

Kingston Municipal Budget Committee
Public Meeting
Kingston Fire Station - Meeting Room
December 7, 2022, 6 p.m.

Members in Attendance:

Trish Tidd, Chair
Rick Russman, Vice Chair
Stacy Dion, Secretary
Chuck Hart, BOS representative
Claudine Dias
Gary Finerty
Nick Hilfer
John Pramberg
Shaw Tilton

Members Absent: Annemarie Roth

Other Attendees: Marissa Federico, Recording Secretary

Trish called the meeting to order at 6:05 p.m.

APPROVAL OF MINUTES:

Claudine noted that the figure provided by Selectman Chris Bashaw reflected committed ARPA spending, not actual spending. The language will be amended.

MM&S: Claudine moved to approve the amended minutes of the meeting held on 11/30/22, seconded by Shaw. All in favor.

OLD BUSINESS:

- *Pay for performance/pay matrix:* Chuck discussed the PFP with the BOS. In the absence of a pay matrix, the BOS would like to maintain PFP in the budget. They have agreed to hire a contractor to create the matrix. John confirmed with Chuck that an RFP would need to be written, and Chuck believes this process could take some time and added that the cost of this project could be paid through ARPA funding.

Stacy met with Paula, the finance director, to obtain information on which departments budgeted for raises in 2023; those raises were requested to keep up with market rates to remain competitive with other towns. It is possible that those receiving raises may also receive PFP. In this discussion, it was clarified that performance reviews are performed in March and raises get implemented after budget approval. When the finance director receives a PFP request from a department head, it is recorded under the Personnel Administration/PFP line item (4155-01).

John explained that he is looking for systemization and rationality in this process. He noted the taxpayers are currently funding raises paid out through PFP that affect the budget permanently but arise outside of the budget process. He suggested that the BOS expedite the RFP to begin the process of creating a pay matrix so it is completed by the Deliberative Session; this can then be explained to the voters. He is not comfortable moving forward without something in place to guide wage decisions. Rick agreed and believes the BOS could have the RFP completed and provide an update to voters. Stacy noted the budget must be completed by 1/7/23 (Decision Day).

Shaw asked what the rationale is to maintain PFP. He explained that if an employee's rate is below market rate, it should be added to the budget as an increased salary rather than PFP. Stacy noted Police and Fire have contractual raises as there is defined training and specific requirements for their positions; the problem arises for departments that do not follow this model. Stacy has discussed PFP with many departments, and they maintain they need these funds to reward exemplary employees. Rick concurred that departments depend on PFP to bring employees to market rates, but these funds are designed to reward good performance. Chuck added that COLA was introduced into the budget for the first time in the 2022 budget. He noted that the BOS felt PFP funding to bring pay rates up to retain town employees was an acceptable alternative. Stacy added that both the BOS and department heads are committed to maintaining PFP. It was confirmed that if PFP is utilized, there is a maximum limit of 4% of the employee's current rate/salary.

There was a discussion of the options in the event this is not resolved by Decision Day, including the possibility of the KMBC adjusting the budget. Multiple members expressed that this is not desirable but may be necessary in order to provide a fair budget to taxpayers.

Trish noted that revenue figures should be available by Decision Day, 1/7/23.

- *ARPA*: Multiple members requested a detailed listing of ARPA funding (received, committed, spent, balance).
- *Water-NH DES requirements*: Chuck explained that the NH DES will require the installation of a water system for areas with contaminated water and has ordered the town to test a wider sampling of groundwater, so the budget for Executive/Contracted Services (4130-09) of \$100,000 is an estimate. He added the long-term cost will be borne by the town.
- *Electricity rate*: Stacy and Claudine worked with Paula to calculate a median kWh figure for town electricity usage. Stacy noted that the supplier charge is anticipated to increase, possibly sharply. Claudine noted there are town-owned properties that are incurring a flat monthly fee but have no electricity usage, such as the Gracy Daly barn. Chuck noted there was an issue during construction of the new fire station where the electricity costs incurred after the installation of the temporary meter were borne by the town rather than the contractor; the electricity costs hit the operating budget in error. The temporary meter was installed in March, but the town began utilizing the building in June. Chuck explained there was also a similar issue

with the cost of propane. Stacy noted that in summary, there is anticipated to be a 25% to 30% decrease in what is currently budgeted for electricity for 2023 except for the Fire Department, whose current budget is \$16,000 but is anticipated to be changed to \$25,000 based on actual usage. Rick noted the reduced electricity budgets may offset the increased electricity budget for the fire station.

DISCUSSION OF PLAN MOVING FORWARD:

There was a discussion of whether department heads need to be contacted again and possibly appear before the Committee and/or if formal recommendations need to be made.

Chuck suggested that Paula could provide the amount of PFP distributed in 2022. Claudine noted it would be helpful to know the methodology utilized by the BOS to calculate the wage/salary increases (PFP of 3% for 2023, COLA of 4% for 2023, proposed wage/salary increases for 2023, plus the unbudgeted wage/salary increases distributed in 2022).

In reviewing the spreadsheet for salary and benefits for 2022 prepared by Paula, which outlines the unbudgeted raises distributed by the BOS in 2022, there were \$169,829 in raises approved between January and April and another \$35,382 approved between April and December.

Multiple options were discussed including decreasing the budgeted PFP amount. Department heads could be contacted by their KMBC liaisons to request a reduction of budgets while maintaining their proposed salary increases. Rather than reducing budgets by department, the KMBC could cap the town's total budget percentage increase for 2023 and ask departments to reduce their budgets accordingly. Trish suggested there should be a target percentage increase, and multiple members agreed.

It was generally decided that reviewing the default budget is pertinent to this discussion. Stacy noted that Paula is currently working on creating this.

Shaw suggested that the meeting be adjourned until more information is available (default budget, revised budget spreadsheet). Members agreed.

NEXT MEETING: Sunday, 12/18/22, at 6 p.m. in the Fire Station meeting room. The updated budget, default budget, and ARPA funds will be reviewed. Chuck will provide an update on the RFP for the creation of a pay matrix.

MM&S: Trish moved to conclude the meeting at 7:49 p.m. All in favor.

>>These minutes were voted as final without amendment on 12/28/22<<