

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

**MARCH 28, 2022 6:30 PM**

**TOWN HALL AUDITORIUM**

***Approved May 23, 2022***

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

EXCUSED: Christopher Wolfe, Jason Sank

ALSO PRESENT: Town Finance Director Bill Tappan, School Superintendent Dr. Susan Givens, School Finance Director/Business Administrator Janna Mellon

**AGENDA**

Chairman Lamattina welcomed everyone to the Newmarket Municipal Budget Committee Meeting of March 28, 2022 and called the meeting to order at 6:30 pm, followed by the Pledge of Allegiance.

Chairman Lamattina said Mr. Wolfe is excused and he did not hear from Jason Sank.

**PUBLIC COMMENT**

Chairman Lamattina opened Public Comment at 6:31 pm.

Hearing no comments, Chairman Lamattina closed the Public Hearing at 6:31 pm.

**NEW BUSINESS**

**TOWN BUDGET DISCUSSION – Financial Status, Latest Audit Results**

**Financial Status:**

Finance Director Bill Tappan said financially the Town is in pretty good shape as of December and January and February are tracking according to typical year-over-year results in terms of expense and revenue collection. Chairman Lamattina asked if the Budget Committee would only receive quarterly reports from now on, and Director Tappan said yes, but he is always looking monthly. He pointed out that with any of these reports some lines will be above what would be a typical maximum due to things money has already been encumbered for and treated as if already spent.

Director Tappan said regarding indirect costs, the Town has essentially never used that money for administrative purposes, and general policy seems to be that the money should not be used for administrative overhead but should go towards the project costs. Chairman Lamattina asked for an

example of indirect costs. Director Tappan said he may spend time in the Finance Department tallying figures and writing reports to be submitted, and that time is allocated and accounted for then charged against the project. Chairman Lamattina asked if it then comes out of the salary line, and Director Tappan that is how they look at it historically, but under the rules you are allowed to use 10% of that to pay for time. He said it is a rule the Town has decided not to take advantage of, and most of the grant monies are Water & Sewer related and Sean Greig has not wanted to spend those funds on overhead.

Director Tappan addressed a twofold question about the new Fire Truck concerning the trade-in and not having room in the Town garage for water/sewer vehicles as a result. He said they are not getting any money back on the old firetruck and decided to keep it as a reserve engine, which improves the Fire Department ISO rating. Regarding the space issue, Fire has nothing to do with Water/Wastewater in terms of vehicles, and Water/Wastewater is looking for a facility to store their equipment and keep it out of the weather.

Director Tappan said a question was asked about impact of salt, gas, and diesel price increases, and said they are very concerned about the future, especially with the Russian invasion of Ukraine. Salt prices have increased dramatically, more due to supply chain issues and future uncertainties. He said the salt line for roadways and sidewalks was at 94% in December largely due to the salt budget, but they are not over budget in the General Fund. He said gas and diesel and electricity are much more complex problems.

Director Tappan said the Town gets a weekly competitive energy services report, which is an essential market summary of what is happening in various energy markets, particularly fuel. Natural gas/propane increases started months ago before the war in Ukraine due to pressures already on Europe to get natural gas from sources other than just Russia, and US was already sending tankers and driving up prices in this country. He said places like New England and New York are hit particularly hard because we do not have pipelines here and the war compounds the problem.

Director Tappan said before the war he felt the market was speculating like in 2007, when he avoided locking into any higher-price contract before prices dropped back down. He said he is trying to figure out what to do for the next few years as the Town will be up for an energy contract and will have to make a decision. He said the Town and its facilities did go through an energy efficiency investment process and made major improvements to the energy efficiency of facilities. The concern now is that they looked at their savings during the budget process and started making adjustments as a result, and now with a war going on it puts pressures on our Budget because of challenges we are facing.

Mr. Lesavoy said he would think if you have unanticipated increases you would step back at some point and try to forecast what you think the impact will be in the upcoming fiscal budget. Director Tappan said that is the next step and said you just never know what might come up, for example talks with Venezuela which is a huge source of oil.

Vice-Chair LaBranche asked at what point now the Town will look at the old 2001 firetruck and decide it needs to be replaced. Director Tappan said he did not know the answer. Vice-Chair LaBranche also asked about the Water/Wastewater situation, specifically if any building or garage costs would be passed on to rate payers. Director Tappan said Water/Wastewater is looking for storage structures/sheds and looking at \$30,000 - \$50,000; he recalled Sean Greig saying there might be Capital Reserve funds that could be used there and they were looking for manufacturers that produce those to get reasonable bids

Mr. Carpenter said there are specific questions on the other fire truck, and with the additional vehicle there will be additional carrying costs that are potentially not in the budget. Director Tappan said he would deflect the answer but did think adjustments were figured into the budget for that. Mr. Lesavoy said he would like to know, if keeping the fire truck improves our ISO rating, who gets the benefit. Mr. Swanson also asked if we are keeping the truck as ready to go or keeping it somewhere running in case we need it.

**Latest Audit Results:**

Chairman Lamattina said he looked at the Audit and there is usually an easily identifiable section stating issues that were found which he could not find; Mr. Lesavoy said he could not find it either. Director Tappan said issues were found which were part of the management letter, not in the audit, which goes to the Council. He said this is the first year with this new auditor and quite a few issues were found, like a recommendation to review Town investment policy on an annual basis, and have more extensive IT policies, for which they are going through the process.

Chair Lamattina asked if the Budget Committee could have a copy of the document. Director Tappan said it is for management and not something that is provided to the Budget Committee, and they would have to ask the Council or the Town Manager. He said there were no material deficiencies found and no argument with the way they present/record/account for Town expenditures and revenue generation. Chairman Lamattina said it seems impractical the Budget Committee would get the audit without the findings. Director Tappan said the purpose of the audit is to provide a financial report, and the letter is saying this is what you can do to improve.

**SCHOOL BUDGET DISCUSSION – Financial Status, Latest Audit Results**

**Financial Status:**

School Business Administrator Janna Mellon said the financials sent out were from December and she is working on the next quarterly results. She said she has been preparing the School Board and the Budget Committee for significant variances in utilities and propane, knew there was a 25% increase on the supply side and 15% on the delivery side, and said the School will be over in those 2 lines. She said the School has other areas in the budget coming in with positive variances because of programs they could not run.

Business Administrator Mellon said for the Bus Contract they just locked in last spring for 3 years with a marginal yearly increase, and will come in under our transportation contract this year. She said the School had budgeted for 6 buses but could not find a sixth driver, and said there are other areas in the School Budget that make her not concerned for this year. She said they usually take a good look at where they will be going with expenditures, but for the School labor and benefits make up 80% of our budget. She said for utilities the School does a joint contract with the Town and hopes to continue, and there is a lot of analysis yet to be done there.

Business Administrator Mellon explained that the bonuses for School employees are called “discretionary bonuses” to be able to cover hourly workers. Chairman Lamattina asked if there are any issues with Food Service, and Business Administrator Mellon said the analysis is being done right now. She said food prices have gone up, but we were just informed some additional monies will be coming down from the State; the School is also operating under a Food Service Waiver with meals reimbursed by USDA. She said in Revenues, local food service budget is way down but the Federal side of revenues is way up.

Mr. Cady asked if the increase in one would be relatively equivalent to the decrease in the other. Business Administrator Mellon said it was not necessarily one to one but did not think it would have a significant impact. Mr. Cady asked what ESSER Funds can be used for and Business Administrator Mellon said they have expanded the purpose of ESSER-I to include infrastructure.

Dr. Givens said all ESSER funds are allocated and our focus is on providing additional programming to meet student needs, but there have been challenges finding applicants. She said the School had added 2 additional Social Workers in our grant, started advertising last November, and just filled one of those positions. She said it is not just the pandemic but a shortfall in labor and said the School has been running short between 25-30 employees since the beginning of this year and has only 6-10 substitutes to fill those gaps. As a result they had excess capacity left in the grant and met with the School Board about using that for capacity accumulated, Mental Health and programming for learning loss as well as additional technology resources.

Vice-Chair LaBranche asked if there was a figure on bonuses. Business Administrator Mellon said she did not bring that information but they also counted NH retirement and Federal tax for approximately \$212,000. She said there was good news about FEMA COVID monies and said the School can now submit claims and are working with our liaison at the State level to get 100% reimbursement for eligible expenses. She said the deadline was extended through June, and at the time of this report the School had already recovered \$154,000 and will recoup more throughout the year as unanticipated revenues against expenditures.

Chairman Lamattina asked about the Budget Surplus Increase for the School. Business Administrator Mellon said the Statute changed this year and the School is now allowed to keep up to 5% of our assessed value which will be voted on, and only retained 2.5% in the last Budget. She explained that unless the School has appropriated budgets they cannot spend revenues coming in and would need a special hearing. Vice-Chair LaBranche asked if there is a list of what these funds can be used for. Business Administrator Mellon said there is not a specific list but does require an approval process.

#### **Latest Audit Results:**

Business Administrator Mellon said the School's management letter is included with the report and is called a "Governance Letter". She said our auditors presented to the School Board to answer questions and said it was fairly presented. She said there were a few recommendations regarding student activities, which were addressed and some education and training has been done with staff.

#### **MEETING MINUTES APPROVAL**

##### **Approval of the Meeting Minutes of January 10, 2022**

Chairman Lamattina said some minor typos were corrected.

**Motion:** Vice-Chair LaBranche made a motion to approve the Meeting Minutes of January 10, 2022, seconded by Mr. Cady. Motion was approved by a vote of 8-0.

#### **ANY OTHER BUSINESS**

Chairman Lamattina said this is the last meeting of this Budget Committee and thanked everyone for making it a really good experience for him. He said he would leave the next meeting to Vice-Chair LaBranche until the organizational meeting is held. He said Danielle Hogan accepted the position on the

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Budget Committee, and said he would send a calendar with some key dates, an updated member list, and a copy of the rules. Mr. Swanson thanked Mr. Lamattina for being Chair and said it is quite the job he is learning as Chair of the School Board.

Mr. Cady said they should set a date for the next meeting. Vice-Chair LaBranche said the next meeting would just be organizational and he would not be available for the last Monday in April. The Committee discussed the issue and agreed on April 11, 2022 at 6:60 pm for the next meeting.

Mr. Cady asked if it would be worthwhile to review the Right to Know Law. Chairman Lamattina suggested Vice-Chair LaBranche check with the Town Manager about the meeting on April 11<sup>th</sup> and said Amy Tilton will be taking over as School Board Representative for Gary Swanson.

**Next Meeting:** April 11, 2022 at 6:30 pm.

**ADJOURNMENT**

Vice-Chair LaBranche made a motion to adjourn the meeting, seconded by Mr. Swanson, all in favor 8-0.

Chairman Lamattina adjourned the meeting at 7:36 pm.

Respectfully Submitted,

Patricia Denmark, Recording Secretary