

Budget Committee DRAFT Minutes January 26, 2012

DRAFT MINUTES
NEWMARKET BUDGET COMMITTEE
January 26, 2012
Town Council Chambers
7:00 PM

Present: Chairman Brian Hart, Leo Filion, Jack Fitzgibbon, Dana Glennon, Drew Kiefaber, Rose Ann Kwaks, Linda Mantegani, Judith Ryan, Ellen Snyder, Al Zink

Call To Order:

Chairman Hart called the meeting to order at 7 PM. He led the Pledge of Allegiance.

Approval of Minutes:

Drew Kiefaber made the motion to approve the minutes of the following meetings in late 2011 and early 2012: December 5, December 12, December 20, December 29, January 9, January 12, and January 17. Dana Glennon seconded.

Ellen Snyder said that she should have been listed as present on January 20. In reference to the motion on page 5 of the January 12 minutes, Chairman Hart said that it would be clearer to state that the motion failed 3-7 rather than 7-3. Al Zink said that the comment about paraprofessionals in page 6 of the January 12 minutes was not correct. Paraprofessionals are in fact eligible for benefits. Joan Liporto said that they are eligible for minimal benefits. The school district pays 50% of single health insurance coverage for paraprofessionals after the first year and 85% of single coverage after five years. Only eight paraprofessionals participate.

Ellen Snyder said that the comment about the dispatch center on page 4 of the December 5 minutes applied if the dispatch center were eliminated. Her comment in paragraph 4 on page 6 referred to an idea that she supported but did not initiate. Drew Kiefaber said that there was a vote on January 3rd regarding the library budget. The motion did pass, but he did not know how many people had been in favor.

The vote passed unanimously with Leo Filion's abstention (9-0).

Town Budget:

Drew Kiefaber made the motion to recommend the Town of Newmarket's budget for a total of \$9,068,043. Ellen Snyder seconded. Chairman Hart said that this bottom line represented a reduction of \$167k. The motion passed unanimously (10-0).

Town Warrant Articles:

Chairman Hart said that Leo Filion had been concerned that the Town Council changed its warrant articles after the Budget Committee had its public hearing about them. Chairman Hart received a free legal opinion from the Local Government Center, which confirmed that the Town Council has the authority to change its warrant articles at any time before the articles are posted.

Article 1: Town Officers

Article 2: Bond for the installation of a new 16-inch water main and underground electric and telephone utilities and tank vault improvements from the Water Tower on Great Hill to the car wash on Route 108

Leo Filion said that the CIP Committee has been asking for a cost/benefit analysis for a year and a half, and has never received it. He did not feel that the pipe should be replaced simply because it is old. Sean Greig explained that this warrant article would also improve the electrical service to the cellphone towers, for which we receive about \$61k in rent. It would also make electrical repairs at the tank vault to correct some safety problems. He said that our fire hydrants currently have a water pressure of only 2900 gallons per minute. The model indicates that the water pressure at the Legion would be 8800 gallons per minute with 16" pipe. Across from the library, it would be 8200 gallons per minute. He said in 2004, the town was told that it should have water pressure of at least 5500 gallons per minute for four hours at Chapel Street, because of Rivermoor Landing. Drew Kiefaber said that he was surprised that the water pressure would be three times higher. Sean Greig said that the model's results surprised him, too. Chairman Hart said that even if the model's prediction turns out to be high, we would still achieve well over the recommended 5500 gallons per minute.

Sean Greig said that the money for these projects would come from the water fund's capital reserve fund. Chairman Hart said that if we shift the amount we allocate to that capital reserve, we should have the money for these projects without raising water rates. Leo Filion said that he felt the MacIntosh well was more important, and did not feel that so many projects should be grouped together in one warrant article. Dana Glennon asked where the \$61k from the cellphone towers goes. Sean Greig said that the towers are attached to the water tank, so the rent goes into the water fund. Ed Wojnowski said he would find out whether the rent from other cellphone towers in town goes to the water fund as well.

Motion: To recommend Article 2 as presented

Motioned: Drew Kiefaber

Seconded: Ellen Snyder

Vote: Motion passes 7-3

Chairman Brian Hart: Aye

Dana Glennon: Nay

Leo Filion: Nay

Jack Fitzgibbon: Aye

Drew Kiefaber: Aye

Rose Ann Kwaks: Nay

Linda Mantegani: Aye

Judy Ryan: Aye

Ellen Snyder: Aye

Al Zink: Aye

Article 3: Operating Budget

Article 4: Discontinue Capital Reserve Funds

Motion: To recommend Article 4 as presented

Motioned: Drew Kiefaber

Seconded: Linda Mantegani

Dana Glennon asked if “waterfront improvements” referred to the old riverwalk. Ed Wojnowski said it did. Dana Glennon asked if that fund included any funds other than taxpayer funds, such as grant funding. Ed Wojnowski said no. Leo Filion asked why we would discontinue the bridge capital reserve when we still have two bridges to maintain. Mike LaBranche said that annual bridge maintenance is part of the operating budget. Leo Filion said that water sometimes backs up on the Ash Swamp Bridge, and we may need to increase the flow capacity under it. Mike LaBranche said that there is no such project on the horizon, since it would involve raising the road.

Vote: Motion passes unanimously (10-0)

Chairman Hart explained that the Town Council recently voted to remove proposed warrant articles for the MacIntosh Well and the new wastewater treatment plant. They also removed the petition article dealing with the Black Bear TIF. Chairman Hart said he provided a letter from Upton and Hatfield related to this matter.

School District Budget:

Motion: To recommend the school district’s budget, for a total of \$15,209,132.

Motioned: Drew Kiefaber

Seconded: Al Zink

Chairman Hart said that the actual operating budget funded through the taxpayers was around \$14 million, but the school district has included other funding sources and the food service program in the final total. He said if we do not get that federal funding, or if the cafeteria does not bring in any money, the tax rate would go up to compensate. Therefore, we would need to see more detail about the federal funding and the food service program in the future.

Rose Ann Kwaks said that the School Board kept \$10k of the performance increases that the Budget Committee cut. Dr. Hayes said that the School Board kept some of those increases and did not raise employee health insurance contributions, but found other ways to cut the same \$38k from the bottom line. Chairman Hart said that the School Board has the discretion to decide how it will use the total funding presented to it. Rose Ann Kwaks said that it sounded as

though the Budget Committee did not cut enough, because the school district still had \$38k in discretionary funds available. Chairman Hart said that the Budget Committee has no control over how the funds are actually spent. Linda Mantegani said that the specific cuts the School Board discussed may not even be final, because things can change significantly between now and July 1.

Motion: To cut an additional \$38k from the school district's budget

Motioned: Rose Ann Kwaks

Seconded: (None)

Judy Ryan asked about the \$405k in expected federal funds. Joan Liporto said that this total includes our Title 1 grant (based on our free and reduced lunch numbers), our IDEA grant for SPED, and Title 2A for professional development. Judy Ryan asked if we would not provide those services if we did not receive the funding. Joan Liporto explained that we have to provide SPED, so we would have to cut regular education services. Chairman Hart said that the taxpayers would raise the remainder, which would lead to a surprise tax increase. Joan Liporto indicated that she had never seen it done that way. For example, when ARRA funds expired, the programs they funded were discontinued.

Dana Glennon said that he was concerned the data manager position was cut. Dr. Hayes had no opportunity to speak about this position, because he had to leave to attend the Conservation Commission meeting. Some Budget Committee members had not had the chance to vote on the issue for the same reason. He said that this position has been requested for several years, and he would like to see the funding for it restored.

Motion: To restore \$40,922

Motioned: Dana Glennon

Seconded: Linda Mantegani

Dr. Hayes said that the position is essential and he appreciated Dana Glennon's support. In fact, the School Board already restored the position and found the money elsewhere. Dana Glennon withdrew his motion. Chairman Hart pointed out that the position was not truly a new full-time position. Dr. Hayes said that the district had two full-time tech support people a year ago. When one of those people left, we decided not to fill that position. A summer intern continued on, but that intern does virtually full-time consultant work now.

Vote on the overall budget: Motion passes 9-1

Chairman Brian Hart: Aye

Dana Glennon: Aye

Leo Filion: Aye

Jack Fitzgibbon: Aye

Drew Kiefaber: Aye

Rose Ann Kwaks: Nay

Linda Mantegani: Aye

Judy Ryan: Aye

Ellen Snyder: Aye

Al Zink: Aye

School Warrant Articles:

Article 1: To raise \$1,340,000 to purchase properties located at 216, 218, 220, and 204.5 Main Street for the construction of a new Jr/ Sr High School or renovation/ addition to the existing Jr/ Sr High School, using Open Space bond funds and the Expansion of School Facilities Capital Reserve Fund.

Dr. Hayes explained that the language in the warrant article was changed to include the final purchase price and to clarify that the land could be used for an addition or a new school.

Motion: To recommend Article 1 as presented

Motioned: Dana Glennon

Seconded: Ellen Snyder

Dr. Hayes said that residents had expressed interest in further exploring what can be done on the current site. The land is a smart investment either way. The purchase price is fairly close to the assessed value of the land. It was determined that the home on the Walker property has little or no value. Perkins would be able to continue renting the insurance building for the next two years, but they are looking to relocate in Newmarket. While they lease the building, they will continue to pay the taxes as required by state law. We expect construction to start in the summer of 2014.

Rose Ann Kwaks asked if there is asbestos at the Walker property, and how much it will cost to take down that building. Dr. Hayes said that we have already completed phase 1 of the environmental assessment. There will be minimal remedial work necessary at the Walker and Carpenter properties. The NH Brownfields program, which helped fund the assessment, may be able to help with the remediation work as well.

There was a discussion about the Open Space funding. Ellen Snyder said that the intent was to preserve land for open space, recreation, and other public purposes. A new school fits within that scope. Judy Ryan said she disagreed and felt it was not appropriate to use Open Space funds for this purpose. Chairman Hart said that he had been on the Open Space Committee and does land conservation professionally. He said that a new school was one of the possible purposes that had been specifically discussed at the time. Any time that the voters had the opportunity to approve a new school outside the core downtown area, they voted it down. Even if the land is not used for a new school, it can be used for athletic fields or sold in the future. Having the land gives us the flexibility we need. He said he was happy that the School Board and the Town Council came together this year to reduce the number of warrant articles being proposed.

Dana Glennon said he had been a member of Town Council at the time, and remembered that land for a new school was one of the original purposes of the funds. He thanked everyone involved in negotiating the deal.

Rose Ann Kwaks asked how much the new school is estimated to cost. Dr. Hayes said the current estimate is \$53 million. Rose Ann Kwaks said that even if the property was given to the town, we could not afford a \$53 million school. She could not justify buying the property for this purpose. Dr. Hayes said that is a question for another day, but buying the land keeps our options open.

Chairman Hart said that the town knew it had significant capital needs relating to the Jr/ Sr High School, so it set aside funds to buy the land. The land nearest the land you already own is always the most valuable. We cannot afford not to take this opportunity. If we do not buy this land now, a developer could buy it. The zoning is conducive to small lots. Drew Kiefaber said that the Conservation Commission recommended the use of the Open Space funds for this purpose, because it would prevent residential development. An analysis done as part of the appraisal process indicated that the Carpenter property could be divided into 18 house lots. Such development could lead to more students in the school system and ultimately higher costs.

Ellen Snyder said that the land purchase is not tied to a \$53 million school. The land is right next to the existing school, and it can be bought with no impact on the tax rate. She said it is a beautiful option. Al Zink said that it looked like Dr. Hayes did a good job negotiating the price. Linda Mantegani said that she was glad to hear support for the purchase.

Vote: Motion passes 8-2

Chairman Brian Hart: Aye

Dana Glennon: Aye

Leo Filion: Aye

Jack Fitzgibbon: Aye

Drew Kiefaber: Aye

Rose Ann Kwaks: Nay

Linda Mantegani: Aye

Judy Ryan: Nay

Ellen Snyder: Aye

Al Zink: Aye

Article 2: Operating Budget

Article 3: To establish a capital reserve fund for Construction of a New School Building and Renovation of Existing School Buildings for Fire and Life Safety Code Compliance, to raise \$769,270 to be placed in that fund, and to designate the School Board as agents to expend the fund.

Motion: To recommend Article 3 as presented

Motioned: Drew Kiefaber

Seconded: Dana Glennon

Al Zink said that the \$769,270 included the installation of an elevator. He said he did not understand why we would put an elevator in a building we would likely tear down. The last time an elevator was proposed, we found out that we could replace the lift instead. The money for the elevator was returned to the general fund. He said he could not support this article unless there is some new regulation that requires the elevator.

Chairman Hart said that this new capital reserve fund would have two purposes. If we move forward with a new school in time to meet the fire and life safety deadline, we will spend the money on a new school instead of repairs.

Linda Mantegani said that the hardest part about meeting the fire marshal's September 2015 deadline is raising the money to do the work. If we had the money, we could do all the work in the last year. The capital reserve fund is designed to spread out the tax impact so that we would not be funding the entire project in that last year. If there is no support for a new facility, then we will have to spend those funds on repairs to address the fire and life safety issues.

Dr. Hayes said that the fire code is very concerned with preventing the spread of smoke and fire. Stairways now have to be self-contained so they cannot serve as a conduit for smoke and fire. If we actually proceed with this project, the stairway would go on the Middle School side of the building (on the right when facing the school). The lift is very cumbersome. It takes up virtually the entire inner stairway. It takes two and a half minutes to ride the lift upstairs. If we had multiple students who need the lift (for example, students using wheelchairs or crutches), this would take a very long time. We will have a new wheelchair-bound student next year. We hope to be in a new facility five years from now, but if we are staying in the current building long-term we should build the elevator and enclosed stairway.

Rose Ann Kwaks said that it was not wise to spend so much money when we are trying to build a new school. Chairman Hart said the School Board would not install the elevator this May. They are thinking long-term. He added that he was happy to see no warrant article for roof repairs this year. Rose Ann Kwaks said that it would be prudent to wait to see if the land purchase passes before increasing taxes. Chairman Hart said that even if all the school's warrant articles pass, the school portion of the tax rate will go down.

Drew Kiefaber said that the school needs to spend \$1.8 million in renovations before September 2015, unless a new school is under construction. The School Board is proposing to tackle this in three bites. If we do nothing and wait, we will still end up spending that \$1.8 million. He appreciated the logical approach.

Ellen Snyder said that the lift is not good enough. Even if we had only one student in a wheelchair, we should provide an elevator. Al Zink questioned whether the elevator was required. He said that citizens would look at the proposal and vote it down again. Hayes said that the fire and life safety problems encompass ADA and accessibility issues as well. The architect and consultant have indicated that an elevator is required. Dr. Hayes said that students in wheelchairs must have access to all parts of the school. Singling them out by making them ride this lift in front of everyone is discriminating against those students. Dana Glennon said that he did not understand why we were having this conversation about the elevator. The majority thought it was important to put a sidewalk along Durrell Drive for one person.

Vote: Motion passes 7-3

Chairman Brian Hart: Aye

Dana Glennon: Aye

Leo Filion: Nay

Jack Fitzgibbon: Aye

Drew Kiefaber: Aye

Rose Ann Kwaks: Nay

Linda Mantegani: Aye

Judy Ryan: Aye

Ellen Snyder: Aye

Al Zink: Nay

Article 4: To expend \$160,000 for architectural and engineering fees associated with the construction of a new Jr/ Sr High School or renovation/ addition to the existing Jr/ Sr High School, using the Expansion of School Facilities Capital Reserve Fund.

Dr. Hayes said that Article 4 is now a combination of Articles 4 and 5. It was clear at the public hearing that people wanted to keep their options open. After the purchase of the land, there will not be enough money in the Expansion of School Facilities Capital Reserve Fund to fund the original amounts of both warrant articles. Instead of spending \$150k on architectural fees for a new school design and \$40k on architectural fees for a renovation design, the school district is now proposing spending \$160k on architectural fees for either.

Motion: To recommend Article 4 as presented

Motioned: Dana Glennon

Seconded: Drew Kiefaber

Judy Ryan said that if all articles pass, the Expansion of School Facilities Capital Reserve Fund would be depleted. Dr. Hayes said it would have only \$8k left. Ellen Snyder said that people want to see other scenarios besides the \$50 million school. Dr. Hayes said that renovation is typically more expensive than new construction. This work will not get us far enough to be able to make a more precise cost estimate, but it is a start. The full design development process is expected to cost \$500k. Rose Ann Kwaks asked about the \$170k from last year's warrant. Dr. Hayes said that we have spent most of it. These funds paid for schematic designs for the Elementary School and Jr/ Sr High School projects and various surveys of the land we want to buy. Rose Ann Kwaks asked if we were planning to build a school that is larger than we really need. Dr. Hayes said that the Department of Education will not let us build a larger school than we can justify. We designed the school based on the highest enrollment projected in the demographic study. Rose Ann Kwaks said that we should ask the architect to design a \$20 million school instead. Dr. Hayes said that we will talk about ways to get the price down, but a \$20 million school is not in the cards. He explained that the schematic design calls for the mechanical equipment to be housed within the facility. While this adds square footage and therefore construction costs, it will save money in the long run. Putting the mechanical systems on the roof would allow us to build a smaller school, but would increase maintenance costs and shorten the lifespan of the equipment.

Leo Filion said that it would be smarter to wait until legislation passes and we know what the state will pay for. Dr. Hayes said that it looks like we will hear about the standards and approval process by the end of June. We expect the state will prioritize projects according to the greatest need. Dana Glennon said that we would not see any money from the state if we fix the existing facility, but we would get some state funds if we build a new school. Dr. Hayes said that under the current guidelines, everything up to construction is reimbursable. He has not heard any hint of that rule changing. Once we actually start construction, the project would become ineligible for reimbursement. That law is on the books until July 1, 2013. He said that doing our due diligence now would put us in a good position for the application process. Some communities may have as great a need as Newmarket does, but may not have done any planning yet. Judy Ryan asked if the \$160k could come out of the new capital reserve fund. Dr. Hayes said that the \$770k is insurance. If we do not move forward with a new school, we will need to invest \$1.8 million in fire and life safety improvements.

Vote: Motion passes 8-2

Chairman Brian Hart: Aye

Leo Filion: Aye

Jack Fitzgibbon: Aye

Dana Glennon: Aye

Drew Kiefaber: Aye

Rose Ann Kwaks: Nay

Linda Mantegani: Aye

Judy Ryan: Nay

Ellen Snyder: Aye

Al Zink: Aye

Chairman Hart said that the town's deliberative session will be on February 7th and the school's will be on February 8th. Both sessions will take place at the High School gym.

Adjournment:

Drew Kiefaber made the motion to adjourn, and Dana Glennon seconded. The meeting was adjourned at 9:10 PM.

Respectfully submitted,

Jenn Hastings