**TOWN OF NEWMARKET, NEW HAMPSHIRE**

**TOWN COUNCIL, BUDGET REVIEW SESSION I**

**OCTOBER 25, 2014 8:30 AM**

PRESENT: Council Chair Gary Levy, Council Vice Chair Dale Pike, Councilor Dan Wright, Councilor Phil Nazzaro, Councilor Toni Weinstein, Councilor Ed Carmichael

EXCUSED: Councilor John Bentley

ALSO PRESENT: Town Administrator Steve Fournier, Interim Finance Director Matt Angell, Recreation Director Jim Hilton, Police Chief Kevin Cyr, Water & Wastewater Director Sean Greig, Public Works Director Rick Malasky, Library Director Carrie Gadbois, and Library Trustees: Joan DeYoreo, Mary Ellen Mahoney, Rod Crepeau, and Chairman of the Library Trustees Sandy Allen

**AGENDA**

Chairman Levy called the meeting to order at 8:32 am.

**TOWN OF NEWMARKET PROPOSED OPERATING BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2016**

**Presented October 25, 2014, by Town Administrator Steve Fournier**

Brief Overview: Town Administrator Fournier first looked at where the Town was with respect to the economy. He stated that the Consumer Price Index (CPI) had stayed level for FY13-14. He next reported that the National Unemployment Rate was down 1.19% with Rockingham County at 4.8%, the State at 4.3%, and Newmarket at 2.8%. He stated that the estimated tax rate for FY14 was not yet set by the State, but projected to be 25.98%, and that the 10-year tax rate comparison for last year was 24.46%. He next brought up the drop in the assessed value of the Town, with a corresponding drop in tax bills due to property devaluation. Town Administrator Fournier stated that there was a decrease in the current budget of 0.1%, after reviewing last year’s budget and making some adjustments. There was an increase of 5.04% in the Recreation Budget, 15.4% increase in Water & Sewer, and a big increase in the Enterprise Fund (not in the General Fund). He added that all the Capital Reserve Funds, as the Charter Amendment did not pass, are included in the proposed total budget but will each will need to be handled as separate Warrant Articles. The proposed FY16 budget included an increase in the Enterprise Fund of 15.4%, with the General Fund up 2.6% and the Special Funds up 1.9% but the 3-year comparison had remained flat. Increases included Worker’s Compensation partial payments, a new contract with the Town Attorney, and police equipment. A question was raised regarding whether the increases include any lawsuits against the Town. Town Administrator Fournier replied that this was not the case, but rather due in part to vehicle maintenance, a new Senior Center Coordinator, a rise in the cost of oil for the Town, the Macallen Dam CIP, the upgrades to Route 108, and an increase in wastewater operations. Other costs include subdivision building permits and an increase in the Highway Grant due to the gas tax increase, with revenue being used to offset expenses. Some concern over the increase in tax rates with relation to the increase in revenues was raised. Interim Finance Director Matt Angell projected a drop in revenues from motor vehicle registration in the near future, with an average car replacement rate of 5 to 7 years. Town Administrator Fournier said the Town had been conservative with building permits and the $450,000 fund balance was included in the budget. A request was made for a breakdown of numbers showing where the $300,000 difference was allocated. Town Administrator Fournier next estimated a tax impact (average home value) of 6.41% for the Town if the current budget was approved as proposed, which amounted to a 10 cent increase from last year (6.31%).

**POLICE DEPARTMENT**

Police Chief Cyr next presented an overview of the proposed Police Department Budget. He cited increases in three (3) areas. The first was in the gasoline line-item from $3,000-$3,500, as the budget was over expended last year and the difficulty in predicting changes in gas pricing was added. He stated that gallon-wise they had been able to cut back by assigning certain officers to certain vehicles and doubling up officers when possible. The question of the fluctuation of prices over time was raised, and Chief Cyr replied that it had been stable over the last few years. He stated that gallons used were down and noted the improved mileage of newer vehicles. The second increase was in the equipment line-item, with an additional $12,000 requested to purchase body cameras for all the officers. This included a cost of $700-$800 per camera, plus $2,500 for a storage facility for the videos. Using the videos would protect the officers, who are continually held to higher standards, and the liability of the Town. He stated that each officer would be assigned one specific camera. Questions were raised about going in with other communities to save money, leasing, or having the officers share the cameras. The increase in overtime was then questioned, and Chief Cyr replied that less was spent in court appearances and that staff had been used in different ways. Town Administrator Fournier stated that the final budget includes the transfer of funds which was approved in a resolution in March by the Council. Chief Cyr further explained the increase in spending on uniforms as due to replacement of body armor every five years, and that it had not be updated last year. The issue of costs for criminal investigations was then raised, to which Chief Cyr replied that they were sending evidence out for testing, not to State labs, and that they had underspent in last year’s budget. The other line item change in the Police budget was for the cost of a drug and search dog, and that they had applied to the Working Dog Foundation for a grant. There was no cost for the dog and veterinary costs would be covered for one year. The dog would work and live with one of the officers and the training costs were already being absorbed in the budget. The increases requested would be for sustaining the cost of food and veterinary bills. It was questioned whether a reduction for costs for Dues/Memberships and Books/Publications was possible. Chief Cyr replied that dues were organizational and that perhaps a reduction could be made in Books and Publications. He felt that the proposed operating budget was pretty much level-funded and there was not much change, and felt it was better to cut on the dog or the cameras rather than cutting individual line items. He stated that the increase in communication costs was a result of the sharing of individual police records in HUB and linking up with other communities. Chairman Levy understood that flexibility in the budget was needed, but questioned whether the department could not budget closer to what was actually spent. Town Administrator Fournier pointed out that unlike a business, the bottom line could not be increased mid-year and Chief Cyr stated that every spring the Police Department budget was running over. In general, the budget was thought to be tight and consistent by the Council, and Chairman Levy thanked Police Chief Cyr for his presentation.

**RECREATION DEPARMENT**

Recreation Director Jim Hilton presented the highlights of the proposed budget for the Recreation Department, for which there was a 4.98% increase. Town Administrator Fournier stated that 1.6% could be eliminated immediately for cost-of-living increase, as it had been removed from all the other budgets. It was brought up that the general and revolving funds of the budget together saw a $50,000 increase between the gross proposed budget and actual expenditures of last year, which was questioned. Town Administrator Fournier noted that the revolving fund was not taxation. Director Hilton stated that the budget the Town Administrator had proposed for last year had been dead-on at $214,000. It was raised that general supplies and printing and publications had also gone up from prior year. Town Administrator Fournier explained that the budget had been over funded with $147,642 in salaries. Director Hilton stated that the biggest increase was because of a new position in the general fund, as a result of a vacancy left by the resignation of the Senior Coordinator due to health issues. He added that with the increase of $16,000, he proposed changing the position to that of Program Director which would allow a broader scope for putting programs together, increase revenues, and allow the Senior Citizen’s Center to be open five (5) days per week. The position was to be a part-time position of not more than 29.5 hours/week with an increased salary but no benefits paid out, adding that the position announcement was put out to many organizations. He stated that Training & Staff Development and child expenses had remained even-funded. Director Hilton said that Communications had gone up due to a new phone plan, but that subscriptions save $2,000 in layout and design. He stated that the line-item for Equipment & Maintenance had gone done slightly, and that he had put in for capital improvement to replace a young children’s playground. He next stated that the Sunrise/Sunset Program had been cut $3,000 and moved to the revolving account. The proposed budget for Training included one tri-state New England conference for specialized training using local facilities at no cost, and one weekend excursion. He added that no overtime was involved as the Nationals come locally to the state. Director Hilton also stated that both input and output in the revolving fund were doing well, and that the increase in funding was to make sure funds were available for recreational lighting.

**WATER & SEWER DEPARTMENT**

Water & Wastewater Director Sean Greig next presented an overview for the proposed Water & Sewer Department. The budgets for Water and Sewer were discussed separately.

**Water**: Director Greig stated that a 15% increase had been planned, in part due to the MacIntosh Well which included required Contract Services Testing to be performed. He stated that substantial testing would be required by the State due to the new water source, and that over time, as proof provided a lack of issues, the amount of testing could be reduced. There was also an increase in bonds and notes with the anticipation of the completion of a water line to the tank. Other expenses included additional postage and general supplies for a transition to monthly billing. The increase for chemicals was questioned and Director Greig replied this was for additional chemicals for the MacIntosh Well and adding another facility. System maintenance costs were questioned as the amount requested was down from actual spending the previous year. Director Greig said that less had been spent in other areas, including $4,000 less in engineering. As chemical costs were down, $2,200 to replace a hydrant could be covered. He stated that the department paid construction interest on the MacIntosh Well and the new line to the tank, which should be completed in this budget year. He added that next year a bond payment would be due on the Well and the last payment on the water meters, and that these costs were planned and would not affect the Water rate. The number of employees in the Water Department was questioned and Director Greig replied that there were two (2) water operators, a half-time water technician, the Water Director and some staff for billing and collections. The costs expended for uniforms included laundry services, and that 20% of the administrative assistant salary was shared, with the Public Works Department covering 80%. It was then questioned whether contract services could be cut and Director Greig answered that they could not due to the cost of the MacIntosh Well testing, which included gauging on ground water levels and surface water levels with flow-testing for the system.

**Waste Water/Sewer**: Director Greig stated that the biggest increase related to looking to fill another fulltime position for a wastewater treatment plant operator at the new facility who would also work in collections. They had originally planned to hire two (2) separate individuals but decided to combine both in one position. It was questioned whether other companies could be used on a contractual basis which might reduce costs. Director Greig answered that $16,000 had already been saved by removing one part-time person, and that an operator for the new plant was needed. He reminded the Council that he had already combined collections with the plant operations as a cost-savings measure. He next addressed a large increase in postage as part of the proposed transition to monthly billing and in the need to add more chemicals to the wastewater system. He added that he had a bid for a non-point source plan, and that funds of $164,200 were being transferred to Capital Reserves. He said that the Capital improvement Plan had found deficiencies in collection system pump stations and improvements would be spread over three (3) years. With regard to sludge, Director Greig described the use of anaerobic digesters to decrease the total amount, pressing the sludge to remove water, and the offsite trucking of the 20% bio-solids remaining. He added that several issues had arisen with the digesters and the press resulting in sludge currently sitting in drying bins and needing to be hauled off. The increases in health care and retirement costs were brought up as were increased engineering costs. Interim Finance Director Matt Angell stated that the $24,600 included expended and encumbered costs, with bids at approximately $60,000 for next year for the non-point source plan for Newmarket only. The rationale for the change to monthly billing was questioned. Town Administrator Fournier stated that it was easier to collect on smaller bills resulting in fewer shutoffs, and Director Greig added that consumers could see actual water usage. He stated that the principal on bond interest had remained flat, and if construction could start in July of 2015 and come to substantial completion they would not see the bill until July of 2016.

**PUBLIC WORKS DEPARTMENT**

Public Works Director Rick Malasky presented an overview for the Public Works Department budget citing an increase of 0.2%. He stated that general supplies had gone up slightly and the increase in overtime was mostly due to after-hours snow removal. He added that more roadwork was completed with contractors who worked later hours, and it was the first year charging for detail work. Town Administrator Fournier offered that schedule changes were made to try to adjust for increases. He also stated that money was received from the various associations for each detail event, with the funds going into revenue and not the Public Works budget. Itemized information was requested for recoupment of funds from detail events, but as this was the first year no records were as yet available. The cost for uniforms was brought up next as it amounted to 3% of the total budget. Director Malasky replied that the costs included safety equipment and that a protection plan provided for any needed replacements. The next issue raised concerned costs for salaries, Director Malasky reiterated that the administrative assistant was shared with Water & Wastewater Director Sean Greig. Public Works Director Malasky next addressed Roadways with a 0.56% increase. He felt that department needed to budget every year for a snowy winter, which included costs for salt treatment and paving. Town Administrator Fournier stated that the department could not afford the $345,000 costs, which were high for a community the size of Newmarket and did not include State roads. He compared the towns of Stratham and Durham, citing that Durham bonds their payments. A question was raised requesting information on the amount of funds needed for roads versus waiting, and it was suggested that a plan should be developed reflecting the most efficient and reasonable maintenance. It was felt that the Town was not in a position to underfund roads. It was also questioned whether some roads could be shimmed rather than total reclamation. Director Malasky mentioned that prices on liquid asphalt had leveled off and there were no big increases there. Town Administrator Fournier explained that they tried to keep between 5-10% and offered that some of the $714,000 fund balance could be put into a capital reserve fund as in a savings account. Director Malasky stated the full reclamation, including culverts, was done by contractors and amounted to 65% of the road budget. He added that some money comes from the Transportation Fund and that other projects were coming up. He specified that 1 ½ miles of full reclamation had been done in the current year, but that the CIP fund for this had been stopped as funds were depleted. Town Administrator Fournier clarified the difference between the Capital Improvement Fund which is a plan including operating expenses, and the Capital Reserve Fund which is a savings account. He suggested that as the fund balance was safe, $200,000 could be moved to the Capital Reserve fund where it would remain if the funds were not completely used up. A request was made for a list of all roads needing total reclamation versus shimming, stressing the need for a strategic road plan. It was further pointed out that part of the department fund balance was being applied to the budget. Town Administrator Fournier stated that since the funds were available this year, the Council should find a middle ground. He added that another $100,000 could be spent to offset the current budget which would benefit the taxpayer while remaining within the correct range of 5-10%.

A suggestion was offered from the Council requesting that each department document the total amount spent versus total amount of savings, and include any planned implementation to reduce costs. The issue of the truck purchase was raised again and Director Malasky replied that other towns replace vehicles with even lower mileage, and that tools were not readily available for study or evaluation. Tree Service was then discussed, and Director Malasky stated that this item had gone up due to the hiring of other companies for assistance with difficult work. Regarding Engineering, Town Administrator Fournier explained that the MS4 was stone water runoff and different from the storm drain non-point source plan for the Water & Wastewater Department. The costs for the mowing of the Wilson property were then questioned and Director Malasky replied that the property needed to be maintained and this was only done once yearly with the total of one 12-hour day. He next addressed Street Lighting which included every street light plus ornamental site lighting. As a possible rise in electric rates was then brought up, Interim Finance Director Matt Angell addressed the issue stating that the Town had a default rate. He added that they were already looking into the next contract and whether or not to change the provider, who needed a 60-day notification before end-of-contract. Buildings and Grounds was next addressed with Director Malasky offering that there were some increases here, mostly due to electrical costs for building maintenance. Actual department salaries were then questioned versus proposed, as there had been an increase in part-time salaries specifically. Director Malasky stated that no staffing changes had been made. Interim Finance Director Matt Angell then explained the requested amount for fulltime salaries last year was not approved which resulted in the increase, and he gave a breakdown of the number of employees. A request was then made to reduce the budget request of $88,000 for part-time salaries to $80,000. The actuals for the Community Center versus the amount requested was also questioned, and a request was made to drop the $10,000 request to $7,500. Director Malasky stated that they had not yet been billed for Mosquito Spraying but that the bill should be approximately $20,000 with another $5,000 for surveillance. He pointed out that funds needed to be available in case of an outbreak, and that a cushion was needed. It was questioned why a cushion was always built into the budget, and Town Administrator Fournier stated that State law requires an annual allocation be stipulated. A request was then made to reduce mosquito funding by $5,000 and agreed upon.

Director Rick Malasky then addressed the Cemetery line item, which had remained stable. He added that a request had been made to the Town Administrator for a new mower which was turned down, but that the money had been found elsewhere, and that the mower had to remain at the cemetery. He next addressed Vehicles, offering that last year the budget for vehicle maintenance had been cut from $40,000 to $20,000, and that the request for this line item was not an increase but an attempt to re-align the requested amount with what was needed to maintain preventative maintenance and repairs. He next addressed the Solid Waste line item, citing costs for a new drill press. The cost requested for Dues was questioned and Director Malasky said that costs included spring cleanup. The General Supplies line item increase of $5,000 was then questioned, which included recycle bins and municipal trash bags. Director Malasky replied that the department typically had $20,000 but that amount had been cut by the Town Administrator. A question arose regarding cutting subscription costs, and Director Malasky stated that perhaps a cut could be made in the spring cleanup, reducing the requested budget from $40,000 to $35,000. Town Administrator Fournier reminded the Council that fines could be assessed on the Town, and that as a member of the Lamprey Coop tipping fees were set and could not be cut.

**NEWMARKET PUBLIC LIBRARY**

Library Director Carrie Gadbois then presented the proposed budget for the Newmarket Public Library, in general requesting a 3.39% increase over last year. She stated that increased costs were mostly for building maintenance and that they were on target for spending the entire budget requested. Town Administrator Fournier explained that the rules governing the Library were different from every other department. He added that though the line items could be discussed, the Trustees of the Library made the final determination for the allocation of funds. A question was then raised regarding the $37,000 over-expended by the Library in the prior year. Library Director Gadbois answered that the bulk of the over-spent funds was spent on retirement of the former Library Director. Interim Director Matt Angell then added that the Trustees of the Library had authorized two (2) over-expenditures in the prior year to dip into the fund balance at that time, and that anything not spent remains in the fund. Director Gadbois offered that building maintenance increased due to needed maintenance that had been deferred. Town Administrator Fournier added that the Town provides some assistance but that the Library is a separate entity. Director Gadbois further added that the large fluctuation in building maintenance included the servicing of the library furnace, wiring and plumbing, but that no special projects had been planned. She added that part of the increase last year was due to the exterior painting of the library. It was then asked if a maintenance plan could be set up to keep costs steadier. Director Gadbois stated that the roof had been guttered, but that heating in the winter caused water to pour off which resulted in ice damming and increased shoveling of the special access ramp. A question was raised about adding an awning over the ramp, and Chairman of the Library Trustees Sandy Allen informed the Council that the issue had been looked into but found not to be appropriate. She added that it did not really address the problem and was not aesthetically fitting as the Library was a historical building. Chairman Levy recommended the possibility of added foam and insulation inside the ceiling of the building in areas where the damming was the worst. Trustee Chairman Allen agreed to look into the matter. A question was asked of Interim Director Matt Angell regarding the Library Capital Reserve Fund whether any up-coming projects had been planned. He replied that none were planned specifically and that there was also a fund available to the library trustees. Library Salaries were then brought up questioning actuals versus requested amounts, with a significant increase in part-time salaries for this year. There had also been a large increase in Health Insurance, partly due to the possible need of the new library director to access the benefits. Town Administrator Fournier reminded the Council that the library had the ability to over-expend funds, and Library Director Gadbois added that all positions left vacant in the prior year had now been filled. At that time the trustees of the library who were present at the meeting introduced themselves to the Council.

**ADJOURNMENT**

The meeting for the first budget review session was adjourned at 12:50 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary.