

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

OCTOBER 24, 2022 6:30 PM

TOWN HALL AUDITORIUM

Approved November 28, 2022

MEMBERS PRESENT: Vice-Chair Christopher Wolfe, Roger Cady, Ned Carpenter, Danielle Honan, Richard Lesavoy, School Board Rep Dan Smith. Town Council Rep Brian Ward

EXCUSED: Chairman Michael LaBranche

ALSO PRESENT: Town Finance Director Bill Tappan, Director of Environmental Services Sean Greig

Vice Chairman Christopher Wolfe welcomed everyone to the October 23, 2022 Municipal Budget Committee Meeting and called the meeting to order at 6:30 pm followed by the Pledge of Allegiance, and said he is sitting in for Chairman Michael LaBranche this evening.

PUBLIC FORUM

No Public Comments.

NEW BUSINESS

Financial Report from the Town

Finance Director Bill Tappan said he will be addressing the information contained in the memo sent out. He said Expenditures for Period 3 are at 31% same as prior year; at this point looking to not spend over 25% but encumbrances elevate the number. He said financial conditions have not changed substantially since end of the fiscal year with continued pressure internationally on fossil fuel commodities causing increases.

Mr. Cady asked Mr. Tappan to explain encumbrances. Mr. Tappan said encumbrances are money set aside at the beginning of the year because you know you will spend it; for example, the entire IT Services contract is set aside, a PO is done, and it is spent down throughout the year with everything spent at the end of the year.

Mr. Tappan said the Town has not been hit that hard yet by fossil fuels as the energy contract for electricity runs to December and Eversource is not under contract. The Town has done prior-year investments in energy efficiency projects to help mitigate costs long term, and an annual report is due to the Energy Committee for review. Acting Chair Wolfe asked that the report be shared with the Budget Committee to show implementation of energy savings in terms of kilowatt hours used.

Mr. Tappan said Revenues year-to-date are positive compared to prior year with a little less than \$750,000, largely due to a tax revenue commitment of \$520,000 over prior year, and a year-to-date increase of \$157,900 from State Highway Block Grant; money also coming back from last portion of COVID mitigation efforts. He said the Town is doing very well in terms of economic indicators. Mr. Cady asked if CIP was aware of the \$429,269 in ARPA funds and what it could be used for. Mr. Tappan said he was not part of CIP, but they hoped it would be used to expand Fire & Rescue; how funds will be spent is uncertain at this point as they are yet approved by the Town Council.

Acting Chair Wolfe asked what the Town is doing about cybersecurity. Mr. Tappan said they held off on cybersecurity for Dark Fiber this year to not go overbudget, and said the Town worked dedicatedly to close any ports to the outside with various levels of firewalls to protect municipal government and Water & Sewer Departments.

Discussion with Department of Environmental Services Director Sean Greig

Department of Environmental Services Director Sean Greig said he is responsible for the operations of Water & Sewer Departments and is here to answer questions. Mr. Cady said he noticed of the two Enterprise Funds, one has income greater than expenses and the other has expenses greater than revenues.

Director Greig explained that when the Sewer Plant was built a fund balance was created as a sink fund to raise rates at smaller amounts. After the account was built up and the WWTP built, Bonds came due; they were taking in more revenue while starting to pay off the Bond and kept raising rates until expenses met revenues; when expenditures exceed revenues the fund balance drops. For Water the fund balance has grown in small increments so when Bond comes due this year, we will end up deficit-spending. On the Sewer side expenditures met revenues for the first time and there was no rate increase.

Acting Chair Wolfe asked about next year. Director Greig said things look great on the Wastewater side as they starting to take in septage and have made \$131,000 to date; septage also makes the plant run better. He said his recommendation to the Town Council is use current funds to put in a Septage Receiving Station at the WWTP which could bring in \$300,000/year to help offset inflation increases which will hit the Water side hard next year; pilot study estimated cost between \$300,000-\$500,000 for equipment needed using existing infrastructure.

Acting Chair Wolfe asked the number of gallons needed to generate \$300,000. Director Greig said 3 million gallons with septage at \$0.10/gal and our cost 15% of that; the WWTP treats 170 million gals/year. Acting Chair Wolfe asked about lifetime of sewer lines feeding the plant; Director Greig said sewer mains typically have a lifespan of 50-100 years and are inspected with a camera. Mr. Cady said a few years ago there were concerns about costs and availability of sludge disposal; Director Greig said it is still a problem and the biggest concern in the future is emerging contaminants like PFAS and other manmade chemicals.

Director Greig said the future looks good for water once projects completed this year. The buildout shows enough water for 30 years, but with continued building there will be no more water sources available.

Discuss Proposed Budget Calendar

Acting Chair Wolfe said the next regular meeting is scheduled for November 28, 2022 with School; School Budget presentation December 5 and 17, 2022; December 19, 2022 for Town Budget then move into public hearings. Meeting with School scheduled for January 30, 2023 with Deliberative on February 4, 2023.

Mr. Ward stated that the Town Council Budget Workshop is scheduled for Saturday, October 29, 2022 at 9:00 am and open to everyone. Mr. Smith said the School Board held their first Budget Workshop on Friday; video available online. Mr. Ward added that the Town Manager presented his Budget to the Council on November 19, 2022.

MEETING MINUTES

Approval of Meeting Minutes of September 26, 2022

Mr. Cady made a correction to line 56 to change “form” to *from*; Mr. Smith made a correction to the end of line 47 to change “back to Town” to *back to taxpayers to offset the tax rate*; all in favor 8-0.

ANY OTHER BUSINESS

Mr. Lesavoy said he was unsure whether CIP knew about the \$479,269 restricted Capital funds (ARPA) or understood what it could have been used for and said he would raise the issue of the ARPA funds at the next CIP meeting. Mr. Cady said the Budget Committee knows the money is there, but it needs to be integrated in the rest of the process.

Next Meeting: November 28, 2022 at 6:30 pm in Town Hall Auditorium.

ADJOURNMENT

Mr. Cady made a motion to adjourn the meeting, seconded by Mr. Carpenter; all in favor 8-0.

Vice-Chairman Wolfe adjourned the meeting at 7:10 pm.

Respectfully Submitted,

Patricia Denmark, Recording Secretary