



BUDGET COMMITTEE

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Budget Committee Minutes

Saturday, December 03, 2022 – 9:00 a.m. – Town Hall Conference Room

Members Present: Mike Bilodeau, Todd Cadle, Mike Catapano, Mark Connelly, Bob Krasko, Don Miller, Glenn Page, Zack Pike, Patrick Walsh (School Board Representative)

Late Arrival: Jamie Connelly (Board of Selectmen Representative), Frank Hansler

Also Present: Paul Sanderson, Town Administrator; Susan Penny, SAU 50 Business Administrator; Steven Zdravec, SAU 50 Superintendent of Schools; Tamara Hallee, Principal – Greenland School; Various School Personnel; Members of the Board of Selectmen; Members of the Greenland School Board

B. Krasko opened the Budget Committee meeting at 9:00 a.m. and a roll call was taken. B. Krasko stated that a quorum was present, and the meeting was being recorded and live streamed.

MOTION: D. Miller moved to approve the minutes of the meeting of Monday, October 17, 2022. Second – M. Connelly; five in favor, four abstained (M. Bilodeau, Z. Pike, P. Walsh, M. Catapano). MOTION CARRIED

B. Krasko introduced Paul Sanderson, Town Administrator.

SCHOOL BUDGET

Steve Zdravec, SAU 50 Superintendent of Schools, introduced the School budget. He stated his philosophy was to be a good steward of taxpayer money. He has to deliver what is being requested and make sure the highest quality education is being provided to the students. The budget increased by 1.99% (approximately \$257,000). Major drivers in the budget were highlighted: correction to high school tuition (fewer students were forecasted than actually attend Portsmouth High School; the current budget is short on tuition and must be made up in next year's budget: approximately \$400,000); positions were added (paraprofessional for Special Education and positions funded, or partially funded, through grants that will now be part of the general fund). The bond was paid off and those funds will be used to offset the budget increase.

Susan Penney, SAU 50 Business Administrator, reviewed the budget. Warrant articles were not available at this meeting. S. Penney discussed the reclassification of accounts; the majority of the reclassifications were due to benefits by function worked under. There will be a Collective Bargaining Agreement warrant article. P. Walsh noted that funds are typically added to the Capital Reserve Funds when there is a surplus. There were 374 students in December 2022. Kindergarten enrollment is expected to be higher than in previous years. There are 164 students projected to be in high school next year. Portsmouth High School tuition is \$21,000 per student. If the budget is not approved, funds may have to be taken from the Tuition Expense Capital Reserve Fund. S. Zdravec explained that the Department of Education formula cost per pupil determines the tuition rate. High school enrollment has also gone down over the last several years. There is approximately \$240,329 in the Tuition Expense CRF.

TA Sanderson stated that the tax rate was based on the Town valuation of \$884,534,665. \$8,845 would be approximately \$.01 on the tax rate. The current tax rate is \$18.09.

Sports and transportation costs were briefly discussed. Talley Westerberg, School Board, stated that student transportation culture in New Hampshire has been significantly impacted by worker shortage. Student transportation costs have skyrocketed. The ability to find drivers has been very difficult. The number of buses in Greenland has been reduced and there are now 'community' stops.

J. Connelly arrived at 9:30 am.

The drop in enrollment vs. increased costs was discussed. S. Penney explained that COVID was partially to blame for the increase: cleaning and sanitizing, sending items home, etc. Health insurance costs were discussed. The SAU's GMR (Guaranteed Maximum Rate) was 3.3 this year; last year it was 14.8.

Staffing levels and new programs were discussed. The Encore Program received a grant of approximately \$23,000 this year to kickstart it. T. Hallee explained the Encore Program as well as the new math program that is being developed. Travel allowance was discussed. In-House PD was explained as In-House Professional Development. The Professional Growth CBA (Collective Bargaining Agreement) is required. T. Hallee explained that consultants were cancelled due the lack of available substitutes.

S. Penney explained that one Kindergarten teacher was part of a grant. The two paraprofessionals were required by the IEP as well as the part-time speech therapist. The psychologist currently is 60% in the general fund and 40 % in the grant; next year will be 80% in the general fund and 20% in the grant. The new Special Education Director uses resources within the district and has been using the psychologist in other schools in the district when needed. The funding is coming back to Greenland; they are paying Greenland (including benefits). S. Zdravec added there is a slight reduction in pre-school Special Education due to the Special Education Director incorporating coordination into her regular duties, saving the Greenland budget \$25,000 previously spent coordinating in pre-school.

Projected retirements were discussed. T. Hallee stated they have an idea who may be retiring. New hires are usually at a lower salary. P. Walsh added there is an incentive offered.

S. Penney explained that the School was on a 'daily' swing contract for natural gas. Use calculations were done daily; if the use exceeded what was projected, an additional fee had to be paid. The SAU analyzed the bill and found there were high increases. A deal was negotiated with Sprague, and the SAU locked into a longer contract. The SAU is no longer on a daily swing contract.

Rich Winsor, Board of Selectmen, noted that the bond was paid, and questioned if the money would be returned to the Town or absorbed in the budget. S. Penney stated it would be absorbed into the budget as explained earlier by S. Zdravec. R. Winsor noted the School budget would increase approximately 4.2% without the bond money when the student population was declining. S. Penney explained that one of the drivers was tuition that was underestimated. They did not want to drain the Tuition Expense CRF and have nothing in reserve. R. Winsor questioned the ratio of staff to students. S. Zdravec agreed the student population was trending down. Staffing adjustments would be made when the student population declined to a certain point. Staffing has increased.

There are no large money items expected at the School for the upcoming year. B. Krasko noted that the Budget Committee could call the School back, if needed.

The Budget Committee took a short break.

TOWN BUDGET

Paul Sanderson, Town Administrator, reviewed the Town budget. Documents given to members included: the proposed budget for 2023 and projected tax impacts; the first draft of the default budget; the MS-232 (actual appropriations); the tax rate breakdown and how the current tax rate was calculated; and the year-to-date budget as of 11.28.2022. TA Sanderson explained how he became the Town Administrator and the status of the current accounting software. TA Sanderson brought members up to date on the financial department. Accounting is done on QuickBooks, which is not designed for municipal fund accounting. In addition, the books were never closed after each accounting period: the accounting period is not 2022, it is 2014 through 2022, and on the brink of failure. A QuickBooks expert was hired and will get the Town to the end of 2022. A new company database will be started for 2023. Municipal software will be researched in 2023.

Referring to the Proposed Town of Greenland Budget and year to date column, TA Sanderson explained those figures are from an accounting system on the brink of failure. The numbers do not add up and do not provide information that flows to a DRA filing. The QuickBooks expert found that the database has been corrupt since 2015. J. Connelly stated that the Board of Selectmen were unaware of the problems, TA Sanderson brought it to the Selectmen's attention. DRA considered the MS-232 the budget and the only thing that can be relied upon. The proposed budget was prepared using the figures on the MS-232.

TA Sanderson explained that the accounting software on the brink of failure is residing on a server that is also on the brink of failure. The server is from 2017 using software from 2016. The warranty on the server expired in 2020. Dell will no longer support that server with parts. TA Sanderson continued that there is not a single desktop in the Town Office that is capable of running Windows 11. Microsoft Office programs: there is one 365 Home account with five shares; it is not a business account and is not in compliance. TA Sanderson clarified that the Budget Committee was never asked to provide resources. Police Department computers are separate from those at the Town Office and are running fine. The Fire Department operates off the Town Office machinery. The Library operates their computer system independently from the Town Office. TA Sanderson stated it was a management failure in the Town Office.

There is a Town Equipment Capital Reserve Fund with sufficient funds that potentially would allow the issues to be solved and should not impact the budget being reviewed by the Budget Committee. It does impact the Town's ability to provide the best information. The cost to fix problems could be \$45,000. P. Walsh offered to have the School's IT person assist TA Sanderson in the purchase of hardware and software.

Town Clerk/Tax Collector – Marge Morgan: Explained that support programs for motor vehicles and the tax program are the most expensive items. Wages were increased by 6%. The election section of the budget has decreased from \$96,474 to \$89,065 due to the number of elections in 2023.

Financial Administration – TA Sanderson: There is a substantial increase from \$127,000 to 186,000 due to the revaluation which must take place every five years and will happen in 2023. Property values in Greenland are expected to increase at least 50%. TA Sanderson stated that the snowplowing rates have stayed the same; however, the Town is subject to a fuel surcharge. Snowplowing is charged by the hour for each piece of equipment used. There is a Storm Capital Reserve Fund with a balance of approximately \$60,000. Z. Pike questioned if an employee left the Town, could a replacement be hired at the 6% increase. M. Morgan responded, 'not really'. It took several months to fill the bookkeeper

position. M. Morgan added that the Town's salary range was a little low. M. Bilodeau stated that the value of an employee had to be considered and stop looking at the dollar sign. TA Sanderson noted that if the difference between the proposed budget and default budget were too high, voters would be likely to vote for the default. He has tried to craft a budget where the numbers were close.

Police Department - Chief Laurent: The number one goal is to retain the employees in Town. The PD wage increase was 6%. Chief Laurent did an in-depth wage survey and adjusted where wages were low. She cut where possible; the difference between last year's budget and this year's budget is \$5,300 according to DRA or \$16,200 according to QuickBooks. TA Sanderson noted that DRA figures were 'real'. Responding to D. Miller, Chief Laurent stated that she was comfortable, for now, with the wages. There was a discussion regarding 'steps' vs. percentage/COLA increase. The HVAC system is holding on and the roof may need to be replaced in two years. Warrant articles similar to previous years were submitted. Chief Laurent reviewed the grants received in 2022.

TA Sanderson noted that the Personnel Policy has not been reviewed by legal counsel. \$10,000 had been added to the legal budget so the policy can be reviewed by an attorney. Revisions and review are planned for 2023. P. Walsh noted that the School Department uses a payroll service which includes an HR policy review as a benefit. P. Walsh suggested an emergency revolving account for use by employees be established. TA Sanderson stated that Health Trust has an Employee Assistance Program (EAP) for employees who may have difficulties and is confidential. If they cannot find outside resources, they are referred back to the Town. R. Winsor stated he would be more than willing to look at an assistance program but not without a thorough HR review.

General Government – TA Sanderson: **Cemetery Trustees** had a slight increase in Contracted Services. **Conservation Commission and Cultural/Recreational/Parks** showed minimal increases. **Patriotic Purposes**: the 300th Anniversary line has been removed.

F. Hansler arrived.

Debt Service remained the same. Outstanding debt: Library bond and road bond. **Stipends**: no change. **Wages**: 6% increase. **Treasurer**: receives a stipend of \$7,200 per year to run an \$18 million budget. TA Sanderson explained the Positive Pay process. The Town was required to change banks. The Town will be looking for a new Treasurer; the current Treasurer would like to step back into the Deputy Town Treasurer position. **Building**: Increases are due to pricing of propane, water, electricity. **Building Maintenance**: There needs to be a discussion in the upcoming year regarding the building and complex. All winter and summer maintenance is contracted. **Insurance**: Amounts shown are actual. **Legal**: Increased partially due to 2023 being a revaluation year and Personnel Policy review; there is no pending litigation. **Trustees of Trust Fund**: Did not change. **Personnel Administration**: Includes 6% wage increase as well as health, disability, and life. Benefit cost of new firefighter position included. **Planning and Zoning**: Decreased due to most costs being paid by applicants. **Dues**: Actual cost of dues requests received.

Lunch Break—12:15 pm to 12:42 pm; P. Walsh left the meeting.

Cemetery Trustees - Michele Kaulback and Bob Ellwood: Slight increase over last year. B. Krasko requested that the stumps be taken care of this year. TA Sanderson explained the Trustees of Trust Funds hold two major funds for the cemetery: Perpetual Care maintains lots in perpetuity (a fee is collected and deposited into this fund; regulated by State law); Cemetery Fund is held by the Trustees of the Trust Funds and has a significant balance. The Cemetery Fund would be the source for repairs. Creation of the Cemetery Fund is not well documented. A warrant article must be created to clarify the

parameters of the fund. There would be approximately 100 to 150 lots available in the cemetery with the stumps removed.

Fire Department – Chief Cresta: Personnel was the only change. One full-time employee has been included in the budget and one full-time employee will be a warrant article. Wage increase submitted at 6%. A new fire truck may be included in the 2024 budget. A new ambulance is expected in April or May; ARPA funds were used to purchase the ambulance. Both ambulances will be in service; ambulance calls have increased. TA Sanderson explained that the Building Inspector position has been changed to Fire Prevention/Code Enforcement and is now considered part of the Fire Department. The individual hired for the position is a full-time firefighter and Captain in the fire department. He provides leadership and additional manpower if needed. Building permit fees will offset the cost of that position. There are currently five people in the fire department. If the budget passes, there will be seven people. TA Sanderson added that there will need to be a community discussion regarding a new facility, which could be a fire station or Town Offices. If the Town did not have a fire department, insurance costs would increase to residents and mutual aid could be a problem. Currently, only two people can be housed in the fire station at night; there should be three. R. Bunnell noted that there are things that need to be fixed from an infrastructure perspective to make the fire department successful. R. Winsor stated that community involvement is needed. Current response time: out the door in 2 to 3 minutes; anywhere in Town within 7 minutes. Portsmouth Station 2 is the closest fire station. M. Bilodeau recommended MRI (Municipal Resources, Inc.) do an assessment of the fire department; it was noted that MRI did an assessment several years ago. The cost in July 2022 to build a new fire station was \$3.9 million.

Weeks Library – Candace Cousins and Christine Peters: Since the new Library opened, there have been 281 additional memberships. Foot traffic has increased from approximately 350 per week to over 500 per week. New items have been added that can be checked out of the Library. The Library offers more than just taking out books. There are currently two full-time staff, five part-time staff and a reading dog. Wages for full-time and part-time staff was submitted at a 6% increase. C. Peters noted that for many years the Assistant Librarian did not receive benefits; there currently is an Assistant Librarian that needs benefits. The Program line was increased to \$4,000; Landscaping was added to Operational Maintenance in the amount of \$500; Maintenance is \$5,000 (F. Hansler has offered his assistance); Trash Removal was included at \$2,200 per year. Youth Services full-time covers the downstairs floor of the Library. There are many children who go to the Library after school, and it is becoming an issue. There is currently no charge for an after-school program. M. Bilodeau questioned charging for after-school programs as a way to reduce their budget. C. Peters responded that the charter for the Weeks Library may require free programs. R. Winsor noted there could be some relief for parents who cannot afford a fee. C. Peters felt it was a School issue; many schools offer after school care for children. M. Catapano voiced his concerns about the liability of the students being in the Library; there needs to be some type of control. C. Peters suggested that the Town, Library, School, and Police Department meet to discuss the issue—it was not entirely a Library issue. J. Connelly questioned if the School Resource Officer could serve the remainder of his day in the Library. The major increase was in the Electricity line at 104%. The overall increase to the Library budget is 10.4%.

General Government – TA Sanderson: J. Connelly questioned what could be done with the Trustees of Trust Funds due to concerns raised by the Cemetery Trustees, fire and ambulance, and the Road Maintenance CRF; would more legal funds need to be set aside to ensure those are properly handled. TA Sanderson stated concerns about the Fire and Ambulance Special Revenue Fund did not mean the Trustees had done anything wrong; it was more of an accounting issue. Cemetery: TA Sanderson did not think outside counsel was needed yet. There is a Perpetual Care Fund; how was the interest being paid out? The Cemetery Fund that was created is not properly documented. TA Sanderson thought a

warrant article may be needed to clarify the purpose. The Road Maintenance CRF was an accounting issue.

Sanitation: Recycling is hauled to ecoMaine in Biddeford by Troiano. Municipal solid waste is hauled by Waste Management to Turnkey in Rochester. The tipping fee and per haul fee to Waste Management is different than what it had been with Covanta. The proposed budget and proposed default budget shows an increase in that line. The cost of disposing of municipal waste is increasing quickly. The ecoMaine contract ends in 2023. Disposal costs are going to increase if residents are not educated to reduce, reuse, and recycle. Transfer station stickers are being strictly enforced. Credit cards may be required as the only form of payment vs. cash. Reviewing the fee structure is another option. A combination of tipping fees, hauling fees and utilities has increased the municipal solid waste line. Increasing the Transfer Sticker fee was discussed. Z. Pike suggested that taxpayers needed to see the cost of operating the Transfer Station.

Recreation – Sharon Hussey-McLaughlin: TA Sanderson noted that the Town did not use mosquito spraying in 2022; Recreation did spray. Recreation increased their Contracted Services line by \$6,000 for mosquito/tick spraying. Their budget increased significantly due to maintenance of the Town's assets. Their immediate concern for the spring is the dugouts at Krasko Field. They plan to do fundraising for the dugouts and scoreboard. Money was included to resurface the basketball and tennis courts at Caswell Field. F. Hansler offered his assistance. S. Hussey-McLaughlin will discuss with the Rec Committee putting tennis and basketball court resurfacing on a warrant article. Recreation capital assets in Town: Caswell Field, Krasko Field, and Maloney Field. Fields have been mowed by Pearl Landscaping, but not trimmed. The Rec Committee has spent their Revolving Account funds on field maintenance. R. Winsor questioned how much the Rec budget would decrease if there was a full-time maintenance person available. M. Connelly questioned how many residents paid fees. S. Hussey-McLaughlin responded that the Rec programs are very robust.

Recap – TA Sanderson: Z. Pike questioned how TA Sanderson arrived at the tax impact of \$0.55. Z. Pike noted that some serious concerns were mentioned. He appreciated that they wanted to be frugal, and people are hurting financially, and did not want to inflict undue burden. He also did not want to set up the crisis in 2024. TA Sanderson explained how he arrived at \$0.55. He was hoping to encumber \$300,000 for the road budget when the last manifest of 2022 was approved in two weeks. That would reduce the new appropriation on roads by \$300,000; that was how he arrived at \$0.55. TA Sanderson, responding to D. Miller, stated that the Unreserved Fund Balance was \$1.9 million. That would become a source of funding as well as the updated numbers from the Capital Reserve Funds. Approximately \$400,000 could be used for funding. There was \$500,000 set aside last year for the purchase of the Smith Farm; that has not closed; an additional \$200,000 will be from the Conservation Land CRF.

TA Sanderson agreed with Z. Pike that the staff should be the most important focus right now. If someone were to leave, they could not be replaced at their current salary. R. Winsor noted that he had been at this meeting for 6 hours and 15 minutes. During that time, one hour was spent discussing the largest expenditure of the Town (the School); the remainder of time had been spent on the Town budget, the smallest budget. The Town has always been careful with its budget. R. Winsor was concerned about the \$325,000 bond payment that was absorbed into the School budget; their default budget will be \$325,000 higher next year. TA Sanderson added that because Greenland is an SB2 town, it is forced into incremental budgeting rather than zero-based budgeting.

F. Hanley noted that there are mandates for Special Education. R. Winsor stated that Greenland is a magnet school for special needs. J. Connelly added that if the School cannot provide the services for a Special Education student, the School is obligated to provide the funding for a special school (tuition and

transportation). M. Connelly noted that the Collective Bargaining Agreement is a large portion of the School's budget.

A tentative date of Tuesday, December 20, 2022, was set for the next meeting, dependent upon the availability of the School. TA Sanderson thanked the Budget Committee for the long day and said that the employees would be very happy to hear there was support for a 6% wage increase. TA Sanderson will email spreadsheets to the Budget Committee.

Adjournment

MOTION: J. Connelly moved to adjourn at 3:38 pm. Second – M. Bilodeau; all in favor. MOTION CARRIED

Submitted By: Charlotte Hussey, Administrative Assistant