

Budget Committee Minutes September 27, 2011

MINUTES
NEWMARKET BUDGET COMMITTEE
SEPTEMBER 27, 2011
Town Hall Auditorium
7:00 PM

BUDGET COMMITTEE

Present: Chairman Brian Hart, Vice Chairman Drew Kiefaber, Leo Filion, Jack Fitzgibbon, Dana Glennon, Judith Ryan, Ellen Snyder

Absent: Erica Hiera, Rose-Anne Kwaks

TOWN COUNCIL

Present: Chairman Michael LaBranche, Vice Chairman Eric Botterman, John Bentley, James Bergeron, Gary Levy, Town Administrator Ed Wojnowski

Absent: Phil Nazzaro

SCHOOL BOARD

Present: Chairperson Cliff Chase, Vice Chairperson Linda Mantegani, Kelly Foster, Chet Jablonski, Meg Louney Moore, Business Administrator Joan Liporto, Superintendent James Hayes

Absent: None

Call To Order:

Budget Committee Chairman Brian Hart called the meeting to order at 7:00 PM. He explained that the purpose of this joint meeting was to help the Town Council and the School Board to communicate potentially competing financial needs to allow the town as a whole to plan more effectively.

Item #1: Capital Projects for 2012-2013

TOWN COUNCIL

Town Administrator Ed Wojnowski said that the town would be bringing the McIntosh well before the voters again. The \$3.3 million bond failed by only 50 votes this year. Newmarket has begun the hearing process to discuss the EPA's permit for a new wastewater treatment plant. The design work will cost \$500k. Negotiations on the police contract have not yet begun.

Drew Kiefaber asked how far out the town anticipates more significant work on the new water treatment plant to be. Ed Wojnowski said it would take a year to design. The plant will cost between \$13 million and \$18 million to build. Dana Glennon asked if we could retrofit the existing plant to meet the new requirements. Ed Wojnowski said no. We should be receiving our draft permit in the next two weeks. Dana Glennon said that the school district had been given a deadline for significant renovation work, and he was concerned that this deadline would overlap with the EPA's deadline. Councilor Botterman said that we can negotiate the timeline with the EPA. We may have 10-15 years to meet the final nitrogen number.

Judith Ryan asked if the interest on the bonds for the McIntosh well and the wastewater treatment plant would be paid only by the users, even though every resident can vote on the warrant articles. Councilor Botterman said yes. About 1800 people are on the town water system. Jack Fitzgibbon commented that ten years ago, there were only 1400 users. Chairman Hart asked whether the town could raise the user rates or use part of the fund balance for the sewer system. Ed Wojnowski said yes.

Chairman Hart asked about the status of the additional water tank, and whether the town was waiting to negotiate access. Chairman LaBranche said the town already has the access. The Town Council considered the McIntosh well, the distribution line and the repairs to the vault to be higher priorities than the water tank. We may not need the water tank once the McIntosh well is in operation.

Leo Filion said that the bond 8-10 years ago was void unless the town had matching funds. He asked about the chances of the line down 108 increasing the water pressure. Councilor Bentley said that water pressure is not the only issue; the current line needs to be replaced. It dates from 1898 and is beyond its useful life. It is only 8" and we now have 10" and 12" lines. Leo Filion said he did not think the lines are original.

Chairman Hart said that it did not sound as though replacing that line would be among the Town Council's proposals in the next few years. Dana Glennon said he wondered why the Town Council would concentrate on the McIntosh well, which the voters rejected, rather than the tank, which the voters supported. Councilor Botterman said the well would benefit the town more. Newmarket needs a separate source of water in case there is a drought or our current water supply gets contaminated. Dana Glennon said that this community has seen substantial growth. The residents had been told there would be plenty of water to develop the mills. Councilor Botterman said we do have enough water now, but we need a safety net. Councilor Zink said that anyone interested in these issues could read AECOM's water system plan, which is very readable and easy to understand. It is posted on the town's website under the Public Works department.

SCHOOL BOARD

Chairman Cliff Chase said that the school district did a lot of work last year on the facilities master plan, thanks to Dr. Hayes.

Last spring, the school district found out that \$2 million in work was needed to bring the Jr/ Sr High School into compliance with current fire code. The town approved a warrant article for \$200k to start the work this summer. There is still \$1.8 million in remaining work to do. The state fire marshal approved a 3-year plan with a one year buffer in case of

delays. The plan calls for \$770k of work in the first year, \$708k the second year, and \$344k the third year. If the building is not fully compliant by September 2015, the fire marshal has threatened to close the school.

Work has begun on a design for a new Jr/ Sr High School. Dr. Hayes said he expects to have cost estimates in November. The design for the addition to the Elementary School is complete. That expansion would require the purchase of one property, for which we do not have a price yet. The preliminary design for the Jr/ Sr High School would fit on the Carpenter property, but we would need an additional four properties. The environmental analysis of these properties is underway.

The state's moratorium on school construction aid has been extended through this school year and next school year. It could be extended further. The moratorium poses a serious challenge for Newmarket. We are facing the need to significantly renovate the school at the same time we are planning to build a completely new building, all without state aid. The only part of the current building that could be salvaged is the gymnasium; everything else would be demolished.

Dana Glennon asked about the need to buy more properties for the Jr/Sr High School. Dr. Hayes said the Carpenter property would have enough space for practice fields, but not competition fields. We would also need more space for parking. Leo Filion asked if other communities in New Hampshire are in the same situation. Dr. Hayes said he is not aware of any currently, but Unity and Somersworth faced similar challenges in the past. All schools are required to meet the current fire code. Local fire officials inspect schools on an annual basis and submit reports to the state fire marshal. Unfortunately, the assessment that found that Newmarket had serious deficiencies was done in 2009. The school district did not show much progress in the subsequent two years. Therefore, the deadline of September 2015 can be considered the end of a 6-year window rather than a 4-year window.

Jack Fitzgibbon asked if there was anything specific to worry about in the environmental studies. Dr. Hayes said that he toured the sites with a representative from the state's Brownfields program, and they did not find anything alarming. The footprint of an earlier design would have slightly impacted the wetlands, but the footprint of the current design is smaller.

Dr. Hayes said that the most expensive fire and life safety projects involve widening hallways, moving stairways, changing ramps and door closures, and installing an elevator. Councilor Levy asked if these expenses would be built into the operating budget or proposed as warrant articles. Dr. Hayes said they would be warrant articles. Councilor Levy asked what would happen if the warrant articles do not pass. Dr. Hayes said we have to meet the September 2015 deadline or have a new school under construction. Otherwise, the school could be closed down. Councilor Levy asked if we would be doing such dramatic repairs to the current school at the same time we are planning a new school. Dr. Hayes said that dilemma has no resolution yet. He asked the fire officials if we could forego the repairs to the current building if we made concrete steps toward building a new school, such as purchasing adjacent property. The answer was no.

Linda Mantegani said that even if we start building a new building, students would still be in the current one for several years.

Councilor Bentley said that after all the work done on the A and B fields, he is shocked that the need for new fields would be a consideration. We would be putting \$1.8 million into a building we are just going to tear down. Chairman Hart said that the town has already invested significant money in the roof work, knowing the building needed to be replaced. Dr. Hayes said that after the building construction is approved, we would be at least 4 years away from students actually moving into it. The fire marshal will not wait that long. Councilor Bergeron asked if the building could be used once it is brought up to code. Dr. Hayes said that the building has outlived its useful life. It does not meet today's educational needs, and its electrical, heat and plumbing systems are all old and inefficient. Councilor Zink asked where the deadline was coming from. Dr. Hayes said that the conversation was between local fire officials and the state fire marshal, not with the school district and the fire marshal. The school district submitted a 3-year plan and a 5-year plan, and asked for feedback. The decision was that the 5-year plan was too long.

Ellen Snyder asked whether the School Board would be proposing warrant articles to purchase properties this year. Dr. Hayes said the School Board has not yet taken a position on the land purchases. Under the current rules, any money spent to buy land in anticipation of a building project is reimbursable once that project is approved. However, those rules could change. He would not feel comfortable moving forward on land purchases without written assurance from the state.

The School Board may propose warrant articles for more pre-design engineering work this year.

Drew Kiefaber mentioned that some fire and life safety work has been done at the Elementary School. Dr. Hayes said that the \$1.8 million price tag is for remaining work at the Jr/ Sr High School. The work at the Elementary School was done this summer as part of warrant articles the voters approved this spring. Dana Glennon asked if Dr. Hayes could provide the assessed value of the Carpenter property. Dr. Hayes said he could not. Chairman Hart said it would not be appropriate to discuss property costs in a public meeting. Dana Glennon said that the state is not funding anything, but President Obama's jobs proposal seems to have some money available for schools. Dr. Hayes said that he got an email asking for project ideas that would meet the criteria should the jobs bill pass. The bill would pay for renovation projects, but not construction of a new school. Newmarket could ask for funds for the remaining roof work, long-overdue new windows at the Elementary School, and/or the remaining fire and life safety projects at the Jr/ Sr High School. Dana Glennon asked if the money could reimburse the town for projects that were already completed. Dr. Hayes said no.

He said one solution to the dilemma would be to have a warrant article for \$770k, but allocate the money for a school building trust fund rather than the repair work. If the political climate changes in the next few years and building a new school seems more realistic, that money can help pay for a new school. Otherwise, the repairs can be done. Chairman Hart said that interest rates will not get lower, because everyone is hedging against inflation. We could put that money aside, and then when it comes time to bond it would not have as much impact on the tax rate. He said we have been talking about this for 10 years, and we need to move forward. He said he has a young child, and his family will eventually move out of town unless Newmarket resolves this issue. He does not want to live in a community that does not invest in education. Councilor Bentley said that many people have told him they will move out of town if taxes keep going up.

Councilor Zink asked if all the money from this year's warrant articles had been spent. Joan Liporto said she had good news. The warrant article for the sprinkler system was for \$450k, but it turned out to cost only \$160k. Because it was a special warrant article, the surplus will be used to offset next year's tax rate. Cliff Chase said that the School Board learned its lesson with the warrant article for the elevator that was not installed. That money had gone into the general fund, because the warrant article had not been a special warrant article. Councilor Levy asked why the school district could not take the difference between the warrant article for the sprinkler system and the actual cost, and use that money to offset the \$770k for the proposed 2012 warrant article. Dr. Hayes explained that "special warrant article" is a term that is in the law. Councilor Botterman said that the school district cannot use money from a warrant article for the Elementary School to pay for projects at the Jr/ Sr High School. Chairman Hart asked for more specific information about the deficiencies. Dr. Hayes said that the information is in the facilities section of the website. Cliff Chase commented that widening hallways would make teaching spaces even smaller than they already are. We would be moving in the wrong direction educationally.

Item #2: Union Contracts and Negotiations

TOWN COUNCIL (Police union)

Chairman LaBranche said that the Town Council representatives are prepared to start talks with the police union, but no date has been set yet. Dana Glennon asked if the current contract is on the town's website. Ed Wojnowski said it is not, but it could be posted. Chairman Hart asked Chairman LaBranche if the Town Council representatives could meet with the Budget Committee before meeting with the union. Chairman LaBranche said it is an issue of timing, especially given the town's push for one voting day.

Dana Glennon said the Budget Committee discovered some mind-boggling provisions in the teachers' contracts last year. Linda Mantegani said that the School Board took the feedback from last year to heart. Kelly Foster asked how many police officers we had. Chairman LaBranche said there are about 19 members of the union, counting a few dispatchers. The current police contract ends June 30, 2012.

Item #3: Pay raises

Chairman Hart said that some members of the Budget Committee had wanted to see pay raises on the agenda for this meeting. Since town and school employees are really all employees of the same town, pay raises should be more consistent.

TOWN COUNCIL

Councilor Bentley said that last year he heard from many people who did not know that the Town Council had nothing to do with the school district's budget. The Town Council passed a flat budget with no pay raises. Dana Glennon said that the school district has many more employees in the union than the town does. Dr. Hayes said roughly 100 of the school district's employees are part of the union. Councilor Botterman pointed out the Town Council did not decide not to give raises. That was the town administrator's decision. The Town Council passed a flat budget, and the town administrator could have tried to work within that budget and still give employees raises. Councilor Bentley said the Town Council voted not to give a raise to the town administrator.

Item #4: Areas for Cooperation in Purchasing and Services

Chairman Hart asked the Town Council to summarize the plans for one voting day for both budgets. Chairman LaBranche said that preparing the town budget for an earlier vote would require a condensed meeting schedule and more work for the Budget Committee. The Budget Committee usually winds down its work on the school district's budget as it is gearing up for the town budget. One voting day would require the Budget Committee to work on both budgets at the same time. If the Budget Committee does not support this initiative for 2012, the Town Council will move to plan B. Chairman Hart said that one voting day could bring a higher voter turnout, and would give the voters a more comprehensive idea of the impact on their taxes. Jack Fitzgibbon, Judy Snyder, and Drew Kiefaber indicated their support.

Dana Glennon said he agreed that this was a good thing to do, but he wondered why we could not wait until 2013. Unless holding two separate voting days is significantly more expensive for the town, he did not see the need to rush the budget process. Leo Filion expressed concern that the town would have to finish its budget before the CIP committee could finish its work. Chairman Hart said the CIP committee could accelerate its schedule as well. The Town Council can prepare its budget without the CIP committee's recommendations. Councilor Bentley said that some seniors in town do not get out much, and they would prefer to have to vote only once. Dana Glennon said he was not opposed to the idea, but we are already in the process of developing a \$22 million budget. Chairman Hart clarified that we would still have two separate budgets.

Councilor Levy said that one voting day was a theme of the campaign and Candidates' Night. He was not comfortable waiting any longer than necessary. He said the School Board seemed to be in favor, and it would be a win-win for the town. Linda Mantegani said she was in favor of it, if the accelerated schedule did not prevent department heads from putting a solid budget together.

Chairman Hart asked Councilor Zink to discuss the new efficiency committee. Councilor Zink said he facilitates, but he is not a member of the committee. The committee grew out of meetings that had taken place between the town administrator and the superintendent, and later included the chairs and vice chairs of the School Board and Town Council. The goal is to explore ways to save money for the entire town by coordinating IT services, benefit plans, and

other services for both the town and school district. A facilitator who has been through the process has worked with the committee at no cost to the town. The committee is looking for four residents to participate, ideally two interested in the town operations and two interested in the school system. Expertise in IT is particularly helpful.

Councilor Levy asked about the timeline. Councilor Zink said he hoped to have the discussion about health insurance wrapped up in 60 days. There appear to be some opportunities for cost savings in that area. Dana Glennon said he applauded the effort. He asked if the committee met on a regular schedule. Councilor Zink said that the committee will probably meet once a month.

Item #5: Other Business

Chairman Hart opened the meeting to public comment. Charlotte DiLorenzo asked Dr. Hayes if he had an idea how much the new Jr/ Sr High School would cost to build, excluding the purchase of any properties. Dr. Hayes said he does not have those numbers yet. The square footage of the school has not been nailed down. Charlotte Di Lorenzo said it was hard to compare the costs of fixing the life and safety issues with the cost of building a new school. Dr. Hayes said he expected to be able to provide that information by the end of November. Chairman Hart said that the estimate for the building at the golf course was between \$20 million and \$30 million.

Chairman Hart asked if the Town Council had a date for the special town vote. Ed Wojnowski said he would have that date in a matter of days.

Item #6: Adjournment

Dana Glennon made the motion to adjourn, and Drew Kiefaber seconded. The meeting was adjourned at 8:49 PM.

Respectfully Submitted,

Jenn Hastings