**TOWN OF NEWMARKET, NEW HAMPSHIRE**

**BUDGET COMMITTEE**

**November 24, 2014 6:30 P.M.**

**TOWN BUDGET WORK SESSION II**

**TOWN COUNCIL CHAMBERS**

MEMBERS PRESENT: Chair Amy Thompson, Vice Chair David Foltz, Russ Simon, Dale Pike, Drew Kiefaber, Meg Louney-Moore, William “Blue” Foster, Michael Lang, Craig Dionne, School Board Representative Mary Jane Hilton

BY REMOTE ACCESS: Mickey Burns

ALSO PRESENT: Town Administrator Steve Fournier, Interim Finance Director Matt Angell, Ms. Ree Cooper and children from Linked Together

**AGENDA**

Chairman Amy Thompson welcomed all present and called the meeting to order at 6:35 pm, followed by the Pledge of Allegiance. She announced that Mickey Burns was not present but had requested being able to call in, and asked if there were any objections.

**LINKED TOGETHER JEANS CHALLENGE UPDATE**

Chairman Thompson then welcomed Ms. Ree Cooper and the children of Linked Together. She presented an update on the Jeans Challenge for each member of the Budget Committee was to bring ten (10) pair of jeans or denim items each. She then thanked everyone for their participation and added that the count would be provided tomorrow. She then stated that the meeting would open with a “silly picture” done on live TV.

Chairman Thompson then called for a brief recess at 6:38 to set up the remote phone connection for Mickey Burns. The meeting resumed at 6:42 pm

Town Administrator Fournier stated that before beginning, he needed to ask Mr. Burns several questions. He first asked if it were physically impossible for him to be there and also if he was alone in the room, to both of which Mr. Burns answered in the affirmative. He then stated that because one member of the Committee was not present, all votes taken would need to be by roll call.

**OLD BUSINESS**

**Approval of November 17, 2014 Minutes**

Chairman Thompson announced that the minutes had not yet been sent out and were not completed, stating that approval would be deferred to the next Budget Committee meeting.

**NEW BUSINESS**

**TOWN PROPOSED BUDGET FY16 (Work Session 2 of 2)**

**Financial Department:** Interim Finance Director Matt Angell presented the proposed budget for the Financial Department. He first addressed Elected Officials, stating that $5,000 had been moved to Part-time Salaries as the Treasurer position had changed from “elected” to “appointed”. He next stated that the Training & Development line item had been removed and $4,000 moved to Human Resources. He stated there was a drop in General Supplies of $600 versus the current fiscal year budget, and that Community Services was more in line with actuals from 2014. Interim Finance Director Angell stated that Budget Committee Expenditures had been raised from$200 to $600 for the cost of the budget books that had been provided to the members. He reported that Dues/Subscriptions remained flat and he was encouraging people to sign up with various associations. He reported a new line item for Advertising of $1,000 for issuing requests for proposal, and stated that Equipment/Maintenance had expended $600 for the purchase of a new high-speed printer. He added that with the printer purchase, funds would no longer be needed for a copier lease. For the Audit line item he stated that the contractual amount of $21,450 would be split up between the General Fund and Water & Sewer, with maximum exposure to the General Fund.

**Human Resources:** Interim Finance Director Angell stated that the $111,000 figure for Human Resources was based on all actual salaries multiplied by the current FICA/Medicare rate. He stated that Pre-Employment Testing was to cover drug and alcohol testing of employees. For Health Insurance he had assumed an increase of 5%, but that it was now estimated to be about 8% and actuals would be provided later. He next addressed New Hampshire Retirement, explaining that every two (2) years brought a change in rates and that they were in the second year of the current rate. The Life & Disability Benefits line item was explained as covering Short-term, Long-term and Life insurance benefits to employees. Interim Finance Director Angell cited an increase in the FY15 budget for Workers Compensation due to an 18-month contract which ended in 2015. He added that the Town was switching to a 12-month contract in FY16 in an effort to change the contract from calendar-year to fiscal-year. Unemployment saw an increase of 5% over last year, which he explained as being dictated by the new carrier Primex, with no actual rates yet available. Interim Finance Director Angell stated that a new line item for Training & Staff Development was added this year to improve employee software skills and productivity. He explained that basic and advanced Excel, Word, and Access training would be provided through an outside contract, allowing for certification in Microsoft Office software. In response to a question from Chairman Thompson as to whether the service was elective or required on behalf of the employees, he replied that it was made a requirement in order to set a minimum standard. He next defined Merit as a salary adjustment based on employee merit, and Longevity as based on the actual salaries received after a certain number of years of service. For Property/Liability insurance, Interim Finance Director Angell stated that he assumed a 5% increase but that the rates had not yet been received from Primex.

Discussion: Mr. Simon asked for the percentage of the salaries that made up the benefits package and Town Administrator Fournier estimated the amount at 30%. Chairman Thompson asked how many employees were being considered under Merit, and Town Administrator Fournier replied that it included all employees not covered by a collective bargaining agreement, which he estimated to be around thirty (30). She then asked for clarification regarding the provision for training and how it affected employee Merit. Town Administrator Fournier explained that it was not a change in salary, but part of the employee review process, and that all courses requested must be related to employee daily tasks and be approved by their Supervisor. Vice Chair Foltz asked if a certain packet of programs would be provided. Interim Finance Director Angell further explained that the programs would be individually tailored offering 30-40 basic Microsoft office courses and requiring the employee to pass five (5) tests for $20/employee which he felt was a good investment. He added that special programs would be available for the IT Director, who could take as many classes as needed for a single price of $800/year. It was further explained that different versions of Microsoft Office were currently being used, and that basic training was essential before updating everyone to Office 2013.

Vice Chair Foltz raised a question regarding the percentage increase in Health Insurance. Interim Finance Director Angell replied that he felt confident setting the rate at 5%, despite the predictions of 8.2% increases. Town Administrator Fournier explained that health insurance had two (2) enrollment renewal periods, one in January and a second larger pool in June which included schools as well. He stated that the Town was included in the June renewal pool and that many of the January renewals had already seen rate reductions.

**Town Proposed FY16 Budget to be sent to Public Hearing**

Town Administrator Fournier summarized that Town FY16 Budget as presented and gone through would be $9,485,776 for an increase of 3.8%. He stated that with increased revenues, less shared revenues, plus overlay and War Service Credit, brought the total Town appropriation to $4,276,503, or a reduction of 3.51% with the tax rate set at $6.01/1,000, or a decrease of 3.38%. He then asked the Budget Committee whether the current proposed budget was ready to send to Public Hearing.

Chairman Thompson asked for a motion to move the Town Proposed FY16 Budget to Public Hearing. Mr. Pike made the motion which was seconded by Vice Chair Foltz. The motion passed unanimously, 11-0.

Chairman Thompson asked the scheduled date of the Public Hearing, to which Town Administrator Fournier replied December 15, 2014 at 7:00 pm in the Council Chambers, as the Auditorium was being renovated. She stated that an agenda would be sent out and that a vote by Budget Committee would follow the hearing.

**WARRANT ARTICLES**

Town Administrator Fournier presented eleven (11) warrant articles for the Budget Committee to recommend or not recommend, with a possible 12th Collective Bargaining Agreement for Budget Committee comment, which by law they had until January 13th to finalize. He stated that he would read all articles and answer questions after each one. All of the Articles presented would have no impact on the tax rate and were approved by the Town Council by a vote of 6-0, with a majority vote required.

**Article 1 - Contribution to the Public Works Capital Reserve Fund** ($130,000)

Town Administrator Fournier read *Article1 Contribution to the Public Works Capital Reserve Fund*.

Mr. Lang made a motion to recommend the $130,000 contribution to the Public Works Capital Reserve Fund and Mr. Dionne seconded.

As there were no questions presented, Town Administrator Fournier polled the committee and the motion passed 10-1.

**Article 2 - Contribution to the Storm Water Management Capital Reserve Fund** ($50,000)

Town Administrator Fournier read *Article 2 Contribution to the Storm Water Management Capital Reserve Fund*.

Mr. Simon made a motion to recommend the $50,000 contribution to the Storm Water Management Capital Reserve Fundand Mr. Foster seconded

Discussion: Mr. Kiefaber asked the number of years anticipated for continuing to make the $50,000 contribution. Town Administrator Fournier stated that they would begin by saving funds for approximately three (3) more years, after which the contributions would continue as the project was not one-time but ongoing. He added that remaining funds would be used for additional work going on after. Mr. Foster asked a general question regarding the wording “the Town Council has been appointed as agent to expend funds” which appeared on all but two (2) of the articles. Town Administrator Fournier explained that those were the two (2) new funds, the others being already established.

Town Administrator Fournier polled the committee and the motion passed unanimously, 11-0.

**Article 3 - Contribution to the Macallen Dam Capital Reserve Fund** ($50,000)

Town Administrator Fournier read *Article 3 Contribution to the Macallen Dam Capital Reserve Fund*.

Mr. Kiefaber made a motion to recommend the $50,000 Contribution to the Macallen Dam Capital Reserve Fund, and Mr. Foster seconded.

Discussion: Mr. Kiefaber again questioned the length of time the contributions would continue to be made. Town Administrator Fournier replied that it was unknown at this point as preliminary work was still being done, with funds being set aside for the study and engineering of the project. He stated that contributions to the fund would continue in preparation for the work phase, and that the original study done in 2007 had been underfunded. Chairman Thompson brought up the current balances remaining in the funds and felt that transferring the figures back and forth might be helpful. Town Administrator Fournier stated that the contribution for the study and engineering would help the Macallen Dam Committee to reach a decision. Mr. Pike said that per the DES discussion, this kind of study was needed if it was decided to keep the dam. He added that structure studies were needed, as they were not part of the previous studies. He also felt that the funds would not be wasted as pertinent data was needed to obtain an idea of the costs involved, and money was needed for new studies. Mr. Simon asked whether the $50,000 fund contribution would be sufficient to cover the costs of the studies and Mr. Pike replied that the amount was a reasonable figure and that if the cost of the studies should be less, there was still the work to be done on the dam.

Town Administrator Fournier polled the committee and the motion passed 9-2.

**Article 4 – Contribution to the Police Vehicle Capital Reserve Fund** ($46,500)

Town Administrator Fournier read *Article 4 Contribution to the Police Vehicle Capital Reserve Fund*.

Mr. Kiefaber made a motion to recommend the $46,500 Contribution to the Police Vehicle Capital Reserve Fund and Ms. Hilton seconded.

Discussion: Mr. Foster questioned how many cruisers were currently in use by the department and their turnover rate. Town Administrator Fournier replied that vehicles were evaluated on a year-by-year basis and that he was not sure of the number of vehicles. Mr. Foster pointed out the $46,500 increase over the $200,000 currently in the account, and asked whether the money was to be spent soon. Town Administrator Fournier replied that it was and that money had also been spent during the year. He added that money from the detail fund for revenues received from detail work had been less robust this year due to the economy. Mr. Foster asked the cost needed to purchase a cruiser, to which Town Administrator Fournier replied approximately $46,500. Mr. Foster asked that if the cruisers were replaced on a rotating schedule, did the amount of the contribution need to remain at the same level. Town Administrator Fournier replied that with the constant daily use of the vehicles, funds needed to be available in case a cruiser needed to be replaced mid-year.

Town Administrator Fournier polled the committee and the motion passed 8-3.

**Article 5 – Contribution to the Compensated Absences Capital Reserve Fund** ($10,000)

Town Administrator Fournier read *Article 5 Contribution to the Compensated Absences Capital Reserve Fund*.

Mr. Kiefaber made a motion to recommend the $10,000 Contribution to the Compensated Absences Capital Reserve Fund and Mr. Foster seconded.

Discussion: Mr. Dionne asked the purpose of the Compensated Absences fund. Town Administrator Fournier explained that when an employee ends his/her career with the Town, either by retirement or separation, some liability remains that must be paid. He stated that the current liability was approximately $300,000 should all eligible employees retire at once, with $29,510 currently in the fund. He added that although this was unlikely, the funds needed to be available to cover these costs. Interim Finance Director Angell stated that ten (10) individuals were eligible this year versus nine (9) last year. Chairman Thompson asked whether these costs would be remain manageable since there was no way to anticipate the amount of funds needed yearly. Town Administrator Fournier replied that if all eligible employees left at the same time, the costs could be covered in one (1) year from the operating budget. Mr. Simon interjected that the purpose of the fund was to smooth this transition. Interim Finance Director Angell felt that currently funds were available to cover the top three (3) retirees, and the rest would be covered in the operating budget by delaying hiring and other options.

Town Administrator Fournier polled the committee and the motion passed unanimously, 11-0.

**Article 6 – Establishment of a Capital Reserve Fund for Roads** ($125,000)

Town Administrator Fournier read *Article 6 Establishment**of a Capital Reserve Fund for Roads*.

Mr. Kiefaber made a motion to recommend the Establishment of a Capital Reserve Funds for Roads in the amount of $125,000 and Mr. Lang seconded.

Discussion: Mr. Foster asked whether the Sidewalk Development Fund could be eliminated and incorporated into this fund. Town Administrator Fournier stated that at this time the article going forward was only for roads and the sidewalk fund would remain, with one (1) more project planned. He added that lots of roads were already paved and sidewalks would be added after the fact. Chairman Thompson agreed that the combination and consolidation of special funds was a good idea going forward. Town Administrator Fournier pointed out that changing the name of a fund is extremely difficult once it has been established. Mr. Pike added that the establishment of the fund was a compromise and that the initial amount requested had been much higher. He felt that without the warrant article, maintenance of the roads was still underfunded and that the Council was attempting to address the issue on a long-term basis. Mr. Simon applauded the Town for the creation of the fund, adding that it allowed for the potential to do more every year for roads. Town Administrator Fournier stated that most communities spent at least $500,000 per year on roads, and that this was a way to bring the condition of the roads back to a reasonable level. Mr. Foster inquired whether with all the funds that would be available for roads, Public Works Director Rick Malasky would still be able to request more money. Town Administrator Fournier replied only if the budget were reduced somewhere else, and that it would be the prerogative of the Council to transfer funds should all of the $125,000 be expended. He added that only two (2) options existed with either the Council as the agency of expense or wait annually to go back to the voters. A third option would be to use the $5.00 collected in Motor Vehicle fees, which would not impact the fee amount.

Town Administrator Fournier polled the committee and the motion passed unanimously, 11-0.

**Article 7 – Contribution to the Police Capital Reserve Fund** ($29,449)

Town Administrator Fournier read *Article 7 Contribution to the Police Capital Reserve Fund*.

Mr. Kiefaber made a motion to recommend the $29,449 Contribution to the Police Capital Reserve Fund and Mr. Simon seconded.

Discussion: Mr. Foster asked whether this fund was the same as Dispatch & Police Equipment which Town Administrator Fournier affirmed. Mr. Foster felt that since the budgeted line item for body cameras was a one-time expense, it should be taken out of this fund instead. Town Administrator Fournier felt that funds needed to remain in the Dispatch & Policy Equipment line item to cover small repair costs. Mr. Foster agreed, but emphasized that one-time items should be covered with Capital Reserve funds. Chairman Thompson agreed as well, especially as the effectiveness of using body cameras was yet proven. She did feel that the $102,200 in remaining funds gave the police the ability to add things as needed and asked if there were any more planned expenditures for the year. Town Administrator Fournier replied that there had been none so far this year, but funds were expended last year for radios.

Town Administrator Fournier polled the committee and the motion passed 9-2.

**Article 8 – Contribution to the Revaluation Capital Reserve Fund** ($10,000)

Town Administrator Fournier read *Article 8 Contribution to the Revaluation Capital Reserve Fund*.

Mr. Kiefaber made a motion to recommend the $10,000 Contribution to the Revaluation Capital Reserve Fund and Mr. Dionne seconded.

Discussion: Mr. Kiefaber again assumed this to be an annual contribution, with the revaluation done every four (4) or five (5) years. Town Administrator Fournier added that $48,600 would be withdrawn from the fund at the next Council meeting.

Town Administrator Fournier polled the committee and the motion passed unanimously, 11-0.

**Article 9 – Contribution to the Fire Department Capital Reserve Fund** ($50,000)

Town Administrator Fournier read *Article 9 Contribution to the Fire Department Capital Reserve Fund*.

Mr. Kiefaber made a motion to recommend the $50,000 Contribution to the Fire Department Capital Reserve Fund and Ms. Hilton seconded.

Discussion: Chairman Thompson asked for the history of the fund, including the reason for the $50,000 contribution and whether funds had lately been expended. Town Administrator Fournier replied that a much larger fund was needed for purchasing vehicles, and that the purpose had been expanded to cover equipment as needed. Interim Finance Director Angell added that no funds had yet been withdrawn this year. Chairman Thompson cited the $277,174 currently in the fund and asked the cost for replacing an ambulance. Town Administrator Fournier replied approximately $250,000-$300,000. Mr. Kiefaber then asked the cost for a fire truck, to which he replied approximately one half million to $750,000 adding that these were usually bonded or leased.

Town Administrator Fournier polled the committee and the motion passed unanimously, 11-0.

**Article 10 – Contribution to the Town of Newmarket Tri-Centennial Expendable Trust Fund** ($2,000)

Town Administrator Fournier read *Article 10 Contribution to the Town of Newmarket Tri-Centennial Expendable Trust Fund*.

Mr. Kiefaber made a motion to recommend the $2,000 Contribution to the Town of Newmarket Tri-Centennial Expendable Trust Fund and Mr. Lang seconded.

As there was no discussion, Town Administrator Fournier polled the committee and the motion passed unanimously, 11-0.

**Article 11 – Establishment of a Capital Reserve Fund for the Master Plan** ($10,000)

Town Administrator Fournier read *Article 11 – Establishment of a Capital Reserve Fund for the Master Plan*.

Mr. Kiefaber made a motion to recommend the Establishment of a Capital Reserve Fund for the Master Plan in the amount of $10,000, which was seconded by Mr. Simon.

Discussion: Mr. Kiefaber again assumed this to be an annual contribution with the Master Plan updated every five (5) or ten (10) years. Town Administrator Fournier stated that by charter the Master Plan must be updated every ten (10) years to avoid potential lawsuits, and that withdrawal of funds would begin before year ten (10) and that any amount left over would remain in the fund. Chairman Thompson asked whether the purpose of setting up the fund was due to not being able to find the funds in the operating budget during the course of the year. Town Administrator Fournier pointed out that if the funds were listed in the operating budget, they would be first in line to be cut, and the plan needed to be updated more rapidly. Chairman Thompson then asked the amount expended so far, to which Interim Finance Director Angell replied that there was none to date expenditures were in process. Town Administrator Fournier stated that the Town had entered into a contract with Strafford Regional Planning for assistance, and that Chapter I was currently being updated and that the amount requested for the next two (2) chapters had been reduced by $10,000. Mr. Dionne asked what some “difficult expenses” might be. Town Administrator Fournier replied these usually consisted of consulting fees, and that the Master Plan needed to be kept up-to-date because it provided a plan of where we need to go, what our impact fees are based on, and the document provided a reference in the case of a lawsuit. Mr. Pike added that the Council had once considered zoning changes and that if the Master Plan had not been reconsidered for a long time it may no longer reflect the thinking of the community.

Town Administrator Fournier polled the committee and the motion passed unanimously, 11-0.

Town Administrator Fournier ended the presentation of the warrant articles and added that he would have a Collective Bargaining Agreement to bring before the Budget Committee when it was completed.

**OTHER BUSINESS**

**Next Meeting**

Chairman Thompson announced that the next meeting, to be held on December 15, 2014, at 7:00 pm, was the Public Hearing on the Town FY16 Proposed Budget. She stated that public comment was to be heard, after which the Budget Committee would hold a discussion and possible vote. She added that the SAU FY16 Proposed Budget had been received.

**Adjournment**

Chairman Thompson asked for a motion to adjourn. Mr. Foster moved to adjourn the meeting and Mr. Lang seconded. The motion passed unanimously, 11-0. The meeting adjourned at 7:46 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary