in 2020 and it gets made up at the end.

Thomas Lipoma asked if the Shimming and Paving budget is still underfinanced with the 5% increase? Has there been discussions about increasing the 5%?

Ken Traum explained that it is significantly underfinanced. He explained that even after the Bond that went for culverts, they still need \$8M-\$10M to spend on roads. They are just slowly adding funds to catch up. Mr. Traum explained that there has always been a real fight to retain the 5%, and there must be a balance regarding the tax impact.

Neal Cass explained that this is about half of what it should be on a yearly basis to maintain the roads, never mind the projects that need to be caught up.

Mark Zankel asked if the Town fully funded the needs for the roads, does the Town have the manpower to do the work?

Neal Cass explained that the paving and shimming is contracted out. He explained that on a yearly basis the need is about \$500,000 for maintenance of the roads.

Don Houston had some suggestions regarding the Capital Reserve Funds. He suggested that if the reductions in this year's taxes were needed, he has some areas that are soft items that are going to be funded this year that could be put off for a while. They are:

- \$50,000 - Recreation Facilities CRF - for the Park Avenue irrigation project
- \$38,000 - Road and Bridge CRF - for re-decking of the Rowell Bridge, this may still need to be included
- \$10,000 - Dam Maintenance CRF
- \$7,000 - Library Buildings & Grounds Maintenance Trust
- \$5,500 - Recreation Facilities Trust Fund
- \$60,000 – Town Facilities Maintenance Trust Fund – for the Houston Barn roof

Mr. Houston asked, do we want to keep putting money into the barn? There is siding that needs to be done, windows that need replacing, and the foundation needs to be redone. It does have historical value and it must be considered that if it is not available for storage, where does all that storage go to? Another building would need to be built or a vacant building would need to be found.

Mr. Traum asked if removing these would just keep pushing things down the road.

Mark Zankel asked what the barn is currently being used for? What maintenance is needed just to keep it standing, not for any other additional uses? He asked if the \$60,000 was just for the barn roof.

Ken Traum explained that there had been, originally, \$80,000 as part of a Town Facilities Maintenance Trust Warrant. The Select Board suggested funding that over two years instead of one. \$40,000 is in the proposed Warrant Article for this year and \$40,000 was pushed to next year.

Neal Cass explained that storage on the Senior Center driveway level is used by HYSA, the Library, and the Recreation Department. On the lower level, buildings and grounds keep their equipment and supplies there. He explained that the roof is the biggest need for the building, the foundation is adequate.

QUESTIONS FROM THE BUDGET COMMITTEE

Mark Zankel asked when the last time the Town had a conversation regarding the barn. He asked if the Select Board ever discussed the possibility of private fundraising to fund the barn partially or fully the cost? He suggested that the town should have a conversation regarding maintaining the barn for it's current uses and understanding the costs needed to be able to do this.

Neal Cass explained that at one point, about 15 years ago, there was discussion about using it as a community center. He explained that there hasn't been a facilities study done for about 10 years.

Ken Traum explained that private fundraising has been discussed for projects that need to be done, but he's not aware of anything being discussed about the barn.

Don Houston explained that when the last discussion that took place about the barn, ages ago, it was a \$3.5M project. He explained that he had a presentation to a packed house, and it got taken down 5-1. At that time, the Boys and Girls Club was going to go into the bottom of it, and the Senior Center was going to be in there. He explained that when this vote didn't go through, that's when the Slusser's came forward with the money to build a Senior Center.

Neal Cass explained that the barn is safe for those who use it, for its current use.

Rich Houston asked about the \$50,000 for the irrigation system and if it was needed right now.

Neal Cass explained that this would be for the newest field at Park Avenue and that the \$50,000 would install a well and irrigation.

Thomas Lipoma asked if there was a specific mechanism why certain departments have different changes in benefits? Do we know why the retirement increase has been so much this year?

Neal Cass explained that it's largely NH Retirement. There are three different percentages that are used and the percentage of the employee's salary that goes into retirement. The Fire and Ambulance, Police, and everyone else all have different percentages that go into retirement, per the NH Retirement System.

Ken Traum explained that the State mandates the increased percentages. He explained that for this coming budget they are looking at a \$50,000 increase.

Mr. Cass explained that the State used to pay 45% of the retirement for fire, police, and teachers because they are mandated by law to be part of the NH Retirement System. He explained that about 8 years ago that all changed. They also have passed legislation that any short falls in the NH Retirement Trust Funds that are invested be made up by the Municipalities and the State. The reason we are seeing such huge increases in one year is because it changes every two years, on July 1.

Mr. Cass explained that the State is trying to fund an underfunded Retirement Trust Fund. He explained that the School District will also have a significantly higher increase, because of the number of employees they have. For the Town it's only half of the budget year because the increase begins July 1. The School Budget begins July 1, so they're going to have to absorb all of that in their proposed Budget.

PUBLIC COMMENT ON PROPOSED TOWN BUDGET

There were no public comments.

HOPKINTON SCHOOL DISTRICT FINANCIAL UPDATE – NORM GOUPIL

Norm Goupil explained that they have been notified that they will receive \$191,000 from the State for COVID related expenses. They accepted this on November 19, 2020, as part of a Public Hearing. He explained that they are receiving \$46,000, that they have until September 30, 2021, to use. Mr. Goupil explained that there is information in the packet provided that shows all the tracking that Michelle Clark did for this \$191,000 grant. He explained that they had to void a check for the \$40,000 transfer to the Special Education Trust and as it is allocated to a different location. Mr. Goupil explained that the Unreserved Fund Balance as of October 31, 2020, is \$311,00.

Norm Goupil gave updates on the school's matrix regarding needing to be remote due to COVID. He said that the Building Project is going well, there will be new flooring installed over the holiday break. He did explain that there have been a few problems at the Maple Street site – there is a new leak in the gym, and the fact that it may be hard to get the piping in for the fire suppression before the end of December. He explained that they need to capitalize on the grant, with the end of the year deadline, and because of COVID timing may not work out, but they are looking into that. He explained that in January they would be discussing further add outs.

Mr. Goupil explained that the Finance Committee worked hard to come up with a new budget format. He explained that the driving factors to the Expense side are Retirement, Special Education, and the Bond. There will be a shortage of Revenue. Mr. Goupil explained that they budget for three early retirements, they currently have five teachers who have applied. If the School Board accepts all five, the difference would be taken out of the Unreserved Fund Balance. He said that there would be a School Board Meeting on December 10, 2020, where Steve Chamberlin will present recommendations on existing warrants, maintenance trusts, and trusts for technology.

Norm Goupil was asked if with the five early retirees, was the increase to the cost of insurance taken into consideration? He explained that when they budgeted, they budgeted as if it were a family plan. He explained that last year with new hires, there was a 3%, 5%, and 7% cost share proposed – and that was voted down by the residents. Right now, the District is paying 100%. He recognizes that the taxpayers want the employees to have some sort of pay-in.

Mr. Goupil explained the Superintendent Search Committee will be supplying the School Board with a list of candidates at the School Board Meeting on December 10, 2020.

Mr. Goupil explained that the Teacher's Contract is still being worked on and it will be shared as soon as an agreement has been reached.

CONTOOCCOOK PRECINCT FINANCIAL UPDATE – DON HOUSTON

Don Houston had no updates on the financials for the Contoocook Precinct.

PRESENTATION OF CONTOOCCOOK VILLAGE PRECINCT PROPOSED BUDGET – DON HOUSTON

Don Houston presented the Income and Expense Budget Proposal for the FY2021. He pointed out a few highlights:

- Revenue could go up by \$5,000.
- The cost for the Superintendent's position is going down by \$15,000 – because it is much more economical to have our person in place, Sam Currier, versus hiring that position out.
- Projects are going to be close to what was proposed for last year. There are a lot of valves that need to be replaced. They had a break on Cedar Street about a month ago, that had 2-3 valves in it that cost \$30,000. There are several valves that don't work, there are several hydrants that need to be replaced, and there are some hydrants that need to be added in Amesbury Park, so that they can be sectionalized.

PRESENTATION OF CONTOOCOOK VILLAGE PRECINCT PROPOSED BUDGET – DON HOUSTON, continued

- The Project at Linda Kimball's field should be started soon, digging up the existing pipe and putting in the new pipe replacement. It is his hope that this will be finished this year.

Their recommended Operating Budget is down about \$23,639, reducing the amount of tax to be raised. Their current impact of taxes to be raised would be \$1.65/\$1,000 on the tax rate. He explained that last year's budget showed a \$1.81/\$1,000, but with some fund balance at the end of the year, reduced that to \$1.63/\$1,000.

HOPKINTON VILLAGE PRECINCT FINANCIAL UPDATES – THOMAS LIPOMA

Thomas Lipoma reported that the Hopkinton Village Precinct 2020 Year End Revenue increased by \$60. He reported that Expenses were up a very small amount.

PRESENTATION OF HOPKINTON VILLAGE PRECINCT PROPOSED BUDGET – THOMAS LIPOMA

2020 Year End Projection

\$25,748 total budget

- Total Revenue \$18,145
- Total Expenses \$17,812 (\$21 over 2020 Budget of \$17,791)
- Year-end balance \$8,301 (up \$330 from \$7,968)

2021 Projected Budget

- Total Budget \$25,748 (up \$277 from 2020)
 - Audit Service
 - Insurance
 - NH Municipal Association Dues
- **Total taxes to be raised \$17,724**
 - Difference between budget and taxes comes from stand in budget items that would come out of existing balance, if needed

Water Project Update

- Water Department is completely self-funded through water fees
- Project underway – new tanks and booster tanks being installed now
- One \$100K Bond has been taken out
 - Voted on in 2018
- Total cost of project is more than expected
 - Looking at new funding options, including potential State Grants

PUBLIC COMMENT

There were no public comments.

ANY OTHER BUSINESS

Norm Goupil answered a question from Don Houston from the last Budget Committee Meeting regarding the warranty on the roofs. He explained that he spoke to Gordon-Bristol and they explained that the warranty, on the roofs that they are doing, is implemented once the School District agrees that the job is complete. The warranty is for 20 years and the first 2 ½ years includes the labor, the flooring has a 10-year warranty. He explained that it is Gordon's job, once the project is complete, the warranty starts. He explained that the warranty does not go into effect until they agree that the project is complete. He further explained that all of hick-ups that are occurring are a part of the scope of the project.

Mark Zankel explained that there was a meeting scheduled for December 16, 2020, if needed. It was mutually decided that that meeting is not necessary by the Committee Members.

MOTION TO ADJOURN

Ken Traum motioned to adjourn at 7:45 pm. Steve Reddy seconded the motion.

A roll call vote was taken:

Committee Member	Vote	Committee Member	Vote
Rich Houston	Approved	Ginni Haines	Approved
Steve Reddy	Approved	Jonathan Cohen	Approved
Norm Goupil	Approved	Janet Krzyzaniak	Approved
Ken Traum	Approved	Mark Zankel	Approved
Don Houston	Approved	Thomas Lipoma	Approved

The vote passed 10-0.

Budget Committee Upcoming Meetings and changes to the schedule:

Wednesday, January 13, 2021 – 5:30 pm

- Presentation of the School Budget

Wednesday, January 20, 2021 – 5:30 pm

- Follow up of the School Budget

Wednesday, January 27, 2021 – 5:30 pm

- Budget Committee deliberations, if needed

Wednesday, February 3, 2021 – 5:30 pm

- Budget Committee deliberations, if needed

Wednesday, February 10, 2021 – time to be determined

- Public Hearing on all budgets

Respectfully submitted,
Tammy Clay