

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

NOVEMBER 29, 2021 6:30 PM

TOWN HALL AUDITORIUM

Approved December 27, 2021

MEMBERS PRESENT: Chairman Joe Lamattina, Vice-Chairman Michael LaBranche, Brian Hickey, Roger Cady, Ned Carpenter, Richard Lesavoy, Christopher Wolfe, Jason Sank, School Board Rep Gary Swanson, Town Council Rep Brian Ward

ALSO PRESENT: Town Manager Steve Fournier, Town Finance Director Bill Tappen,

AGENDA

Chairman Lamattina welcomed everyone to the Newmarket Budget Committee Meeting of November 29, 2021 and called the meeting to order at 6:30 pm, followed by the Pledge of Allegiance.

PUBLIC COMMENT – None

NEW BUSINESS

Town Proposed Operating Budget FY2022-2023 Review

Town Manager Steve Fournier presented an overview of the forms of Government in New Hampshire and explained the 4 basic types: (1) Mayor (CEO) and Board of Alderman (representative board); (2) Council-Manager with Town Council as legislative body and Town Manager as CEO (Newmarket); (3) Select Board SB2 with Select Board as governing body, Town Meeting legislative body; (4) Select Board – Traditional Town Meeting, Select Board governing body, Town Meeting legislative body, meets annually to approve Warrants and Budget.

Town Manager Fournier said the School District has a different form of government falling under Select Board SB2. He said the Town Council is the legislative and governing body of the Town; the Council adopts the Budget and the Budget Committee reviews and makes a recommendation for appropriation of funds to shareholders/voters. The Council sets policy and the Town Manager manages day-to-day operations, with government set up by Town Charter. He also reviewed the Town organizational chart.

Town Manager Fournier said he meets with all Department Heads, proposes his Budget to the Council, and Town Council adopts the Budget. He said he first looks at the economy with CPI (Consumer Price Index) and showed a 3-year comparison with percentage increase over year of goods. The Town uses the Boston index which showed a 0.8% CPI increase over prior year for July 2020 (pandemic); for July 2021 Nationwide 5.4% increase; NE Regional 4.3% increase; Boston 4.3% increase; biggest concern is inflation

and state of the economy over the next few years. Unemployment rate for Newmarket in 2020 7.6%, currently 1.9%; US 2020 10.5%, now 5.7%; employers are unable to find workers.

The Town Tax Rate was set last week at \$26.36 with the Local School the largest part at \$17.62 or 67%; Town \$5.84 at 22%; State School \$1.98 or 8%; County \$0.92 or 3%. A five-year comparison of the Tax Rate shows the Town has remained steady with a drop in the revaluation year; Town valuation is now at 73% because of the housing market. The current Assessed Value of the Town is \$987,870,471, and for every dollar on the tax rate we can raise \$987,870.

Town Manager Fournier said the Town is recommending the following for a bottom-line Budget: Town Manager proposed \$15,165,541 approved by the Town Council for budget increase of \$1,436,107 with Enterprise Funds \$613,936, General Fund \$564,090, and Special Revenue Funds \$258,080. Breakdown of the Budget: General Fund \$9,333,382, Special Revenues \$1,707,396, Enterprise Fund \$4,124,763.

Increases: Health Insurance increasing 8.5% (GMR) per Health Trust; Rec Revolving increasing due to new Site Supervisor salary \$41,600, offset by increases in Special Revenue line; Public Works Administration up due to Engineering position added at \$89,000; Buildings & Grounds down due to elimination of Facilities Director role; Police Parttime Salary up due to addition of parttime Parking Enforcement Officer; Code Enforcement Officer transitioning to fulltime; Roadways & Sidewalks up due to 44% increase in road salt costs; Debt Service for water projects; Channel 13 costs higher due to making Director fulltime and Engineer on the Town side/Facilities Director for School; also shifting some duties of current Town Planner (zoning) to Code Enforcement Officer.

Fund Balance Policy is that any use of Fund Balance be budgeted in following year for things that will not impact operations and contributions to Capital Reserve Funds. Town approved \$519,000 in contributions to Capital Reserve Funds in the FY2023 Operating Budget: Public Works \$75,000, Building Improvements \$20,000, Roadway Improvements \$250,000, Stormwater Management \$25,000, Fire Department \$50,000, Police Dispatch/Equipment \$10,000, Police Vehicles moved to Operating Budget, Veteran's Memorial \$2,000, 300th Anniversary Trust \$2,000, Recreation Facilities \$15,000, Master Plan \$10,000, Library \$30,100, Telecommunications Trust \$20,000, Compensated Absences \$10,000; total Capital Reserves \$519,100 or 4% increase.

Revenue Budget: Town Manager Fournier explained that the difference in the tax rate predicted versus the tax rate set last week was due to additional revenues received from the State of 40% Rooms & Meals Tax. Revenues proposed: \$8,915,428, with approximately \$4 Mil to General Fund, Enterprise \$4,122,587, and Special Revenues \$812,412.

Town Manager Fournier said the Estimated Tax Impact of \$6.49 is an estimate based on data we have today. Take Gross Appropriation \$15,165,541, less revenues \$8,915,428; add overlay \$20,000, add war service credits \$145,000; Net Town Appropriation \$6,415,113, Assessed Value \$987,870,471; multiply by 1,000 for estimated tax increase of \$6.49. There is a 3% difference between this year and last year's revenue estimates. Mr. Carpenter asked the reason for the big difference in numbers between Department proposed and Town Manager proposed; Town Manager Fournier said departments start in July and additional funds come in in October for more accurate figures.

Town Manager Fournier said there is a potential Warrant Article to borrow \$75,000 to assist the Department of Environmental Services in planning efforts related to continued improvements in the Wastewater Treatment Fund solids treatment process and total nitrogen removal process. Appropriation

is offset by \$75,000 in principal loan forgiveness under NHDES Clean Water State Revolving Fund (SRF); Town Council has not yet voted but will before deadline in January.

Questions: Chairman Lamattina said there are questions about leasing versus contributions to Capital Reserves. Town Manager Fournier said money is building up in Capital Reserves and they are taking those funds and paying a lease for vehicles with a non-appropriation clause included in the lease contract; trying to get to leasing as a normal business operation as a better plan; municipalities should have debt which helps in planning. For a vehicle with a 10-year lease, at the end of the lease still have that figure there and can roll that in and start leasing another vehicle with a constant amount of money in the budget to replace vehicles versus full purchase; this will help us address some of our equipment needs with a better scheduling for expenses and debts.

Town Manager Fournier said the Town is now starting to address their needs and will need to issue debt to fix some of our facilities like the Town Hall. Mr. Lesavoy said with this leasing strategy they will run into an issue at some point with another lease and a 10-year lease already ongoing. Town Manager Fournier said we will just be borrowing money, instead of contributing to Capital Reserve Funds, which will eventually just be a line item in the Budget. He said we will continue to have Capital Reserve Funds in case of emergency and funds for one-time capital operations or emergencies.

Chairman Lamattina asked if these leases are considered contractual obligations for the Default Budget. Town Manager Fournier if there is *no* non-appropriation clause it will be part of the Default. Mr. Cady said if you have a lease running for 2 years then it is in the Budget and would be part of the Default. Town Manager Fournier said that is correct, if you take last year's operating budget, less one-time expenditures, and add contractual obligations for Default, it is now in operations. Mr. Cady suggested that accounting for the leases in the budget should be clear so the Budget Committee can see where they are; list the lease under each department and specify how much is coming out of operating budget and how much from reserves to bring it down.

Mr. Wolfe said he would have thought a replacement cycle would be part of CIP; Town Manager Fournier departments have life spans of vehicles in CIP, but we have not been replacing them in a proper timeframe. Mr. Wolfe asked who owns the vehicle at the end of the lease, and Town Manager Fournier said it is a \$1.00 buyout. He said by law the Town is only allowed to carry a certain amount of debt, with Water & Sewer not part of that, and on the Town side we are not close to the debt limit.

Chairman Lamattina said Town Salary is up 12% over prior year; Town Manager Fournier said it was due to retirement and the 8.5% Health Insurance increase. Chairman Lamattina said Disability Benefits are up 27%; Town Manager Fournier said municipalities are in pools for insurance risk, health insurance, and workers compensation and said there is now only one company for property/liability and one for workers compensation; health insurance is through Health Trust and property/liability and workers comp through Primex.

Chairman Lamattina asked the reason for the wildly different tax rate of \$6.46 projected by the Town for 2022 while NHDR says \$5.84, and Mr. Cady asked which numbers the Budget Committee should compare for this Budget; Town Manager Fournier said they do not yet know the reason for the difference and said he tries to be conservative. Chairman Lamattina asked the number of parttime employees in the Town Clerk/Tax Collector's Office; Town Manager Fournier said 3 parttime with Clerk full-time, and Clerk is looking at restructuring her Department. Chairman Lamattina asked about the increase in Police parttime salaries; Town Manager Fournier said due to a parttime Parking Enforcement Officer.

Chairman Lamattina asked about the increase for the Library; Town Manager Fournier said the Council can change the bottom-line number, but he has no authority over the Library, and they can spend the money the way they choose. He said if the Budget Committee has questions, the Library Trustees can come in and explain the increase. Chairman Lamattina asked that he contact the Library and request that they come to the Budget Committee by the end of December.

Chairman Lamattina asked for an explanation of the \$41,000 increase in Recreation Revolving Salary; Town Manager Fournier said they need to fund through fees they are going to collect in that account. Chairman Lamattina asked about the large increase in Water funding; Town Manager Fournier said they received a lot of debt forgiveness in the Rural Development Grant of \$12.5 Mil for projects that needed to be done. Chairman Lamattina asked the reason for the large increase in Water & Sewer Capital Reserves this year; Town Manager Fournier said the Water CRF is down from \$169,585 to \$114,735, and the Sewer CRF is up from \$439,000 to 454,356; both are funded through department surplus funds and Water/Sewer rates.

Mr. Swanson said he was confused by Building Improvements, with the Department requesting \$750,000 and Town Manager proposing \$20,000. Town Manager Fournier said they did not have the Facilities Director onboard and his recommendation through the CIP Committee was rejected. He said his job is to balance needs and ability to pay the bills.

Chairman Lamattina asked that any further questions for the Town Manager be forwarded through him.

Calendar Review

Chairman Lamattina said the Committee is meeting next Monday with the Superintendent and the School Board and will talk with the Library at the end of December. Public Hearings for Town and School are in January.

APPROVAL OF MINUTES

Approval of Meeting Minutes of October 25, 2021

Motion: Mr. Wolfe made a motion to approve the minutes of October 25, 2021 as presented; seconded by Vice-Chair LaBranche; Motion approved by a vote of 10-0.

Resignation of Committee Member

Motion: Vice-Chair LaBranche made a motion to accept the resignation of Eric Wigode; seconded by Mr. Cady; Motion approved unanimously.

Vice-Chair LaBranche asked if the Committee wished to seek a replacement at this time, and Chairman Lamattina said if someone volunteers, otherwise they will not solicit at this point.

ANY OTHER BUSINESS

Next Meeting: December 6, 2021 at 6:30 pm.

ADJOURNMENT

Budget Committee Meeting
November 29, 2021

Vice-Chair LaBranche made a motion to adjourn the meeting, which was seconded by Mr. Hickey; all in favor.

Chairman Lamattina adjourned the meeting at 7:48 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary