

Budget Committee Approved Minutes October 15, 2012

NEWMARKET, NEW HAMPSHIRE
BUDGET COMMITTEE
OCTOBER 15, 2012 6:30P.M.
COUNCIL CHAMBERS

MEMBERS PRESENT:

Chairman Brian Hart, Vice Chairman Ellen Snyder, Rose-Anne Kwaks, Amy Thompson, Jack Fitzgibbon, (6:35), Russ Simon, Judy Ryan, School Board Representative Linda Mantegani, (6:34), Town Council Representative Gary Levy, Drew Kiefaber

EXCUSED:

Dana Glennon

Chairman Hart called the meeting to order at 6:31 p.m., followed by the Pledge of Allegiance.

1. BUDGET LAW UPDATE AND REVIEW OF BUDGET COMMITTEE RESPONSIBILITIES

Updated budget law books are on order, but have not yet been received. Mr. Simon and Ms. Kwaks had attended a recent LGC training session. Since Newmarket has changed its dates, LGC will be available to ensure that the town does not miss any deadlines. Mr. Simon had asked at the session if the Budget Committee could create a warrant article on its own. He was told they could. There was discussion relating to the Town Charter, and whether any such article would have to be created as a petition warrant. There was discussion as to whether the Council has the authority to remove a petition article. Town Administrator Fournier will check the Charter on this. He will also clarify with LGC if and how the Budget Committee can place a warrant article and ask that the response be in writing so that he can distribute it to the Committee.

RSA49 defines the Town Charter form of government. The Town Council is the legislative body for Newmarket, except for the budget, under RSA 32, as outlined by the Town Charter. Budget Committee responsibility is to review the budget and make recommendations to the voters for the deliberative session. For the school, the voters (school meeting) are the legislative body. Town Council can decide if the tax impact will be included in warrant articles as now allowed by the state. Should the Council vote in favor of this, it will take effect in FY2014. The school can place a warrant article for tax impact inclusion for its upcoming school meeting. If approved, this would take effect in FY2015. Explanations of warrant articles should not be a part of the warrants, but may be included on a separate sheet for informational purposes along with tax implications.

The Budget Committee has jurisdiction over the level of water and sewer expenditures, but can only review revenue in terms of it seeming realistic. Town warrants/bond issues involving water and sewer have no impact on the tax rate, as the expense is borne by the users in the form of water rates. This is outside the town budget.

2. SCHOOL UPDATES

A. School Expenditure Report through 9/30/2012

Chairman Hart asked Dr. Hayes if he could provide monthly reports in the future, perhaps in simplified form showing department totals. He asked that reports be emailed to all committee members at the same time. Dr. Hayes said that the school was on track for the first quarter of FY2013. His goal was to have copies of the budget before Thanksgiving and

the warrant articles posted at the latest on January 8th. Mr. Simon stated that the Committee needed time to review the warrant articles as well as the budget, and he felt they needed to have them available earlier. Dr. Hayes tended to agree. Drafts of the warrant articles will be presented at the December 6th School Board meeting.

C. School Facilities and Discussions with ORSD

Dr. Hayes expected that there would be a warrant relating to an arrangement with Oyster River, but that Oyster River controlled the time line. They are working on a program analysis and trying to determine space availability and tuition, etc. for the secondary level. He said the goal of both schools was to be able to bring discussions to fruition in December for a decision in March. Ms. Kwaks asked who was involved in the meetings. Dr. Hayes said that he, 2 School Board members and the Principal and Vice Principal of the Junior/Senior High School would be meeting in Durham on Oct. 22nd. She felt the meetings should be open to the public to prevent questions in the future. Dr. Hayes will bring this up with Durham. Chairman Hart suggested a forum for Newmarket participants to inform the citizens and answer questions.

Dr. Hayes said he would have the initial FY2014 budget proposal for the Oct. 18th School Board meeting. The proposal would include financials per department from the previous 2 years. Councilor Levy asked if the school was planning long-term upgrades expenditures in light of discussions with Oyster River. Dr. Hayes said they had done some work during the summer, but they were not planning anything major. There was some confusion about a possible federal grant of \$450K that had been brought up at the end of last year's budget meetings. The school's budget had been increased by that amount, with the intent that if the grant was received, the money from the budget would be returned to the taxpayers. It was stressed that money from revenue sources other than taxes be clearly delineated in reports to the Committee this year. The difficulty is that the state passes its budget on June 30th, while Newmarket votes in March. If revenues are lower, which is happening more often, or higher than expected, the tax rate is affected.

School Board Representative Mantigani said that whether or not they heard from Oyster River in time, the Board could still prepare a warrant article to determine the sense of the community. Chairman Hart said that discussions of Newmarket facilities should go hand in hand with discussions with Durham. Both Newmarket and Durham voters will have to approve any arrangement between the 2 school systems. Dr. Hayes said that once they had something substantive to report, they would come to the community. In the meantime, any concerns can be brought to School Board members or the Superintendent. Vice Chairman Snyder emphasized the need for more forums and communication on all aspects of the school and the town. Dr. Hayes said that he should have facility cost estimates by the weekend. He said that he expected there would be multiple meetings on these and on Oyster River in the future. Warrant articles and budgets have to be ready by January 28th in preparation for deliberative sessions in February. It was suggested that a forum be held in December to get public input on building estimates and/or tuitioning students.

B. Union Negotiations

Dr. Hayes said the Health Advisory Committee, mandated as part of the collective bargaining process, has reviewed proposals. He was hoping that there would be a recommendation at the following night's meeting. There have been 2 collective bargaining sessions, with another one slated for later in the week. He was hopeful that they would come to a decision by December. A larger share of pension costs now has to be borne by towns. Newmarket can expect to fund \$215K more in the next budget for all school employees. Once a contract is accepted, the collective bargaining warrant article would have to show specific costs over each year. There had been confusion in the past how this was reported. Currently, the contract is frozen. Negotiating is required.

D. Health Insurance Report Review and Discussion

Dr. Hayes had a report that showed there was no benefit to pooling town and school employees for health insurance. There was a discussion on whether the intent of the Efficiency Committee was to pool all employees or to work toward consistent plans/deductibles for both the town and the school. The town had a presentation on a high deductible plan, and the same information had been presented to the school. This has to be negotiated with each union. School Representative Mantegani said that as part of the current school collective bargaining agreement, any changes have to be of equal or greater value to the current policy and voted on by the union, if proposed mid-contract. This is a common clause in collective bargaining contracts. The Budget Committee thought that it would be a good idea to have consistency in plans and benefits for town and school employees. Mr. Kiefaber emphasized that because this was subject to negotiations, this would not happen immediately, but he would like to see a trend toward consistency.

Councilor Levy said that the town employees had a \$250 deductible, while the school employees had a zero deductible. The town had discussed raising the deductible and covering the difference, but had not pursued discussions for the past few meetings. He felt there might be a plan to prepare a proposal and send it out for bid. Town Administrator Fournier said he was working on a cost analysis of the proposal. He said it was possible to change the plan for non-union employees if it made sense for the budget. Dr. Hayes said there would be a public meeting on facilities projects and their cost estimates on Tuesday, October 23rd at 5:30 in the auditorium.

3. TOWN UPDATES

A. Overview by Town Administrator Steve Fournier

B. Town Expenditure Report through 9/30/12

Town Administrator Fournier reported that at 25% of the way through the fiscal year, relating to expenditures, the town had 78.4% remaining in its operating budget, the General Fund, 77.6%; Library, 80.1%; Recreation, 64.3%; Solid Waste, 84.6%; Water 83.1% and Wastewater 81.9%. Legal fees are running higher, with \$29K having been spent, leaving 42% in the budget. This will be monitored. Legal expenditures for wastewater/EPA negotiations are not included in this fund, but are found in the Water/Sewer column. This figure will also be monitored. Road ways is also low because of seasonal work. He said he should have a formal revenue report for the next meeting. They had budgeted \$4,655,178 in revenues and had collected \$1,185,530 or 25% in the first quarter. There was discussion of the need to have previous year's figures in the report, and the size of the report. Some felt it was helpful for comparisons. It was suggested that the report would be easier to follow by the addition of lines or shading.

The town had received the guaranteed maximum rate increase for health insurance. The increase would be 6% increase of \$30,500 over last year, which could actually be lower. Town Administrator Fournier said they were auditing the healthcare line to get accurate numbers for next year's budget. He felt the report showed higher staffing in some of the plans than they actually had. Also, they will be receiving a rate holiday and an estimated \$25K will come back to the town. Health care will be found under Human Resources. The town will have to bear a larger share of retirement costs in FY2014. Group 1, employees other than police and fire, will increase by 1.2% to 10.77 %; police by 5.35% to 25.3% and by 4.85% to 27.74%. The total for groups one and two will amount to a \$124K increase in the operating budget.

Town Administrator Fournier said that he and the finance department were reviewing policies and procedures. The Fund Balance policy had been revised and adopted by Town Council to retain between 5 and 10% of the total gross appropriations for the town, county and school. This does not include water and sewer. The fund balance does not represent cash on hand. They also were reviewing the Chart of Accounts to align them with those used by most municipalities. Once completed, a revision would make inter-community comparisons easier. Councilor Levy asked how much lower the FY12 figures were than what was budgeted. The figure is in the range of \$580K, subject to completion of the audit. There was a discussion of special funds: library, recreation and solid waste. They are taxpayer funded and the town gives them a subsidy for the amount that is not made up from their own revenues. Money received by revenue does not have to be raised by taxes. Some of these special funds are holding fund balances.

As DRA is behind schedule, the tax rate will probably not be set until early November. Any decision on the use of the fund balance will be made by Town Council. There was a discussion of using fund balance to reduce taxes or using some of it to fund capital expenditures. Currently the overall fund balance is about 1.3 million, about 6.7% of the gross appropriations for town, county and school. This does not include any potential funds from the downtown water project. The overall goal is to maintain consistent tax rates, rather than having rates spike every other year. Town Administrator Fournier referred specifically to recommending that some money be put toward the re-evaluation requirement. He emphasized that the tighter the budget, the less there would be to put in the fund balance.

C. Union Negotiations

Union negotiations with the police department have not yet started. It is expected that Town Council will appoint two of its members to the negotiating team at its October 17th meeting. The police have changed their affiliation from the Teamsters to the NE Police Benevolent Association. Town Administrator Fournier will speak with Town Council about the extent to which legal counsel will be involved in the proceedings.

4. EFFICIENCY COMMITTEE UPDATE

Vice Chairman Snyder had attended the beginning of this night's meeting. This was the first meeting she had attended. She reported that the committee had re-grouped since their joint presentation with the School Board and Town Council. The Chairman of Town Council and School Board continue to meet to discuss issues of mutual interest. The Committee restated its accomplishments: starting communication, discussing health insurance, alternative fuel, and introducing the idea of consolidating financial reporting and facilities management. She said the subject of larger structural changes that would affect the tax rate had been introduced as she had to leave the meeting. She said they would like to have a Budget Committee member join them. Mr. Simon said he would attend at least until he felt there was no progress being made in communication between the Council and School Board. It was suggested that the Efficiency Committee be on the next Budget Committee agenda to present some ideas they might have to reduce the tax rate. Acting Finance Director Angell is working on a five-year tax rate projection, and she hoped the school was also. Once the information is received, they can work on deciding what can be done to positively affect future rates. This was discussed in terms of increases beyond the town's control.

CIP UPDATE

Ms. Ryan said the CIP Committee had finished its work. CIP recommendation totaled \$910K, which is \$51 less than requested, but \$168,500 more than last year. She expected that the Town Administrator and Town Council would further cut the requests. There were 4 new categories established or funded. Establishment of a CIP requires a warrant article, but funding comes from the operating budget. There will be a warrant article to establish a re-evaluation CIP which has to be done in FY2014 for a total approximate cost of \$150K.

5. REVIEW MEETING SCHEDULE: Town budget due on Nov. 15th, School budget expected on Nov. 20th

Monday, November 26th, 6:30 p.m., town budget?

Monday, December 3rd, 6:30 p.m., school budget?

Monday, December 10th, 6:30 p.m.

Monday, December 17th, 6:30 p.m., if needed

Tentative: Saturday, December 15th

Budget Committee members are asked to attend School Board and Council meetings as they work on their budgets. Schedules will be posted.

6. REVIEW AND ACCEPTANCE OF AUGUST 27TH MINUTES

Ms. Mantigani moved to accept the minutes of August 27th. Councilor Levy seconded. Amendments: Mr. Simon asked that his name be spelled without a final "s". Item #2, paragraph 2, sentence 4 to read: There actually is no cash to back up the \$1,360,000; Item #8, paragraph 2, sentence 2: remove the word "agenda" and replace it with Budget Committee. Motion with amendments carried unanimously.

7. SCHEDULE NEXT MEETING

Monday, November 26th, 6:30 p.m.

Ms. Snyder moved to adjourn. Ms. Ryan seconded. Motion carried unanimously. Meeting adjourned at 8:39 p.m.

Respectfully submitted,

Ellen Adlington, Recording Secretary