

Town Council Budget Review Minutes November 3, 2012

TOWN OF NEWMARKET, NEW HAMPSHIRE
TOWN COUNCIL BUDGET REVIEW
NOVEMBER 3, 2012 9:00 A.M.

PRESENT:

EXCUSED:

Council Chairman Phil Nazzaro

Council Vice Chairman John Bentley

Councilor Mike LaBranche

Councilor Gary Levy (at 11:08 a.m.)

Councilor Al Zink

Councilor Ed Carmichael (9:45 a.m. arrival)

Councilor Dan Wright

Town Administrator Steve Fournier

Council Chairman Nazzaro called the meeting to order at 9:02 a.m., followed by the Pledge of Allegiance.

Town Administrator Fournier spoke on budget reductions to achieve a 0% tax increase. The total would decrease the municipal tax rate from \$6.39 to \$6.38. After discussion with the Town Clerk and Finance Director, motor vehicle registration revenue would be conservatively increased by 2% based on the number of new vehicles purchased. The list included reductions in a previous memo. HR reductions would total \$40K; health care another \$5K for a total of \$35K; code enforcement would have a \$5K reduction from salary. Based on past usage, welfare was reduced further: food, by \$2K, rental assistance by \$30K, electricity \$5,150, heat by \$5K and medical by \$7K. As welfare is a mandated program, additional requests would have to be met. IT/Channel 13 equipment would be reduced by \$5K; road salt would be level funded at \$75K; Public Works overtime would be reduced by \$5K to \$50K. The total contribution to Capital Reserve was reduced by \$46,763: recreation from \$17,650 to \$2,000 of which \$6,150 would come from passenger buses, \$4,000 from swing set replacement, \$2,000 from bleachers, and \$3,500 from playground structure. These would be contributions for future planned projects. They would be contributing \$2K to ADA compliance at the Senior Center. The Storm Water Capital Reserve Fund contribution would decrease from \$41K to \$10K and the wastewater contribution would be reduced by \$1,260. The total reduction of \$167,273 would show an increase in the budget of .079% which would be offset by revenue. The storm water reduction will be discussed under the CIP headline. Wastewater had originally included 2 cost errors: the MPDES permit was \$20K, not \$30K and the amount of \$8740 for liability had not been included. Operations have to be managed to the budget, and if there is an overage in one department, it would be felt across the board.

1. IT, Doug Poulin (page 42)

IT is largely level funded, the only increase was in MIS software licenses, from \$4,000 to \$4,500, but Mr. Poulin said he could do with the \$4,000 this year. There are some computers that are late for updates, but they are not critical to operations. New equipment, which is actually equipment replacement, shows \$10K, which was put in the operating budget rather than showing as a contribution to the Capital Reserve Fund, as requested by the CIP Committee. The 2013 approved budget was lower than the 2012 actuals because then the \$10K had been included in new equipment. In addition supplies and general repairs and maintenance had been reduced. Mr. Poulin said that overall the budget had been trending down. Town Administrator Fournier said this was one part of the budget that they had to keep funding, as there were some improvements and updates they had to make especially in YFI and computers and systems that were over 5 years old. The grant-funded UNH intern has been scanning paper documents to electronic files. Both Town

Administrator Fournier and Mr. Poulin thought they would be over the \$148K budgeted for 2013. IT and Channel 13 had contributions of \$10K each to Capital Reserve Funds in 2013, which are now in new equipment. The Council had approved new computers for DPW and for the Town Administrator at a previous meeting: the DPW computers were outdated, and the Town Administrator needed a more powerful computer. His present computer will be reconditioned for DPW.

The Channel 13 budget was cut by \$5K in new equipment. There was a change in line items: there will be a line for new equipment and one for operating expenses. Operating expenses would include subscription fees for viewing meetings and live stream for \$4,750. The new equipment line will be \$250. An INET system was not established, and a contract for a buyout of \$10K annually for 7 years was established. The sum goes to the Town, and the school has to request it from the Council. The franchise fee for a 2nd station goes into the General Fund and then to the school. They are 3 years into the contract. The school and town share equipment. The franchise fee is \$120K per year and that portion not used for new equipment, etc. is booked as unrestricted revenue in the General Fund.

2. WATER: Sean Greig (page 59)

Mr. Greig emphasized that Water is an Enterprise Fund, which affects water users, not the municipal tax rate. He was not requesting an increase in water rates with this budget. He said the budget was up .06% or \$5,300. Full-time salaries and overtime were up \$2K based on past history; health, retirement, workman's comp. and gasoline showed increases; building maintenance showed a \$1K increase; electricity a \$4K decrease; chemicals a \$1K decrease, and contracted services was decreased as there would be less testing required next year. Chemicals are purchased in bulk, and some years there is a carry over, such as in 2012. The water department owns its LP tanks. The 2010 actuals were higher than other years because \$600K was transferred to the Water Capital Reserve Fund for the New Village project. Generally the budget is in the low \$800Ks. Unlike other budgets the Water Fund shows benefits, and there is a \$2K increase in health care. Those costs for this budget are minimal, and there had been a \$500 decrease from the 2012 actuals to the 2013 approved budget. Equipment maintenance had gone from \$17K in 2012 to \$4K because the New Village project had been closed and remaining costs paid out of the budget at that time. Councilor Levy asked, in general, if the Council would be able to see transfers within line items of a department budget at the end of the year for a more accurate assessment of actual expenditures. Town Administrator Fournier said that currently they could see over-expenditures in one line item and under-expenditures in another, but that inter-department transfers come before the Council for a vote. Councilor Levy said that if they could see the adjustments, they could better understand department budgets. Town Administrator Fournier agreed that they should show a line item was over-expended and its offset to know actual costs. By law, the Council should have resolutions to approve transfers between departments.

Engineering was at \$124K in 2011, and went down to \$22k in 2012. The 2014 request for \$30K is the same as the approved amount for 2013. In 2011 a lot was paid from the CIP plan, and projects can fluctuate from year to year. The increase for uniforms also includes purchase of protective gear and cleaning, and goes in cycles depending on the project. Councilor Wright suggested that it would be helpful to have a spread sheet showing vehicle mileage and equipment usage at the end of the year. Town Administrator Fournier said one of his goals was to have an annual report on vehicle details. The CIP Committee had received a mileage report. Training was budgeted at \$2,500 as they had benefited from free training in some years, and Mr. Greig had not attended some conferences. However, there is a cycle for licensing and they should be getting all staff certified. Council Chairman Nazzaro said he had been reading in an LGC publication that many municipalities under-fund because they are covering operations, but not planning for future projects and infrastructure improvements. Mr. Greig said they had 37 projects in the CIP plan, and the amount put in capital reserves is calculated on the top 4. He said they had a fund balance, a CIP and little debt. They will be making the 3rd \$57K payment on the water meters, and will have 2 payments remaining. He said their water rates were lower than most in the area. Councilor Zink said an issue that had come up during the year was the use of town vehicles within the water department. Town Administrator Fournier said he would prepare a town-wide vehicle policy for Council review.

3. WASTEWATER: Sean Greig (page 60)

Wastewater is an enterprise fund, and its rates affect the users, not the municipal tax base. The Wastewater budget showed a slight increase of .06% or \$6K: health insurance, retirement, gasoline (up \$1K), lab supplies (up \$2K), heat and oil (up \$4K), building maintenance (up \$3K), contract services (up \$2K), principle for loans (up \$5K). (Councilor Carmichael arrived.) Chemicals showed a \$2K decrease, new permit, \$18K and interest, \$3,400. In the new permit, \$2K will go to the lab, \$2K to contract services, and some for equipment for the new testing. The remaining \$20K will be to fulfill requirements in the new permit. They have not used the funds yet as they have not seen the new permit, but they will have to buy new equipment to complete various tests. The testing will be continuous. If there were no plant to be built, Mr. Greig said there would be no or minimal rate increases. Until more details come from the EPA, there are no

definite figures for a plant. Town Administrator Fournier said they would probably prepare a warrant seeking authorization to go out to bond this year, but might not issue the bond until such time as the project needed to be done. If the warrant is approved, they would seek gradual rate increases in anticipation of the project. They will set aside funds toward the first payments. This will be presented to the Council with time set aside for public comment and discussion. The Council and Town Administrator will be proactive in getting positive information about a new plant and the MacIntosh Well to the public. There are Capital Reserves in place for the well.

4. DPW: Rick Malasky (page 44)

Mr. Malasky said that with retirements, salaries were lower. There were some cuts in overtime for emergency call-ins and snow removal, and it was now budgeted at \$50K. He said they had held off in doing things last year, so previous years' actuals were more accurate. Last year there was very little snow. He said it was necessary to have a full-time secretary, and she was kept very busy.

5. ROAD MAINTENANCE: Rick Malasky (page 45)

Mr. Malasky said his request for hot top was from the UNH report. He did not think their report was from actuals, and the tonnage was somewhat off. He said there were reductions from his request, but he still had \$45K from the Council. He had a complaint about Ash Swamp Road. The line item for sidewalks was from Packer's Falls Road to the bridge, which was trimmed back to what had been done this year. The line item for salt had been cut back to reflect actuals and there was no price increase. Councilor Zink said that in his experience road maintenance had been cut in favor of other issues. He said they had made progress with the UNH study, but looking at Mr. Malasky's recommendations, Town Administrator Fournier's recommendations and the budget forecasts, he wondered if they were being realistic. Mr. Malasky said he thought they should follow the plan, and he said with \$125K allotted, it would take 4 years just to do Ash Swamp Road, so he did not think they were being realistic. Should they have a hard winter, the maintenance would only increase.

Councilor Zink felt they were following the same pattern as in the past, and he did not feel comfortable delaying maintenance. Town Administrator Fournier agreed that they were just postponing the inevitable. He suggested a bond to do a lot of road maintenance, but said he did not feel that RSMS reports were always accurate. He said with a 0% tax increase budget, some projects would have to be postponed. Councilor Zink said this was the 4th year in a row that this had been postponed and he would like to see them follow UNH and Mr. Malasky's recommendations and work the problem differently. Councilor LaBranche agreed with Councilor Zink, adding that they could not ask UNH for an update in 2 years, if they had not followed through on their initial free study. He said he had a problem with funding 35% of a project, and would like to see them do more than level fund road maintenance. He would like to see this item higher. Mr. Malasky said that roads in poor condition required more salt treatment.

Council Chairman Nazzaro said that one of the fundamental functions of a municipality was maintaining roads. He said that while he agreed with no tax increases, he thought that this should not be cut as it would lead to higher future costs. He felt there could be funds elsewhere that could be re-allocated to roads. Councilor Wright had asked, when the UNH report was presented, where they would get the money. He said he also agreed with no tax increase, but did not think they should continue to put this off. He asked if there were alternative ways to fund road maintenance. Councilor Levy said UNH had implied that their plan was significant, but many municipalities did not follow their plans. He said the budget item was under what it was the previous year, and if they could not find the money elsewhere to increase this item, he proposed that they get a cost assessment with interest charges for a bond issue of \$300K plus for comparison. Town Administrator Fournier said that many municipalities handle road maintenance through bond issues, typically for \$500K or more. Councilor Levy thought a bond issue should be less than \$500K for Newmarket, and asked about the cost.

Town Administrator Fournier said he could find out current rates and that bonds would probably be for a 10 year period or less. Councilor Levy said he was looking for ways to do this and get voter input. Mr. Malasky said there was a state RSA that did not allow towns to keep more than \$5 in registration fees. He said he agreed that this should be put to the voters, not necessarily with a bond request. Councilor LaBranche asked if they could look at the costs for a 10 year bond plan, and spread it out over a 20 year period. He said that way, they could take the \$125K line item out of the budget and put it towards the bonding and work with a plan. Town Administrator Fournier said he would not do one large bond for everything, but do smaller ones for 2 – 3 years each. Councilor LaBranche felt this could get them down to \$150K per year, once the major work was done. Essentially, bonding would cost less per year than paying for road repairs directly through line items in the budget. He felt once they had the rate information, they should run the numbers, and present them to the voters. He felt they should look for ways to do a quality job with the least tax impact. UNH had reduced the

costs in their original plan from \$500K to \$300K, and Councilor Zink did not doubt their plan. He felt bonding was an option they should consider, and that all agreed that road conditions needed improvement.

Councilor Chairman Nazzaro said that while he understood the bonding option, essentially, this would mean that they were spending more money. He would rather try to find \$80K in the budget to fund road maintenance at \$200K. Mr. Malasky said that they would be safe in using \$50K from the vehicle registration fund a year towards this and not deplete the account. Council Chairman said this could be in addition to the \$200K. Town Administrator Fournier said he needed a consensus on the issue before the budget deadline of November 15th. Councilor Levy said he thought they should have the bond information numbers first before voting to see if a bond issue would have a lower impact on the annual tax rate and not take from other areas of the budget. Mr. Malasky said that the gas tax, which had been used for state funding for highways, had not changed in 20 years. The town is not allowed to increase its share of the registration fee of \$5. This would have to be addressed at the state level.

Town Administrator said that they should decide on how much they would consider bonding, as legal costs for establishing a bond would cost about \$5K. For that reason he suggested at least \$500K. The Council can withdraw \$50K from the Municipal Fund during the year without adding it to the budget. It was agreed that Town Administrator Fournier will ask for quotes on a \$500K bond. The town has no facility to store winter salt from year to year. Mr. Malasky said that storing small amounts of salt causes loss because of weather conditions. He said they get the state's pricing for salt.

6. STREET LIGHTING: Rick Malasky (page 46)

There were no big changes to street lighting; the proposed budget was \$800 or 1.78% higher than the 2013 approved budget. At this time the pay back time for LED conversion would not make it cost effective. Lights are on a timer with a photo cell and operate from sundown to sun up. PSNH had done some upgrades and removed some of their lights in the past. The town is charged whether or not their lights are working. Town lights are on a system that has saved 20% of costs downtown. There is a potential safety issue with eliminating additional lights. Staggering lighting would require changing circuits and rewiring the system. The budget covers all lighting in town, including blinking and flashing lights, and the town is charged a municipal rate.

7. BRIDGES AND SIGNS: Rick Malasky (page 47)

Councilor Carmichael asked if a flashing light could be installed for safety by the cross walk at the Riverdale Garage. Mr. Malasky said that whatever they decided the town would pay for it and could expect to pay about \$6K for solar lighting. He said they were working on the Sky Bridge to eliminate the problem, but that now the bridge was going to cost more than they had anticipated. Town Administrator Fournier said they should look at signage in the area, but they could not expect grant money. Mr. Malasky thought that the Municipal Fund could be used for lighting in the area. The budget of \$500 is for signage, and possible guard rail repairs.

8. BUILDINGS AND GROUND: Rick Malasky (page 48)

Mr. Malasky said there were no surprises in the budget. Seasonal people are still at 3. He said he had held off on spending which affected last year's actuals. Mosquito control includes surveying, testing and spraying, including cyclical preventative spraying. He said they had the means to do street spraying if need be. Councilor Carmichael asked about heat and oil: the town hall, library and wastewater facility use oil and the rest of the buildings use propane. Mr. Malasky had received the annual quote for this year. They lock in the propane cost, which he thought was \$1.79, and they have a quote for oil at \$.07 above rack. He said the school had locked in a price, and the town actually paid less. He said they had tried to work with the school, but the delivery to the buildings was different. Town Administrator Fournier had spoken with Dr. Hayes, but the town had gotten a better rate by going out on their own. It was suggested that maybe the school could try following the same system as the town. The schools do not have any buildings using propane. Councilor Levy said that the cost to the school could have been higher if they agreed to the rack price. Mr. Malasky said that with the locked-in price for propane, they are given the rack price plus if the price goes lower.

9. VEHICLES: Rick Malasky (page 50)

There was a reduction in vehicle maintenance as the town was having repairs done by Auto Excellence rather than

having its own staff mechanic. There had been a savings in last year's budget for snow removal which affected the actuals. This budget includes maintenance for all town vehicles, which in the past had been broken down by departments. This makes comparisons difficult. The 2012 actuals included earned time for the staff mechanic, who had left at the end of 2011. Councilor LaBranche, in reference to Councilor Levy's question, suggested that they include a sub-category for maintenance costs per department. Council Chairman Nazzaro said the savings were actually greater because they were not seeing benefits for staff. In addition, Councilor Levy said they were not seeing costs for parts. Auto Excellence has been using parts from the inventory the town had, but once those are gone Auto Excellence will have to purchase parts from vendors. Councilor Levy suggested that when parts are taken from inventory, someone sign and relate where they are being used. Mr. Malasky said they do know whether parts were purchased or used from inventory and for what vehicle.

10. FIRE AND RESCUE: Rick Malasky (page 51)

Mr. Malasky said the only changes they would see were in equipment maintenance, for aging portables, (which had been turned down) and for medical supplies as they receive less from hospitals. They had originally received the portables from the state, but there were no more grants. There is a requirement that a minimum of 2 people go out with an ambulance, and there is no charge or insurance billing unless a person is transported. Receipts for transporting would show under department revenue/charges for services. Revenue reports are not included in the printed budget under actuals. Finance Director Angell will get that information for the Council. Mr. Malasky said that they use Comstar to help collect their fees, and they now charge 5% rather than 10% for collections and billing. He said they will bill a resident self-pay 3 times and then write it off, but are more aggressive with a non-resident. He said he fire department calls were increasing and many of those were for medical. Town Administrator Fournier said that last year they had estimated revenue at \$70K in ambulance receipts, but the actual was \$159K. Annually, \$45K goes into a revolving fund for ambulance and equipment purchase. Service for Newfields is by contract which established a set fee per capita. The contract had been renegotiated before the Town Administrator came, but Newfields had a question that had not been answered. Since no signed contract had been seen, Town Administrator Fournier will meet with Newfields. The ambulances and fire trucks use diesel, while the utility vehicle, car and equipment use gas.

11. EMERGENCY MANAGEMENT: Rick Malasky (page 52)

There was an increase for additional training in the part time stipend position for classes put on by the state security bureau. Mr. Malasky believed the training was for NIMS, National Incident Management System, and would cost \$750. The training is necessary to qualify for grants, and covers handling protocol per incidents. Council Chairman Nazzaro asked about the spike in general supplies for the projected 2017 budget. Finance Director Angell said that every 5 years, they were required to go through a particular plan, as seen in 2012. Council Chairman Nazzaro pointed out that fluctuations in software costs should reflect the same plus and minus percentages. There could be a problem with that particular formula, but that would not affect this year's budget. Councilor Zink said that they budgeted \$182K for salaries in the Fire Department and they received \$159K in ambulance receipts. He said this was a compliment to the cost effectiveness of the Fire Department and he was sure that having a volunteer department attributed to it. A full-time Fire Department would cost about \$1.2 million annually. Mr. Malasky said it was increasingly difficult for the volunteers to have time for the work and the training.

Councilor Levy was excused for a business appointment. The Council took a 10 minute recess. The meeting resumed at 11:21 a.m.

12. SOLID WASTE: Rick Malasky (page 58)

Mr. Malasky said the contract was up on December 31st, and had gone out to bid. He had budgeted with what they had for tonage. Town Administrator Fournier said there was a \$3,250 cut in general supplies to get to the 0% tax increase budget. Council Chairman Nazzaro pointed out that they were no way near actuals of \$14,197. Mr. Malasky said he had held off and placed his order after the new budget year. To Councilor LaBranche's question, Mr. Malasky said the MSW cost was for curbside pickup, and he have to back out recycling to get a figure for pickup. He then asked why there were fluctuations in expenditures if there was a 3 – 4 year contract. Mr. Malasky said this would be due to changes in tonage and fuel surcharges. He could break down the figures to find out what the town is charged just for the trucks coming to town.

Councilor Zink said and Mr. Malasky agreed that Newmarket was spending more for recycling than they were for regular

trash. He wondered what the savings would be if they had townspeople deliver directly to the transfer station. Mr. Malasky said there would be initial costs to set up, such as installing 3-phase power, although there were now single-phase compactors. He said he did not have complete data to answer that question. Councilor Zink said they were spending \$453K per year on solid waste, and he thought they should look at alternatives. Council Chairman Nazzaro agreed, adding that they should have a discussion as to whether this was a service they wanted to continue in light of cutting back on other necessities, such as road paving. Town Administrator Fournier said this should be mostly an enterprise fund and the monies going into it should partially cover the costs.

Councilor Carmichael asked about the cost for a part-time laborer. Mr. Malasky said this covered the transfer station being open from 7:30 to 4:00 on Saturdays and from 8:00 to 2:00 on Wednesdays in the winter, and from 12:00 to 6:00 on Wednesdays in the summer. Council Chairman Nazzaro said he had received many comments on spring cleanup and noticed that it was again not in the budget or in the projections. Mr. Malasky said he thought this had been a Council decision, and Councilor LaBranche confirmed that the decision had been made two years ago. Town Administrator Fournier asked if they had considered townspeople buying stickers or tickets for items. Mr. Malasky said they had, but it did not work with their program. In Dover, pickup for items other than brush can be scheduled on days, not necessarily the same as curbside pickup. Council Chairman Nazzaro said they should look at ways to provide this service. Councilor Zink said the town was spending \$14 a bag, great deal more than what they charged for the bags. He felt that Newfields should absorb more of the cost. In addition, he did not think that the town should subsidize commercial enterprises using the landfill. Mr. Malasky said Newfields pays a contract amount and their townspeople also pay when they use the landfill, but they rarely use it. Council Chairman Nazzaro said he was in favor of this being an enterprise fund, as non-water users are not subsidizing the water department, but those without trash pickup were subsidizing trash pickup. Town Administrator Fournier said they should look into this for a future budget, along with the Rec. Department. Councilor Zink agreed.

13. TOWN COUNCIL: (page 29)

This item is level funded. The Council, not the Charter, sets its salaries, but there has to be one election in between changes. Councilor Zink said that with video taping and many records of Council actions, he questioned the need for extensive written minutes. He said that other committees had sought alternatives. Town Administrator Fournier said that minutes have to be a summary of the meeting, and by law, they have to have paper records for every committee available within a certain number of days. Most committees write their own minutes for submission. Council Chairman Nazzaro asked that in view of recordings of the meetings, how they could change this requirement. Town Administrator Fournier said this would have to be approached at the state level, but that it took a long time for the state to acknowledge email and telephone communication, and by then it was out of date. He said the Municipal Association was trying to make this change, but he felt it would be a long time before it happened. Speech recognition software is expensive and does not identify who is speaking. Town Administrator Fournier said that paper can always be read, but equipment technology changes, making some storage systems, such as microfilm, obsolete. Councilor Zink asked about sending a video tape of meetings to a transcribing service. This would be an acceptable alternative, but it would be more expensive and probably less accurate.

14. TOWN ADMINISTRATOR: (page 30)

Town Administrator Fournier said his salary was shared with the enterprise funds. The only other increase would be for dues and subscriptions, part of which was for membership in the IMCA, and part for dues to the NH Municipal Association. Councilor Zink asked if the bonus program for the Town Administrator was in the budget. Since that has not been discussed for FY2014, it is only in the current year's budget. Councilor Wright asked about monies for advertising. This covers posting of ordinances, town meetings, etc. Equipment maintenance covers the copier and what ever breaks. Town Administrator Fournier said the first 2 budgets were catchalls for whatever breaks or for something unexpected that needs to be done. Printing and publishing probably covers the town report and the Town Administrator will look at this. Savings in having electronic Council packets, rather than paper, would probably show in supplies, and Council Chairman Nazzaro said he would like to see this savings reflected in the budget. Councilor Zink said that with the Council objective of improved communication, he would not like to see that blocked because of non-funding. Town Administrator Fournier felt they would be able to find funds for this. He said if they were not doing mailings, they would try to do community newsletters another way. He said mailings could run from \$8K to \$10K per year. He said he would first try to do this digitally, and would look into software with more graphics. He said people could subscribe to agendas, etc. through email. He said updates during the storm were sent out via email, Twitter and Facebook.

15. FINANCE: Matt Angell (page 31)

Acting Finance Director Matt Angell said he had proposed a 2.24% decrease, which had been reduced to a 4.5% decrease, with the elimination of \$5K for office re-organization. The FY2013 approved of budget \$219,607 had ultimately been reduced to \$209,685 for FY2014. By changing 2 part time positions to one full time, there had been a savings of \$4,400 including benefits. Discussions about staffing would have to be held in non-public session, while discussions of numbers can be held publicly. Councilor Zink, looking ahead to budget projections, asked if the salary figure of \$80K for a Finance Director moved ahead regardless of the Town Administrator's decision to have a full time or temporary director. Town Administrator Fournier said he expected to have a full time Director as an employee by this spring, and he would have to live with the budget amount he was requesting. Council Chairman Nazzaro asked if \$80K would be sufficient for the caliber of person they were seeking. Town Administrator Fournier said he thought it would be. Benefits for the position are included in HR. Mr. Angell will stay in the position until spring.

Councilor Zink said one of the larger objectives was to see what the town and school could do together in finance. Councilor Wright pointed out that there was also a savings of \$5K for a code enforcement position. Town Administrator Fournier said when there are changes in personnel he reviews whether the position can be handled part time or combined with another position. Council Chairman Nazzaro said there was a difference in actuals for 2012 between the 2 packets for Trustee of Trust Funds and Treasurer. The \$5K and \$900 were added to \$5K. The Council entered recess at 11:56 so this could be checked. The meeting resumed at 11:58. Mr. Angell said there was an error and the 2012 actuals should have been \$5,900. The formula was corrected and nothing else was impacted.

16. HUMAN RESOURCES: Matt Angell (page 33)

The largest increase is for retirement benefits. Medicare was budgeted for \$27,002 in FY2013 and is budgeted for \$43,099 for FY2014. The amount was artificially deflated by the Budget Committee last year, and will go over \$27K this year. Mr. Angell said he would have to ask for a budget adjustment from another line to fix this. \$43K is a realistic figure and in line with past expenditures. Medicare is an item over which the town has no control. Council Chairman Nazzaro asked what the percentage was for federally required benefits that they were required to pull out. Town Administrator Fournier said they total a little less than 10% in HR, but are also withheld in the Enterprise Fund budgets. There would be no impact from the new healthcare law this year. For future years, the town meets the threshold of 50 employees with 52 full-time employees who work at least 30 hours per week. Mr. Angell said they were studying the impact. There is no line item for ICMA retirement, as Town Administrator Fournier is in the New Hampshire system.

Councilor Zink said that looking collectively at the town and school liability insurance, he wondered if they were sharing the same philosophy and standards, or if the tolerance for risk differed between the two. He also said he was unaware that they had longevity pay, and felt that it should go into merit pay. Town Administrator Fournier said that would also be his recommendation, and that the personnel policy would have to be amended to change this. He said that liability ratings differed per department and between the town and the school. He said if they were rated with the school it could skew the figures against them because they would be adding more people and the highest liabilities were for police, fire fighters and DPW workers. He said they were in a trust pool for liability, because in the 1980s, private insurance companies had dropped municipalities. The town was locked into a multi-year contract until 2014. He said that he would be looking to revise this and also Workman's Comp.

Town Administrator Fournier said that past practice in Newmarket showed that the Council was not involved in the contract decision, but common practice elsewhere was that it would be. Workman's Comp. had gone up because of a rate increase and an audit showed that not all the positions were matching. He said he was still reviewing this. The FY2014 figure was for the guaranteed maximum, but he did not expect it to be lower. He said they could see a small decrease in liability and property insurance. Health insurance had realized a significant decrease because of its audit and is based on actuals. Unemployment insurance is flat at \$10K, and he wanted to look into self-insuring this item in the future.

Councilor Zink asked if the town and school had a common philosophy concerning property liability, and he felt that community buildings/resources should be looked at in a similar way. Town Administrator Fournier said that property insurance covered buildings, but liability insurance also covered people and the risk was different. They cannot separate the two types of insurance. Councilor Zink defined philosophy here as risk, and asked if they could chose different deductibles. Municipalities do not have that choice, and have one plan and one deductible, because the risk of being sued is greater. Town Administrator Fournier said if the town and school had the same provider, they would have the same deductibles. There are only 2 state providers, Local Government Center, which the town uses, and Primax. He found one town using another provider, and he was asking for information from them. Independent assessors rate the value of buildings for property insurance annually, and confer with actuaries to set the values. He believed that school

also had only the 2 providers, and he will talk to Dr. Hayes about coverage and variables. He said the value takes into account assessment of the buildings and the equipment inside, and differs from home property insurance.

17. CODE ENFORCEMENT: (page 34)

Code enforcement is down 7.26% because of a \$5K savings in part-time salaries. This cut was made after the budget was printed. This position had gone from full-time to part-time in the past. Councilor Zink asked if this would sufficiently meet their needs. Town Administrator Fournier said he had not heard of any issues, but will monitor the position throughout the year. He would also look into adding more hours or adding a second position during the busy time. There are no benefits with the position.

18. WELFARE: (page 35)

This item had been reduced to actuals. Town Administrator Fournier said the guidelines had become more stringent, and they have a part-time person who is reviewing all the application forms and looking for alternative sources for assistance. He said he would look at the next budget to see where they were with all the line items. Between 2010 and 2012 the town guidelines had changed and reviews had started. Welfare is a mix of state and town guidelines. Council Chairman Nazzaro asked if Town Administrator Fournier thought there was enough set aside. He answered that he felt it was, but if it went over he would have to find the funds elsewhere.

19. ASSESSOR: (page 36)

This item was reduced by 2.09% for a part time position, which will be a contracted service once the Council approves it. Town Administrator Fournier said he had left the assessor salary amount at \$40K because of appeals. He intended to ask the Council to approve MRI for the service as they were experienced and the lowest bidder at \$30K. Abatements and courts expenses have a different hourly rate. The assessor assistant does pickups in the summer. The town wide required assessment will be funded by asking for a \$40K allotment to a Capital Reserve Fund this year, with the remainder put in next year to reach the \$60K to \$80K estimate. Councilor LaBranche asked why they would put this in a Capital Reserve Fund if they were paying for it over 2 years. Town Administrator Fournier said they should be contributing 1/5th of the cost every year, as the assessment was required every 5 years. Councilor Zink said that if they looked back to 2010, the salary was \$108K and now it is \$16K plus a reduction to benefits.

The Council broke at 12:30 for lunch.

Council meeting resumed at 1:15.

20. LEGAL: (page 37)

Town Administrator Fournier had increased the budgeted amount from \$50K to \$60K against the actuals of \$109,000 in 2012, \$134,968 in 2011, and \$85,324 in 2010. Councilor LaBranche said he felt this item should increase to a more realistic number, as \$85K was the least they had spent in the past 3 years. Mr. Angell said there were carryover issues from 2012 and going forward he expected they would spend a couple of thousand per month. He thought they could control what they asked legal for and try to stay with the budget. Town Administrator Fournier suggested that they try using the free legal hotline from HMA first before consulting an attorney for procedural issues and non-specific case issues. Council Chairman Nazzaro asked if the \$60K was realistic. Town Administrator Fournier thought \$75K would be better, and Councilor LaBranche agreed. The \$15K would have to be taken from something else. There is no record where funds over budget came from in the past, but in the future, Council will be made aware of such transfers. Councilor Carmichael agreed that legal should be increased to \$75K, but Councilor Wright thought the amount should stay at \$60K because then they would use the funds more prudently.

Councilor Zink said that looking at correspondence from attorneys in the past there was a lot that was in response to the Council asking for re-affirmations or second looks at opinions, because the Council doubted their advice. He agreed with Councilor Wright that the Council needed to better manage the process and leave the amount at \$60K. Councilor LaBranche agreed that they needed to manage better, but felt the amount was not realistic and would hurt them later. If

the funds were managed correctly and money was left over, it would go back to the taxpayers at the end of the year.

Council Chairman Nazzaro said he would like to have an accurate number of what they would spend showing fiscal restraint. Town Administrator Fournier said he didn't know if past expenditures were for cases or legal advice. He said asking questions he could handle, but cases he could not, and he felt safe budgeting \$75K, to which Councilor Carmichael agreed.

Council Chairman Nazzaro felt \$60K was not realistic, but added that an additional \$15K would have to come from somewhere else in the budget. An additional \$15K would add \$.01 to the tax rate, but Town Administrator Fournier and Mr. Angell felt it was safe to use excess ambulance revenues to cover the increase as they were under budgeted.

Ambulance revenues have been trending up. Councilor Zink said that if \$75K was a more realistic figure, then they should put it in, and add \$.01 to the tax rate if necessary and move on. Councilor Wright thought if the amount was \$75K, then they would spend it, and he felt they should be more cognizant of what they spend. Council Chairman Nazzaro asked if they thought \$60K was realistic based on past history. Town Administrator Fournier will look into how the money was spent in the past. Councilor LaBranche did not want to see a line item artificially low and then being overspent. He felt they would pay this one way or another. Council Chairman Nazzaro polled the Council: Councilors LaBranche, Zink, Carmichael and Council Chairman Nazzaro agreed with increasing the line to \$75K, while Councilor Wright wanted it to stay at \$60K.

21. CEMETARY: Michael Provost, Richard Alperin, Cemetery Trustees, (page 49)

Mr. Provost and Mr. Alperin came to speak about the shortfall in perpetual care funds. The state maintains that payment of perpetual care applies only to that particular gravesite. The town cemeteries were established before perpetual care was available and only about 70% of the 7,300 graves in Riverside Cemetery have perpetual care. The Trust Fund had built up a good amount of interest in the past, but with current low interest rates, the Trustees have had to tap into past surpluses. They are only allowed to use earnings, and are not allowed to use principle. State law mandates that towns take care of their public cemeteries, which currently costs Newmarket about \$21K annually. The Trust is earning about \$11K per year in interest, leaving a shortfall of \$10K, which the town has been taking out of the surplus interest. They were concerned that the built up interest would be used up in 3 – 5 years. Mr. Provost said that as Cemetery Trustees, they should be doing what the state says, and only maintaining the cemetery that has a significant perpetual care trust, which is Riverside. Also, they should only be maintaining the 70% of the graves that have perpetual care, with the remainder of the maintenance coming from town funds.

It would be more costly to only maintain the individual graves with perpetual care than pay 70% from the Trust Fund. Now, the Trust Fund is paying to maintain all the graves. Mr. Malasky would like to see Riverside separated from the rest of the cemeteries, so that he can determine how much is paid for maintenance for other graves. The town should pay for 30% of Riverside and for the complete costs for the other cemeteries. Mr. Provost said they had done an area survey a few years ago and raised their prices to be in line with surrounding communities. This is an issue that will impact taxes in the future, and he said it would be much clearer to break down the services now. Town Administrator Fournier said they were now budgeting \$36K for cemetery maintenance, and they would almost have to have a separate time clock for the DPW. He thought that they could consider monies from the Trust Fund as a revenue source against expenditures. Mr. Angell said he believed the town received \$18K last year from the Trust Fund toward services, but Mr. Provost thought it was \$21K. In the future, there will be less from the Trust Fund to offset expenses, and more will come from the town budget, impacting taxes. The total amount in the Trust Fund would have to be researched, but currently it generates about \$11K per year. Technically, the law says that maintenance costs can only be paid from interest generated from perpetual care for the specific grave for which it was intended.

Town Administrator Fournier said it was more usual for these funds to be used for larger projects, rather than routine maintenance. Mr. Provost said that was the reason that they had asked for a Capital Reserve Fund, and had used it for larger repairs. Town Planner Diane Hardy said that as of September 1st there was \$9,913 in the Fund, and it had generated about \$200 in interest. Town Administrator Fournier said they were budgeting the right amount, but there would be less revenue in the future which they would have to revise. There is no impact for the current year. Mr. Provost said that the town had not contributed to the Capital Reserve Fund last year, and there was no proposed contribution for this year. He said that by law the Old Town Cemetery should have a gate, but it does not. They had received a price of \$18K, nearly double the amount in the Capital Reserve Fund. Town Administrator Fournier said that the town had to provide maintenance even without offsetting revenue, and he thought the Trust Fund could be reserved for larger projects, such as the gate. This year, the town budgeted nothing for revenue for the cemetery.

22. LIBRARY: Librarian Sharon Kidney (page 56)

Ms. Kidney gave a brief synopsis of the library budget. Not all line items were level funded. Part-time salaries were up \$5K for a children's librarian to work 10 hours, rather than 4 a week and begin an after school program. Insurance for the Library Director was up \$1K. Staff Development and training was also up, as the new Board of Trustees would like the staff to attend conferences. Heating oil is \$5K higher and water/sewer is up slightly. (Water and sewer is charged to all town buildings.) Books, programming, building maintenance and supplies remain the same. This past year they had added 2,000 new patrons and they now had 5,000 active patrons. Councilor LaBranche asked if they had tried to tag along with the town for oil. They have the same provider, but when the budget was prepared they did not have the exact number from Mr. Malasky, so this figure can be adjusted.

Councilor Zink asked if the library had a Capital Reserve Fund. It does for larger expenditures, such as carpeting for which the Council will have a Resolution at its next meeting, and for boiler replacement and painting, not for regular maintenance. To Councilor Zink's question, the Board of Trustees is planning for future large building expenses, and will be doing carpeting and window replacement from the Fund. They were not asking for a contribution this year, but would be next year. Council Chairman Nazzaro thanked Ms. Kidney and the Library Trustees for all they do for the town.

23. RECREATION: Assistant Director Amy Gigandet and Katie Yeaton (page 57)

The proposed budget shows a \$2K or .61% decrease from the FY2013 figure. Ms. Gigandet said they had submitted a flat-line budget, and the Town Administrator had reduced it by \$2K in work study from UNH. There was an increase in part-time payroll for before and after kinder care. She said they had added 8 more children to the program and it was continuing to grow and increase revenues. She said they had added a new program, Iguanawana Mondays which is based on summer camp. She said they had increased payroll for this. They were sold out for September and October, and she expected it to grow. There was a reduction in staff training development, as she had only put in for one person to attend the national conference. Athletic supplies were up because of the pre-school class, and they needed updated equipment. There was a reduction in lighting costs. They were doing well with summer camp, and making sure that they filled the buses for trips, leading to a reduction in the line item for bus trips. Summer camp was reduced to reflect what they had been bringing in.

Councilor Zink asked about staffing. There are 3 full-time employees and several permanent part-time, as well as those who are employed for specific programs. The only increase in hours was for some of the permanent part-time people, but none would qualify for benefits. He asked what they expected for revenues. Ms. Gigandet said that it was difficult to project revenues 18 months out. Last year's revenues were less than they expected, but they also spent less than they thought they would. She said they gave \$35K back to the town, which took away from revenue, and they came in on the plus side by about \$9K. Council Chairman Nazzaro asked for the specific revenue and actuals for 2012. Town Administrator Fournier said that in the future, they needed to get the revenue reports for all separate departments and funds. Revenue was projected at \$194K, but came in at \$167K. Council Chairman Nazzaro said that the revenues were less than the expenditures.

Councilor Zink said that since he had been on the Council, there had been a desire to have Recreation self-funding. He said that the budget was about \$400K and the revenues about \$200K. Ms. Gigandet said she was not sure if they would ever equal because some service programs were not meant to generate revenue. She said the Senior Center cost more to operate than the revenue it brought in. She said that some programs, such as summer camp, were profitable, but she felt they had to look a recreation is a different way, such as they do the library. Town Administrator Fournier said the so-called Special Funds should be either Enterprise Funds or Revolving Funds, such as in the case of the Recreation Department. He said they would be looking with finance as to how their funds were accounted for. He did not expect that the entire department would ever be covered by fees. He said they needed better accounting to determine what revenues are generated by programs, with any surplus going to fund non-revenue programs. He said that traditionally, all full-time employees would be paid for through the budget, while programs, including part-time staff, would be in a revolving fund. He said they would be looking at this for all 3 Special Funds. Ms. Gigandet felt it was difficult to predict summer camp because of the change in fiscal years.

In response to Councilor Carmichael's question on the number of offered programs, Town Administrator Fournier said that with a revolving fund, they would be better able to look at the individual programs and see how much in tax dollars was subsidizing them. Ms. Gigandet said that, for example, they had over 50 volunteers helping with the Halloween Haunt, which offset some of the expenditures. Town Administrator Fournier said there was a \$200K difference because that was the transfer from the General Fund to Recreation. Council Chairman Nazzaro said that Recreation provides an important service to the town, but they had difficult decisions to make on fundamentals, such as paving roads. He said it was vital that they look at all department budgets for any possible savings especially for the taxpayers. He said their

actual expenditures last year were \$365K and they turned back \$35K. This year they were asking for \$391K, and he asked if they could get their figures closer to the \$365K. Ms. Gigandet said most of the \$35K had been in savings for buses. Council Chairman Nazzaro asked why they were not budgeting with those savings this year.

Ms. Gigandet said that in order for them to make money, they would have to spend money for programs, such as Kinder Care, which she hoped would produce more revenue. She said she probably would not spend what she was asking for if she did not bring in the numbers. Town Administrator Fournier said that this goes to the perfect example of why they needed a revolving fund, in which they only receive what they raise. He said now the funds go to the General Fund, and they need to separate programming from the operating budget. He agreed that an increase of \$58K looked huge, but expenses have to be budgeted to get revenues. Councilor Zink said they could say the revenue budget was off. Town Administrator Fournier said that they were looking at the budget figure of \$58K, and somewhere there should be an offsetting revenue estimate of \$58K. Council Chairman Nazzaro said he was looking at the \$365K that was spent against the \$197K in revenues. Town Administrator Fournier said that this was the bigger problem, and they needed to be self-sufficient with a revolving fund for programs. This was the long term solution. First they had to know what programs were working.

Town Administrator Fournier asked specifically what the \$35K delta was for last year and why they needed it this year, and what additional program were they offering. Ms. Gigandet said the money turned back was most probably for summer camp. She had revamped a part time position, and not hired as many for summer camp as the attendance was down. Council Chairman Nazzaro asked why they thought summer camp attendance would be higher this summer. Ms. Gigandet said she was revamping the program and trying to provide more scholarships. She had put in for the extra position in case more children came, and had put in for the limit. Town Administrator Fournier said that she was budgeting for the highest numbers she would need, because if she needed extra staff she would not be able to go above the amount she had been appropriated. Council Chairman Nazzaro asked if based on historical evidence they had a chance of reaching top attendance. She said she was revamping the teen program, and trying to make it a more relevant program. She said teens especially needed the program, and if she could get them into camp, she wanted to have adequate staff.

Councilor Zink said that he understood the issue; because they were a municipality, they could spend only what was approved and could not use revenues for further spending. Ms. Gigandet said they acted as landlords for the Community Center, which did not bring them any revenue. Councilor Zink asked if they approved the \$35K, would it be appropriate for the Rec. Department to go to the Town Administrator and let him know if it was unlikely that they would get the revenue increase, and he would tell them that they would not spend the \$35K. Town Administrator Fournier said no, because they would still be raising the money through taxation and if the money was not spent it would go into Fund Balance. Councilor Wright said they had requested \$6K for field lights and the program brought in \$4,700; Ms. Gigandet said they had reduced the request for \$5K. He asked if she knew there would be a difference between the expenditure and the revenue, would she adjust the request ahead of time. The Rec. Department pays for the lights and is then reimbursed by the school, but the department has to have the funds in its account. They are making money from renting the fields.

Town Administrator Fournier pointed out that the town was making money, not the Rec. Department, but should they convert to a revolving fund, the department would be allowed to make money and use it. In a sense the Rec. Department is getting a short term loan from the town, and does not have to pay it back if they don't earn any money. Council Chairman Nazzaro asked if the Rec. Department was actually going to spend \$391K, pointing out that they had just appropriated an additional \$15K for legal fees. Ms. Gigandet said probably not, but she looked at the line item increases as opportunities to make money. Council Chairman Nazzaro asked what the potential return was for every dollar spent over last year. She said they would have to eliminate the 3 full-time employees, the Senior Center and a lot of service programs in the calculation. She said she was in the process of breaking down the programs, but did not have an answer yet.

Councilor LaBranche pointed out that the additional money requested was \$26K, not \$35K. Council Chairman Nazzaro asked for Councilors' opinions as to whether they should approve the additional \$26K. Councilors Zink, Carmichael and Council Chairman Nazzaro all said no. Town Administrator Fournier said his recommendation would be for Ms. Gigandet to look for ways to cut the amount. She said he was cutting the Senior Center. It was the only place that did not generate revenue. Councilor Carmichael asked about staffing; the part-time person was getting more hours because the program generated revenue. She said they had dropped their budget every year and had been trying to work with what they had. She said they would be cutting a lot of services. Town Administrator Fournier said he wanted it on the record that they had not said that any specific departments would be closed, and he did not want anyone panicking thinking they had. The Council had not made a decision to close the Senior Center, and he did not want the public to think that would happen if a reduction is made. Ms. Gigandet apologized and said when you look at areas that do not generate revenue, the center

is one. She said she had to look at saving programs that do generate revenue. Councilor Zink asked about the rental program that had been started. Ms. Gigandet said it was getting there. They had invested in tables and chairs last year.

24. PLANNING: Diane Hardy (page 38)

Ms. Hardy said they were requesting \$120K, the majority of which is for salaries: hers, a part-time secretary who shared her job with another department, and a substitute secretary who also shared her position with another department. She said they had tried to maintain level funding, and that Town Administrator Fournier had suggested that they not update the Master Plan this year. She said they were looking at an increase of less than 1% to cover postage costs, part of which would be for mass mailings to those affected by zoning changes if suggested by the Economic Development Committee, and for dues and subscriptions. She had anticipated that dues for the Stratford Regional planning commission would go up about 5%, but since they were remaining at this year's level of \$7,786, she said they could deduct about \$300 from her requested budget. She said their advertising costs had risen for public notices, but they had increased their application fees to cover this. She said that last year she was asked to do a revenue projection based on previous years, and she had projected \$3K. Actual revenue came in at \$4,340.

Councilor Zink said if they were to zero out the mapping supplies budget for this year, what would be the impact. Ms. Hardy said that \$1K of the \$4K is used for GIS maintenance to keep the software current. The other \$3K is used for what is called people's GIS which is an interactive program on the town's web site that includes real estate, property, zoning, information, etc. She said this saved office time in answering questions and looking up information for people. Councilor Zink said he had the same question that he had the previous year, asking why the town provides this service to realtors. He said the citizens were not benefiting, and felt they should charge realtors and developers. Ms. Hardy said this also benefits people buying real estate. She said GIS is also used for analytical purposes when discussing zoning changes and for presentations. She said if they provide copies of maps, they do charge. Ms. Hardy said that maybe the people GIS could be considered for reduction and Council Chairman Nazzaro said he would like to know how many hits it gets.

Ms. Hardy said Communication Services was down \$500 because she had forfeited her cell phone. Training and Development was up about \$2K for training workshops and travel for Planning and Zoning Board members, as well as for professional development conferences. She said she had to have a certain number of credits each year to maintain her license. She said last year with the fiscal situation, she did not feel right about attending conferences. To Councilor Wright's question, mapping has to be by subscription not per usage. She said there were also licenses, one held by the Planning Department, one by the IT office and one by the Wastewater Department.

25. CAPITAL RESERVES: Dick McMenimein and Diane Hardy (page 55)

Town Administrator Fournier said the CIP Committee had recommended \$450,206, and he had recommended \$279,256, which is down from the \$326,019 that shows in the budget. He had made further reductions: revaluation was reduced to \$40K after the lower estimate was received; the contribution to the Fire Department was level funded at \$50K; Public Works was reduced to \$130K; Police Vehicles remain the same; Recreational Facilities was reduced to \$2K; Sidewalk Development he reduced to zero; Storm Water Management, since it was not a project they would start soon, was reduced to \$10K. Mr. McMenimein said the Committee had gone around and visited departments to come up with their recommendations. He said they had aged the equipment to decide when it would need to be replaced, and decided on a figure per year. He said the Committee had not given any credence to what was already in the accounts, and he could probably agree with some of the new figures. As to the Water and Sewer Department, he said that Mr. Greig had done a good job with his presentation, and if he was given his \$359,080, he would not increase fees this year. The money that the Council gave to Water/Sewer was to be withdrawn that week. Mr. McMenimein said they had aged the DPW equipment out to 11 rather than 10 years.

Councilor Zink said that often the CIP Committee was more sensitive to capital improvements than others. He wondered if the Town Administrator had discussed changes with the Committee. He hoped that the Committee reasons and research leading to their recommendations were fully understood by the Town Administrator and Council. Mr. McMenimein said they had gone to the departments, seen what they had and seen what they needed before discussing recommendations. He said he felt the Committee should be restructured a bit more as it includes 3 town officials, including the Town Administrator and 2 townspeople. Town Administrator Fournier said the Committee acts in an advisory capacity to the Town Administrator when he is writing the budget and looks at the needs of the departments. He also looks at what they can afford. He said that he had talked to Mr. Greig and Mr. Malasky before reducing the contribution to Storm Water Management, and they agreed that it was unnecessary to put \$41K in the account this year. He said that some of the reserve funds were very healthy and before they added more, they needed to make sure they

were also withdrawing some for projects.

Mr. McMenimein said the thought process of the Committee was to be prepared with CIP funds if something traumatic happened, rather than having to go to the taxpayers. Town Administrator Fournier said there were two arguments: you have to save and when are you going to use what you have saved. He said the figures that they used in determining contributions were the replacement costs at the end, and didn't take into account the balance already existing in the funds. He had looked at that along with what the town could afford next year in relation to other parts of the budget. Councilor LaBranche said the CIP Committee was told that the system to manage storm water on New Road was in dire need of repair. He did not think \$41K would even begin to cover the project. He said the Committee had added a year to many of the vehicles to keep expenses down. However, he was concerned with another year of cuts, that they would not be prepared. He said they had met with department heads, who had given them forms with cost estimates. He hoped the Council would take those reports into consideration. He stated that the information he received at the CIP meeting was that Storm Water Management needed to be addressed. He did not think it should be reduced from \$41K, and in addition thought it would show that the town was working on wastewater management.

Mr. McMenimein said that when they had asked what was needed, they were given a figure of \$41K. Town Administrator Fournier had asked that if they needed to revise part of the CIP, what part could they reduce, and he had been told storm water management. He had asked to what amount it could be reduced, and was told that to address the New Road issue only, they needed to have \$10K. The remainder of the contribution would have been to address other areas of town. He did agree that they were putting off the inevitable, but he had to come in with a zero tax increase. Council Chairman Nazzaro said that when a department comes to the Council with a request, they are questioned in depth, and he had just learned that the CIP has already asked the questions. He felt it would help the efficiency of the Council to have that data. Councilor LaBranche said he felt the Council in the last year and a half had made sure that something was needed and not just wanted. Council Chairman Nazzaro said the CIP Committee should only forward requests for needs. Town Administrator Fournier said the Council should take CIP recommendations under consideration, but the Committee was advisory. Councilor LaBranche added that the CIP Committee should also differentiate between wants and needs in an advisory capacity, but purchases were the responsibility of the Council.

Council Chairman Nazzaro said that if a department head came to the Council with a request, it would have far more credence for him if the request was recommended by the CIP Committee and the Town Administrator. Councilor Zink said he would have felt more comfortable if the CIP Committee came forward with their results and the Town Council and Town Administrator agreed that they could not afford the amount, and the requests were reduced proportionally. He was concerned that the priorities of the CIP Committee had become discombobulated. Town Administrator Fournier said he does take their advice into account, and had met with the Committee at the end of their deliberations. He said his decisions were a balance between what the departments requested, the CIP Committee's recommendations and public input. Ms. Hardy pointed out that the CIP worked on a long- range, ten-year planning process, and considered growth trends in terms of facilities, etc. Their mission differed from that of the Council, which not only considered planning, but what the town could afford. Should the town decide to continue with dispatch, the CIP Committee would recommend adding to its fund. The contribution to the Storm Water Management fund was given as an example, and they had records of what the Committee had originally recommended.

Councilor Nazzaro said he saw the CIP Committee as investment or savings counselors. Town Administrator Fournier said that by charter it was the Town Administrator's budget that came to the Council and it was the Town Administrator, not the CIP Committee that recommended contributions. Councilor Zink said a discussion with the Committee on the proposed cuts would have been a good communication tool in which appreciation was expressed along with reasons for the cuts. Town Administrator Fournier said he agreed, but he had only been able to attend one meeting and the budget was due the next day. He had considered the Committee's position at the time of that meeting. Council Chairman asked if CIPs were fund or cash accounts. Mr. Angell said that in the case of Capital Reserves, cash equals the fund balance. Mr. McMenimein commended the Capital Reserve program for helping the town's needs over a long period of time. He said with cuts over the past few years, he was concerned that the town would not have enough in reserves to deal with a large emergency, and the tax rate would spike. Town Administrator Fournier said he commended the CIP Committee, and that including contributions as part of the operating budget was more prudent than seeking funds through warrant articles. He will try to find \$15K in the budget to cover the increase in legal fees.

26. CONSERVATION COMMISSION: (page 39)

Conservation Commission is up \$1K for a recording secretary for their meetings. Currently the secretary is paid out of the Conservation Fund. This would change so that payment would come out of the operating budget.

27. ECONOMIC DEVELOPMENT: (page 40)

Economic Development was requesting a \$2K budget to start. Councilor Zink said they had been talking about the expenditure, not the revenue side of the budget. He felt that since this was the Council's second most important goal, the Committee should be allotted significantly more. Town Administrator Fournier agreed that this was very important and they should have more in the future. First, however, he thought they should first have a plan, get the Committee together and start meetings. Then they could go forward toward long-term planning. He said that NCDC and the Downtown Association were already doing some planning, and they would have to coordinate their findings with the Committee. Councilor Zink said the Planning Board had come before the Council a year ago and said the master plan had identified allocating resources to economic development as its number one priority. Council Chairman Nazzaro said they needed to resource this if it was going to be a priority, and that they needed economic development to help with the town's economy.

He said that at this point what they needed was human resources, and at this point it could be by contract or with internal resources. He felt they should be looking at how they allocating now to see if it is the most effective way for the town. He felt there were resources in town hall which could be better used by working on economic development, and they should give the Town Administrator the direction to find the appropriate staff. He said there were salaries within the budget that could be re-allocated to this. Councilor Zink said he would like to see the line item at \$30K in response to the Planning Board recommendation. To Councilor Wright's question, the Committee has not yet met and is still looking for some members. Names of those who have volunteered be on the Committee will be posted on the web site along with vacancies. Town Administrator Fournier said that if the Council wanted to add \$30K here, he would have to cut the same amount elsewhere, but there would not be time for the Committee to meet before the budget was due.

Councilor LaBranche said he understood Councilor Zink's point, but rather than changing the budget at this point, he wanted to see what existing staff could be allocated to help facilitate this project in the long term. He added that the Town Administrator could increase the line item with Council approval. He said he felt they should get the Committee started, see what the Town Administrator could do with in-house staffing and then if necessary find the money within the existing budget. Councilor Carmichael said they should use in-house staff and not add \$30K. Council Chairman Nazzaro said that parts of other salaries were allocated between departments and this could be specified in this budget. Town Administrator said he would need time to insure any change in allocation would not short-change another department, and he did not want to hire someone for this until a plan was in place from the Committee.

Councilor Zink said the Planning Board had reached its decision after a lot of research, and had said they would not go forward without a dedicated resource. He said the Council should meet with the Planning Board to find out its reason for recommending a full-time person. Town Administrator Fournier said this was the same as with the CIP Committee, and he had to keep with the budget goals that the Council had set. He said he was trying not to eliminate positions and give a pay increase which hadn't happened for a few years. He said he had to balance the goals with the available resources. Council Chairman Nazzaro said he was in favor of putting this in a line item. Town Administrator Fournier recommended that this not been done until he had time to talk to the employees.

Councilor Zink said the Planning Board had re-written the master plan emphasizing the importance of significant efforts toward economic development, and the Council had not listened to the Planning Board as to that it thinks the needs are. They had not said there should be a full-time person working on this, but rather that significant effort should be undertaken. He said he felt they put \$30K toward this. Town Administrator Fournier said he could probably get the process started with \$10K and hire a consultant to help the Committee develop its goals. Then those goals could be melded with the Planning Board and Council goals. From there they could decide if they needed a full-time economic developer or if they could operate with current staffing. He said there was a difference between policy and budget making, and he said he would have to set up a revolving loan fund to give low interest loans to encourage new small business, and collect the money to give it back for others. He said he also had to live within the budget. He said he would do what the Council asked, but said that he was hearing that he had to change some goals and objectives, which was a policy, not a budget decision.

Councilor Wright said he thought the Committee should meet and come up with a plan and the Council should meet with the Planning Board before any funds were allocated. Council Chairman Nazzaro said they had hard choices, such as not sending more children to summer camp or not having economic development and personnel. Councilor LaBranche said that in the future, if they continued to insist on a level budget, they would face dramatic increases which would affect staffing. Council Chairman Nazzaro said that Councilor Zink was right that economic development would help the town by broadening the tax base. He said the Committee should meet and develop its plan and then come back to the Council

with its needs. At that point they would have to make the hard decision.

28. DEBT SERVICE: (page 41)

Debt service is going down and Newmarket has very little debt for a town its size. This will help get bonding for the roads. Council Chairman Nazzaro asked about a line of credit. Mr. Angell said that would be both good and bad, and that they would not be paying any interest if they bonded. He said paying cash was a different way of planning forward. Town Administrator Fournier said for a project they could put money aside and then bond, giving them the benefit of flat level bonding. Once paid, they could continue with the same strategy.

29. GRANTS: (page 53)

This is donations and contributions to organizations that help the town, and is level funded. Council Chairman Nazzaro said he would like to do more, but they had many hard decisions to make. In response to Councilor Zink's question, Town Administrator Fournier said there had been a trend two years ago to stop these donations, but when they realized the benefits these organizations gave to the towns, they were reinstated. This was more for the social service grants.

30. GRANTS-SOCIAL SERVICES: (page 54)

Town Administrator Fournier will check to make sure these agencies serve Newmarket townspeople and that they are non-profit. Councilor LaBranche said they should have an expenditure form from the agencies saying that the donation was spent according to their intentions. Councilor Zink asked if they could also weed those who had not asked for donations.

SUMMATION

In order to arrive at a zero tax increase, Town Administrator Fournier will make off setting reductions of \$15K to add to legal fees and \$12K to the Town Clerk's budget for codification.

Councilor LaBranche moved to adjourn and Councilor Zink seconded. Motion passed unanimously. Meeting adjourned at 3:53 p.m.

Respectfully submitted,

Ellen Adlington,

Recording Secretary