

TOWN OF NEWMARKET, NEW HAMPSHIRE

**BUDGET COMMITTEE PUBLIC HEARING:
TOWN FY2021 OPERATING BUDGET**

DECEMBER 16, 2019 7:00 PM

TOWN HALL AUDITORIUM

Approved January 6, 2020

MEMBERS PRESENT: Chairman Michael "Mickey" Burns, Vice Chairman Daniel V. Smith, Jeff Raab, Roger Cady, Gary Swanson, Joe Lamattina, Christian Matthews, Robert Ortins, School Board Rep Elizabeth McKinney, Town Council Rep Zachary Dumont

EXCUSED: Trevor MacDonald,

ALSO PRESENT: Town Administrator Steve Fournier

AGENDA

Chairman Mickey Burns welcomed everyone to the December 16, 2019 Budget Committee Meeting and called the meeting to order at 7:00 pm, followed by the Pledge of Allegiance.

Chairman Burns said that Trevor MacDonald is excused.

OLD BUSINESS

Approval of the Minutes of the Budget Committee Meeting of November 25, 2019

Corrections/Changes: Chairman Burns said the amendments requested at the last meeting were made, and on line 156 "Mr. Cady" should be corrected to *Mr. Swanson*. Mr. Cady said on lines 61-62, Debt Service was listed as \$191,220 but he verified with the Town Administrator that the increase in Debt Service Interest is \$31,172 and Principal is \$100,000 for a total of \$131,192. As this was not stated at the meeting, the minutes were not changed and an editorial note was added to the minutes with the verified amounts.

Chairman Burns polled the Committee and the minutes of the Budget Committee Meeting of November 25, 2019 were approved, as amended, by a vote of 8-0, with 2 abstentions.

NEW BUSINESS

TOWN FY2021 BUDGET PUBLIC HEARING

Chairman Burns opened the meeting to Public Hearing at approximately 7:06 pm, and asked any members wishing to make comments on the Town FY2021 Operating Budget to please do so.

Toni Weinstein of 275 Ash Swamp Road, said as Chairman of the Newmarket Town Council she supports the current Town FY2021 Operating Budget, and commends Department Heads and the Town Administrator for their work through the process and their management of the Budget through the year. She said this is her 6th year through the Budget Process as a Town Councilor member, and said they are not in a place anymore to be able to keep cutting the Town Budget.

Councilor Weinstein said increases due to contractual obligations are unavoidable, and said the Police Budget increase is to add an additional officer for the first time since 1995. She said a study done by MRI 2 years ago showed that Newmarket runs a very tight ship, sometimes to their detriment. She said the Budget in front of you reflects a few additional changes, and though she is aware of the increase in the FY2021 Town Operating Budget, she absolutely supports it and thinks it is the right thing for the community.

Chairman Burns closed the Public Hearing at 7:12 pm.

Budget Committee Discussion of Budget

Chairman Burns said it is time for the Budget Committee to discuss the Town Budget and make a motion to recommend or not recommend, or to amend the Budget as written.

Mr. Swanson said on page 45, Buildings/Grounds shows a \$105,000 Lease Payment. Town Administrator Fournier said that is the lease payment for the Performance Contracting, and said the Town entered into a lease/purchase agreement for upgrades to its aging electrical/heating systems paid for by the energy savings they receive. Mr. Swanson said there is a line item for Road Improvements as well as a Capital Reserve Fund, and Town Administrator Fournier said the Town has a 10-year Road Improvement Plan and any funds not used can be saved until next year.

Mr. Cady said the proposed Budget is a 15% increase from the previous year and the Macallen Dam is only $\frac{1}{4}$ of a percent of that. He said he does not understand how the Town can raise taxes 15% next year, and said they need to look very carefully at where money is being spent. He said there is \$157,000 in reserves for Recreation and they are adding another \$86,000 to that. Town Administrator Fournier said the tax increase is not 15% but is 9.46%. Mr. Cady said the amount to be raised by taxes in 2020 is \$5,374,531, and Town Administrator Fournier said that is the net appropriation. Mr. Cady said for 2021 it is \$6,176,947 which is 15%.

Chairman Burns said it is a valid question, but the Committee needs to get back to the reason for tonight's meeting. He said they had the Working Session on the Town Budget and this is a chance to talk about the bottom line number. He said they should ask clarifying questions they have or make a motion to reduce or increase the bottom line of the Budget.

Town Administrator Fournier said to clarify, the net Town appropriation is increasing 15% but the number that goes on the Ballot is \$13.2 Mil, and said the Town FY2021 Operating Budget is increasing by 9.46% and the tax rate by 10%. Mr. Cady said he is new to the Budget Committee and he does not understand the process. He said they asked questions but did not have a meaningful discussion about the Town

Budget, and asked when they would have that discussion. He said he would like to disclose and discuss at this Public Hearing and would be happy to make a motion to have a discussion. Vice-Chair Smith said the \$99,894 for Insurance-Property & Liability is relatively new to this year's Budget, and Town Administrator Fournier said it was moved from Human Resources as it is a Town cost.

Motion: To reduce the Town FY2021 Operating Budget by \$700,000 for a Total Budget of \$12,533,167.

Motioned: Mr. Matthews

Seconded: Mr. Swanson.

Discussion: Mr. Matthews said the 7-year trend for budget increases from FY2013-FY2020 averages a 2.39% increase that factors in Compound Growth Rate. He said his concern is that the current proposed budget will increase the Town's 7-year trend rate of 2.39% to an 8-year trend rate of 3.25%, an increase in their trend rate of 36%. He said he suggested a \$700,000 reduction as it represents an 8-year trend rate of 2.57% for a Budget of \$12,533,167, or a total budget increase from last year of 3.67% which is fair to taxpayers and where we want to be as a Town.

Town Administrator Fournier reiterated that the Town has put off a number of projects since 2013, waiting to see what the School will do, and did not do roads and did not do Capital Improvement projects. He said he understands that this is the first time they are seeing an increase of this amount, and said his concern is that the Budget Committee cannot tell the Council where to reduce, and a lot of these things are already contractually obligated. He said they will have to look at reducing staff, eliminating contributions to Capital Reserves, and eliminating roads, but would still not be at \$700,000 because of contractual obligations. He said he has to hire a Finance Director as the contract with the School was broken. He said these are not buying things the Town could put off a year, but items they have been putting off that they need now.

Mr. Raab asked Mr. Matthews to repeat the 7-year trend information, and Mr. Matthews said from FY2013-FY2020 the 7-year trend rate was 2.39% and for the current proposed Budget they are looking at an 8-year trend rate of 3.25%, and the reduction of \$700,000 is a 2.57% trend rate. Mr. Raab said he had a 2.9% rate for the first 7 years, and Mr. Matthews said in FY2018 there was a Wastewater Bond of \$1,138,000 which he took out because it is an Enterprise Fund, and said he felt the Town should have a goal of more level funds.

Mr. Raab said he has also been watching the trend since he has been on the Committee, and this is the first big bump, and asked Mr. Matthews if he considered easing into this so it will not be \$700,000 the first year. Mr. Mathews said he had, and that the increase could be split between the next 2 years. Mr. Swanson said he was amazed at what Department Heads have been able to do with such a limited Budget, but felt there were areas they could trim. He said though the Town did put things off because of the School, the Town will still have to take a hit from the School Budget, and suggested amending the motion.

Ms. McKinney said if they cut \$700,000, she has concerns about the Police Force and the roads. She said she has been here 27 years, and her concern is for the safety of the kids and everyone. Mr. Matthews said as the Budget Committee cannot control the line items, he is focusing on long-term goal setting and not particular line items. Councilor Dumont said the Council had that discussion where they looked at those numbers, looked at Department Heads, and made fairly strict guidelines to what they found was acceptable to bring a number. He said he felt that to go to the Department Heads and say you do not deserve the Budget to do the work we asked you to do, is not necessarily fair. He asked Mr. Matthews if he was concerned about the dollar amount or the percentage amount. Mr. Matthews said the concern is the long-term trend, and he feels seeing a 36% increase over an 8-year span is too much.

Town Administrator Fournier said by cutting \$700,000 you are not even meeting Contracted Obligations pursuant to the Default Budget, so it is a reduction from the Default. Mr. Lamattina said for a couple of years the Town equaled zero-growth or negative growth, and said it is not really fair with a trend like that. Mr. Matthews said he is not doing linear growth, but simply averaging those increases together. Mr. Lamattina said the tax is high, but for him the School portion was driving the tax rate here. He said personally he felt it was a fair Budget asking for minimal increases, and said it is really not fair to cut \$700,000 to get to a trend line where there were a few years of zero or negative growth.

Vice-Chair Smith said he mostly agreed with Mr. Lamattina. He said Net Appropriation is going up by \$800,000, and cutting \$700,000 basically leaves you with \$100,000, less than the amount the Macallen Dam is going up. He said the Police Contract was approved by the voters and commitments were made to the employees of our Town. He said he did not find the math compelling, and said a percentage of a trend line is not really mathematically significant, particularly with the swings over time. He said could not accept cutting this all the way down to the point where the Town is not even keeping up with the increase in cost on the Macallen Dam, going against what voters have already approved, to achieve a trend line with a very uneven history.

Mr. Matthews asked Vice-Chair Smith to explain the \$800,000. Vice-Chair Smith said there is an increase of \$800,000 in net appropriation, and cutting that increase by \$700,000 does not even keep up with Debt Service on the Macallen Dam. Chairman Burns said this is one of the healthiest discussions the Budget Committee has had in the last few years, and said he wanted to bring the motion to a vote. Mr. Cady said he would like to amend the motion to a \$325,000 Budget increase of 5%, and Chairman Burns said they should treat this a 2 separate votes and moved to a vote on the first motion.

Roll Call Vote: Elizabeth McKinney-nay, Robert Ortins-nay, Jeff Raab-nay, Joe Lamattina nay, Mickey Burns-nay, Dan Smith-nay, Gary Swanson-nay, Roger Cady-nay, Christian Matthews-yea, Zachary Dumont-nay.

Motion to reduce the FY2021 Town Operating Budget by \$700,000 for a Total Budget of \$12,533,167, **failed by a vote of 9 -1**

Motion: To reduce the Town FY2021 Operating Budget by \$325,000, a Budget increase of 5%.

Motioned: Mr. Cady

Seconded: Mr. Swanson

Discussion: Councilor Dumont asked Town Administrator Fournier how the Town would be affected. Town Administrator Fournier said he would reduce Social Services to those who received funding last year and look at the HR position they wanted to increase. Councilor Dumont asked if it would affect any projects planned and Town Administrator Fournier said he would reduce Capital Reserve contributions for Public Works Vehicles and Fire Department equipment. Mr. Cady said Capital Reserve contributions are \$535,000 which they keep building, and said if they take \$135,000 out, it seems the \$400,000 going into Capital Reserves is something they could look at instead of cutting Social Services.

Town Administrator Fournier asked for clarification on the \$135,000 withdrawal. Mr. Cady said it was under revenue from Capital Reserves, and Town administrator Fournier said it was not actually coming out of Capital Reserves but from the Water Capital Reserve Fund, and said they do not budget for the withdrawal from Capital Reserves. Mr. Cady said Enterprise Funds should not be counted in Revenues, and Town Administrator Fournier said it is required by State Law.

Mr. Matthews said whatever the Committee submits, he would hope the Town Council and the Town Administrator would target priorities, and said cutting Social Services was concerning to him. Mr. Swanson said as a water and sewer user, he does not understand why they cannot take some of that money to offset Solid Waste. Town Administrator Fournier said they cannot take money from Water & Sewer to offset the Budget, and said he was looking at increasing bag fees. Mr. Swanson asked why Sewer was going down when there was an increase in disposal fees. Town Administrator Fournier said the entire Wastewater Budget is going down by \$41,232 or -0.2%, with a reduction of \$15,000 in Interest, reduction of \$19,000 in Principal, a reduction of \$10,000 in electricity, and a reduction of \$20,000 in engineering with a small increase in disposal of sludge.

Roll Call Vote: Elizabeth McKinney-nay, Robert Ortins-nay, Jeff Raab-nay, Joe Lamattina nay, Mickey Burns-nay, Dan Smith-nay, Gary Swanson-yea, Roger Cady-yea, Christian Matthews-yea, Zachary Dumont-nay.

Motion to reduce the Town FY2021 Operating Budget by \$325,000, a Budget increase of 5%, *failed by a vote of 7-3*

Motion: For the Budget Committee to accept the proposed Town FY2021 Operating Budget of \$13,233,167.

Motioned: Mr. Lamattina

Seconded: Councilor Dumont.

Discussion: Mr. Lamattina reiterated what he said earlier, and said he knows there are concerns about the tax rate in the Town, but he feels this is a fair Budget and the School portion is driving the tax rate. Town Administrator Fournier said he has to write the Warrant, and the vote tonight will also reflect the recommendation of the Budget Committee, which will show on the Ballot as: *recommended by the Budget Committee.*

Mr. Mathews said again this number represents a 9.46% increase on total appropriation, and if the Budget fails the Default would cut this by \$383,167. He reiterated that increasing their 8-year trend rate by 3.25% is too high, and felt this was a high risk for voters.

Roll Call Vote: Elizabeth McKinney-yea, Robert Ortins-yea, Jeff Raab-yea, Joe Lamattina-yea, Mickey Burns-yea, Dan Smith-yea, Gary Swanson-nay, Roger Cady-nay, Christian Matthews-nay, Zachary Dumont-yea.

Motion to approve the Town FY2021 Operating Budget of \$13,233,167 *passed by a vote of 7-3*

Town Administrator Fournier said the Budget Committee will need to hold a Public Hearing on a Debt Issuance for the Town of \$75,000 for an upgraded study for the Water System. He said it is a one-to-one payment, the Debt will be issued and they will immediately receive a Grant for \$75,000, but they have to go through the process after the first of the year. Chairman Burns asked about Warrant Articles. Town Administrator Fournier said it is prescribed by Law to see if the Town will raise and appropriate the annual Budget of \$13,233,167, and also the Warrant to issue Debt. He said there will be 8 other questions on the Ballot regarding Charter Amendments.

Review Schedule of Upcoming Meetings

Budget Committee Public Hearing - Town FY2021 Operating Budget
December 16, 2019

Chairman Burns said the School District will come back on January 6, 2020 for a second Working Session, and will answer questions and supply additional information. He said January 13, 2020 will be the School District Public Hearing.

Mr. Lamattina asked if the School could provide the details for their meeting on January 6th. Chairman Burns said Dr. Givens is working on pulling it all together. Mr. Ortins asked if they will also have the summary of the Audit as well, and Chairman Burns said he would ask to make sure.

OTHER BUSINESS – None

NEXT MEETING: January 6, 2019 at 7:00 pm in the Town Hall Auditorium.

ADJOURNMENT

Councilor Dumont made a motion to adjourn the meeting which was seconded by Mr. Swanson.

Chairman Burns polled the Committee and the motion to adjourn was approved by a vote of 10-0. The meeting was adjourned at 8:02 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary