

Date: January 12, 2023

To: Henniker Selectboard

Cc'd: Town Administrator, Town Secretary

Re: 2023 Town Budget recommendation

We would first like to thank all department heads for the outstanding job they have done this year. They did a great job keeping their budgets as flat as possible. This feat is impressive given the volatility of labor markets, supply chain logistics, and rampant inflationary costs.

We as the Budget Advisory Committee cannot recommend any actual financial reductions due to the lean status of each departmental budget.

What we have proposed is the following Points of Consideration from a systemic standpoint:

1. Health Insurance for Henniker renews in July of 2023. Several area towns have gone to an HRA (Health Reimbursement Account) plan where up to 50% of the deductible is paid by the Town. The coverage did not change significantly. The advantage to this plan has but is not limited to savings in three ways:
 - a. Significantly lower premiums to the Town.
 - b. Lower participation amounts weekly for employees.
 - c. Money left in the HRA account at the end of the year since not every employee will use their deductible.

Positive upside: for the employees is lower weekly cost and first half of their annual deductible is covered leaving more money in their pocket.

Recommendation by the budget committee: A study be done for cost comparison. Plans chosen by employees that cost more should have a higher employee contribution.

2. Bids – What is the monetary threshold that requires a service or purchase to require a bid? Are all received bids reviewed by the selectboard? If a bid is not required, is more than one estimate sought? If we have a vendor for particular service, i.e., alarm systems, is that the only estimate requested?

Recommendation: More than one estimate be requested for services that don't require a bid. Given increased market demand, vendors have little incentive to search out new business. Therefore, the bid process be proactive in that we reach out to vendors along with posting the bids.

3. Has consideration been given to joining with area towns to buy utility fuels such as propane and oil creating bulk purchases at a lower cost?

Recommendation: We consider joining with area towns to buy utility fuels such as oil and propane in bulk to help reduce pricing. Economies of scale in this area are efficient practices that will provide lower costs and potentially better service.

4. In the current budget the increases in the vehicle fuel budgets don't seem consistent. Where one department went up \$500 another doubled their fuel budget.

Recommendation: Review a consistent estimate of fuel cost needs in this budget.

5. Many of the concerns and observations of this budget committee were relative to process and seemingly no strategic planning. We, as a committee intended to be of benefit to the Board of Selectmen and the citizens of Henniker, feel a lack of support and resources that hinder our effort to be helpful to the budgeting process. The committee feels the budgeting process is antiquated, with a lack of electronic format and timely financial figures. The committee would be of greater assistance and fulfillment of duties if provided adequate information that could allow for multiple forms of analysis in digital format. From a process perspective, the committee does not feel included nor informed regarding the larger picture regarding the future of Henniker and is given little to no direction regarding overview, thematic efforts and long-term goal planning. It is our desire to be of greater service to the select board and the citizens by providing a more substantial role in the budgeting process.

Recommendation: In order to better support the Board of Selectmen, the Town Administrator, and the citizens of Henniker, we propose the following process changes:

- Electronic format of all budget documents
- An initial budget season meeting with the Town Administrator to clarify budget committee scope, short- and long-term town goals, and areas of concern and focus
- We understand that as an advisory committee our role is limited, however, the provision of regular financial reports for timely review through the operating year would provide valuable information and would keep the committee engaged throughout the year and better prepared for budget season.

We have struggled for the last few years as a committee with our role. We find the layout of the information given to us and the format it is given in is difficult to process or analyze. A digital format with links where we could get more detail would be more efficient.

Further, we don't always have the detail, background or overall information needed to give good recommendations. We would request in the future, if we remain only an advisory committee, to meet at the beginning of the process with the Town Administrator and the

Finance Director. This would also give us the overall goals of the budget for that particular year i.e. flat budget, insight into areas of inconsistency or need of oversight.

Important and Final Request: <https://www.nhmunicipal.org/town-city-article/municipal-budget-committee-roles-and-responsibilities>

We respectfully request that the Selectman put forth a warrant article to appoint an Official Budget Committee going forward. This would allow for oversight and budget study analysis throughout the year allowing us to make more educated recommendations and assist the selectboard more knowledgably and with greater detail.

Improving our budgets and the process isn't only about tight, flat budgets or making flat reductions such as 2% overall. It is more to develop processes and strategies for oversight and finding actual cost savings. With a greater focus on processes and communication, the budget committee can support investments and strategic spending that provide lower long-term expenses for Henniker citizens.

We sometimes think it's only the big expenses. Afterall, it's all the small savings that add up to greater and more accurate savings, and many times expenses that are cut lead to more costly expenditures down the road.