**TOWN OF NEWMARKET, NEW HAMPSHIRE**

**BUDGET COMMITTEE**

**COUNCIL CHAMBERS**

**JANUARY 15, 2014**

MEMBERS PRESENT: Chair Ellen Snyder, Vice Chair Amy Thompson, Judy Ryan, Dana Glennon, Drew Kiefaber, Russ Simon, William “Blue” Foster, David Foltz (participating by speaker phone), Michael Lang, Town Council Rep Larry Pickering, School Board Rep Cliff Chase

ALSO PRESENT: Town Administrator Steve Fournier

**ALLOWING A MEMBER TO PARTICIPATE BY PHONE**

Chair Snyder opened the meeting at 7:00 p.m. She asked if there were any objections to Mr. Foltz participating by phone as he was out of town. Ms. Ryan said she objected as the same opportunity had not been offered to her when she was out of town the previous spring for the vote in filling the open one-year position. She said that according to Town Administrator Fournier this option had been allowed for a year. Mr. Glennon said that he had no problem with Mr. Foltz listening in (Ms. Ryan said she did not either) but he objected as this option was required by law and should be consistently offered to all members.

**Mr. Glennon made a motion that the same opportunity be afforded to Ms. Ryan as well as to Mr. Foltz and he would object to this going this evening as an outside person to participate in this meeting. He said that this was his motion and he would not support it (Mr. Foltz participating in the meeting). Ms. Thompson seconded**.

Discussion: Mr. Chase said perhaps there was an oversight in the past, but that did not mean the process should not continue for this meeting. Mr. Kiefaber said he would agree with the intent of the motion that consistency was appropriate. However, he wondered when people realized that there was an opportunity to phone in, (it was noted that Town Council had done this for several years) and asked that if the motion passed if it would mean members would always have to be present to participate in a meeting. He added that, if that were the case, they would not be consistent with other committees in town. Mr. Glennon said they were trying to be consistent. Mr. Simon referred to Ms. Ryan not being present for an important vote and noted that, whether or not people were aware then that this process was allowable, this had impacted a significant vote and he did not feel comfortable with saying they should do this one time but not another time. Mr. Lang said that if this was State law, they had the ability to look it up and do their due diligence to know the laws. He said he had no objection with allowing Mr. Foltz to participate if he was alone in the room, which Mr. Foltz said he was. Mr. Glennon said that maybe he should withdraw his motion and let someone else make a motion allowing Mr. Foltz to participate.

Town Administrator Fournier read the law, which stated that a committee could, but was not required, to allow a member to participate in a meeting by electronic or other means of communication subject to certain provisions if it was not reasonably practical for a member to attend. The minutes would reflect the reason for non-attendance. The meeting would have to be open to the public and at the posted location where the public and all members would to be able to hear one another. Communication could not be by email or other means by which the public would not be able to hear or read the proceedings. The person participating remotely would be deemed present at the meeting and would participate in voting. All votes were to be by roll call. In essence, it was up to the Committee to decide on allowing the process. Mr. Foster asked if the onus was on the member or the Committee to offer this option, and felt that if someone did not want to participate, it was that person’s right. If the member did want to participate, then he should be allowed and Mr. Foltz had made himself available. Mr. Glennon asked if the possibility of a conference call should be mentioned at the point when a member states he cannot be present at a meeting. Chair Snyder said that the meeting had originally been scheduled for Monday, January 20th when Mr. Foltz could attend. However, as the 20th was a holiday, the meeting was rescheduled to the 15th when he would be out of town, and she asked him if he would like to participate and have the Committee call him. Mr. Glennon said the point was that this was not shared with the Committee and Ms. Ryan had not been offered the same opportunity. Mr. Simon said that if this was the law then it should be, but he took exception that up until this meeting a person would not participate in the vote if not present. No one brought up the subject of this possibility when Ms. Ryan was excused from a meeting for an important vote. He said for this to be brought up now was unusual timing and was inconsistent with the way the Budget Committee had operated, regardless of what the law said. Mr. Pickering said he could appreciate how Ms. Ryan felt, but he was not sure when the law had changed. Town Administrator Fournier said the law had been on the books since 2008. Mr. Pickering said that collectively none of them knew about the law or this would not have happened, but now that they did they should abide by it. Mr. Simon pointed out that the law stated it was up to the Committee to decide.

**Chair Snyder called the roll and stated that a” yea” vote would not allow Mr. Foltz to participate in the meeting and a “nay “vote would allow him to participate. Motion failed 4 – 7, with Mr. Glennon, Ms. Ryan, Mr. Simon and Ms. Thompson in favor and Mr. Chase, Mr. Foltz, Mr. Foster, Mr. Lang, Mr. Pickering and Chair Snyder voting against.**

**Mr. Foster moved to allow Mr. Foltz to participate in this evening’s Budget Committee meeting and to have voting rights. Mr. Lang seconded. There was no discussion. Chair Snyder said that for this motion, a “yea” vote would allow Mr. Foltz’s participation and a “nay vote would not. She called the roll. The motion carried 7 – 4, with Mr. Chase, Mr. Foltz, Mr. Foster, Mr. Lang, Mr. Pickering and Chair Snyder in favor, and Mr. Glennon, Ms. Ryan, Mr. Simon and Ms. Thompson against.**

Ms. Snyder told Mr. Foltz that he could participate, and asked him to state why he could not attend. Mr. Foltz said that he was at a business meeting in St. Louis, and he was alone in the room. The Committee recited the Pledge of Allegiance.

**TOWN WARRANT**

Although the agenda stated that the Committee would vote on non-bond Warrants only, there was a discussion about adding **Warrant Article for a $1,055,000 Bond for Installation of Water Main on Rt. 108** to this agenda. Town Administrator Fournier said the Public hearing for the water bond was on February 5th. He said that when Newmarket became an SB2 Town, the amended Charter did not change the time schedule for bonds, and it was possible to hold the Public Hearing after the Deliberative Session. The Council would vote on the bond at its February 5th meeting, but the Warrant had to be posted by January 27th and include the vote to recommend. He said that the bond had been presented to the Budget Committee within the legal timeline and before January 14th, which was the deadline for receiving Warrant Articles. The Committee decided to add this Article to the agenda.

**Ms. Thompson moved to recommend the Town Warrant Article $1,055,000 Bond for Installation of Water Main on Rt. 108. Mr. Glennon seconded**.

Discussion: Mr. Chase said that this would be paid for through water rates and his understanding was that one of the purposes of enlarging the main was for adequate water for fire fighting. He said that fire fighting benefited not just rate payers but the community as a whole, and he felt that the whole community should help pay for the bond. Town Administrator Fournier said water for hydrants came through the water mains and the hydrants were within the water district. To fight fires outside the district, the Department would have to pump water from truck to truck or use water from cisterns located near some neighborhoods. He said the businesses in the water district also pay water rates. He said that in some towns there is a tax per hydrant for those receiving the benefit of hydrants in the area. Ms. Ryan said that if there was to be no impact on the water rates, it meant they had been paying inflated rates. She said they had received notice in the previous quarter that water rates were going up for the wastewater facility. Town Administrator Fournier said that there would be an impact, but the notice sent was for sewer rates. He said they were trying to phase this in so that when bond payments began other debts would be retired. He said the rates would drop by about 30 cents at that time if there was no bond for the water main. He said there were 2 large projects: the water main replacement on North Main Street for which they had funds in a Capital Reserve Fund and this project for the main on South Main Street.

Ms. Thompson said her understanding was that the $1,055,000 was a worst-case scenario and the cost might not be that high. Town Administrator Fournier said that for the wastewater treatment facility, they asked for a $14.5M bond, but through grants, etc. that amount had been reduced to around $10M. He said they were asking for the maximum borrowing authority. Ms. Thompson pointed out that taxpayers pay for water and wastewater use in town buildings. Mr. Foster asked about the statement at the end of the Warrant Article that said, “There will be an impact on the Water Rates”, and asked if it would be based on usage. Mr. Fournier said this did not necessarily mean a rate increase, but there would not be a decrease from retiring other debt for water meter replacement when they started paying for the bond in 2015/2016. Rates charged would continue to be based on usage. Mr. Glennon said the main was also being replaced because of the age of the pipes, and Town Administrator Fournier said that they dated from the late 1800’s and would be replaced by larger, 16 inch pipes. He said they had tried to save money on this project which was being done in the same area as the bike lane project for which they were receiving Federal funds. However, if they installed the pipe at the same time the road was dug up to build the bike lane, the Davis/Bacon law would come into effect and they would have to pay higher fees.

**Chair Snyder called the roll. Motion carried unanimously, 11 – 0.**

**Chair Snyder stated the operating budget was $9,060,199.Mr. Simon moved to recommend the** **operating budget as stated. Mr. Glennon seconded.**

Discussion: Ms. Thompson said that while she did not disagree with the total in principle, she did have notes from the review, and suggested that about $100,000 could be cut and/or removed to other places in the budget. She thought this could help with Meals on Wheels and they had spoken about another Social Service Grant that could come out. She said she could itemize at this point, but recommended that the budget could come down by about $100,000. To Mr. Glennon’s question about cuts, she said it wasn’t that she was not recommending the budget, but was looking toward Warrant Articles. She felt the $10,000 for Lamprey Health could be cut and the money used for the Petition Warrant Article for Meals on Wheels. Mr. Glennon said he could not agree as Lamprey Health was of great benefit to the community. Ms. Thompson said that while Lamprey was valued as an institution, it was also given about $70,000 in tax forgiveness every year, and she felt that was a great help without adding another $10,000. Mr. Glennon said that Lamprey, along with other 501C social service organizations, was given this benefit and he would like this applied consistently.

**Ms. Thompson moved to reduce the Town operating budget by $100,000. Mr. Simon seconded. Town Administrator Fournier said the amount would then be $8,960,199.**

Discussion: Mr. Foster said that reducing the budget by $100,000 did not mean that Lamprey Health would be cut, as they could take the funds from wherever they wanted. He personally would not want to see the funds for Lamprey cut. Mr. Simon stated the Budget Committee had no authority over line items, and asked if the $100,000 could be added to revenues. Town Administrator Fournier said the cuts would come from expenses. Ms. Thompson said that when bottom line reductions were suggested, people would always ask where the cuts should be made. Mr. Foster expressed concerns as to how the budget reduction would be implemented, and thought that offsetting expenditures could come from the general surplus. Town Administrator Fournier said that even if they used Fund Balance, they could not spend more than they were allowed. Mr. Simon asked why they had not voted on revenues, and Town Administrator Fournier said that revenues were included in the general formula for the tax rate. Mr. Simon suggested they could have the option of voting to raise revenues as a way of realizing the same net impact. Town Administrator Fournier said that while the expense side of the budget was set in stone, revenues could be revised later in the year and before fall tax setting time. He said raising revenues would not affect the Warrant Article, only the tax rate by perhaps about 7 cents. He added that they might have excess revenues, but if they voted to raise revenues now, it did not mean that the revenues would come in, and he felt it best to be conservative at this point. He said that if revenues were over-estimated, there was a chance that the fall tax rate would have to be higher. Ms. Ryan said they had to build Fund Balance and if revenues came in higher it could lead to a lower tax rate. Town Administrator Fournier said that if the School Warrant Article for its retaining a portion of Fund Balance passed, that could also affect the Town.

Mr. Chase said he would like to move the vote on the amendment. Mr. Simon thought he might like to make a friendly amendment to raise revenues by $100,000, rather than cutting expenses, which would have the same impact on the taxes. He said he felt there was more wiggle room in the revenue side. Town Administrator Fournier said he did not have an exact figure for the tax impact. **Ms. Thompson withdrew her amendment and Mr. Simon withdrew his second. Mr. Simon moved that the revenue forecast be increased by $100,000 which would not reduce expenses, but have the same impact on the tax rate. Ms. Thompson seconded**.

Discussion: Mr. Glennon asked how the Town Administrator would get the $100,000. Town Administrator Fournier said he would have to book an additional $100,000 and withdraw it from Fund Balance because he did not know for sure that it would come in from other sources. This would reduce the current 8% Fund Balance amount of about $1.3M. Mr. Simon said that currently, depending on actual revenues, an adjustment was made in October, and asked why this increase would now have to come from Fund Balance. Town Administrator Fournier said he felt the estimates were accurate, and he did not feel they had underestimated vehicle registrations or building permits. He said that if revenues were over-estimated, the money would have to come from Fund Balance or the tax rate would have to be increased in the fall. He said it was rare that taxes increased because of over estimating revenues, as this usually happened from outside occurrences in the market place. Mr. Chase said he appreciated the discussion on the revenue side of the budget, but felt some Committee members had a more optimistic sense of incoming revenue than he had, and he would not support the amendment. Mr. Pickering said that revenues were reviewed throughout the year, and as he was representing the Town Council, he would vote with its projections and against the amendment. Town Administrator Fournier said that to make projections, they looked at numbers and spoke with Department Heads about trends and about the value of vehicles being registered and the applications and projections for building projects. He pointed out that the projections were for revenues 2 years out. Mr. Foster said he felt that playing with revenues was dangerous and would do a disservice to the Town, and he would not support the amendment. Mr. Simon said he was not sure if he would vote for his own amendment, but he was glad they had the discussion.

**Chair Snyder called the roll on the amendment to increase revenues by $100,000. Motion failed unanimously,**

**0 – 11.**

**Chair Snyder called the roll on the original motion for a budget of $9,060,199. Motion passed unanimously,**

 **11-0.**

Chair Snyder expressed her appreciation of the Town Council, Town Administrator and staff for their work in getting the budget down this year. Mr. Glennon also expressed appreciation, adding that he had seen considerable improvement since Town Administrator Fournier had come to Newmarket, and it was good to see the Council working with the Administrator and staff.

The next Warrant Article was for the **Creation of a Compensated Absence Expendable Trust** for payouts of earned sick and vacation time due upon separation. Currently, these payouts have an impact on the operating budget. The amount of $29,500 was based on the number of employees would could retire at this time, but the Town’s total liability would be over $200K if all employees left at the same time. He said the money in this trust would not go into Fund Balance at the end of the year, but would remain in the trust to be used as needed.

**Mr. Glennon moved to recommend the Warrant Article for the Creation of a Compensated Absence Expendable Trust in the amount of $29,500. Mr. Foster seconded.** Mr. Chase said he supported this and wished the School had a similar trust**. Chair Snyder called the roll. Motion passed unanimously, 11 – 0.**

 The next Warrant Article was for the **Creation of a Storm Water Management Capital Reserve Fund** and to raise and appropriate $41,113 for a tax impact of 6 cents. Town Administrator Fournier said that the amount had been removed from the operating budget as the Fund had to be created. Since Newmarket was now an MS4 town, it had to begin to monitor and then treat runoff going into storm drains. This requirement bore some relationship to the wastewater treatment agreement with EPA to identify non-point sources of pollution. He said there was money in the operating budget for engineering to determine how this would be done, and the money in this Fund would be to begin saving for implementing what was identified.

**Mr. Chase moved to recommend the Warrant Article for the Creation of a Storm Water Management Capital Reserve Fund for $41,113. Mr. Kiefaber seconded.**

Discussion: Mr. Simon said that this was to capture pollutants that were not treated in the wastewater plant. Town Administrator Fournier said the range of MS4 towns had extended from the coast and now went as far west as Manchester. Mr. Kiefaber said that this was to manage runoff going into storm drains from such things as oil and road salt which eventually go to the Bay. He said in the area where he lived, before the lines were redone, runoff had gone from the drains to the wastewater plant, but runoff did not need the same level of treatment. Town Administrator Fournier said that money would be added to this fund every year. Mr. Simon appreciated that the State had added to the area of MS4 towns as it spread out the costs of treatment to towns that contributed to the problem, but did not immediately border the coast. Chair Snyder said she felt it would be good to have educational programs about this, and Town Administrator Fournier said this was their plan.

**Chair Snyder called the roll. Motion passed unanimously, 11 – 0.**

The next Warrant Article would be for the **Creation of a 300th Anniversary Celebration Expendable Trust for $2,000,** with the money coming from Fund Balance. **Mr. Simon so moved to recommend. Mr. Lang seconded.** Town Administrator Fournier said he would add the date of 2027 to the Article. This would be seed money for the events, and not go back to Fund Balance at the end of every year. **Chair Snyder called the roll. Motion passed unanimously, 11 – 0.**

The final Article was **By Petition: Donate $5,623 to Rockingham Nutrition Meals and Wheels Program,** and would have less than a one cent impact on the tax rate. **Ms. Ryan so moved to recommend and Mr. Glennon seconded.** Town Administrator Fournier said that prior to his coming to Newmarket, Meals and Wheels had been taken out of the budget, and it wasn’t in the previous year’s operating budget, but may have been paid. He said they didn’t include the donation as they didn’t realize they wanted the funding. They were not on the list for applications that was sent out. Since the request arrived after the Council had sent its budget to the Budget Committee, the only solution was a Petition Warrant Article. Meals on Wheels will be on next year’s list and any donations will come through the operating budget. Mr. Pickering noted that there were 2 different figures in the Warrant Article, and Town Administrator Fournier said the $5,623 was the correct one.

**Chair Snyder called the roll. Motion passed unanimously, 11 – 0.**

Chair Snyder thanked Town Administrator Fournier. He reminded everyone that the Deliberative Session would be held in the High School auditorium on February 8th, with the School going first and the Town at 1:00 p.m. He also encouraged people to attend the water tasting that was happening in the Town Hall auditorium concurrently with this meeting. Chair Snyder declared a recess at 8:15.

**SCHOOL WARRANT**

The Committee resumed the meeting at 8:24 p.m. to discuss and vote on all but Article 1, (the bond for new school construction). The Public Hearing for the Bond Article would be held on January 21st, and the Budget Committee would have to vote before January 27th.

**Article 2: To see if the School District will raise and appropriate an operating budget of $15,861,963.** Chair Snyder said that the figure in the actual Warrant Article would be higher as it would include $335,400 for the Food Service Fund and $450,000 in Federal funds, for a total of $16,647,363. **Mr. Chase moved to recommend the budget as presented in the Warrant Article. Mr. Lang seconded.**

Discussion: The Committee discussed whether it should vote to recommend the higher number that included the 2 pass- through Funds or just the operating budget. Chair Snyder suggested that both numbers be included in the motion, but the Committee had voted the previous year to recommend the operating budget. The 2 pass-through Funds had off-setting revenues, but taxes had to be raised for expenses. Since the MS7 document has the larger number, **Mr. Chase restated his motion to recommend Article 2 in the amount of $16,647,363. Mr. Lang seconded.**

Discussion: Mr. Simon said the Warrant Article misstated a tax impact of 49 cents as it did not include money to be raised through other Warrant Articles, and this was not a true comparison with the FY2014 operating expenses which included money raised through separate Warrant Articles and state tax. The total proposed operating budget stated there was an increase of $1,055,000. He said that the increase in expenses, reduced by $215,000 less in revenue, meant the actual tax impact was $1.70, because the actual increase to be raised through taxes was $1.272M. School Business Manager Christine Blouin said that the voters had approved the inclusion of tax impact on Warrant Articles. She said in comparing the tax impact from FY14 to FY15, she added the General Fund Operating Budget to the Food Service Fund and Federal Funds to reach the expense total of $16,647,363 in FY2015, but $15,623,567 in FY2014. Then total revenues (General Fund, Food Service, Federal Funds, voted from Fund Balance and Fund Balance to reduce taxes) were subtracted. Revenues totaled $1,103,900 in FY2015 and $1,131,293 in FY2014. Next she subtracted Adequate Ed grant and the local portion of the State School tax, bringing the FY2015 net amount to be raised through taxes to $11,570,022, against a net total of $10,485,774 in FY2014. This figure was then divided by the net assessment. The local tax and State School tax to be raised locally were added together, and showed a tax rate of $17.86 for FY15 up 49 cents from the FY14 rate of $17.37. She said that if nothing passed except the operating budget, the tax impact would be 49 cents.

To Mr. Foster’s question, Ms. Blouin said that the state mandated that the tax impact for the School and Town be calculated this way. Mr. Simon said that even though the State mandated this method of comparison, the actual impact from the operating budget was $1.70 and the School should explain elsewhere what the impact was from Warrant Articles. He added that the operating budget was increasing by 7.13%. Mr. Foster said that if the FY2015 Warrant Article for Fire and Life Safety were added, the impact would be sixty seven cents higher and the rate would be $18.54. Ms. Thompson said that Article 2 stated the tax impact was from the operating budget only. Mr. Simon said that if the State mandated it be done this way, he felt a line could be added that said in comparing operating expenses to operating expenses, the tax impact was $1.70. Mr. Chase pointed out that DRA was very specific about language that could be included in the Warrant, and extra commentary was not allowed. Mr. Simon felt that there were items included in operating expenses that really didn’t fall in that category, and it was difficult to compare the 2 years when Warrant Articles voted in the previous year were included in that year’s operating expense. Mr. Foster asked if the tax impact of thirteen cents was included on the previous year’s Warrant, and if it was calculated the same way. He asked Ms. Blouin if DRA would accept further qualifying language in the Article. She replied that certain language could be added, but they had to be very careful. She said tax impact was calculated based on the previous year’s tax rate, and was not a comparison of only operating budget to operating budget. She said that if the operating budget passed and nothing else did, the rate would go up 49 cents, not $1.70.

Chair Snyder clarified that the cost to run the School the previous year was the operating budget and the Warrant Articles. Once passed the Warrant Article amounts were absorbed by the operating budget as one-time costs, which were not included in the calculation. She said that was why the increase was 49 cents because those costs were not part of the proposed budget. She said if Warrant Articles, such as Fire and Life Safety, did not pass this year, there would be no additions to the operating budget for FY2015. Ms. Blouin said that the $1,055M increase was being offset by the Warrant Articles that were passed the previous year. She said that tax impact was calculated by comparing the difference between the rates for 2 years, and that showed a difference of 49 cents. Mr. Chase said he realized this was difficult to understand and encouraged townspeople to read the material and attend the Deliberative session. The Committee further discussed the tax impact. To Mr. Foster’s question Ms. Blouin said that language stating that tax impact was based on the previous year’s tax rate could be added to the Warrant, but the School Board would have to make the change. Mr. Glennon felt that if voters read that the budget was going up $1.055M and the tax impact was only 49 cents, they would need further clarification if the budget was to be passed. He said that at this point he would not vote for the budget.

Chair Snyder said it would be good to have something for the Deliberative Session because many people didn’t know that the Warrant Articles that were passed the previous year were no longer a part of the budget; they had been removed and costs were increasing but were somewhat offset. She said they had to look at the total cost of running the School the previous year including monies from Warrant Articles. Ms. Blouin said it was the total gross appropriation from FY2014 compared to what would pass for FY2015, and the net cost of running the School was $16,468,135 in FY2014. She said if that was compared to just the FY2015 operating budget of $15,861,963 the difference would be what was going to net, if just the operating budget was approved. The tax impact would be 49 cents if just the operating budget passed. Ms. Blouin said that if everything passed, the tax increase would be $1.17, from $17.37 to $18.54. (She later clarified that this would not include the Bond Article.) Mr. Simon asked that the School Board amend the Warrant Article to state that Warrant Article amounts weren’t included in this year’s budget, but were in the previous year’s budget to arrive at the 49 cents calculation. He thought that there could be 2 sets of numbers included which would help people understand what was included and what was not. Chair Snyder said that if the contention was that the operating budget was going up $1.70, people would think their taxes were going up $1.70, whereas the taxes would go up 49 cents. Ms. Blouin said this was the same formula that all schools had used for some time, and the same practice that the Town followed. She said the facts were correct, that if the operating budget passed, the tax rate would go up 49 cents**.**  Mr. Simon said he wanted to make a motion that the School Board consider including clarifying and descriptive language in the Warrant Article so that voters would know how the 49 cents was calculated and what was and what was not included in the calculation. Chair Snyder said they first should vote on the motion on the table to recommend the operating budget.

**Chair Snyder called the roll on the motion to approve the operating budget. Motion passed, 7 – 4, with Mr. Chase, Mr. Foltz, Mr. Foster, Mr. Lang, Mr. Kiefaber, Mr. Pickering and Chair Snyder voting “yea”, and Mr. Glennon, Ms. Ryan, Mr. Simon and Ms. Thompson voting “nay”.**

**Mr. Simon said that even though he had no legal basis to do so, he moved that what he thought was a misrepresentation to the voter, even if it complied with State regulations, be clarified to show what the operating expense impact was from year to year, and the School Board consider amending the descriptive language in the Warrant Article to identify the true impact on the operating budget, which it says it does. Ms. Thompson seconded.**

Discussion: Mr. Foster asked if the language of the Warrant Article needed to be changed or if information could be added to the handout on the operating budget that everyone would receive, even though he felt that the handout was not very clear. Mr. Simon said the reason he specified that the language be amended in the Warrant Article was that the voters had demanded that tax impact be included in a Warrant Article, and that was what people would read. He said the handout did not include a figure for the previous year’s operating expenses and there was a revenue gap as well. He felt the voters should receive an explanation that revenues were down and expenses were up, and how the tax impact was calculated. Mr. Foster said he understood but this would ask the Board to do things differently from what DRA was asking. Mr. Simon said it would be up to the School Board, but he had made his point.

**Chair Snyder called the roll. Motion passed 8 – 3, with Mr. Glennon, Mr. Kiefaber, Mr. Lang, Mr. Pickering, Ms. Ryan, Mr. Simon, Ms. Thompson and Chair Snyder in favor, and Mr. Chase, Mr. Foltz and Mr. Foster against.** The Committee would not have to revote on the Article, because this was a recommended language change, but not a change in the amount.

**Article 3: To see if the School District will vote to raise and appropriate $500,000 to be added to the Fire and Life Safety Capital Reserve Fund, also known as the Dual Purpose Fund. The tax impact would be 67 cents.** (Chair Snyder read the Article in full.)

**Mr. Chase moved to recommend that the Article be approved as presented. Mr. Kiefaber seconded.** Discussion: Mr. Simon said he was trying to track the project and the impact from this Fund, noting that costs had gone up from original predictions. Dr. Hayes said that the total remaining cost was estimated to be $1.8M, and some projects would be done in the coming summer and some the next summer. He said that adding $500,000 to the existing Fund balance would give them about $1.1M which would be used for the technical design of the coming summer’s project, for the work to be completed and for the design of the following summer’s project. He said the FY2016 figure to complete all projects would be between $700K and $800 K. Dr. Hayes said the science egress project was projected at about $400K but wound up costing about $700K largely because asbestos had to be removed. **Chair Snyder called the roll. Motion passed unanimously, 11 – 0.**

**Article 4: To see if the School District will vote to authorize, indefinitely until rescinded, to retain year-end unassigned general funds that would not exceed 2.5% of the current FY net assessment, in accordance with RSA 198: 4b, II, and with funds to be used only to reduce the tax rate or for emergencies approved under RSA 32:11.** (Chair Snyder read the motion in full.) Ms. Blouin said that this was similar to what the Town did, and the School Board at its discretion could retain up to the 2.5%, about $300K based on the net assessment, and make the decision about reducing taxes. Retained funds could only be used for emergencies with the approval of the School Board, Budget Committee and Department of Education. **Ms. Thompson moved to recommend Article 4 retaining unassigned fund balance. Mr. Lang seconded.**

Discussion: The difference between the retaining fund balance and the trust funds was that the Trust Funds were for specific purposes and this Article allowed 2.5% of funds to be expended to offset taxes or for emergencies, such as for SPED. Any approved contributions to Trust Funds would be made before funds were retained. Trust Funds contributions were based on 25% of surplus up to $50,000. Retained funds for this Article had a cap of 2.5%. This was recently passed legislation that would allow School Districts to be more like Towns in retaining unassigned funds. Mr. Simon said that strategically, with all the issues they were facing, he felt uncomfortable approving a new fund this year, and thought they should give this a rest for a year. Mr. Foster asked if most of the SPED Trust Fund of $244K would be spent during this year. Ms. Blouin replied that it probably would not all be spent, as she had further information and some attrition from the program. Mr. Foster then asked if retained funds could be used if the SPED Trust was depleted. Ms. Blouin said it was the intent of the School Board to get this language passed to help reduce taxes, not to expend all the fund balance. However, in case of emergency, such as in SPED, it would help to have emergency funds. Ms. Ryan was uncomfortable that the language would remain in place until rescinded, and that process was not defined in the Article. She said that since School District fund balance was now only used to reduce taxes, she would not support the Article. Mr. Chase said the School Board felt there would be little if any fund balance this year, and added that there were 2 Trust Funds that were not receiving contributions this year. He said that rescinding the Article would be by action of Town Meeting.

Mr. Simon said that currently all surplus above contributions to Trust Funds goes back to the taxpayers, but if this Article passed, only the amount in excess of 2.5% would be returned unless the School Board voted otherwise. Mr. Simon said he was glad to hear that SPED expenses for the current year would not be as high as originally thought, and asked if there would be some relief in the FY2015 budget in which the majority of the increases were in SPED. Ms. Blouin said they had some unanticipated revenues that had recently come in and some changes in staff, but they would still have to use a large portion of the SPED Trust Fund. However, this would not change the FY2015 budget, as they were expecting new students. Mr. Glennon expressed the same concerns that Mr. Simon and Ms. Ryan had about surplus being returned to the taxpayers. He said he would feel more comfortable if the School Board said that its primary intention was to return most of the surplus to the taxpayers. He said many only saw the School taxes going up, and were asking when they would see some tax relief. He felt they should be trying to stabilize the tax rate as the Town was, and Ms. Blouin said that this Article would help do that. Mr. Foster pointed out that the Town had outside revenue, but the School only had revenue from state aid, grants and taxes. Dr. Hayes added that the School had cut nearly 16 positions since 2011, and while 60% of the Town budget was in salaries and benefits, these accounted for 80% of the School budget. Mr. Glennon said part of the issue was in the negotiated contract and longevity that allowed over $300K in increases that impacted the tax rate. He was not saying that the School hadn’t made an effort, but the perception was that some things could be cut as the budget kept going up.

Chair Snyder asked where surplus funds would go if this Article did not pass and Articles 5 & 6 for contributions to 2 Trust Funds did. Ms. Blouin explained that 25% of surplus up to $50,000 would go to Article 5 and Article 6, with the remainder going toward reducing the tax rate. If this Article passed, there would be many options after funding the 2 trusts. The School Board could decide to retain all or none of the up to 2.5% allowed. The Trusts would be funded first, and the 2.5% was based on the remaining surplus. Ms. Blouin said she did not expect and had never had a surplus of $300K, so the amount to be retained would be quite small or nonexistent. She said this year she had returned $98K to the taxpayers. Mr. Simon said that there had been a surplus of nearly $250,000, of which $150,000 went to 3 Trust Funds. Voters had not approved the $50,000 contribution to the 4th Trust, and that, along with remaining surplus of $48,000 was returned to the taxpayers. Mr. Chase asked Ms. Blouin to remind them about the source of the surplus and to define net assessment. Ms. Blouin said that most of the previous year’s surplus came from unanticipated revenues from Medicare and CAT Aid, and $89,000 from unexpended funds in the operating budget. She said net assessment was the District’s assessment raised through taxes for School tax and the locally raised portion of the State School tax.

**Chair Snyder called the roll. Motion failed 5 – 6, with Mr. Chase, Mr. Foltz, Mr. Foster, Mr. Lang and Mr. Kiefaber in favor and Mr. Glennon, Mr. Pickering, Ms. Ryan, Mr. Simon, Chair Snyder and Ms. Thompson against.**

**Article 5: To see if the School District will vote to raise and appropriate 25% up to $50,000 of any June 30, 2013 fund balance to be added to the Repair and Maintenance of School Facilities Expendable Trust.**  (Chair Snyder read the Article in full.) There would be no tax impact.

**Ms. Thompson moved to recommend the Article as read. Mr. Foltz seconded.**

Discussion: Chair Snyder asked what this fund would address and if any money would be used for repairs to the Elementary School. Dr. Hayes said the fund was set up to be used for both schools. He said they was been discussing a 3-year plan to replace windows at the Elementary School, but now there was a problem with the heating system controls and repairs were estimated to be about $120,000. The work would be done in the coming summer. He said there was currently about $133K in the fund. Mr. Simon said that although he appreciated refurbishing, with all the other issues this year, he did not feel comfortable contributing to this fund until the other issues were settled. Mr. Chase pointed out that there were several Funds that were not listed on the Warrant and would not receive contributions, such as the Expansion of School Facilities, Utilities and the Technology Fund. He said the School Board decided to recommend contributions to the 2 Trust Funds that represented the most vital needs. Mr. Glennon asked what the most pressing needs were, what the funds would be used for, and what could be put off, as he had a problem with new Funds or contributions to existing Funds this year. Dr. Hayes said he looked at these Funds as insurance policies against unanticipated problems. He added that much of the balances in the Maintenance and SPED Funds would be used up during the current year. Chair Snyder said this was an existing Fund, and the money would come from surplus so there would be no tax impact. She said the needs for the Elementary School were important and she would support the Article. Mr. Kiefaber said he supported both Article 5 and Article 6, as he thought these were prudent.

**Chair Snyder called the roll. Motion passed 9 – 2, with Mr. Simon and Ms. Ryan voting against.**

**Article 6: To see if the School District will vote to raise and appropriate 25% up to $50,000 of the June 30, 2013 fund balance to be added to the SPED Capital Reserve Fund.** (Chair Snyder read the Article in full.) There would be no tax impact. **Mr. Kiefaber moved to recommend Article 6 as read. Mr. Simon seconded.** As much was said during discussion of the prior Article that applied to this one, Mr. Chase moved the vote. **Chair Snyder called the roll. Motion passed 9 – 2, with Mr. Simon and Ms. Thompson voting against.**

**OTHER BUSINESS**

**Approval of Minutes: Mr. Simon moved to approve the minutes of the December 17, 2013 meeting. Mr. Lang seconded. Chair Snyder called the roll. Motion passed 9 -0-2, with Mr. Glennon and Ms. Ryan abstaining as they had been excused from the meeting.**

**Meeting Schedule:** The Committee decided to meet at 6:00 p.m. on Wednesday, January 22nd prior to the Town Council meeting, to discuss and vote on the Bond Article Warrant for construction of a new school. The Charter Commission had asked to make a presentation to the Budget Committee of the amendments to the Charter. Since Councilor Nazzaro would be making a presentation to the Council on January 22nd, Budget Committee members could attend if they wished. The Budget Committee did not make plans to meet in February.

Mr. Foster said he thought it important that the Committee set up a policy and agree to make an offer to members who would be absent from a meeting so that they could call in and participate. **Mr. Simon moved that going forward, members who could not attend a meeting be allowed to call in and participate per State regulations. Mr. Foster seconded. Chair Snyder made a friendly amendment and said the procedure was that the Committee called the absent member. She called the roll. Motion passed unanimously, 11 – 0.**

Mr. Glennon stated that there were inappropriate comments made about senior citizens at the Budget Committee Public Hearing on Monday, January 13th. The comments were that if they felt they could not afford to live in Newmarket, perhaps they should move to another town. He added that there were 3 people in the audience who laughed at Mr. Portyrata. He said the Senior Citizens were the ones who had gotten the Town to where it was today. Chair Snyder said that everyone does or says things that they probably regret, and asked that all be respectful of Board members and the community.

**Adjournment: Mr. Glennon moved to adjourn. Mr. Foster seconded. Chair Snyder called the roll. Motion passed unanimously, 11 – 0. The meeting adjourned at 9:58 p.m.**

Respectfully submitted,

Ellen Adlington, Recording Secretary