**TOWN OF NEWMARKET, NEW HAMPSHIRE**

**BUDGET COMMITTEE PUBLIC HEARING**

**JANUARY 14, 2013 7:00 P.M.**

**TOWN HALL AUDITORIUM**

MEMBERS PRESENT:

Chairman Brian Hart, Vice Chairman Ellen Snyder, Rose-Anne Kwaks, Amy Thompson, Russ Simon, Judy Ryan, School Board Representative Linda Mantegani, Town Council Representative Gary Levy, Drew Kiefaber

MEMBERS EXCUSED:

Dana Glennon, Jack Fitzgibbon

Chairman Hart called the meeting to order at 7:05 p.m. and said this was the opportunity for feedback on the School Board and Town Council recommendations. He outlined the evening’s format and said that Dr. Hayes would present the School Budget and Warrant Articles prior to opening the School Public Hearing. At the close of the School Public Hearing, there would be a Public Hearing on the Town Budget and Warrant Articles after a presentation by Town Administrator Steve Fournier. At the conclusion of both Hearings, the Budget Committee might make decisions on some of the Warrant Articles. Another meeting was scheduled for January 22nd for the Committee to finalize its recommendations on the bottom line of both budgets and the remaining Warrant Articles. The Deliberative Session is scheduled for February 2nd, with the Town session to begin at 10:00 a.m. and the School at 1:00 p.m. in the High School gym. There will be opportunities for amendments to Warrant Articles and the operating budgets to be made at the Deliberative Sessions. Final decisions will become the Warrant Articles for voting scheduled for the second Tuesday in March.

**SCHOOL BUDGET AND WARRANT ARTICLES**

PRESENT FOR THE SCHOOL PUBLIC HEARING:

Superintendent of School Jim Hayes, School Financial Director Christine Blouin and the members of the Newmarket School Board – the School Board was present not as a meeting, but to provide input if needed

Chairman Hart led the Pledge of Allegiance and asked Dr. Hayes to begin his presentation.

Dr. Hayes referred to a green paper that outlined Warrant Article 1 concerning the total school operating budget. The General Fund operating budget had been reduced from original requests to $14,843,617 for a 2.84% increase largely because 5.5 positions had been eliminated. Items beyond the school’s control, such as NH Retirement and fuel oil accounted for a 2.94% increase, which had been reduced by other cuts in the budget. The total requested budget was $15,623,567 which also included Food Service and Federal Funds which are washed out by equal revenues. After deducting revenues, the amount to be raised by taxation would be $10,483,774, for an estimated decrease in the tax impact from the FY2013 budget of 2¢. By contrast the default budget, largely because of funds represented in Article 3, showed a total budget of $15,889,684 with $10,749,882 to be raised by taxes for a tax impact of plus 34¢ per thousand. A summary of all the requested financial Warrant Articles showed a total tax impact of 95¢, and in the default budget, $1.31. The back of the green paper included budget highlights that accounted for the 2.84% increase in the operating budget. The operating budget does not include funds for a new teacher contract. If Article 3 passes, the operating budget will be reduced by $37,339.

Dr. Hayes then presented the material on the yellow paper, beginning with Warrant Article 2, Fire and Life Safety at the Jr/Sr High School. The request was for $706,907 for year 3 in a 4-year plan and he outlined the work that had been done. The Capital Reserve Fund has a dual purpose so that funds can be used for renovations of the school or go towards building a new school. This year they had used $100,000 of the 2013 appropriation of $706,907 for the second phase of repairing a ceiling. The Fire Marshall had said they had to re-do the egresses from the science labs this year, and they are planning to have the work done over the summer. They were delaying building an enclosed stairwell and elevator per a decision on whether they would build.

The front side of the yellow paper concerned Article 3, the teachers’ contract, and shows the financial impact over the 3 years of the contract. In the first year, they were used the $344,955 in health insurance savings to offset compensation increases of $307,616 for a potential reduction in the operating budget of $37,339 if both Articles 1 and 3 pass. They would be using a new provider and offering 3 plans. Salary figures include salary-driven expenses. Year 1 of the contract shows salary increases of 3.7% plus step increases if applicable, and years 2 and 3, 1.6% increases plus step increases if applicable. If the Article passes, the tax impact for FY2014 would be 5¢ lower.

The other side of the paper outlined other compensations in the new contract. The bonus of $500 for teachers on step 1 in their first year of employment has been eliminated. There was no change in longevity stipends for teachers: upon completion of 14 years of teaching experience in Newmarket the stipend will be $100 for every year beyond 14, and $500 for those with 10 or more years teaching experience in Newmarket. The compensation for those beyond step 15 has been changed, and no more teachers will be added to the plan. The 15.5 teachers who received $3,000 or less in additional compensation in 2012-2013 will continue to receive this in each year of the contract. The 34.4 teachers who received more than $3,000 in 2012-2013 will have that amount reduced by $500 in each year of the 3 year contract. The severance pay benefit now has a maximum cap of $25,000 upon notice of intent to retire for those with less than 15 years experience in Newmarket as of July 1, 2013. Those with more than 15 years would have no cap on the maximum. Severance amounts per year remain the same, calculated upon notice to retire at $600 per year for 15 to 24 years of service in Newmarket and $900 per year for 25 or more years’ service.

Article 4 would take effect in the event that Article 3 is defeated. It allows negotiations to re-open and cost items be brought back to the town for a vote at a special school meeting. Dr. Hayes had included salary comparisons between Newmarket and surrounding towns as requested by the Budget Committee. He said this showed, by and large, that salaries in Newmarket were not commensurate with others in the area. He said this makes it difficult for Newmarket to attract and retain teachers.

The blue paper outlines other financial Warrant Articles. Articles 5, 6, 7 and 8 concern dividing any surplus equally between 4 separate Funds: Expansion of School Facilities Capital Reserve Fund, established in 1962; School Technology Expendable Trust Fund, established in 2005; Special Education Capital Reserve Fund, established in 2004 and the Repair and Maintenance of School Facilities Expendable Trust Fund, established in 2004. He said that with the tight budget he was not expecting a surplus. Article 9 would establish a Utility Expenses Capital Reserve Fund with $50,000 to help offset increases in energy costs. Article 10 would allow for the governing body (the School Board) to apply for, accept and expend many from unanticipated sources, which he said would mostly be grant monies. Article 11 is for inclusion of tax information in Warrant Articles. If passed this would take place in FY 2015. Article 12 is non-binding referendums to get a sense of the community’s support in having the School Board enter into discussions with Oyster River for sending grades 9 – 12 to their facility.

Dr. Hayes concluded his presentation, and Chairman Hart opened the Public Hearing at 7:20 p.m.

Ed Portyrata of 177 Exeter Road asked about the additional compensation for teachers beyond step 15. He referred to an old paper outlining this compensation, and asked if this had been changed. Dr. Hayes outlined the changes in the new contract. Money that had been given in the past had been negotiated and became part of a legal contract. As the language for implementation of the program was not clear, legally, the money was given as interpreted and the compensation was cumulative. This implementation could only be changed through negotiations, and the change had been part of the negotiation process for the proposed contract. Chairman Hart explained that those who had received more than $3,000 in the past would see this amount reduced by $500 in each year of the new contract. Dr. Hayes pointed out that the language that had created what became a problem in the past had been deleted, and no new employees would receive this benefit. Mr. Portyrata said the community should get information on what teachers and other school and town employees receive including benefits beyond reported salaries. Dr. Hayes said the back side of the yellow sheet listing information on every other financial element of the new teachers’ contract. He agreed that health insurance was a big benefit. Mr. Portyrata felt the 3.7% salary increase for 2014 was high.

Larry Pickering of 119 Ash Swamp Road asked about the one School Board vote to abstain on Article 3. Chet Jablonski said he had abstained and his reason was for the low end of the salary scale for new teachers. Mr. Pickering said he was glad to see that the community had finally looked into health insurance savings, and added that the idea had come from the Efficiencies Committee. He said the RFP that went out said that the insurance quotes had to be for plans that were as good as or better than the plan on the books per the contract language. He thought when the RFP went out, there was no contract. Dr. Hayes said that teachers are always covered by a contract. The contract ended in June, 2012, and because they were unable to negotiate a new contract, the previous contract continued in force. Most compensation remained at status quo and benefits such as health insurance were carried forward. Mr. Pickering said that in the future he hoped the school and town could work together to continue making strides in cooperative efforts.

Toni Weinstein of 275 Ash Swamp Road came forward to offer her support for the teachers’ contract.

As there was no further public comment, Chairman Hart closed the School Public Hearing at 7:35 p.m.

**TOWN BUDGET AND WARRANT ARTICLES**

PRESENT FOR THE TOWN PUBLIC HEARING: Town Administrator Steve Fournier, Council Chairman Nazzaro, Councilor Wright, and Councilor Carmichael, not as a meeting but to answer questions if needed

Chairman Hart opened this part of the meeting at 7:42 p.m. Town Administrator Fournier presented an overview of the operating budget and Warrant Articles and said the complete budget was on the town’s web site. The tax rate for the FY2014 is projected at $23.67, and the town’s share is 25.64% or $6.07 of the total. The Town Council is recommending a budget of $9,158,403, which is a $90,360 or 1% increase over the FY2013 budget. This figure had been reduced from the Department Head requests of $9,769,183 and the Town Administrators proposed $9,305,299. Expenditures were broken down by the 4 Funds: General Fund (operations), $6,217,577; Special Funds (solid waste, recreation and library), $1,138,209; Water, $848,597 and Wastewater, $954,019. Water and Wastewater affect the ratepayers. 68% of the town’s budget goes to the General Fund, 12% to Special Funds, which is a mix of revenues and subsidies from general taxation, and 20% to Water and Wastewater.

Town Administrator Fournier said the biggest increase to the budget this year was in NH retirement rates, which were up $135,599. Of that $124,152 has an impact on the General Fund, $4,325 on water and $7,102 on wastewater. Rates are set by the state and a municipality cannot withdraw from the plan. The contribution to a Town Revaluation Capital Reserve Fund of $40,000 has been placed in a Warrant Article. The Budget Committee may remove this amount from the budget during their deliberations. The was an amount of $50,000 for one-time merit pay increases, as town employees have not had pay increases in many years. Payments would be made based on reviews and attainment of goals. The amount of $15,000 in Information Technology (IT) ,of which $10,000 is for computer technology and $5,000 for Channel 13 camera equipment, had been in a Capital Reserve Fund, but was removed by the CIP Committee as computer technology is now an operating rather than a capital expense. The $17,500 for fire radio replacement is part of an on-going project. There is an increase of $11,920 for the new Town Administrator’s salary. Codification of ordinances to update and organize all the town’s ordinances as required by the Town Charter is set at $12,000. The increase in legal fees of $25,000 reflects actual past costs.

The decrease in Public Works Administration of $23,696 is from a reduction in salary for the foreman position with a new hire. A decrease in health insurance of $131,241 came from an account review that showed there were extra funds in previous budgets. This is the amount of the decrease after rate increases are taken into account. The $49,000 reduction in welfare represents actual costs that the town has been seeing. Revenues for FY2014 have been projected at $4,696,369, a $178,130 reduction from this year and an impact on the tax rate of 24¢. From the time this information was prepared and the present, the Council used an additional $200,000 from Fund Balance, which is booked as revenue, to set the tax rate. He said they would be reviewing ways to increase revenues to add to Fund Balance and offset the difference. The default budget of $9,215,962 is $57,559 more than the FY2013 budget. This represents contractual increases and decreases. There was a decrease of $4,250 in debt service to reflect actual costs, and increases for the Town Administrator’s contract of $11,920 and retirement system costs of $140,249. Not reflected in the default budget are the decreases in health insurance costs that were the result of a one-time review that found extra budgeted funds. Those funds would remain in the default budget.

Town Administrator Fournier next reviewed the Town Warrant Articles. He said that the Town is now allowed to put tax impact in Warrant Articles. ***Issuance of* *$14.1M Bonds for the******Purpose of Upgrading the Waste Water Treatment Facility*.** He said that the plant needed significant upgrades and the town had agreed to an EPA Administrative Order of Consent for a new permit which would allow the town to build to 8mg/L and gradually to 3mg/L nitrogen discharge levels. The current plant discharges 30 mg/L nitrogen, and it was thought that building to an 8 would probably bring the levels down to about 5. The town also has to work on non-point sources of nitrogen. *This Article would impact* *the rate payers.* ***Issuance of $2,502,600 Bonds for the Development of the MacIntosh******Well to Include the Electric Service, Wellhead Development, Piping, Land Purchase, and* *Treatment******Plant.*** The original Article for $3,370,250 for EDR treatment of the well had been amended to an Article that would favor blending the water. After the Town Council Public Hearing at 6:00 prior to this meeting, the Council had voted to increase the amount of the bond from $2,402,600 by $100,000 to the present amount. This amount represented costs to make the proposed blending plant more flexible in case it was found that EDR treatment was needed at a later time. The MacIntosh Well was determined to be the best location for a new water source, and it would be used in conjunction with the Bennett and Sewell Wells*. This Article would affect the rate payers.*

***Approval of Collective Bargaining Agreement with New England Police Benevolent Association Local 215.*** Town Administrator reported that the 2 year contract called for a 1.5% salary increase totaling $14,432 in FY2015 and a 2% salary increase totaling $19,814 in FY2015. The $14,432 represents salaries and benefits that will *amount to 2¢ of the FY2014 tax rate.* ***Rescinding the Parking Special Revenue Fund.*** The $122,000 currently in the Fund would be transferred to Fund Balance. There is little revenue going into this fund, and any future money received from parking or parking tickets would go against the general revenue for the town. *There will be no impact on the tax rate.*

Town Administrator Fournier said that the next 3 Articles were basically housekeeping *Articles that would* *have no impact on the tax rate.* ***Correcting a Deficit in the Fire Station/Public Works Facility Building Project Fund.*** This account showed a deficit of $1,224,000 on the books, but a Reserved Fund Balance of the same amount. The amount of $136,000 had to be transferred annually from one account to the other. This would eliminate the annual transfer. ***Change in Purpose of the Fire Capital Reserve Fund*** would allow the purchase of equipment as well as vehicles from this fund. ***Change in Purpose of the Health Insurance Capital Reserve Fund*** would set money aside to help offset health insurance increases. The delta between the budgeted amount that is voted when only the maximum guaranteed rate is known and the actual rates that are known after the town vote could be placed in this Fund.

***Creation of Town Revaluation Capital Reserve Fund*** would set aside $40,000 of the $80,000 necessary to pay for the 2015 statistical revaluation that is required by the state every 5 years. This would lessen the impact of paying for the total amount in one year. *There will be a 5¢ impact on the tax rate.*

Town Administrator Fournier cautioned that the following information on tax impact was based on data unavailable at the time. The total tax impact with the approval of the proposed budget and Warrant Articles would be $9,212,835 of gross expenditures. From that amount revenues of $4,696,369 would be deducted, and an amount of $100,000 for overlay and $175,000 for war service credits would be added. That would leave an amount of $4,791,466 to be raised through taxation. The town’s total assessed value is $743,157,083, and the estimated tax rate would be $6.44, and increase of 37¢ over the previous year if the budget and all warrant articles pass. He said that he had mentioned to the Budget Committee that $40,000 of that could be removed from the operating budget during their deliberations. Based on the average home value of $250,000, the town’s portion of the tax rate would go from the current $1,517.50 to $1,610 annually. That would result in an increase for the average home of $92.00 annually or $7.71 monthly.

Town Administrator Fournier said that the Articles were not yet numbered as the Operating Budget Article would have to be included as well as a non-financial Article to create a Charter Commission, and he did not yet know where they would be placed. They also had to allow for any petitioned Articles.

Chairman Hart opened the Public Hearing at 8:03 p.m.

John Badger of Cushing Road asked what would happen if the Article for the wastewater plant did not pass. Town Administrator Fournier said that if it did not pass, the EPA was willing to work with the town. There would be the possibility of a Special Town Meeting and fines could be imposed. Also, the town would not be eligible for the Rural Development grant of $5M after March. Mr. Badger asked, since the document said there would be no impact on the tax rate, what would be the impact for the rate payers. Water and Wastewater Superintendent Sean Greig said the $14.1M would be reduced by SRF principle forgiveness of $250,000. He explained that the impact for the ratepayers could be handled in two ways: they could wait until the first bond payment was due to increase the rates, or start with level increases now of about $1.00 per year and build toward that time. The method preferred was the latter, as the rates would be $11.90 in 2017, rather than jumping to over $17 at that time. Mr. Badger then asked, in reference to the school having saved money with a new insurance provider, if the town employees were included in the plan and if not, why not. Town Administrator Fournier said that health insurance for the school was part of union negotiations, which were not public, so he was not aware that they were changing providers until negotiations were finished. However, the town had looked into other plans, and would continue to look for one that was more cost effective. Mr. Badger asked about the status of the Efficiency Committee’s recommendations that the town and school work together. Town Administrator Fournier said he did not know, especially since the proposed health insurance plan for the school was part of non-public negotiations.

Larry Pickering of 119 Ash Swamp Road said that in order for the state to balance its budget, it sent expenses back to the communities to absorb. He asked Town Administrator Fournier if he had any information of more to come, especially in reference to pension costs. He answered that the state had stopped contributing toward retirement for community employees, even though many were forced to be in the state retirement system. In addition, the state had increased the rates employers would have to pay: the rates were set for 2 years. He said the town was losing other revenue sources: Shared Revenue was gone and revenues from Highway Block Grants, based on the 9¢ tax on gas had not been increased since 1991, were less and less per year. The town was seeing less each year from the Rooms and Meals Tax which affected welfare, police assistance for calls and homeland security assistance. In addition there were new, costly mandated regulations that the town had to follow without any revenue assistance. Mr. Pickering said this put the town in the position of either paying or making cuts. Currently, the town is owed $156,000 from the state for water and sewer projects that the state had committed to fund. Now the state says it does not have the money, but Town Administrator Fournier was going to Concord the next day to ask for the money. Mr. Pickering asked if the town had considered contracting out some of the snow plowing. Town Administrator Fournier said the town would look at anything to contain costs that would still provide adequate service.

Bob Madea from Sander Drive asked about the costs for the water users if the Warrant Article for the MacIntosh Well passes. Mr. Greig said they had been putting money aside, and currently they did not expect to raise rates for this project. Mr. Madea asked about the Article to rescind the parking fund, as he along with many others believed that parking was a serious issue for businesses in town and for attracting new businesses to town. He said the fund had originally been created to help with this issue, and asked if the fund had grown or if was stagnant. Town Administrator Fournier said the fund was stagnant, as the town had sold the parking lot that provided lease income. Now, the fund receives about $4,000 annually, rather than about $40,000, mostly from parking for a few spaces behind the library and from parking tickets. Mr. Madea asked where the Town Council felt they were headed in the future for parking. Council Chairman Nazzaro said the Council was aware of the problem, and he would encourage the next Council to set this as a priority to address. Mr. Madea said that even though there was an insignificant amount in the fund to build a structure, he felt they were taking the wrong direction in eliminating the fund and moving the money to fund balance, and he could not support the Article. Later, Councilor Levy said that a parking study had been done a few years ago, and they were looking for it to discuss and evaluate its findings. He said the Council had supported the Article because the amount in the Fund would not be enough to do much, and there was little revenue being added.

Jill Curry of Ladyslipper Drive said she supported the teachers’ contract, but she had received the impression from one of the answers given, that some felt the school had been very secretive in relaying the change in benefits to the town. She asked, with all the Efficiency and Budget Committee meetings, why there had not been any discussion for the town side trying to negotiate benefits the same way the school had. Town Administrator Fournier said he did not mean to imply that they were being secretive, but parts of the discussions on both sides, as part of the negotiation process, were non-public. By the time the school had completed negotiations, and the tentative agreement was made public, the town had completed its budget process. Ms. Curry then asked, since the Efficiency Committee had been meeting for about a year, at what point could the school and town negotiate together. Town Administrator Fournier said that under Newmarket’s structure, the town and the school were two separate governing entities, and neither had access to what the other was doing in negotiations. Each body could let it be known, in general and informally, what plans they were looking at, but would not know any specifics until a tentative agreement was made public. He said he had run numbers for many plans. School Board member Linda Mantegani said she had been on the school’s Health Insurance Benefit Committee, and when RFPs were put out, she had asked if they also could seek proposals for the town and school combined. She found out that could not be done because of negotiations and because they were 2 separate governing bodies. She said they were aware of the Efficiency Committee’s recommendations, but it was a process that they were still working on.

Karen Polseneti of Stonewall Way said the there were over 5 positions cut in the school budget, and asked if the Town Council had looked at cutting positions also as a way of saving money. Council Chairman Nazzaro said the Council’s goal was to have a budget that would have a flat tax rate impact. He said the expenditures look like there is an increase, but once revenues are applied, there is a zero impact on the tax rate. He said, because of this, they had not had to look at eliminating positions. If, however, the present economic climate continued for a few more years, he could not say that this would not happen. He said the Council had to balance services to the community provided by staff with reasonable tax rates. Ms. Polseneti said that even though the Council had come in with what they wanted, didn’t it still want to be sure it was efficient. He answered that they absolutely had to be efficient. Ms. Polseneti then asked if the town thought there was no way in which it could be more efficient. He said there were 2 considerations right now would result in the community not getting services that they have. He said now they were at a level tax rate without reducing services, and the budget was so tight that any further reductions would have to result in cutting services. Town Administrator Fournier added that they were looking at everything for savings, but any further cuts would result in services not being as they are at the present. He said they were looking for savings in the way they funded the recreation programs and cost sharing or contracting other services. He reiterated the goal of the Council.

Toni Weinstein of 275 Ash Swamp Road said that there had been discussions in non-public sessions about the wastewater treatment plant, and it seemed that all of a sudden a completed plan of $14.1M for the plant was in the works. In the interest of efficiency, she asked if there had been any conversation with other communities about collaborating and sharing costs for the plant. Town Administrator Fournier said that any time they could share costs they would look into it, but some costs were prohibitive as other area towns were looking at the same projects and adding Newmarket would increase their costs. Instead, he said they might look at adding others to Newmarket’s plant to make it more cost effective as a long term goal. He added that there would be considerable infrastructure additions necessary to accomplish this, so they would have to decide if it was more cost effective than the present plan. Council Chairman Nazzaro added that they also had to consider geography. Durham is at capacity and would not be able to accept Newmarket. Newfields would be a possibility but, with very few rate payers, would not greatly affect the cost to Newmarket’s rates payers.

Alicia Bono of 71 Ladyslipper Drive commented on previous statements about recreation and efficiencies in services, and hoped that recreation would not be impacted as it affected children. Town Administrator Fournier said that when he had mentioned recreation, he was not speaking about cutting children’s services, but changing the way the department was funded, so that the money that goes to recreation would stay in recreation.

Larry Pickering of 119 Ash Swamp Road, in reference to the School Hearing, said he was still perplexed by the reason Mr. Jablonski gave for abstaining from the vote on Article 3. He said that either one was in favor or not in favor of an Article, and he said he did not think the reason for abstaining was legal or valid. He felt Mr. Jablonski should have voted in the negative. He asked School Board Chairman Chase to look into this.

Leo Filion of 3 Lafayette Road said he had requested that the Town Council and Budget Committee receive copies of the Emery and Garrett report the previous year. They had not received the report. Ms. Kwaks said she had a copy from when she was on the Council. He felt the Council could not do due diligence without the report and knowing on what it was based. He stated that the report said that more long-range pump testing of the MacIntosh Well was necessary to see if the water needed treatment. He gave a copy of the report to Chairman Hart. The report suggested that these further tests could show that after more pumping, it was probable that the primary and secondary constituents would be below state levels, and the MacIntosh could operate as a stand-alone well. He felt it was important to pursue this.

Mr. Filion said the current Article was for blending the water in order to save over $1M over the earlier one that had been for treating the water. Emery and Garrett had said the other option to consider was operating the well as a stand-alone well which would cost about $865,000. In this option, the water would be pumped directly into the system if further testing showed that this could be done. They had said that at Hershey Lane water from the MacIntosh could be blended with water from the Bennett and Sewell Wells where 2 pipes would meet. From there, the water would be pumped to the tank, and would blend in the pipes and then more blending would occur in the tank. He said for that reason there was no need to spend $2.5M for blending the water. He said further testing as suggested should be done to flush out the MacIntosh Well to see if this was possible. He did not think the recently completed pilot study pumped the water for a long enough time or with enough consistency to determine if this was possible. Mr. Filion said he did not support the Article and said they could expect an amendment at the Deliberative Session.

Town Administrator Fournier said that the Council would be getting the Emery and Garrett report and would have it on the February 4th agenda. He will send digital copies to the Budget Committee. Councilor Levy asked Mr. Greig to speak about the findings of the recent pump test. Mr. Greig said they had worked with Emery and Garrett to find the well and they had done a 56 day test. They had made some observations, but qualified their report, stating that they were not water quality experts, and that the findings should be reviewed by a water quality professional. Weston and Sampson had been hired to follow up on the study to determine how the water could be used under normal pumping conditions. Mr. Greig said they would not be pumping the well 24/7, which was what Emery and Garrett had done and they had pumped 16.1M gallons from the well. This leveled out most of the contaminants. Mr. Greig said he had shown the Weston and Sampson results to Emery and Garrett and they agreed that the water would have to be treated to be a stand-alone well. The State also agreed, and both said the water would at least have to be blended. Councilor Levy asked if they could have that in writing, and Mr. Greig said he would get that.

Ed Portyrata of 177 Exeter Road said when he calls 911, he does not get Newmarket, but there is a charge for 911 on his phone bill. Town Administrator Fournier explained that 911 is a state agency and the amount on the phone bills is a tax for the service. The calls go to Concord and then are sent back to towns or to regional dispatch services. Mr. Portyrata said that a lot of towns don’t have dispatch and wondered if this could be considered for savings in Newmarket’s budget. Mr. Portyrata said he had given reports to the Council about people who were spiking or padding their salaries to increase their pension plans. He said that 2 years ago he had looked at police salaries and they seemed low, so he had done further research and it seemed that the police salary structure was different for the police department. He said he found accrued benefits that added to the salary amounts and wondered how that would affect pension amounts. Town Administrator Fournier said he would not have that information at off the top of his head. He added that there was a difference in salaries and earnings for many departments. He said some of the earnings could be those that were offset because the town was receiving revenue for from private companies for such things as detail work. The fees charged covered hourly rates and benefits along with vehicle use and associated administrative costs.

Mr. Portyrato said this was the reason the state was in trouble and that they were shoving these pension costs back to the towns. He said he had read about police making over $100K in retirement He asked if there had been any pension reforms. Town Administrator Fournier said there had been, and they had eliminated some of the spiking provisions and employees were not allowed to make more in retirement than they had while working. He said there were a lot more reforms that had to be done, and this was not just for the police but was across the board. Mr. Portyrato said this also applied to Public Works, and if they found a loophole they would use it. He gave other examples of what people were receiving in retirement, and said he could write a book about how things had been done improperly in the town. He said that the state could not pay for retirement and had given that responsibility to the towns as they had approved the benefits as they stood.

Police Chief Cyr said that he wanted to make a point about the retirement system: the employees have no control over the amount of pay or what retirement system they belong to. The police are not eligible for Social Security benefits, and the town does not into the program for them. He said that only 2 people had retired from the police department in his 31 years and neither one had walked out with a golden parachute. In fact, he wondered how one of them was making it. Town Administrator Fournier said for the record that police and fire department employees do not get Social Security, but other town employees do.

Rose-Anne Kwaks of 332 Wadleigh Falls Road asked for a clarification on the savings for the $14.1M wastewater treatment Article. Mr. Greig said they were looking at Rural Development to get a $5M loan with a 10 – 30% grant. She asked if the projected rate of about $11.90 in a few years would be comparable to what other area towns would be charging. Mr. Greig said that he could not speak for other towns, but according to the paper, Portsmouth was looking to build a $60M facility and estimated their charges would be around $20. He said that Exeter was looking at a $45M plant, and that the entire area was dealing with the nitrogen problem. To her question, Mr. Greig said the Emery Garret report was done in May, 2010. She said that she knew that treating the water from the MacIntosh Well was more expensive, but she was concerned about EPA regulations. She said she completely supported treating the water from the well and also the wastewater treatment facility. She said that as to health insurance, she believed that the majority of the school employees paid 11% of the cost while a few paid 15%, and the town employees paid 20%. Town Administrator Fournier said this was mostly correct, but that there were 2 town employees who paid 10%. Regarding the parking downtown, she thought they should use the money in the Capital Reserve Fund for whatever use they could find. She thought parking was looked into as part of the Downtown Project. She thought it cost approximately $25,000 for each space in a parking garage. She said there still was parking behind the library that the public could use. She said the proposal for the former Joyce’s Kitchen would remove parking to build 3 additional units. She suggested that the Planning not approve any plans that would eliminate parking.

As there was no further public comment, Chairman Hart closed the Town Public Hearing and declared a brief recess until the Budget Committee came back to make some deliberations.

**BUDGET COMMITTEE DELIBERATIONS AND VOTES**

Chairman Hart reconvened the meeting at 9:05 p.m., and proposed that the Committee act on those Warrant Articles that would have little further discussion. He said if any Committee members wanted to table an Article that would be fine. He also wanted to defer any Articles that Mr. Fitzgibbon or Mr. Glennon might have comments on. There were no objections to continuing.

School Board Representative Mantegani moved to recommend Approval of Collective Bargaining with New England Police Benevolent Association Local 215 as presented. Ms. Kwaks seconded. There was no discussion. Motion carried unanimously, 9 – 0 by voice vote.

Ms. Kwaks moved to recommend Rescinding the Parking Special Revenue Fund. Ms. Thompson seconded. Discussion: Mr. Kiefaber said there had been some discussion about the costs of a parking garage and the lack of a location. He pointed out that land was no cheaper, and $100,000 would not be much help in purchasing a lot that would be in the area that needed parking. Chairman Hart added that this was not to indicate that parking was not a problem down town. He thought this issue would have to be looked at in a separate vehicle. Motion carried unanimously, 9 – 0 by a voice vote.

Vice Chairman Snyder moved to recommend Correcting a Deficit in the Fire Station/Public Works Facility Building Project Fund. Ms. Thompson seconded. Discussion: Councilor Levy said he hoped the voters approved this as it was always an issue with the auditors. The money was there, even though there appeared to be a deficit. Motion carried unanimously, 9 – 0 by a voice vote.

Mr. Simon moved to recommend Change in Purpose of the Fire Capital Reserve Fund. Mr. Kiefaber seconded. Discussion: Ms. Ryan said she supported this as there currently was a line item in the town’s operating budget for radios, and the article would allow those purchases to come from the Capital Reserve Fund in the future. Motion passed unanimously, 9 – 0 by a voice vote.

School Board representative Mantegani moved to recommend Change in Purpose of the Health Insurance Capital Reserve Fund as presented. Mr. Simon seconded. Discussion: Ms. Thompson said she was not sure if she completely understood the Article. She asked, if the guaranteed rate was budgeted for at $200,000, but the actual amount came in at $150,000, where the $50,000 would go. Town Administrator Fournier said the $50,000 would go into the Fund and could be used the following year upon his recommendation and vote of the Council to offset any increase in rates. He said he hoped this would be a revolving fund and would be used as needed, especially if there were a large spike in rates. Also, in the future, they would not have to budget to the maximum if they had funds in reserve.

Ms. Thompson asked how they could get away from the feeling that there were piggy banks around with funds that did not go back to the taxpayer. In addition, she asked how this would affect the incentive for those in charge to look for the best rates. Town Administrator Fournier said that anyone in his position should be doing that. He said this was not a slush fund, but similar to a savings account established by a household to deal with expected increases in oil costs. He said that health care costs showed peaks and valleys. She was concerned that they would not continue to do due diligence. Town Administrator Fournier said shame on anyone who did not. Mr. Simon said his understanding was that this Article was to establish the Fund with a zero balance, and each year funding could be recommended and then approved. He felt there should be some controls on this, and suggested that in the future maybe there should be an annual cap for funding. Town Administrator Fournier said he had done this in other communities, and usually, there was not much of a balance because of the peaks and valleys in the rates. He added that in doing audits, they could find that there was less going into Fund Balance, and in those years he would recommend that savings from health insurance go there instead. Ms. Ryan pointed out that the Article was for changing the purpose of the fund, and Town Administrator said that was correct, and there was $1,000 in the fund. Motion carried unanimously, 9 – 0 by a voice vote.

Vice Chairman Snyder moved to recommend the Creation of Town Revaluation Capital Reserve Fund. Ms. Ryan seconded. Discussion: This would also remove $40,000 from the operating budget. The town has done annual valuations, but this is for a statistical revaluation required by the state every 5 years. This amount is half of the cost for 2015. After the revaluation is completed, $20,000 will go into the fund every year. Town Administrator Fournier will add this to his comments. Motion carried unanimously, 9 – 0, by a voice vote.

Councilor Levy moved to adjourn and Mr. Simon seconded. Motion approved unanimously 9 – 0. Next meeting will be January 22, 2013 at 7:00 p.m.

Respectfully submitted,

Ellen Adlington, Recording Secretary