

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

AUGUST 3, 2020 7:00 PM

REMOTE MEETING

Approved August 31, 2020

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

EXCUSED: Eric Wigode

GUESTS VIA ZOOM: Town Manager Steve Fournier, Interim School Business Administrator Dave Jack, School Business Administrator Janna Mellon

AGENDA

Chairman Dan Smith welcomed everyone to the August 3, 2020 Newmarket Municipal Budget Committee remote meeting, originally scheduled for July 27, 2020 and postponed due to space constraints at High School, 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 646-558-8656 and access code 91127759480.

(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) Providing for the public to alert the public body during the meeting if there are problems with access: call 602-292-1221.

(D) To adjourn the meeting if the public is unable to access the meeting. In the event the public is unable to access the meeting, the meeting will be adjourned and rescheduled. Please note all votes taken during this meeting should be done by Roll Call vote.

Roll Call Attendance: Roger Cady-present/alone, Jeff Raab-present/alone, Zachary Dumont-present/alone, Joe Lamattina-present/alone, Robert Ortins-present/alone, John Baldi-present/alone, Mike Kenison-present/alone, Michael LaBranche-present/alone, Dan Smith-present/alone

Invited Guests: Steve Fournier-present/alone, Dave Jack-present/alone, Janna Mellon-present/alone

OLD BUSINESS

Approval of the Minutes of the Budget Committee Meeting of June 29, 2020

Mr. Cady made a motion to approve the Budget Committee Meeting Minutes of June 29, 2020, which was seconded by Mr. Lamattina.

Changes/Corrections: Chairman Smith made spelling corrections to line 64 and line 81 on page 2; Mr. Lamattina questioned line 126, and Chairman Smith corrected the sentence to read after \$850,000: "all of that but \$125,000 is spoken for".

Roll Call Vote: Roger Cady-aye, Jeff Raab-aye, Joe Lamattina-aye, Robert Ortins-aye, John Baldi-aye, Mike Kenison-aye, Michael LaBranche-aye, Zachary Dumont-aye, Dan Smith-aye
Motion was approved, as amended above, by a vote of 9-0.

NEW BUSINESS

Review of Town Financial Performance through June 30, 2020 – Town Manager Steve Fournier

Town Manager Steve Fournier said the figures presented are unaudited and may change. He said at the end of June, end of the Fiscal Year, 95% of the General Fund Budget was expended with an unaudited amount of \$362,434 remaining, less an approximately \$120,000 correction for Workers Comp. There was a slight increase in General Fund Revenue with Motor Vehicles up approximately \$45,000, \$51,225 over budgeted amount; Building Permits did not meet budget, under by about \$1,300, with a decrease from last year of \$5,500.

Town Manager Fournier said an area they are concerned about is continued increases in costs for Solid Waste, as fees are higher and they are losing money on recyclables. The Council will look at cost of our pay-as-you-go bag system, not updated since 2008, and low compare to other Seacoast municipalities. The Town continues to work on the pandemic to get as much CARES funding as possible to help offset operations. There will be additional materials provided by the State for the upcoming elections.

Questions: Mr. Lamattina asked about the Recycling Contract. Town Manager Fournier said under Revenue they only collected \$203,000 from bags, anticipated approximately \$270,000, and had other charges from the Transfer Station. Mr. Lamattina said he was referring to page 11 under expenses, with \$225,000 budgeted for a Recycling Contract and \$298,443 expended. Town Manager Fournier said that was hauling fees, and said they decided on a one-year agreement with Casella instead of going out to bid without knowing what the market would be, and will be going out to bid shortly. He said they used to work with Stratham and Newfields, but Newfields pulled out, and the Town will be charging a \$5.00/bucket fee for Newfields residents to use Newmarket recycling facilities.

Chairman Smith asked if the Council decides to increase bag fees, are there any thoughts to creating an element where people could buy bags directly from the Town. Town Manager Fournier said bags can be purchased from the Town Clerk's Office or the DPW when they are open. Chairman Smith asked about splitting out actual revenues other than Recreation and Solid Waste into finer granularity, and Town Manager Fournier said they are working on better accounting in general with the new system. Chairman Smith asked if \$89,000 for receipts at the Transfer Station is historically typical, and Town Manager Fournier said he would double-check that.

Mr. Lamattina asked if there were any large expenditures that have been put off until next year. Town Manager Fournier said large expenditures are not put off from one year to another, and they can only spend what is appropriated in the Budget. He said most savings were in insurances and vacant positions in the Police Department, not through putting off any expenditures. Mr. Lamattina asked if the Fund Balance then goes back to the General Fund, and Town Manager Fournier said yes. He said with the value of the Town at approximately \$1 Billion, it would be about 50 cents but they also need to make sure the Fund Balance is healthy, and make sure they have reserve money if the pandemic flares up again.

Mr. Lamattina asked if the Fund Balance was \$250,000, and Town Manager Fournier said the Fund Balance is approximately \$5.5 Mil and is not cash on hand. He said fund balance is money determined by taking all our liabilities, and after the Budget the difference going into "Fund Balance". He said the DRA recommends, and our policy says, we must keep between 5% and 10% of School, Town, and County appropriations in Fund Balance; the reasoning is that the School and County do not collect taxes, we do. He said we usually pay the County \$750,000-\$800,000 for appropriation, plus the School.

Mr. Cady asked if Police was under budget due to shortage of manpower and asked if additional manpower is authorized in the new Budget. Town Manager Fournier said Police has one vacancy now with a resignation, and one vacancy in the new budget as of July 1, 2020. He said when you hire a Police Officer they first go to the Academy, and there are other cost savings from OT and on Salary & Benefits in that situation; with retirement they are hiring a new officer at a different salary level and saving there as well. He said there is very low turnover in Newmarket.

Mr. Cady asked about the overage in Finance, and Town Manager Fournier it is because the Town and School are no longer sharing that service as the School decided to hire a fulltime Business Administrator and the Town went with a contracted position from MRI leading to additional costs, though they were able to transfer some money from the IT Director. He said the Town has now hired the contracted individual as Finance Director & IT Director, and he will be taking over with the Budget Committee.

Anticipated Ongoing Impact of COVID-19 Pandemic

Chairman Smith asked if there was any update related to COVID-19, and Town Manager Fournier said he had a presentation for the Council on Wednesday. He said Newmarket had done very well as it relates to the percentage of infections in the community, and said currently with a population of 9,500 the percent of population infected is 0.14% (13 people) since the beginning of the pandemic. The percent of the population statewide is 0.489%; nationwide 1.3% of the population. He said the Town saw a significant increase in unemployment in March, dropping in May to 10%; last June unemployment was 2%. He said the Emergency Management Team is also preparing for a possible second surge of the virus.

Update on School District Financial Performance through June 30, 2020 –School Business Administrator Janna Mellon and Dave Jack

Chairman Smith said next on the agenda is the School District and welcomed new School Business Administrator Janna Mellon. She said she was happy to be here and Dave Jack will assist her with the presentation.

Due to technical difficulties, part of this meeting was lost.

Dave Jack said the Revenue picture is very good for FY2020, and Expenditures were equally as good. He said at the School Board Meeting they were projecting \$905,000 of the balance left and another \$35,000 was added at the meeting for a current unexpended balance of \$940,603. He explained that business was not done the same after March 13, 2020 leaving about \$362,000 in Salaries, primarily from positions never filled. He said Substitutes were not heavily used and there is also money left there. There were also changes in Health Plans, with the CBA already budgeted, leaving \$175,000 unused.

Mr. Jack said some Transportation funds were not used and there were additional savings in Special Education Tuition, especially around technology and equipment. He said there was additional spending for Chromebooks, furniture and equipment. He said right now they have an unaudited figure of approximately \$1.1 Mil; the auditors were in last week and the School will have the figures in August as well as final figures for Unassigned Fund Balance. He said the \$1.1 Mil is a combination of excess revenues and anything unexpended; also have Warrant Article 8, voted on in March, to use \$50,000 of Unassigned Fund Balance if balance available. He said in summary it was a very unusual year with more monies to be directed to reducing the tax assessment, which they will not be able to replicate moving forward.

Chairman Smith asked for further explanation of the savings with Substitutes. Mr. Jack said from March on the School moved into remote learning and changed how they delivered services with very little used in Substitute accounts; they did not experience the same vacancies and sick days as normally. Chairman Smith asked if School vacations were not taken, are we rolling over a big liability for "time carried over". School Business Administrator Mellon said Teachers don't earn vacation time as they align with the School District and are paid for a set number of days with vacation not part of that. She said sick days are per policy and have a cap, and Uncompensated Absences will show up as a liability on their Balance Statement. She said only Administrators, year-round support staff, and custodians have vacation time which is not allowed to be rolled over, so there is no big jump from last year.

Potential Financial Impacts of Fall 2020 Reopening Plan

School Business Administrator Mellon said the School Board just voted on August 23rd on their proposed plan moving forward, and purchases were made in the last couple weeks to address that plan. She said the plan includes additional devices for Pre-K and K of touch-screen Chromebooks, as they anticipate that at some point in the School Year they will have to return to remote instruction, as well as PPE, signage, and disinfectant equipment. She said Buses will use a month-long disinfectant agent. She said they will be getting reimbursement from the CARES Act of approximately \$108,000, and applied for a FEMA project under Homeland Security CR4516. She said they are still putting in POs and requisitions and hoped to have better information for the School Board August Meeting. She said the School also has some vacancies they carried into this year for Custodial and Paraprofessional positions.

Mr. Lamattina asked what happens if orders do not come in on time, and School Business Administrator Mellon said they are making sure they have multiple vendors and are trying to make alternate acceptable plans. She said as of now, all vendors have promised supplies on time. Mr. Lamattina asked about separate

teachers for remote sessions versus teachers in class, and asked if there would be any hiring. School Business Administrator Mellon said no hiring is planned; a survey was sent to parents to ask plans for their students and they anticipate about 18% of parents to keep kids at home. She said based on that split, some teachers have submitted paperwork under the ADA for medical reasons to work from home, and she also planned to look at Teacher's certifications and possibly move some people around.

School Business Administrator Mellon said she had not yet looked at the survey results, a committee was going to boil that down for us, with the goal to have no class bigger than 15 students, either remote or in the classroom. Mr. Kenison said with regard to vacation carry-over, in May or June the School Board agreed to allow a certain number of support staff to carry over time, which they also did during the School Construction Project. Mr. Baldi asked if 75% stay home and only 25% come to School would that have a significant financial effect. School Business Administrator Mellon said they would shift teachers based on what was needed, and did not anticipate additional teachers to accommodate that.

Chairman Smith asked if there was a limit on what the building can accommodate based on maintaining the target of 15 students per class. School Business Administrator Mellon said they took the blueprint for the building and measured everything in the rooms that is permanently attached and they are pretty sure they will have sufficient space for every student right now. She said the School Building Project was a big success and timely for this situation.

Budget Committee Policy on Timing of Submissions from the Town and School District

Chairman Smith asked whether the Budget Committee should adopt a specific policy on the timing of submissions from the Town and the School District. He said personally he is in favor of it, but on the flip side they have no authority to demand it, and suggested having material by the end of the day the Friday before. Mr. Lamattina recommended at least 24-48 hours before the meeting. Chairman Smith said we would have to insist on everyone being on the ball in terms of Warrant Articles approved and sent to us; the only alternative is to say we are not going to vote on it unless received 48 hours in advance.

Mr. Ortins said we are really just asking that they not drop huge piles on us at the last minute and said notice has improved. He said he preferred not to get things on Friday, and said they are just asking as a courtesy for 2 or 3 business days prior to the meeting. Chairman Smith said he did not disagree but when something happens they can choose whether to accommodate or not, and said he is not sure what that means in practical legal terms. Mr. Cady asked for 3 days in advance, and if not possible at the discretion of the Chairman to put on the agenda. Mr. Lamattina said he would try to draft a policy for the Committee.

Potential for Presentation to Committee on Sources and Uses of NH State Taxes – Joe Lamattina

Chairman Smith said they had 2 presentations by 2 Committee members this evening but Eric Wigode could not be here. He said Mr. Lamattina reached out to him as he is acquainted with somebody who specializes in New Hampshire Taxes to get input at tax-rate setting time, because revenues from the State act as deductions from what we have to collect from taxation.

Mr. Lamattina made it clear he was talking as himself and not as anyone on the Budget Committee, or any political party or specific agenda. He said he gets a lot of comments from people that property taxes are too high, and said he points out that $\frac{3}{4}$ of the tax bill is related to School Funding. He said the State currently says an adequate education for a student in New Hampshire should cost \$3,709; in Newmarket with a School Budget of \$22-\$23 Mil and approximately 1,100 kids, it is close to \$20,000 per student; no

school system in the State pays less than \$12,000/student. He said in his opinion, relying on property taxes for School funding is not sustainable in the long run.

Mr. Lamattina said State Representative Patty Lovejoy has a presentation called New Hampshire Taxes 101, which talks about different tax revenues that come into the State and where the money goes, and felt it would be beneficial for the Budget Committee to understand State Funding. He said the Governor and legislature formed a committee to look at school funding, and he would like Representative Mike Cahill to put together a second presentation on where that committee stands. He said with the permission of the Budget Committee he would like to set up those presentations. Chairman Smith said if more than half of use decide to do this we will actually need to notice an official meeting, and Mr. Lamattina suggested it be done at one of their regular meetings.

Mr. Kenison asked Mr. Lamattina to add one topic, which Mike Cahill has been working on. He said School Districts were eligible for 30-33% before the moratorium on School Building Funds, and said it would be nice to know if they are still pursuing that. Mr. Cady thought it was very worthwhile to better understand where State School Funding might be headed. Vice-Chair Raab said getting the best real picture from experts would be very valuable for everyone. He said another thing would be to do a presentation on how Newmarket compares to other towns in the issues brought up, to get facts, dispel myths and really understand where they are going.

Mr. Kenison said on the DOE website they have a per pupil cost for every district, as well as salary data and demographic trends. Chairman Smith said as a reasonable next step, Joe could reach out to Lovejoy and Cahill for their availability for the next meeting August 31st and then September 28, 2020. Mr. Lamattina said Patty Lovejoy is running for Executive Council and perhaps they should wait until after the primaries; Chairman Smith said this is not a campaign event and our State Reps are people we rely on to get information. Mr. Cady said given the Budget Committee Schedule, doing it in August or September would be best before they get into real Budget issues.

OTHER BUSINESS

Mr. LaBranche asked if anyone has set a figure for the Town or School to say we are looking for a 2% or 3% increase and giving some guidelines prior to budget building. Chairman Smith said in the years he has been on the Budget Committee we have never set a guideline or an expectation like that. Councilor Dumont said he did not think the Budget Committee could provide specific policy recommendations before the Budgets come to us. Chairman Smith said he personally sees a lot of value in the bottom-up Budget exercise, and said there are 2 questions we need to answer: (1) given the mission defined (by Council or School Board), is this the right number to carry out the mission; (2) is this something the Town/School can or cannot reasonably afford.

Mr. Kenison said taxpayers will get a break this year understanding it is a one-time fix because of resources left over. He said maybe we can set some guidelines and have some conversations prior to actually getting some of these numbers in front of us. Vice-Chair Raab said that is the kind of conversation he thought they might spur by looking at the data to have foreknowledge of the environment we are in. Mr. Kenison said he did not know how the Budget Committee could set a figure like that without knowing what the needs are.

Mr. Cady said the School Board and the Town Council are spending a lot of time looking at the mission and the needs against that mission, but who is looking at what is a reasonable expense level for residents

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of the Town, what is a reasonable growth rate for taxes, and maybe the Town needs to increase the taxable base. Mr. Kenison said each individual decides what is appropriate for them and they make the decision; they vote and tell us what the tax level ought to be. He said we need to make sure we are meeting the needs and it is not always a mathematical formula and not always precise.

Chairman Smith said did not feel he could determine a limit without understanding the process involved, and would struggle to put guidelines on the Council or the School Board as he does not have the context to know what is reasonable; that is why we go through the process of building the budgets the way we do with a bottom-up approach. He said he personally does not give himself so much credit for understanding this that he could tell somebody he knows the right number.

Mr. Lamattina said in towns where they have done tax caps or caps on budgets, it caused a lot of problems in the long run. He said the Town and the School will work to come up with the best reasonable budget they can, and it is the Budget Committee's responsibility to look at that and approve a bottom-line number or vote it down.

NEXT MEETING: August 31, 2020

ADJOURNMENT

Mr. Cady made a motion to adjourn the meeting which was seconded by Vice-Chair Raab.

Roll-Call Vote: Roger Cady-aye, Jeff Raab-aye, Joe Lamattina-aye, Robert Ortins-aye, John Baldi-aye, Mike Kenison-aye, Michael LaBranche-aye, Zachary Dumont-aye, Dan Smith-aye

Motion was approved by a vote of 9-0, and Chairman Smith adjourned the meeting at 8:37 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary