

**TOWN OF NEWMARKET, NEW HAMPSHIRE
MUNICIPAL BUDGET COMMITTEE MEETING**

NOVEMBER 30, 2020 7:00 PM

REMOTE MEETING

Approved December 7, 2020

MEMBERS PRESENT VIA ZOOM: Chairman Daniel V. Smith, Vice Chairman Jeff Raab, Roger Cady, Joe Lamattina, Michael LaBranche, Eric Wigode, Town Council Rep Zachary Dumont, Robert Ortins, Matt Evangelista, John Halsey, School Board Rep Michael Kenison

GUESTS VIA ZOOM: Town Manager Steve Fournier

AGENDA

Chairman Dan Smith welcomed everyone to the November 30, 2020 Newmarket Municipal Budget Committee Remote Meeting and called the meeting to order at 7:00 pm, followed by the Pledge of Allegiance.

Notice for Remote Meetings: *As Chairman of the Municipal Budget Committee, due to the Covid-19 coronavirus crisis, and in accordance with Governor Sununu's Emergency Order #12 pursuant to executive order 2020-04, this Board is authorized to meet electronically.*

Please Note that there is no physical location to observe and listen contemporaneously through the meeting which was authorized pursuant to the Governor's Emergency Order. However, in accordance with the Emergency Order, this is to confirm that we are:

(A) Providing access to the meeting by telephone with additional access possibilities by video or other electronic means. We are utilizing the Zoom platform for this electronic meeting and all members of the Board have the ability to communicate contemporaneously during this meeting through Zoom platform, and the public has access to contemporaneously listen and if necessary, participate in this meeting through dialing area code 312-626-6799 and meeting ID 92637129750;

(B) Providing public notice of the necessary information for accessing the meeting via Zoom, instructions provided on the Town of Newmarket Website at: www.newmarketnh.gov.

(C) There are provisions made to alert the public body during the meeting if there are problems with access: please call 602-292-1221.

(D) We will adjourn the meeting if the public is unable to access the meeting. In the event this happens, the meeting will be rescheduled. Please note that all votes taken during this meeting shall be done by Roll Call vote.

Roll Call Attendance: Roger Cady-present/alone, Joe Lamattina present/alone, Eric Wigode-present/

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alone, Michael Kenison-present/alone, Jeff Raab-present/alone, Michael LaBranche-present/alone, Robert Ortins-present/alone, John Halsey-present/alone, Matt Evangelista-present/alone, Zachary Dumont-present/alone, Dan Smith-present/alone

Invited Guests: Town Manager Steve Fournier-present/alone

OLD BUSINESS

Approval of the Minutes of the Municipal Budget Committee Meeting of October 26, 2020

Mr. Cady made a motion to approve the Minutes of the Municipal Budget Committee Meeting of October 26, 2020 which was seconded by Mr. Lamattina.

Roll-Call Vote: Roger Cady-aye, Joe Lamattina-aye, Eric Wigode-aye, Michael Kenison-abstain, Jeff Raab-aye, Michael LaBranche-aye, Robert Ortins-aye, Matt Evangelista-aye, Zachary Dumont-aye, John Halsey-abstain, Dan Smith-aye

Motion approved by a vote of 9-0, with 2 abstentions

NEW BUSINESS

Working Session – FY2021/2022 Town Operating Budget

Presentation by Town Manager Steve Fournier

Town Manager Steve Fournier said the Proposed Operating Budget for FY2021/2022 was approved by the Town Council. By Town Charter the Town has to submit to the Municipal Budget Committee by November 15th a Proposed Operating Budget. He said he always starts with Economic Indicators, and the Consumer Price Index (CPI) represents the increase in goods over the past year: US went from 3.7% to 1%, NE Regional stayed at 1.1%, Boston went from 2.1% to 0.8%.

Town Manager Fournier said due to the pandemic Unemployment Rates increased: US 3.7% to 10.5%, State 2.4%-7.9%, County 2.7% to 8.4%, Portsmouth Metro 2.2% to 7.4%, Newmarket 2.6% to 7.6%; number are dropping but not yet at past rate. The Tax Rate was set a few weeks ago at \$25.46/1,000: Town 24% at \$6.01, School Total 73% (\$18.04) with Local School 65% (\$16.00) and State School 8% (\$2.04), County 3% (\$0.91). A 5-year comparison showed the Town fairly flat, with a dip last year for revaluation.

Town Manager Fournier said the Assessed Value of the Town for 2020 is \$981,517.373; for 2018 it was \$763,201,228; for 2019 (revaluation) \$977,203,228. The 2020 rate means that for every \$1.00 on tax rate the Town can raise \$981,517. The Town Council recommends the following Bottom-Line Budget: \$13,729,433 (3.37% increase), with total increases of \$496,266: Enterprise Funds \$93,503, General Fund \$278,448, Special Revenues \$124,264. Expenditures by Fund: General Fund \$8,769,292, Special Revenues \$1,449,315, Enterprise Funds \$3,510,826.

Town Manager Fournier said the increase is going to: Health Insurance \$19,549, NH Retirement Contributions \$33,326, Police salaries \$78,933, DPW OT \$10,000, Fire part-time salaries \$26,062, Recycling Contract \$70,000, Solid Waste Disposal Contract \$35,000, and Construction Debris \$19,000. Contributions to Capital Reserve Funds: Public Works \$75,000, Building Improvements \$20,000, Roadway Improvements \$250,000, Stormwater Management \$25,000, Macallen Dam \$0, Capital Reserve Fire

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Department \$50,000, Police Vehicles \$0, Police Dispatch Equipment \$10,000. Town Council increased Roadway Improvements to \$250,000 from \$200,000 with oil prices still historically low, for a -7% decrease in contributions to Capital Reserve Funds.

Town Manager Fournier said the Town is anticipating a Revenue Budget of \$7,530,644 using some of Fund Balance but anticipating significant revenue losses from the State with a 20% drop in Room & Meals Tax and the same in Highway Grant due to loss in road tolls. If the Budget were to pass, they are anticipating a Tax Rate (estimate only using data as we have today) of \$6.50/1,000 or \$0.18 increase. Gross Appropriations \$13,729,433, less Revenues \$7,530,644, less Shared Revenues (0), add Overlay \$20,000, add War Service Credits \$160,000 = Net Town Appropriation of \$6,378,789; multiply by Assessed Value \$981,517,373/1,000 = estimated Tax Rate of \$6.50.

Town Manager Fournier said there is a potential Bond: Town approved by State of New Hampshire Revolving Loan Fund for a \$1 Mil Loan with 10% forgiveness to replace Stormwater lines on New Road, a long-term goal of the Town. The road will already be opened for water line improvements; not yet adopted by the Town Council; if approved Budget Committee would see in January (\$0.78 increase).

Chairman Smith asked if they decide to do the Bond, what kind of term and amortization would we be thinking about. Town Manager Fournier said a 20-year bond loan from the Revolving Loan Fund; figures being worked out; forgiveness on front end. Chairman Smith said they would be amortizing \$900,000 over 20 years or approximately \$50,000-\$60,000/year. Town Manager Fournier said Bonds were dropping for other projects in Town.

Town Manager Fournier said that due to the remote Budget Committee meetings it would not be easy for all Department Heads to come in this year. He asked that the Committee figure out the big questions, and either he would answer or have that Department Head come in. Chairman Smith asked Town Manager Fournier to give a quick overview of the Expenditure Budget down to the Tax Rate for new Budget Committee Members.

Town Administrator Fournier said take the Total Expenditure Budget, add Overlay (funds for abatements), add War Service Credits (Veterans exemptions), then back out revenue estimates for Net Town Appropriation of \$6.4 Mil, multiply by Assessed Value and divide by 1,000 for the Tax Rate. He said Enterprise Funds and Special Revenues are not completely funded through taxation; Enterprise funded completely by Water & Sewer rates; Special Revenues Rec Revolving Fund from program fees; Solid Waste from bag fees and subsidized by some tax dollars. The Budget Committee has no authority over anything but the bottom line; Library a one-time payment.

Questions

Mr. LaBranche asked if the tax rate was \$6.01 now and not \$6.50; Town Manager Fournier said he needed to check with Finance to verify the number. Mr. Lamattina asked about the Fund Balance and the money coming back from the School. Town Manager Fournier said the Fund Balance is not a tangible amount of money; it is recommended by DRA and GFOA that the Town keep 5% to 10% of their Fund Balance on the books (currently at 8%); by using this money it would drop to 6% to offset loss of revenues due to catastrophic issues. He said the School money is in the tax rate setting document; when the tax rate is set the unexpended School portion reduces what we have to pay to raise that as a revenue.

Mr. Lamattina asked about the Library and the large amount budgeted for part-time salaries. Town Manager Fournier said the Library reports to a Library Board of Trustees, and he has no control over that. Mr. Cady said he could not find any detail of the revenue lines and Town Manager Fournier said he would get that information. Chairman Smith asked if a warmer than normal winter was expected as this budget is close to FY2021. Town Manager Fournier said the Department Heads have a budget, he has a budget, and the Town Council has a budget, and they try to find a median balance.

Mr. Cady said he understands the increase in the Police Contract plus the addition of a new patrolman but not why overtime increases (with a new officer); in Fire he said he does not understand why with the addition of part-time positions overtime is increasing. Town Manager Fournier said he would get those numbers. Mr. Cady said the Town entered into an Energy Audit Contract to decrease energy costs but almost all energy lines are increasing. Town Manager Fournier said he would get the information.

Vice-Chair Raab said Water Chemicals look like they are doubling for 2022; Mr. Cady said they are bringing the filtration for arsenic online which could account for that; Town Manager Fournier said he would get the specific figures. Vice-Chair Raab asked about increases for Police Equipment Lease and Planning/Contracted Services. Town Manager Fournier said for Police it was for cameras, and for Planning they are contracting out some services to assist with the Master Plan and updates needed for the Gateway ideas for Economic Development.

Mr. Ortins asked, with regard to the Enterprise Funds, why Water has higher revenues than expenses, but Sewer has higher expenses than revenue, and asked if rates should be set according to the cost. Town Manager Fournier said he was correct they should be equal and said they have been working with DRA to clear that up and get the accounts corrected. Mr. Cady said if revenues are deficient in Wastewater the money comes from their Capital Reserve; he wondered if their fund balance was adequate. Town Manager Fournier said he would look at the fund balance for Special Revenues.

Chairman Smith asked if there is a significant portion of users on Town Water and not Town Sewer; Town Manager Fournier said it was not significant and he would get the figures. Mr. Cady said Sean indicated to him that 75% of users have both, and 25% only water. Mr. Kenison asked that for the School Review questions be submitted ahead of time to allow time to prepare answers; Town Manager Fournier asked that questions be forwarded to him and he would distribute to Department Head for answers.

Mr. LaBranche asked about utilizing Fund Balance to pay down the Tax Rate and asked if the School Fund Balance of approximately \$900,000 goes to their section of fund balance and the Town Fund Balance goes to their rate. Town Manager Fournier said the Town does put money toward the tax rate, but since they are the entity that collects the money, they have to make sure they have enough Fund Balance to cover the County, the School, and the Town's portion of the rate.

Chairman Smith said Department Heads had a lower figure for money from the State for 2022 but it was raised in the approved Budget. Town Manager Fournier said it had to do with timing, and more accurate figures being available for proposal to Council and the Budget Committee. Chairman Smith asked if there was any guidance on how quickly economic activity might start to come back. Town Manager Fournier said they anticipated a much worse situation with the pandemic which did not come to fruition, but they are still anticipating late 2022 to see some return to "more normal" or better.

Mr. Ortins asked about State and Federal money for Covid-19 expenses. Town Manager Fournier said they spent State revenues almost to the dollar and assisted the School (denied for FEMA). He said they are still

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submitting items and going through the process and explained there were 2 sets of funds: GOFERR from the State Government and FEMA money for Police and Fire. Mr. Wigode asked if the Town was seeing any recent trend in delinquent property taxes, and Town Manager Fournier said they were not.

OTHER BUSINESS

NEXT MEETING: December 7, 2020

ADJOURNMENT

Mr. Cady made a motion to adjourn the meeting which was seconded by Mr. Lamattina.

Roll Call Vote: Roger Cady-aye, Joe Lamattina-aye, Eric Wigode-aye, Michael Kenison-aye, Jeff Raab-aye, Robert Ortins-aye, John Halsey-aye, Michael LaBranche-aye, Matt Evangelista-aye, Zachary Dumont-aye, Dan Smith-aye

The motion was approved by a vote of 11-0, and Chairman Smith adjourned the meeting at 7:47 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary