

**TOWN OF NEWMARKET, NEW HAMPSHIRE
BUDGET COMMITTEE WORKSESSION**

November 27, 2017 7:00 PM

TOWN HALL AUDITORIUM

**TOWN PROPOSED FY2019 BUDGET
Approved November 27, 2017**

MEMBERS PRESENT: Chairman Daniel V. Smith, Vice Chairman Jeff Raab, Dave Foltz, William "Blue" Foster, Michael "Mickey" Burns, Trevor MacDonald, Dan Hill, Town Council Rep Toni Weinstein, School Board Rep Elizabeth McKinney

EXCUSED: Ashley Bowley, Joan LaRochelle

ALSO PRESENT: Town Administrator Steve Fournier, Financial Director Lisa Ambrosio

AGENDA

Chairman Dan Smith called the November 27, 2017 Newmarket Budget Committee Workshop Meeting to order at 7:00 pm, followed by the Pledge of Allegiance.

Chairman Smith stated that Ashley Bowley and Joan LaRochelle were excused.

Chairman Smith said that Town Administrator Steve Fournier would be making a presentation on the Town FY2018-19 Proposed Budget for the period ending June 30, 2019, followed by questions and comments.

OLD BUSINESS

Approval of the Minutes of October 23, 2017

Mr. Burns made a motion to approve the minutes of the October 23, 2017 Budget Committee Meeting which was seconded by Mr. Foltz.

Chairman Smith polled the Committee and the minutes of October 23, 2017 were approved by a vote of 7-0, with 2 abstentions.

NEW BUSINESS

TOWN FY2018-2019 PROPOSED BUDGET

Town Administrator Steve Fournier said one of the first things they looked at when doing the Budget was the Consumer Price Index (CPI) which reflected increases on certain goods in the area. He said the Northeast was up 0.8% in 2016 but up 1.6% in 2017 and the US was up 0.8% in 2016 and up 1.7% in 2017 as oil prices were starting to go up. He said the Boston area, which was the one they used, increased 1.5% in 2016 and increased 2.2% in 2017. He said another area they looked at were Unemployment Rates which were dropping. He said from 2016-2017 the US rate went from 5.1% to 4.3%, the State from 2.9% to 2.5%, the County from 3% to 2.7%, Portsmouth Metro stayed the same at 2.5%, and the Newmarket Unemployment Rate went from 2.4% in 2016 to 1.9% in 2017 which was negligible.

Town Administrator Fournier said the Current Tax Rate was \$26.73, with the Local School being 64% of the pie at \$17.08/1,000, the State School 9% at \$2.39/1,000 and the County 4% at \$1.13/1,000. He said the Town made up 26% at \$6.13/1,000. He said a 5-Year Comparison of the Tax Rate showed the Local School going from \$15.02 in 2013 to \$17.08 in 2017, the State School from \$2.35 to \$2.30, the County from \$1.02 to \$1.13, and the Town which remained pretty flat from \$6.07 in 2013 to \$6.13 in 2017.

Town Administrator Fournier said it was also important to consider the Assessed Value of the Town which was the overall value of all properties. He said in 2013 before the revaluation the Town was at \$744,537,983 and then the bubble burst and property values dropped to \$711,970,612 in 2014. He said it was now back up to \$757,803,033, which meant that for every \$1.00 on the tax rate the Town could raise \$757,803. He said last year the Town had been at approximately 80% of its value, and that next year would be a revaluation year

Town Administrator Fournier stated that the Town Council met in October and proposed a budget of \$12,042,731 for FY2019 or an increase of 4.57%. He said his original proposal was a budget of \$11,859,931 or an increase of 2.98% and that the current budget was \$11,516,798 which was 19.27% over FY2017. He said the increase for this year would be \$525,933 or 4.57%, with the Enterprise Funds down \$52,768 and other funds up \$621,101. He said Expenditures by Fund showed the General Fund at \$7,662,607, Special Revenues (Library/Recreation Revolving/Solid Waste) at \$1,155,086, Enterprise Funds (Water & Sewer) at \$3,257,438 through rate payers only.

Town Administrator Fournier said the increases were as follows: \$54,000 for the New Financial Software Lease, \$27,130 for Software Maintenance, \$45,000 for Sidewalk Construction, \$75,000 for the new Operational Repairs line item, \$19,000 for the Solid Waste contract, and \$38,000 for the Recycling contract. He said the \$75,000 for Operational Repairs under Buildings & Grounds was for smaller projects that were outside Capital expenses.

Town Administrator Fournier next reviewed Contributions to Capital Reserve Funds and explained that they were first reviewed by the CIP Committee, after which he reviewed them and made a proposal to the Town Council. He said the Town Council was proposing a Capital Improvement Budget of \$810,400 or an increase of 45.99% over last year, he had proposed \$560,400, and CIP had recommended \$1,276,654. He said contributions included Public Works \$100,000, Building Improvements \$225,000, Roadway Improvements \$260,000, Stormwater Management \$50,000, and \$50,000 for the Macallen Dam. He said the Council had added \$250,000 from Fund Balance which was split and added to both Roads and Building Improvements. Fire Department contributions totaled \$50,000, Police Vehicles \$26,000, and Police Dispatch \$10,000. For other Capital Funds: Veterans Memorial \$2,000, Master Plan

\$10,000, 300th Anniversary Celebration \$2,000, and Library \$10,400. He said Revaluation line was zeroed out and the \$33,353 would be used to update the Assessment Software when it came online.

Town Administrator Fournier said because they cut contributions to Capital Reserve Funds did not mean they were not doing projects, and said he was proposing that a total of \$1,052,100 in projects be done. He said in Public Works they would be purchasing a Dump Truck for \$146,000 and a Sweeper for \$160,000 for a total of \$306,000, for Facilities, \$15,200 for a Security Upgrade, \$21,500 for Tiger Hose Repairs, \$38,600 for Town Hall Façade work, and \$89,750 for the Town Hall Furnace. He said they planned to purchase a Police Cruiser for \$45,000 and a Fire Base Radio for \$10,000, plus \$45,000 for Fire Department Radios. Chairman Smith pointed out that the numbers did not add up top to bottom and Town Administrator Fournier said he would check the figures.

Town Administrator Fournier said the Revenue Budget for FY2018 was \$7,091,403 and for FY2019 \$7,427,656 due to a significant increase in Motor Vehicle Registrations and an increase in Building Permits. He said there was also additional money for road work coming from the State. He stated that the Tax Impact was only an estimate based on current available figures. To figure the Tax Impact you take the Gross Appropriations of \$12,042,731 less Revenues of \$7,427,656, add \$20,000 for Overlay and \$160,000 for War Service Credits for a Net Town Appropriation of \$4,795,075. Based on an Assessed Value of \$757,803,033 the tax rate would be \$6.39. He said the Tax Impact was based on an Average Home Value of \$280,000 with the current Town portion \$1,727 annually, and as proposed would be \$1,786 annually or a \$59.00/year increase.

Town Administrator Fournier stated that an additional item before the Town Council at their next meeting was regarding a tentative agreement with the New England Police Benevolent Association for a 5-year deal for the Police Contract. He said they were agreeing to a \$2.25 flat increase in years 1 and 2, and a \$3.00 increase in years 3, 4, and 5. He said the salary for the first year would be \$98,003 or a \$0.13 impact on the tax rate if the contract passed the Town Council as proposed. He said the Budget Committee could only recommend or not recommend.

Questions: Chairman Smith said he felt the Town Council was a little more optimistic on revenue, tapped the Fund Balance a little harder, and increased mainly Capital Reserve Items versus what the Town Administrator proposed. Town Administrator Fournier said that was correct as when he did his budget he had a better handle on what revenues were going to be and the audit had been done which showed the percentage of the Fund Balance, which should be between 5-10%. He said the Fund Balance was very healthy this year at 9% and he was able to recommend to the Council to use some of those funds for Capital Reserve contributions.

Councilor Weinstein commented that from the Council perspective there was a lot of conversation about the Fund Balance and how to use it, and they had decided to increase Roadway Improvements and Building Improvements and put the money toward the Town's infrastructure. Mr. Foltz asked what those deductions would leave in the fund balance, and Town Administrator Fournier said they had approximately \$3,000,000 in Capital Reserves right now. Mr. Foltz said he was glad to see the Fund Balance was still healthy after taking out those allocations. Councilor Weinstein said that the Facilities Director had also talked about Performance Contracting which would make money back in savings to lessen the total cost of anticipated projects.

Mr. Foster asked what a Fire-Based Radio was and why it was not under the Fire Department, and Town Administrator Fournier said it came out of Dispatch. Chairman Smith said each year they increased

estimated revenues from Building Permits and Motor Vehicle Registrations and asked why they continued to feel bullish on that. Town Administrator Fournier said they were actually being conservative but motor vehicles had come in higher than anticipated and building permits also continued to go up. Vice-Chair Raab asked about the new Social Services Grants line item. Town Administrator Fournier said agencies filled out an extensive application yearly which are reviewed by himself and the Finance Director. He said the new ones were: One Sky Community Services which was a home for the disabled, and said New Generation Homeless and Cross Roads House were homeless shelters.

Chairman Smith said that Fulltime Salaries under Financial was vastly underspent, and Town Administrator said that was due to the shared position with the School. Mr. Hill asked for clarification under IT about the increase for Communications Services, and Town Administrator Fournier said they were now consolidating their phone systems into one line item. Mr. Foltz asked about the Financial Software, and Town Administrator Fournier said the cost of the package was close to \$600,000.

Mr. Foster asked for an explanation of the difference between what he proposed for Capital Reserve contributions and what the Town Council Proposed. Town Administrator Fournier said he reduced contributions to Buildings & Grounds and the Council wanted to make sure there was enough money to cover a number of projects. He said by using revenue in the Fund Balance they were able to add money to offset that and also for Roadway Improvements. As a result, the contribution to Roadways was increased to \$260,000 and Building Improvements was increased to \$225,000. Mr. Foster asked about the current rotation under Police Vehicles, and Town Administrator Fournier said one vehicle this year from Capital Reserves and two vehicles next year, one from Capital Reserves and one from the Revolving Fund.

Vice-Chair Raab asked about the increase to Fulltime Salaries under Buildings & Grounds. Town Administrator Fournier said he had not known what the cost of filling the Facilities Director position would be, but pointed out that 67% of the salary would be offset by the School with the Town paying 33%. Mr. Burns asked about some reductions under Social Services Grants while they were giving \$3,000 to a Splash Pad. Town Administrator Fournier said funds were reduced to what they actively reflected. He said for the Splash Pad, one idea was to charge for use if they were unable to obtain a grant.

Chairman Smith asked what was driving the incremental increases under Fire & Rescue/Part-Time Salaries. Town Administrator Fournier explained that they were now scheduling part-time Fire Fighters to cover call on weekends and paying them a stipend. He said they were studying the lag time for some of the calls and said the Fire Chief was also looking to renovate the upstairs for overnight quarters and he had asked him for a plan. Mr. Foster asked if the part-time workers were also EMTs. Town Administrator Fournier said the majority were EMT calls for Ambulance, and added that the Town also provided ambulance service to Newfields.

Mr. Foltz asked about the master plan for Roadway paving, and Town Administrator Fournier said they were following the plan provided by UNH to spend a steady amount yearly and it was working well. With the extra funding from the State they were able to bump up the schedule and add other projects. Mr. Foltz asked if the Police Contract would be voted on by the public in March, and Town Administrator Fournier the public would be voting to raise and appropriate \$98,003 for the first year of the contract and it would go into the budget after that.

Chairman Smith asked if the fields under Recreation were maintained by the Town, and asked the reason for the increase in Bus Trips. Town Administrator Fournier said the Town did maintain the fields in the Recreation Operating Budget for Buildings & Grounds. Councilor Weinstein commented that the level of programming in Recreation for people 55+ was incredible and they could not keep up with demand. Mr. Foltz asked for an update on the water situation. Town Administrator Fournier said the MacIntosh Well was running fine and they were looking to add a treatment option to increase production. He said the Town also purchased land for the Tucker Well, and said water levels were fine right now. He said for Sewer they would need to start looking to upgrade pumping stations.

Mr. Foltz asked about Drainage, and Town Administrator Fournier said that was Stormwater Management for the MS4 permits. He said a group of department heads were currently addressing the issues and the Town was also working to sue the EPA with regard to the regulations put in place being too strict. He said they were asking that the State of New Hampshire DES be allowed to regulate Stormwater for their area, rather than the EPA using Boston regulations. Vice-Chair Raab asked about the increases for electricity in Wastewater and Water. Town Administrator Fournier said it was because of the new well for Water and the new plant for Wastewater. He said this would be the first year having the new Wastewater Plant online and they were hoping to find savings through Performance Contracting.

Chairman Smith asked about Solvent Waste cost increases, and Town Administrator Fournier said the revenue from the bags did not fully cover the cost and money from the General Fund was used to offset. Mr. Foster asked if they had considered stopping curbside pickup. Town Administrator Fournier said after providing that service it would be hard to take it away, and also that the costs to staff the Transfer Station would be about the same.

Mr. Foltz said he was glad to see the Town finally starting to address things that had been put off. Town Administrator Fournier said they were now putting off the Macallen Dam and continuing with engineering studies, as the first principal and interest payment on the School Bond would be coming next year. Chairman Smith asked for an update of the Macallen Dam. Town Administrator Fournier said the situation was not as dire as they originally thought, and they needed to do some armoring of the dam walls as well as some surrounding buildings to create a spillway for the 100-year flood. He said they were looking at a system which would automatically control the gates, and would come forward with a price next year after the engineering study was complete.

Chairman Smith asked what other future anxieties the Town Administrator was seeing, and Town Administrator Fournier said he was concerned about the Town's facilities and space needs but that the biggest concern was retirements and being able to replace individuals. He said Newmarket would need to remain competitive in the market to attract new people. Chairman Smith agreed that salaries were still lagging, and Mr. Foltz said they had been lucky to keep people because Newmarket was a nice place to live and work. He said in his business the difference between New Hampshire and other markets was substantial. Councilor Weinstein said they also needed to make sure the Town had a healthy balance of young people.

OTHER BUSINESS –

Chairman Smith thanked Town Administrator Fournier for his presentation. He said the Town Budget Hearing would be held on December 18, 2017, and next Monday, December 4, 2017 at 7:00 pm would be the Workshop for the Proposed FY2019 School Budget. He said December 11, 2017 was a tentative

date in case more time was needed for the School Workshop. He stated that January 8, 2017 was the date set for the School Budget Hearing, and they would roll in the Town Police Contract if approved. Town Administrator Fournier said the Town Council would be acting on the contract at their next meeting on December 6th and he would be asking they suspend the rules and vote that night. Chairman Smith asked Budget Committee members to watch the meeting for any concerns and question with regard to the Police Contract.

Chairman Smith said Town Administrator Fournier was looking at either January 27th or February 3rd as dates for the Deliberative Session. Mr. Foltz asked if the Police Contract was already negotiated, and Town Administrator Fournier said the agreement was tentative and had to be ratified by the Town Council.

ADJOURNMENT

Mr. Foster made a motion to adjourn the meeting which was seconded by Mr. Burns. All members were in agreement and the meeting was adjourned at 8:03 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary