

**TOWN OF NEWMARKET, NEW HAMPSHIRE  
BUDGET COMMITTEE MEETING  
NOVEMBER 25, 2019    7:00 PM  
TOWN HALL AUDITORIUM**

***Approved December 16, 2019***

MEMBERS PRESENT: Chairman Michael “Mickey” Burns, Vice Chairman Daniel V. Smith, Jeff Raab, Roger Cady, Gary Swanson, Joe Lamattina, Christian Matthews, Town Council Rep Zachary Dumont

EXCUSED: Robert Ortins, Trevor MacDonald, School Board Rep Elizabeth McKinney

ALSO PRESENT: Town Administrator Steve Fournier, Interim Finance Director Bill Tappen

**AGENDA**

Chairman Mickey Burns welcomed everyone to the November 25, 2019 Budget Committee Meeting and called the meeting to order at 7:00 pm, followed by the Pledge of Allegiance.

**OLD BUSINESS**

**Approval of the Minutes of the Budget Committee Meeting of October 28, 2019**

Vice-Chair Smith made a motion to approve the Minutes of the Budget Committee Meeting of October 28, 2019 which was seconded by Mr. Cady.

Changes/Corrections: Mr. Lamattina made a change on page 3 under CIP Update to clarify that the \$7.00 line item for Police Vehicles was left as a place holder.

Chairman Burns polled the Committee and the minutes of the Budget Committee Meeting of October 28, 2019 were approved, as amended, by a vote of 7-0, with 1 abstention.

**NEW BUSINESS**

**Town FY2021 Operating Budget**

Town Administrator Steve Fournier said he first wanted to clarify the role of the Budget Committee in this process. He said per State Law the Budget Committee is a sub-committee of the Legislative Body, which for budget purposes is the voters (Town Meeting). Their role is to review the Council-adopted Budget and

recommend or not recommend, and ultimately the Budget Committee's budget goes on the proposed Ballot. The Budget Committee can reduce or increase the bottom line of the Budget only, but the Council determines where the funds come from.

Town Administrator Fournier said under discussion is the Budget for the Fiscal Year ending June 30, 2021 adopted by the Town Council. He reviewed **Economic Indicators** and said the Consumer Price Index (CPI) is not seeing the increase as in the past. Year-to-year the CPI for US went from 2.9% to 1.7%, NE Regional 2.7% to 1.6%, and Boston 3.4%-2%. He said they were still seeing historic rates for Unemployment with US 4.3-4.4%, State 2%-2.7%, County 2.7%-3%, Portsmouth Metro 2%-2.4%, and Newmarket 1.9 % -2.1%, and said the figures were negligible.

Town Administrator Fournier said the **Tax Rate** is now \$24.26/1,000 with the largest portion being the School: Local School \$15.63/1,000, State School \$1.96/1,000, County \$0.96/1,000, and Town \$5.71/1,000 or 25% of the Tax Rate and showed a quick 5-year comparison. He said a big factor this year was the revaluation of the Town, with last year at \$763,201,228 of total value and this year after exemptions at \$977,203,228. He said this means that for every dollar on the tax rate the Town can raise \$977,203.

Town Administrator Fournier said the **Bottom-line Budget** adopted by the Town Council is \$13,233,267 (9.46%) with a total increase of \$1.1 Mil. Increases by fund: Enterprise Fund \$260,331, General Fund \$716,322, Special Services \$166,967. He said the increases were going to Debt Service for the Macallen Dam \$191,220\*, Finance Department Employees \$23,727, Police Salaries \$48,806, Energy Improvement Costs \$104,779, Buildings & Grounds Salaries \$54,281, Solid Waste Disposal Contract \$29,000, and Water Capital Reserves \$105,583.

*\*Editorial note: Debt Service Interest \$31,172, Debt Service Principal \$100,000 – verified by Town Administrator Fournier.*

Town Administrator Fournier gave the breakdown of **Contributions to Capital Reserves**: Public Works \$75,000, Building Improvements \$15,000, Roadway Improvements \$250,000, Stormwater \$25,000, Fire & Rescue \$50,000, Police Vehicles \$7.00, Police Dispatch/Equipment \$10,000, Veterans Memorial \$2,000, Master Plan \$10,000, 300<sup>th</sup> Anniversary Expendable Trust \$2,000, Compensated Absences \$0, Library \$10,000, Recreational Facilities \$86,050, Cable/IT both \$0, for a total of \$535,057 or an increase of 2%. The Revenue Budget increased from \$6,961,392 for FY2020 to \$7,236,220 for FY2021.

Town Administrator Fournier said the **Estimated Tax Rate** is an estimate using data as we have today: Gross Appropriations \$13,233,167, less revenues of \$7,236,220, add overlay \$20,000, add War Service Credits of \$160,000 for a Net Town Appropriations of \$6,171,947, using an Assessed Town Value of \$977,203,228, brings the Estimated Tax Rate to \$6.32/1,000. He said there would be one **Bond Warrant Article** of a \$75,000 loan from the State with 100% forgiveness for a Sewer System Survey, which will have no impact on rates.

### Questions

Mr. Cady asked for the FY2020 Net Appropriation and the proposed Budget. Town Administrator Fournier said the net appropriated is \$5,374,531 and the Council approved \$6,176,947. He said the \$5,000 difference between his proposed Budget and the Council's Budget was due to a clerical error with one of the Social Service Grants, and said there was a budget-to-budget increase of 9.46%. Mr. Cady said he was bothered by the increase but realized it was in part due to the Macallen Dam. Town Administrator Fournier said one of the biggest issues this year is the lack of Fund Balance to offset increases as they are budgeting more accurately.

Mr. Cady asked about the \$45,000 budgeted for Police Vehicles and the \$159,000 already in the fund. Town Administrator said they were putting funds aside now as this is the first year taking funds out of the Operating Budget. He said police vehicles can also be purchased out of the Detail Fund. He said the Budget Committee has the right to request a \$45,000 reduction to the Budget in that line item, but the Council decides where that \$45,000 comes from.

Vice-Chair Smith said miscellaneous revenue and revenue from Special Reserve Funds both went up by \$25,000 from what the Department Head's proposed. Town Administrator Fournier said the \$108,000 increase in Miscellaneous Revenue was what they bill the School District for the Facilities Director, including all benefits, and last year the revenue was not listed in the budget. Vice-Chair Smith said revenues from Special Reserve Funds are up from last year and Town Administrator Fournier said that was due to more revenues from Recreation.

Mr. Lamattina asked if the Default Budget had been done yet, and Interim Finance Director Tappen said he was working on it. Town Administrator Fournier said the Default Budget is last year's approved budget minus any one-time expenditures, plus contractual obligations, and said about \$30,000 will come out of Finance, \$150,000 for Energy Improvements, the Solid Waste Contract, \$105,000 for Water Capital Reserves, \$191,000 for Debt Service and \$48,000 for Police Salaries.

Mr. Raab asked which revenue line has the charges for Ambulance Services and Town Administrator said it was bumped up significantly. Mr. Raab said there were also increases for Police and Fire and Medical Supplies. Town Administrator Fournier said there was increase in ambulance revenue as well as an increase to the amount of capital put into the Ambulance Fund to \$75,000. Mr. Raab said under Finance he noticed some big Communication Services increases, and Interim Finance Director Tappen said it was a result of the new communications systems purchased including the cost of phones.

Mr. Raab said there was an increase for the lease for the Energy Plan and asked the net amount reduced. Interim Finance Director Tappen said this is a reduction in operational expense which is continuing to happen and savings will increase over time. Town Administrator Fournier said they don't know actuals and are not 100% sure what the reductions will be. Mr. Matthews said Health Care impact is \$820,000, and asked what the Town is doing to reduce healthcare costs. Town Administrator Fournier said the issue is they have to negotiate their CBAs with the healthcare plans. He said they do offer a different plan and are also in a municipal pool through Health Trust.

Mr. Cady asked if there is a performance stipulation on the Energy Contract and Town Administrator Fournier said there is and he will get a copy of the agreement. Mr. Matthews asked if the increase in Property Liability & Workers Comp is normal and asked about training to reduce it. Town Administrator Fournier said it is an average increase of 10% and all departments have safety training. He said the issue is that there is no longer any completion for coverage except through Primex.

Vice-Chair Smith said Part-time Salaries for Fire & Rescue look to be overspent for FY2019 and asked if there is an offset to that in revenues. Town Administrator Fournier said there is no offset, but because their response time was dropping they added a stipend for weekend coverage. Mr. Matthews asked if there were bidders for the Macallen Dam at the second bid meeting. Town Administrator Fournier said they got bids but have not yet awarded one, and he has to budget for it. If they do not do the project now they will go out to bid again in the spring as the bond is for 20 years.

Mr. Matthews asked about the 38% increase in the Recreation Revolving Fund, and Town Administrator Fournier said any increase in expense is offset by program revenues. Mr. Matthews said Solid Waste is going up 10% and asked if bag prices will be increased. Town Administrator Fournier said he had not yet looked into raising bag prices. Mr. Matthews asked about the 86% increase in Election Officials, and Town Administrator Fournier said it is due to more elections being held. Mr. Swanson asked where Field Maintenance comes from, and Town Administrator Fournier said Buildings & Grounds. Mr. Swanson said there are some issues with several of the fields, and Town Administrator Fournier said they are trying to start addressing that as more of a master plan project.

Mr. Matthews said in Capital Reserves numbers were dropping, with Building Improvements down from \$225,000 to \$15,000. Town Administrator Fournier said Contributions to Capital Reserves automatically go into the specified funds and it is a wash. He said last year for Building Improvements they took the operational costs out and put them in the Operating Budget. Mr. Cady said a contribution of \$167,943 was put in the Building Improvements Capital Reserve Fund in July 2019 and asked about July 2020, and Town Administrator Fournier said a contribution of \$15,000. Mr. Cady asked if any of that was being spent in 2020, and Town Administrator Fournier said it will be used that for larger projects. Mr. Cady asked if it was the same for Capital Reserve Recreation, and Town Administrator Fournier it was not as that fund is for equipment and facilities upgrades. He said the large contribution this year is for the Splash Pad at Leo Landroche Field, hopefully offset by grants.

Mr. Matthews asked why Recreation Revolving is paying Bank Fees and said \$7,000 is approximately 2% of their budget. Town Administrator Fournier said he would get that answer. Mr. Swanson said the only one with Telephones is the Library, and Town Administrator Fournier said the Library is separate, overseen by the Library Board of Trustees, and is not part of the Town telephone system. Mr. Matthews asked if the Town has looked into regional partnerships for Household Hazardous, Recycling, and MSW Contracts. Town Administrator Fournier said they are part of a group consortium with Stratham and Newfields but they were on their own this year. He said he talked with Exeter about joining with them when their next contract is up.

Mr. Cady said Communications is up significantly and Town Administrator Fournier said it was previously in one line item and is now billed toward each department. Mr. Cady recommended that someone look at the total Communications Services from all departments and make sure it is reasonable, and Town Administrator Fournier said he will get the answer. Vice-Chair Smith asked if the Town was generally seeing costs like internet and telecom services increasing, and Town Administrator Fournier said the Town uses Comcast and they are not seeing big decreases. He said they went out to bid for Telephone Services with BayRing which is now FirstLight.

#### **Review Schedule of Upcoming Meetings**

Chairman Burns reviewed upcoming meetings and said December 9, 2019 is the Target Working Session for the School District and the School Public Hearing is scheduled for January 13, 2020. Mr. Cady asked what the process is on this Budget, and Chairman Burns said they will vote after the Town Public Hearing on December 16, 2019 to make a recommendation to accept the Budget.

**OTHER BUSINESS** – None

**NEXT MEETING:** December 9, 2019 at 7:00 pm in the Town Hall Auditorium.

Budget Committee Meeting  
November 25, 2019

**ADJOURNMENT**

Councilor Dumont made a motion to adjourn the meeting which was seconded by Vice-Chair Smith. Chairman Burns polled the Committee and the motion to adjourn was approved by a vote of 8-0.

Chairman Burns adjourned the meeting at 8:02 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary