

# Budget Committee Minutes December 3, 2012

TOWN OF NEWMARKET, NEW HAMPSHIRE  
BUDGET COMMITTEE  
DECEMBER 3, 2012 6:30P.M.  
COUNCIL CHAMBERS

## MEMBERS PRESENT:

Vice Chairman Ellen Snyder, Rose-Anne Kwaks, Amy Thompson, Jack Fitzgibbon, (6:35 p.m.) Dana Glennon, Russ Simon, Judy Ryan, School Board Representative Linda Mantegani, (6:39 p.m.) Town Council Representative Gary Levy, Drew Kiefaber

## EXCUSED:

Chairman Brian Hart

Vice Chairman Snyder called the meeting to order at 6:30 p.m., followed by the Pledge of Allegiance.

## 1. APPROVAL OF MINUTES

A. October 15, 2012: Mr. Kiefaber moved to approve the minutes of October 15, 2012. Mr. Simon seconded. Motion carried unanimously, with Mr. Fitzgibbon and Ms. Mantegani not present. Mr. Glennon abstained as he had been excused from the meeting.

B. November 26, 2012: Mr. Glennon moved to approve the minutes of November 26, 2012. Mr. Kiefaber seconded. Motion carried unanimously with Mr. Fitzgibbon and Ms. Mantegani not present.

## 2. REVIEW OF TOWN BUDGET:

A. CIP, (page 55 of the budget and report from the CIP Committee), Town Administrator Steve Fournier

CIP proposed contributions (expenditures) total \$279,256, a 0.87% decrease from the FY2013 approved budget, and a decrease from the total department head requests of \$450,269. Capital Improvement Programs (CIP) anticipate long-term needs of the community and determine the amount necessary per year to fund department projects or equipment over time. Simply put, this method of providing budget stabilization establishes Capital Reserve Funds or accounts that can be withdrawn from when necessary to achieve department goals. Town Administrator Fournier will provide the forms from each department that detail goals and plans. There will be a warrant article to establish a new Capital Reserve Fund, with a contribution of \$40,000 towards the state-required 5- year statistical revaluation slated for 2014 which is now expected to cost about \$80,000. The other new fund would be Storm Water Management, with a proposed contribution of \$10,000. Town Council approved contributions to established Capital Reserve Funds include \$50,000 for Fire Department equipment, \$130,000 for Public Works, \$47,256 for Police Department vehicles and \$2,000 for Recreation Facilities. Purchase of computer equipment had been removed from the program, as replacement is no longer considered a long-term expense. The current balance of each of the funds is listed in column one of the CIP Committee report.

Town Administrator Fournier said the reductions were based on budgetary restraints, not on lack of need. These needs

were prioritized, and will be addressed in the future, as withdrawals from funds should be replaced. He felt that at this time the priority was maintaining contributions to equipment and vehicle replacement. The current balances of the funds were considered when determining contributions. He said that in the future he would recommend establishing Capital Reserve Funds to offset expenses in earned time buyout, to stabilize health care costs and perhaps to fund road improvements. Health care costs are budgeted according to the guaranteed maximum rate, but the actual rate is not known until after budget approval. The difference between the two could be used to fund a Healthcare Stabilization Fund. He said proposed annual contributions would be determined after analyzing past history.

Discussion on Funds: The request for \$17,600 from Recreation had been reduced to \$2,000; projects such as fixing fences and laying turf had been eliminated, and the remaining \$2,000 would go towards providing handicapped accessibility at one of the facilities. The Department currently has a balance of \$133,148 in its Capital Reserve Fund. The contribution to Storm Water management is toward future corrective drainage work proposed by DPW on New Road, along with other impacted roads. Town Administrator Fournier will check to determine if Page 55 of the budget groups actual expenditures from and contributions to each of the Capital Reserve Funds, and provide the information in memo form, along with information that affects the balance of each of the funds. He said this was preferable to adding lines to any part of the budget, as it was less confusing if consistency of format existed for all departments throughout the entire budget. One of the reasons that contributions to the Sidewalk Development Fund had been eliminated was that the DPW Director wanted to make sure there were enough funds in the operating budget to maintain existing sidewalks before building new ones.

The wording of a warrant article establishing a Capital Reserve Fund determines how the funds can be spent. In some cases, such as in building improvements, the article states that funds can be used for unforeseen problems that occur during a year. The article establishing the Sidewalk Development Fund does not approve expenditures for maintenance. Mr. Kiefaber expressed his concern that this budget did not seem to provide a transition to future expected contributions as shown in the projection columns. Town Administrator Fournier said a projected budget showed what probably would be needed, but did not include any reductions that might be taken or any revenues that might be received. Of particular concern was a zero contribution to Building Improvements. Ms. Ryan, as representative to the CIP Committee, stressed that the report included requests, but not approvals of the 10-year plans submitted by Department Heads. The Town Administrator reviews requests, and then, after his changes, submits his recommendations to the Town Council for further changes. The expenditures before the Budget Committee at this point show amounts approved by the Council.

#### B. POLICE (page 42), Chief Kevin Cyr

Chief Cyr stated that the only increase in the budget was \$100 for animal control. In 2010 equipment lease and equipment maintenance had been separated into 2 accounts. For this budget, he had made corrections and reallocated expenses between the two accounts, but there was no change in the overall amount. As the department was between contracts, salaries had been level funded for both union and non-union employees. If a collective bargaining agreement should be reached the warrant article for approval would contain bottom line costs, including any salary changes and impact from benefits, including pensions and overtime rates minus any savings. The state is not contributing to retirement, and the rates it has set are for 2 years. Benefit and retirement costs for department employees are included in the HR budget. HIPA laws prevent the public from knowing what health care plans specific employees are receiving, however the costs for specific plans can be made known. Mr. Simon felt it would be helpful to have the percentage costs of benefits, especially pensions, included along with increases in salaries.

Ms. Ryan asked if, with the fluctuations in overtime, it would be wiser to have another full-time person. Overtime costs result from the department having to provide coverage 24/7 with experienced officers when someone cannot cover a shift. Chief Cyr said he considered full-time, part-time and overtime as one salary budget, as often he had to over expend one part to cover another. The Department had lost 5 officers during the year, one to become the Chief in Greenland, and four to positions with higher salaries. He had been able to fill three of the positions with certified officers. If a new hiree is not certified, that person will spend 14 weeks at the Police Academy, and an additional 8 – 10 weeks working with an established officer for a total cost of approximately \$25,000. A new officer signs a three-year contract, which includes a schedule for reimbursing the town for the cost of the Police Academy should that person leave before the three years ends.

The actual money expended by the Police Department in 2012 was \$30,000 lower than the amount proposed for FY2014, and Ms. Thompson asked if they should be budgeting to that lower figure. Actual expenditures for 2013 are at \$370, 165 so far, which if prorated show a projected increase of \$3,000 over 2012 actuals. There could have been many factors that influenced actual expenditures in 2012. If a position was vacant, there would be a reduction in salary expenses for that part of a year; the budget freeze in 2012 stopped spending for various projects; also, Newmarket was

reimbursed by the state for an officer's salary and overtime while serving on the Drug Task Force. This offset would appear in the revenue/grant section of the budget as NH does not allow net figures in a municipal budget. Mr. Simon pointed out that if reimbursements do not materialize, the budget figure for expenditures would increase proportionally. Town Administrator Fournier said that they would be made aware of any changes to revenues or reimbursements. The revenue estimates for June, 2014 will be covered at the next meeting.

#### C. PLANNING (page 37), Town Planner Diane Hardy

Ms. Hardy said the budget showed an increase of less than one percent for a proposed total of \$120,113, and showed no major line- item increases. The Stratford Regional Planning Commission had since level funded its dues and there would be a \$300 decrease not shown in this budget. Their dues are based on a formula, and Newmarket would be assessed \$7,785. Although the town is not required to join, it realizes advantages as the Commission receives Federal Funds, which members can apply for. Newmarket had received assistance for the Sky Bridge Project, as they administer all the federal transportation funds for the state. They help coordinate projects with regional impact and provide technical assistance for the GIS program. She said that every year they try to update a chapter in the Master Plan, but the \$10,000 request for consulting services had been eliminated. In the past these funds had been used for staff help in preparing plans and drafting reports. They had received some grant assistance, in addition to assistance from the Stratford Regional Planning Commission for the land use chapter, which is nearly completed. She is looking for further funding from the Commission to work on the transportation chapter this coming year.

To Councilor Levy's questions, dues and subscriptions include more than one organization, some of which have increased their dues. Postage increases are not only the result of the increased cost of stamps, but also the result of complying with the requirement of sending notices of public hearings by certified mail. The department recoups the cost of the latter by charging abutters for the notice. Under advertising, the

cost of placing public notices in the newspaper has gone from \$30-40 to \$100. She said they had increased the public filing fee to cover this. There also had been additional public hearings this year and they had sent out notices using regular postage. Councilor Levy mentioned the increase in training and staff development, stating that he knew that Ms. Hardy had not attended a conference in 2012, but he wondered if spending the funds was warranted this year. This line item also includes training sessions for Planning and Zoning Board of Appeals members.

Mr. Simon expressed concern that they were setting expenses without full knowledge of revenues, and felt this could lead to an unwelcome tax increase. Town Administrator Fournier said in that case they would stop spending. Funds received from applicant fees go into the General Fund along with other revenues. The difference between expenses and revenues determine the tax rate. Mr. Simon asked if there was a break down available that would show legal expenses incurred by Planning and the Zoning Board of Appeals. The budget for legal will be discussed later in the meeting, but that information was not available. Ms. Hardy said she had estimated revenues at \$3,000 for 2013, but as of October they were at \$4,400.

The Sky Bridge project will not impact the proposed budget under consideration. However, the increase in the latest cost estimate is largely because the original estimate was completed in 2009. The engineering firm is re-working its plans to reduce costs to a sum closer to available funding. The Committee will meet in January and is working on revised conceptual plans. Ms. Hardy will discuss the Bridge at a Town Council meeting in January.

#### D. TOWN CLERK/TAX COLLECTOR (page 31), Becky Benvenuti

Ms. Benvenuti stated her budget request was down 4.36% because FY2014 would have only one election, rather than the three as in this year. She said if comparisons were to be made between different years of the budget, one would have to look at years with the same number of elections. There is debate at the state and federal level about having political parties, rather than municipalities, pay for primary elections... The Town Council had added \$12,000 to the budget for legal codification of ordinances as required by the 1991 Town Charter, which resulted in a 2.39% increase. There is no state funding for this as there is for records preservation. It was decided to hire a firm experienced in codification as the cost in staff time and for legal assistance would be higher. The result will be on-line as well as paper versions. In the future, if ordinances change or are newly written, the company will make the necessary alterations for the town. There will be an on-going line item for this maintenance in future budgets. Currently, staff is scanning all ordinances so they can be included in the proposal package for more accurate bidding.

Ms. Thompson questioned the increase in training and staff development which was \$800 higher than the previous highest 2010 expenditure. Ms. Benvenuti explained that she budgeted for worst case scenario, and the entire staff would have to be trained in new state-run software programs. The vital records software will completely change next year. She had just received her certification from the International Association of Municipal Clerks, and felt it important to train someone else also. She said they were responsible for knowing a wide variety of laws, and she took advantage of every training opportunity. The amount expended in 2012 was abnormally low, and because of the spending freeze she had taken care of some training out of her own pocket, and had forgone her own participation in some classes. Town and school ballot voting have always been held on one day, and the school shares in the cost. By having a joint deliberative session this year, there will be small savings, mostly in payment to the Supervisors of the Checklists. This will not affect the Town Clerk's budget.

#### E. TOWN COUNCIL (page 28)

The Town Council budget is level funded from FY2013 at \$18,985. This is higher than 2012 actuals as a Recording Secretary had been hired.

#### F. TOWN ADMINISTRATOR (PAGE 29)

The increase of 7.63% is largely the result of the current Town Administrator's salary being higher than that of the previous Administrator. A portion of the salary (20%) is evenly divided between Water and Sewer Funds and paid for by rate payers, as negotiated between the Town Council and Town Administrator. A potential amount of \$8,000 to be paid to the Administrator upon attaining certain goals is also included in all three line items. There is also a \$500 increase in dues and subscriptions. Town Administrator Fournier estimated that LGC dues are \$5,000 per year, but he expected some changes in formulas. He said NHMA was going to be more independent of LGC, setting up its own Board of Directors, and it would see a reduction in its revenues. LGC will still provide health services and will be the umbrella organization providing real estate and executive services to other boards as an independent agency.

As a Board member of LGC and the future Chairman of the NHMA Board, Town Administrator Fournier said that LGC had been forced to establish separate Boards for its Healthcare Trust and Property Liability Trust. NHMA had already been broken off. LGC's appeal to return funds to municipalities as it was directed is at the Supreme Court level. He only knew for certain that the town had been given a one month's rate holiday of \$30,000 for healthcare costs.

#### G. FINANCE DEPARTMENT (page 30)

The overall budget shows a 4.52% decrease. Salaries for the department will be reduced with the combining of 2 part-time to one full-time position, that of A/P, Payroll, Water and Sewer Accountant. One person in the department will be retiring. The department will have 7 employees. Town Administrator Fournier will advertise for a full-time Finance Director after the first of the year. Considering advertising, hiring and transition time he expects the new person to take over about July 1st. The figure for the 2010 Finance Director's salary is skewed as it could not be separated from that of the staff accountant. In 2012, the Finance Director's salary most probably shows an earned time buy-out paid upon his leaving. Town Administrator Fournier stated he did not yet have the complete history of Finance Director salaries or when they were hired and when they left.

To Vice Chairman Snyder's question about how the town was doing financially, Interim Finance Director Angell stated that everything was calm. The staff has been trained to maintain the General Ledger and the new Town Administrator has a solid understanding of finances. Town Administrator Fournier said that now that they were calm, it was time to look at the policies and procedures that are in place for smooth future operations. The system is now producing accurate numbers, and financial operations are being monitored on a regular basis.

#### H. HUMAN RESOURCES (page 32)

Town Administrator Fournier said the overall HR budget showed an increase of 6.52% over last year's figure. Although the guaranteed maximum rate for healthcare was up 6%, an audit had saved about \$100,000 and the town had been granted a one month rate holiday of \$30,000 for a total savings of about \$130,000 reducing the FY2014 figure to

\$450,709. This covers about 38 employees including the library. The water and sewer departments report their healthcare costs separately for a total of 5 employees plus a share of the Town Administrator's plan. Overall reductions for the three line items totaled over \$91,000. He did not have overall average costs available. At 80% of a HMO, the town's annual cost would be about \$18,800 for a family plan, \$13,929 for a 2 person plan and \$6,964 for a single plan. The Blue Cross/Blue Shield 3-tiered plan, which covers 2 library employees, is at \$20,000, \$15,000 and \$7,000. A breakdown of personnel costs can be found on page 13 of the budget.

The town covers 80% of health insurance and the employees pick up the other 20%, which is typical for municipalities. Some committee members working in the private sector said this ratio was the same for their companies. Town Administrator Fournier said he was looking at other plans and ways of funding deductibles. If the town funded the deductible, it would have to determine the amount to set aside to minimize risk, and show savings to both the town and employees with little change in coverage. Collective bargaining determines some of the total costs. The Town Council votes on changes to plans, but in the past has worked with an advisory committee that includes employees. Town employees are offered the Matthew Thornton HMO. The library is governed by the Library Trustees and operates independently of the town, although the town allocates the funds for insurance. It subscribes to the Blue Cross/Blue Shield 3-tiered plan, which has a higher annual cost. The Budget Committee intends to discuss this with library staff when they attend the next meeting.

Councilor Levy asked if it was possible to offer more than one deductible plan to employees and create a salary incentive based on savings to those choosing higher deductibles. Town Administrator Fournier said this was possible, but the town had a Matthew Thornton plan that offered a \$250 deductible. The company does not make custom plans for communities. He was looking at plans and incentives for employees to choose a higher deductible. He said he would go out to bid whenever possible, but that most companies would not consider insuring municipalities. There are also exclusivity contracts with many insurance providers. The healthcare rates include dental and prescription coverage. Dental insurance increased by 1.2% and has a \$10 co-pay. Co-pays for prescriptions are on a 3-tiered system.

There is a significant increase in retirement over which the town has no control. The state has increased the town's share for Group I employees (non-police and fire) from 8.8% to 10.77%; for police from 19.5% to 25.3%; for fire from 22.89% to 27.74%. Police and fire department employees do not receive social security benefits. These rates had been set by the state for 2 years and historically, they had not been changed within that time frame. The state is now contributing nothing to police and fire retirement.

Mr. Glennon noted that for the third year, there were no salary increases in the budget, just a merit pool. He related this to discussions about increasing healthcare costs and deductibles for employees. He was concerned that they could lose staff. There had been 4 police officers who had left for higher paying positions. Town Administrator Fournier said they might not only see turn-over, but retirements, and that he was very cautious about that.

#### I. CODE ENFORCEMENT (page 33)

There was a reduction in this budget of \$5,000, as a new 25 hour per week Code Enforcement Officer had been higher at a lower salary. The Administrative Assistant position is pro-rated with the Planning Department, and Code Enforcement pays \$25,355. The actual figures for 2010 and 2011 are for two positions. Part-time positions in Newmarket average between 25 to 30 hours. National health insurance will come into effect at 28 hours. Contribution to retirement takes place at 32 hours.

#### J. WELFARE (page 34)

This budget had been decreased 43.29% based on actual expenditures and after consulting with the Welfare Director. There are other organizations that provide similar or, in some cases, a wider range of services. There will not be any cut in services or in qualified people. By state law, the town has to pay if people qualify.

#### K. ASSESSOR (page 35)

The town was realizing a reduction of 2.09% in this budget by contracting services. With a part-time employee, the town would also have to cover liability insurance. There were about 10 proposals submitted for the contract, and the contract

was awarded to MRI for \$32,000. The budget includes an additional \$8,000 to cover abatements. The town supplies clerical backup, and a part-time summer person, which is less expensive than using MRI for these services. In 2012 the actual salary expenses for an Assessor were lower because the position was vacant for part of the year. The firm hired is catching up with work that was not done during that time period. The contract specifies an 8 hour day, one day per week plus an additional 30 hours during the year. Work on abatements would be in addition to this. Town Administrator Fournier will email the hourly rate to the Committee. The estimate was about \$91.74 per hour.

#### L. LEGAL (page 36)

Town Council had increased the amount for legal costs from the Town Administrator's figure of \$60,000 and the FY2013 approved budget figure of \$50,000 to \$75,000 based on past budget over-runs. The current contract is based on an hourly rate, and is not a retainer contract. Town Administrator Fournier said that auditors, not state statute, require that they go out for bid every 5 years and he is preparing an RFP. In order to curtail expenses, the town can use LGC legal staff and other free resources and do some research in-house for basic questions. Ms. Thompson asked if Town Administrator Fournier felt his original proposal of \$60,000 would be sufficient. He said his main concern was with potential collective bargaining expenses, and he felt \$75,000 was in the ballpark of what they would spend. He said he did not have the case history yet, but if they had one large Planning Board case, for which they have no insurance, they would have to fight it. Basically, they would have to manage to their legal budget. Legal costs for the EPA process are in a different budget. Water and sewer have their own legal budgets.

#### 3. CONFIRMATION OF NEXT MEETING

On Monday, December 10th, the Committee will discuss the budgets for Conservation, Economic Development, Debt Service, IT, Grants, Recreation, Library, Fire, DPW, Water, Sewer and Revenue. The Town Council will approve warrant articles at its December 19th meeting, and then they will come to the Budget Committee. Town Administrator Fournier said he was going to ask for a special meeting with the Council to consider the warrant articles. The Budget Committee has also earmarked Saturday, December 15th for a possible meeting.

Mr. Glennon moved to adjourn, and Ms. Kwaks seconded. Motion carried unanimously, and the meeting adjourned at 9:00 p.m.

Respectfully submitted,

Ellen Adlington,

Recording Secretary