**TOWN OF NEWMARKET, NEW HAMPSHIRE**

**TOWN COUNCIL, BUDGET REVIEW SESSION II**

**OCTOBER 29, 2014 6:00 PM**

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

EXCUSED: Councilor Ed Carmichael,

ALSO PRESENT: Town Administrator Steve Fournier, Interim Finance Director Matt Angell, Town Clerk-Tax Collector Terri Littlefield, Public Works Director Rick Malasky, IT Director Doug Poulin

**AGENDA**

Chairman Levy called the meeting to order at 6:03 pm, followed by the Pledge of Allegiance.

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

**TAX COLLECTIONS**

Town Administrator Steve Fournier gave a quick overview of the budget for the Tax Collection Department, citing a 2.5% decrease, mostly due to differences in salaries. He stated that the codification was still included and gave an update on the codification project. He said the attorneys were still going through all old resolutions for the past 20 years since the Town was chartered to come up with a Code Book, and he hoped to have a draft for the Council by early spring. He clarified that no laws had been changed, just codified, and that the Town Council would then be able to vote on one big document. Councilor Weinstein said that at one time there was a question of purchasing a new ballot box, and wondered whether the purchase was included in the proposed budget. Town Clerk/Tax Collector Terri Littlefield replied that it was not included at this time and that usage depended on the number of elections per year. Councilor Nazzaro mentioned that since there is a spike in a presidential election year, they might want to consider purchasing the ballot box in a slow year. Councilor Bentley asked what the cost of the machine would be and Town Clerk Littlefield replied that the cost would be approximately $12,000. Chairman Levy asked whether a real problem existed and said that the last election at the Junior-Senior High School seemed to go well. Town Clerk Littlefield clarified that the problems of the prior year were due to the higher number of ballots being considered. Chairman Levy added that there could be an increase this year due to the CIP warrant articles, but that it would also depend on the turnout of voters. He felt waiting times from last year should be looked into, and that the new machine may not be needed. Councilor Wright asked whether the machine was purchased or leased, and Town Clerk Littlefield replied that it would be purchased. She added that they did share a machine with the School, and that she could discuss another ballot box purchase with them.

Chairman Levy questioned the increase for Fulltime Salaries, stating that the actual for 2014 was $70,000 but that they were proposing $101,000. Town Administrator Fournier replied that this was due to the vacancy, and that the salary for the previous clerk had been higher. Chairman Levy then questioned Part-Time Salaries with the actual for 2014 being $41,000 yet proposing $27,000 this budget year. Town Administrator Fournier replied that they were eliminating a part-time position. Chairman Levy asked if this represented a total of $40,000 in savings, $30,000 in fulltime and $10,000 in part-time salaries. Interim Finance Director Matt Angell explained that there was rather a $30,000 increase in fulltime salaries but that part-time salaries had decreased, with changes due to a shift in vacancies filled or eliminated. Town Administrator Fournier explained that last year there were three (3) fulltime positions and one (1) part-time, but that Town Clerk Littlefield had changed that to two (2) fulltime and two (2) part-time to save money. Chairman Levy questioned the increase for Election Officials, but Town Clerk Littlefield pointed out that it was a decrease. Town Administrator Fournier said that they were budgeting more in 2016 due to Town elections and a presidential primary. Interim Finance Director Angell stated the department budget would decline overall, and had dropped over the last couple of years by $40,000 with $15,000 for codification. Chairman Levy pointed out that the agreed-upon budget had been $200,000 but that they had spent $156,000, and they were now going from that to $162,000. Town Administrator Fournier stated that the change in staff numbers reduced salary costs, and that they were closer to 2013 actuals, with the anomaly being the resignation of the town clerk. He said that the current proposed budget of $162,270 was down 2.5%.

**INFORMATION TECHNOLOGY (IT) DEPARTMENT**

Town Administrator Fournier stated that the proposed $165,139 for the IT Department had been reduced from what was budgeted by 2.6%, with adjustments in Software Maintenance, Vendor Support, and Licenses. Councilor Weinstein asked for an explanation of the overall structure of the IT Department, specifically how a major equipment purchase would be covered. IT Director Doug Poulin replied that equipment was included in the IT budget, but that any major expense would come from CIP funds. Chairman Levy asked how much remained in the CIP fund, and Town Administrator Fournier replied that $37,388 remained. Chairman Levy then asked what Miscellaneous Funds referred to, and IT Director Poulin replied that it was part operating expenses and part equipment (for Channel 13) which had been lumped together in one line. Chairman Levy then asked whether the funds provided from Comcast would apply here and IT Director Poulin replied that they went into the General Fund. Interim Finance Director Angell clarified that there were two (2) lumps with the first being $120,000 provided by Comcast for franchise fees, and the second being $10,000/year which goes into a grant for the Town, formerly for the School. IT Director Poulin added that the School can make a motion to them for the grant money. Chairman Levy asked where the $120,000 went and Town Administrator Fournier replied that it was revenue used to run the Town, but that is was not a revolving fund. Councilor Nazzaro asked where that fell in the revenues and Interim Finance Director Angell said that he was looking into the matter. Councilor Nazzaro asked the reason for the increase in miscellaneous equipment for Channel 13, and IT Director Poulin replied that they had expended $1,500 this year for a hardware failure downstairs and that he had requested $6,000 this year for leeway due to aging equipment. Councilor Nazzaro then asked what Channel 13 operating expenses were. IT Director Poulin replied they were expenses for streaming, and that they had to pay someone to host and stream the information remotely, plus it was bandwidth intensive. Councilor Nazzaro asked what the actual expenses for software and maintenance equipment were in 2013, and Town Administrator Fournier replied $37,561. Councilor Nazzaro asked what had caused the increase to $42,500 for this year, wondering whether this could be reduced. IT Director Poulin stated that he had expended funds on a hardware failure that came in right at the end of the fiscal year, which had pushed forward into the next year. He explained that they had redone the Town website with Virtual Town Hall which was a $5,000 one-time expenditure, with $1,500 yearly afterward for upkeep and hosting Channel 13 broadcasts. Town Administrator Fournier stated that this amount could be reduced by $2,500.

Vice Chair Pike said that Vendor Support, Software Licenses, and Software Maintenance were all underspent in 2014/15 and wondered if they were expected to go up this year. IT Director Poulin explained that Software Maintenance was a recurring software expense they are obliged to pay yearly. He said that Software Licenses were needed for rolling out new versions of Microsoft Office to remain current, and that Vendor Support covered a vendor out of Merrimack who could be used as a replacement or backup as needed. Vice Chair Pike asked whether the money was anticipated to be spent this year, and IT Director Poulin replied that it would be spent due to needed upgrades. Chairman Levy asked if the funds for Vendor Support could be found elsewhere and Town Administrator Fournier replied that the $1,500 should remain in that line item. Councilor Wright asked what had resulted from the UNH Interim grant, and IT Director Poulin explained that they had decided against this as not an efficient way to move forward. He added that there was new and emergent technology which performed better, so the line was zeroed out. Councilor Nazzaro asked whether a plan existed for how often software was updated and a schedule for which machines were updated and when. IT Director Poulin replied that he typically did not update Windows, but rather left the versions that came with the PCs which ran approximately five (5) years. He said that the Police Department was usually upgraded first with the others on an as-needed basis, and that he scheduled yearly replacements of approximately ten (10) per year. Town Administrator Fournier pointed out that revolving funds were allowed for Channel 13, but not for IT. Vice Chair Pike asked how video-on-demand was changing as it seemed a lot more people were using it. IT Director Poulin agreed that there were a lot more people watching the meetings, and that he had almost needed to upgrade their packet as a result. Chairman Levy said that it would be great if Comcast would consider providing on-demand services to the Town.

**FIRE DEPARTMENT**

There had been a 0.39% increase in the Fire Department budget, resulting from an increase in Salaries due to the redistribution of the merit pool. Public Works Director Rick Malasky presented an overview of Fire Department proposed budget. He stated that Part-time and Fulltime Salaries and Diesel Fuel were up slightly, and that he had requested some equipment, but that everything else was relatively the same. Chairman Levy asked why both General and Medical Supplies were up from actuals, and Director Malasky replied that the Hospital was cutting back and they now had to purchase their own supplies. He stated that it also depended on the call volume, and that some purchases had not been made due to high snow-removal expenses. Councilor Weinstein questioned the significant increase in Ambulance Department expenses, and Director Malasky explained this was a new line item due to a procedural change which now required the department to collect their own fees, and had started mid-cycle. Vice Chair Pike questioned the $3,000 increase in Communication Services, and Director Malasky replied that it was due to the purchase of three (3) tablets with cards for apparatus. He added that the amount might be a bit excessive and could be trimmed from $7,900 to $6,000, with a savings of $1,900 in the budget. Councilor Wright asked whether there were any reimbursements for Medical Supplies, and Director Malasky replied that they did get funds back from the fees collected for the ambulance, which went into ambulance receipts. Councilor Nazzaro questioned why Equipment Purchases had gone up in the prior year, and Director Malasky said that it was due to the cost of portables, replacement of bunker gear, and safety testing. Councilor Nazzaro asked if the decrease for the current budget would allow Director Malasky to stay on target with his replacement cycle. Director Malasky stated that the department had been unable to fund the CIP to an adequate level, only adding $50,000/year, and Town Administrator Fournier added that the CIP committee had recommended $132,000 be appropriated yearly. Director Malasky also stated that the purchase of air packs would come to $165,000, that they could only be flow tested for three (3) more years, and that using CIP money depended on the funds being available. Councilor Weinstein questioned the amount budgeted for Equipment, and Director Malasky said that this covered all testing to certify equipment safety and that of the $12,500 budgeted for the year, $8,000 had already been spent. Councilor Weinstein observed that this line item seemed to be consistently underfunded and Director Malasky agreed.

Chairman Levy questioned the Mutual Aid Contract stating that the department was budgeting $1,200 but had only been spending $200-$600, and asked if the amount could be lowered to $600. Director Malasky replied that if they could not cover Medical and an outside agency was needed, they would have to pay the bill for them, but agreed that it could be reduced to $600 as historically it had remained low. Chairman Levy questioned Diesel Fuel and Gasoline costs, stating that gas actuals had been $12,400 but they were requesting $16,000. Interim Financial Director Angell stated that the increase in Diesel Fuel was partly due to a 3-cent cost increase, and partly to the failure of the gas tracking system in July. He said that they were now using a manual system with no idea of actual costs. Chairman Levy questioned the current request for $42,000 for Equipment Purchases, as $65,000 had been spent in FY15. Director Malasky replied that it was for portables for every firefighter, with a current cost of $42,000. Vice Chair Pike asked how many were in a building at one time, and Director Malasky replied that there were six (6) people on an apparatus. Town Administrator Fournier pointed out that the number was higher for a volunteer force like Newmarket, than the city of Portsmouth with fulltime firefighters. Councilor Bentley clarified that the 42 radios were kept at home, and Director Malasky added that for some the radio doubled as a pager and that fire or EMS expenses typically ran high. Councilor Weinstein questioned the amount requested for Training & Staff Development, asking if the reduction was safe. Director Malasky replied that they would probably go over, as class hours needed to be kept up and licenses were renewed every two (2) years. Town Administrator Fournier announced that the Public Works budget was currently $334,188, with a reduction of 0.48%.

**TOWN COUNCIL**

In response to a question by Councilor Bentley regarding the Contingency Grant line item, Town Administrator explained that the Finance Director had proposed the line item to cover funds requested by the Town Council to serve as a sort of emergency fund, but that he had taken it out and would find the funds elsewhere. Chairman Levy said that he agreed with Councilor Nazzaro that the “fluff” or cushions should be taken out of the budget leaving a contingency amount available, to allow getting back to zero-based budgeting. Town Administrator Fournier stated that the Law did not allow this because a “purpose” had to be specified, and that they would still need a separate warrant contingency fund. He added that the Town Council annually spent $5,000 for consulting services, and that the term “grant” had been used in case a match was needed and the money could be withdrawn there. Interim Finance Director Angell pointed out that they would frequently be requesting the Town Council to grant authority on over-expenditures, and Town Administrator Fournier added that the Contingency Law had just come into effect over the last year. Vice Chair Pike questioned Part-time Salaries, and Town Administrator Fournier explained that the salary was for the new Recording Secretary. Chairman Levy asked where they were with gross spending, and Town Administrator Fournier replied that gross spending had remained relatively flat at $19,300. Councilor Nazzaro asked for an explanation of General Supplies, and Town Administrator Fournier said that it covered things such as name plaque replacements, etc., and felt this line could be zeroed out, for a savings of $250.

**TOWN ADMINISTRATOR**

Town Administrator Fournier stated that the 1% increase in Salary was due to the distribution of the merit pool, and that the merit pool in the HR budget showed the actual costs in each department for salaries. He added that the $29,394 had remained level funded from last year. Chairman Levy asked where costs for training and trips were, and Town Administrator Fournier replied that these were under Training/Staff Development. Councilor Nazzaro questioned the increase in Dues & Subscriptions, and Town Administrator Fournier said that $700 was for his ICMA dues but that the majority was due to the 1%-2% increase in Municipal Association dues. He stated that it could be reduced from $10,000 to $9,000, but that the rates were not yet known. Chairman Levy asked why the Municipal Association dues were so high, and Town Administrator Fournier replied that the membership was for the Town. Chairman Levy asked what the Town received from this and Town Administrator Fournier replied that they received training and legal advice and advocacy, which the Town used frequently. Councilor Bentley asked if they were the ones who had helped when the State had wanted to take over the Town registration, and Town Administrator Fournier said that they were and that they had also helped the Town with fighting the retirement system.

**FINANCIAL ADMINISTRATION**

The budget for Financial Administration was up 0.9% due to an increase in audit fees. Interim Finance Director Angell explained that a 3-year audit extension had been allowed with the current auditor. Councilor Nazzaro questioned the Advertising line item, and Interim Finance Director Angell explained that this was new this year because of procurement policy, and that he would be taking over all advertising for all public notices. This line item had previously been in the Town Administrator budget, and Town Administrator Fournier said that it was necessary for making Town bids. Councilor Weinstein questioned the $2,600 in Equipment Maintenance, and Interim Finance Director Angell explained that $600 last year had covered a copier lease, but that they had switched to a larger HP printer/copier which added an additional $2,000 for the purchase. He added that they were purchasing the new machine with the Water & Sewer department, and that it also included a shared cost for a new computer due to a failure. Councilor Wright brought up a prior mention of a Finance Program, and Interim Finance Director Angell replied that the program was very expensive and startup was a 2-year process, with the cost depending on the system purchased. Town Administrator Fournier said they were also looking at systems for recording, etc., and stressed making sure that all systems would be able to communicate. Interim Finance Director Angell explained that one of the systems had a really good online module, and that another would allow invoices to be scanned and bills paid through ACH. As far as costs, he stated that one system had no initial fee but annual maintenance would be higher than what they were currently paying, and another system required $300,000 upfront. Vice Chair Pike commented that he thought they had been trying to bring Fulltime Salaries up to market value, and questioned why it had been brought back down. Interim Finance Director Angell replied that historically the position was budgeted at $80,000, but that it had been cut to $70,000 last year and that he had had to cut his hours to fit within the budget. He added that they still needed $80,000 to be able to hire a skilled professional replacement. Vice Chair Pike asked why they were budgeting $165,000. Town Administrator Fournier replied that there were two (2) other employees, but that he felt comfortable reducing the amount to $163,000.

**HUMAN RESOURCES**

Town Administrator Fournier stated that the $31,000 Human Resources budget covered benefits, etc. Interim Finance Director Matt Angell specified these included FICA, Medicare, NH Retirement and Workers Compensation, and that they were all based on salaries of a percentage of current employees plus overtime, which was pretty much a fixed cost. He stated that he had added a 5% increase for Health Insurance based on a guaranteed maximum increase of 8.5% predicted. He said that there had been an increase at the end of FY14 due to switching carriers from PLT to Primex, and that he had purchased an 18-month contract to change from a calendar-year basis to a fiscal-year basis. He added that six (6) months of the contract had been paid in FY15, and that in FY16 it would be up to a full year again. He reported that Merit Pay was a new item in FY14 but would be reduced to $35,000 in 2016. He said that Longevity was calculated based on the list of employees and when they were hired and was a fixed number, and stated that Property/Liability was down compared to the prior year due to the switch to Primex. Town Administrator Fournier explained that the large jump for Property/Liability was due to it not being previously budgeted correctly. Councilor Bentley questioned Workers Compensation, asking the current number of fulltime employees, to which Interim Finance Director Angell replied 51 or 52 total. Councilor Bentley asked if there had been an increase in claims which raised the costs, and Interim Finance Director Angell replied that it was just costs for insurance. Town Administrator Fournier added that this also depended on the type of employment, and that DPW, Police, and Fire all bumped up the rates, with additional costs for safety training provided. He stated that Newmarket pooled funds with other municipalities, withdrawing funds as needed, and that only two pools were available for bidding in the State, which covered property liability for the Town.

Chairman Levy questioned the large jump in FICA fees from $113,000 to $185,000 and Interim Director Angell said that he would look into the matter. Chairman Levy said that the Town had the same number of employees in general, and stressed that the figure was historically consistent. Town Administrator Fournier said that he had thought perhaps it had something to do with the audit of FICA done by the Finance Director, or possibly the transfer of the salary for the Public Works Director to the general fund. Vice Chair Pike asked what it should be and Chairman Levy said approximately $115,000. Councilor Wright suggested Recreation, but Town Administrator Fournier said that it had been changed to a revolving fund. Interim Finance Director Angell stated that he had used each individual salary multiplied by the 6.2% rate for FICA, and that several people had reviewed the completed spreadsheet. Chairman Levy asked if the amount could be lowered to $115,000, and Interim Finance Director Angell replied that he would have to make it work, though he was following the process and accumulating data to try to achieve a very detailed budget with every employee scheduled out. Vice Chair Pike pointed out that the budgeted figure was 25-30% above where it should be. Interim Finance Director Angell said he would check his calculations again. Town Administrator Fournier stated that it had to be addressed as the budget needed to be submitted by November 15th, and suggested they move on to Code Enforcement and come back to this later.

After Assessing had been discussed, Interim Finance Director Angell reported that he had recalculated the amount for FICA two (2) different ways but approximately the same number had been reached. He said that it included a budget of all the general fund line items for salaries, and all overtime, multiplied by 6.2%, and that he had a salary spreadsheet to back it up. Town Administrator Fournier suggested lowering the amount to $130,000 or $135,000. Chairman Levy questioned again why actuals for last year had only been $113,000, which was a large difference, and that a better explanation was needed. Vice Chair Pike pointed out that everything was consistent except for that. Councilor Bentley asked what the 6.2% was, and Interim Finance Director Angell replied that it was set by the IRS for what goes to social security. Town Administrator Fournier asked whether Police and Fire had been included in his calculations, as they did not receive social security. Interim Finance Director Angell realized that he had inadvertently included Police ($60,000) and Fire ($14,000) in the FICA total, and the $185,000 budgeted amount was decreased by $74,000 to an eventual $111,000.

**CODE ENFORCEMENT**

Town Administrator Fournier cited an increase in the Code Enforcement budget of 0.79% mostly due to salaries. He stated that General Supplies was up due to the request to purchase a new camera, and that Training had gone up due to stricter requirements for a Health Officer. Chairman Levy questioned the $37,000 for Part-Time Salaries, and Town Administrator Fournier clarified that it should be “shared salaries” as the fulltime position was shared with the Planning Director, and that the Code Enforcer was a part-time employee. He added that Training would be increasing, and that formerly training had been avoided due to a lack of funding in the budget.

**WELFARE**

Town Administrator Fournier reported that the Welfare budget was down 8.5%, which better reflected actuals from last year. Chairman Levy questioned the $59,000 being budgeted versus prior year actuals of $30,000. Town Administrator Fournier replied that the budget was $59,000 as part of the budget was unknown, and that a total of $34,000 had been spent in 2013 from a budgeted amount of $113,000. Vice Chair Pike asked if there was a seasonality to the expenses, and Town Administrator Fournier replied that winter was the biggest season. Chairman Levy questioned the $30,000 budgeted for Rent, saying that it had been consistently underspent in prior years. Town Administrator Fournier stated that it could be cut back to $15,000. He also said that the $1,500 budgeted for Electricity could be brought down, as actuals had been $600-$800, but that Heat needed to remain the same. He further clarified that there were no expenses for heat last year as they had benefitted from non-profit agencies. Vice Chair Pike asked for the total currently budgeted for Welfare, and Town Administrator Fournier replied that it was $48,220, down 25.49% over the previous year. He added that Food was reduced by $500, and that some cuts were made possible due to the tightening of welfare laws.

**ASSESSING**

Town Administrator Fournier reported that the budget for Assessing was down 3.41% as it was now contracted out. He said that the contract with the Assessors had been very productive as they were now available two (2) days per week versus one (1). He explained that they assessed 1/4 of the Town per year and also answered assessing questions. He added that with the contract, the Town benefitted from access to a much bigger and more flexible staff and that the contractors could bring in additional people without impacting the contract. Chairman Levy asked what the actuals had been in 2013, and Town Administrator Fournier said actuals had been $60,000, which covered part of a fulltime salary (shared with the Town Clerk) and a part-time salary plus a summer intern. Chairman Levy pointed out that $73,000 had been budgeted in 2014 but only $53,000 spent, and questioned why they needed to budget $11,000 additional. Town Administrator Fournier replied that 2014 was the first year the contract with the assessors had begun, and that that the Town was getting more hours with more people available. He stressed that the Assessor position was shared with the Town Clerk and that the assessor had filled in last year when the Town Clerk resigned. Interim Finance Director Angell said that the contract was for three (3) years at $55,000 per year. Town Administrator Fournier further explained that no benefits were included in the salary, and that the revaluation of the Town also played a part in this year’s budget. Interim Finance Director Angell added that actuals for this year were not accurately reflected as they had only been billed for the month of July to date. Councilor Nazzaro asked why they were paying for Training since the services were contracted out. Town Administrator Fournier stated that the Training line item could be zeroed out, but that Dues needed to be paid for Assessing Association membership. He stated that Postage & Supplies needed to remain, but that Mileage could also be zeroed out.

**LEGAL**

Town Administrator Fournier reported that the Town had signed a 2-year contract with Attorney John Ratigan, and that this was the last year of the contract. Chairman Levy commented that the rate had gone up but it had been easier to get information, and recommended no changes. He then questioned whether the $80,000 budgeted would cover any potential lawsuits. Town Administrator Fournier replied that the 2014 actual of $145,000 included a lawsuit, and that some Supreme Court expenses were covered in the contract, but that the Cable Franchise Agreement and certain parts of the BTLA were not covered.

**PLANNING**

Town Administrator Fournier reported that the budget for Planning was up 0.78%, and that upgrading would be done this year but was not yet reflected in the actuals. He added that the Charter needed to be updated to provide for a disaster plan. Chairman Levy asked how many Fulltime Salaries were included, and Town Administrator Fournier replied that it covered one, plus one part-time person to cover in his absence. Chairman Levy said that the amount budgeted for Advertising was higher than actuals, and questioned the Tax Maps. Councilor Bentley asked what was being advertised, and Town Administrator Fournier replied that it was for advertising meetings and that more stringent notifications were needed for the Planning Department. He explained that the Tax Maps needed to be updated for the Town, as they had not been kept current. Interim Finance Director Angell added that Planning Board revenues had also gone up.

**CONSERVATION COMMISION**

Town Administrator Fournier stated that there had been no increases in the Conservation department budget.

**ECONOMIC DEVELOPMENT**

Town Administrator Fournier reported that Economic Development had remained level at $1,000 and that Services could not be touched, as next-phase costs were unknown and the engineering study was still underway.

**GRANTS**

Town Administrator Fournier reported that the budget increase for Grants was due to an increased cost for Coast Bus Services. He said that he had been receiving calls regarding a discussion about the service possibly shutting down as Stratham and Greenland might withdraw their support, which would only leave the route from Pease to Exeter and Newmarket. Chairman Levy asked what the ridership had been and Town Administrator Fournier replied that Newmarket ridership was high compared to other communities, adding that there were two (2) bus services available for the Town. Vice Chair Pike stated that if the frequency dropped off, the value would then become questionable. Town Administrator Fournier said that he had told Coast Bus that Newmarket would not pay the dues if the route was discontinued, and stressed that the increase was estimated before any issues had arisen. He said that things remained the same for now, as they would not know until spring after the budget was passed. Chairman Levy offered that if the money was not spent, the Town Administrator could use the funds elsewhere if needed, with Town Council approval. Councilor Bentley brought up the cost for Festivals, and Town Administrator Fournier replied that the Heritage and Oyster festivals had resulted in an $8,500/$7,000 split and that the Town was now billing for services. Councilor Bentley felt that the costs were still high, and that businesses should be engaged to do more. Chairman Levy asked what Newmarket Athletic Association was for, and Councilor Bentley replied that it was for Little League. Chairman Levy also asked what the Hand Tub Association was and Councilor Bentley explained that it covered maintenance for an old fire truck which was used in parades.

**SOCIAL SERVICES GRANTS**

Town Administrator Fournier reported that Social Services Grants had dropped 26.65%, partly due to Area Homemakers not submitting a request for public funding. He said that he had also not given extra funds to Lamprey Health this year or last year, as they are a non-tax entity and already received $70,000 in non-taxable funds from the Town. Councilor Weinstein asked if the Town had followed up on Area Homemakers, and Town Administrator Fournier replied that he had contacted them but had received no reply. Councilor Nazzaro mentioned that Meals on Wheels had been missing last year and asked where it was listed in this budget. Town Administrator Fournier replied that it was listed under Rockingham County. He also pointed out that a new grant for Ready Rides for $1,500 had been added. Chairman Levy pointed out that non-profit organizations did make money, and Councilor Nazzaro added that the investment provided to the community outweighed the cost to the Town. Councilor Bentley asked for an explanation of RCCAP, and Town Administrator Fournier replied that it was Rockingham County Community Action and covered oil, medical assistance, and larger items. Interim Finance Director Angell explained that the applications for the grants were extensive to make sure the service would be a benefit to the Town. Councilor Weinstein asked what RSVP stood for and Town Administrator Fournier replied it was Retired Senior Volunteer Program.

**CONTRIBUTIONS TO CAPITAL RESERVE FUNDS**

Town Administrator Fournier reported that the CIP Committee had received $601,449, which included a $50,000 increase over last year for the contribution to the Macallen Dam Capital Reserve. He stated that everything else had remained level or had been reduced. Councilor Weinstein asked for a list of the Capital Reserve fund balances, and Town Administrator Fournier distributed a handout to the Council. Vice Chair Pike noted that the Stormwater Management Fundhad increased and Chairman Levy questioned the carry-over amount. Town Administrator Fournier replied that the money included Water and Sewer. Chairman Levy asked for an explanation of downtown and whether the TIF remaining balance of $700,000 could just be paid off. Town Administrator Fournier explained that they were paying it off over time, and that it could not be paid off all at once. Interim Finance Director Angell stated that the principal payment was currently $75,000 per year, and that the only other option would be to set up a trust fund. Chairman Levy asked what Compensated Absence was for and Interim Finance Director Angell said that they currently had eleven (11) employees who were eligible for retirement, and that if they retired at the end of the fiscal year the budget would be blown. Town Administrator Fournier reminded the Council that though these Capital Reserve funds were in the budget now, they would be backed out of the March ballot and treated as separate warrant articles. Councilor Nazzaro said that though he was aware that the Macallen Dam was an issue, he felt that Stormwater Management was a pressing concern. Town Administrator Fournier said that they were currently still in the engineering phase, and that if construction were to begin he would need to ask for a Bond to cover expenses. Chairman Levy asked whether bonding the costs was the norm. Town Administrator Fournier explained that Stormwater Management was replacing some drains in the downtown area, specifically to replace a 100-year-old culvert that ran under the Town from an old creek. He said that he was also applying for grants from Strafford Regional Planning to get additional money for mitigation. Chairman Levy questioned the $71,000 budgeted for Cable, and Town Administrator Fournier replied that it was for equipment. Interim Finance Director Angell explained that the $10,000 received from Comcast for equipment was included in the $71,000 fund. Vice Chair Pike said that Public Works Director Malasky had mentioned not having adequate funding to purchase Fire Equipment and asked whether anything would be done differently. Town Administrator Fournier replied that a new fire truck could not be purchased out of this account but perhaps an ambulance, as a new fire truck would cost one-half million, and that it would probably be a lease/purchase or a bond. Vice Chair Pike asked when the Town might need to purchase a new fire truck and Interim Finance Director Angell replied not until at least 2018.

**EXPENDITURES**

Town Administrator Fournier stated that if they took what they had now the tax rate would be $6.18. Chairman Levy asked what the total reductions had been so far. He recalled that $6,500 had been taken out of Welfare, $74,000 out of FICA, $5,000 from Solid Waste, $900 from Fire, and $12.5 from Buildings and Grounds. Town Administrator Fournier stated that the total amount that had been cut from the general fund budget so far was approximately $110,000, not including Water and Sewer. Councilor Nazzaro said this showed expenses going up by $76,000 from last year. Town Administrator Fournier said that they needed to look at what the net appropriations would be and that they had already been reduced by recent revenues. He stated that he was currently budgeting for a 6.8% increase in revenues. He asked Interim Finance Director Angell for the amount for just the General Fund, and Director Angell replied it was $6,490,353 out of the $7,437,288 total which included Water and Sewer. Councilor Nazzaro reiterated that this came to $76,000 more than last year. Town Administrator Fournier stated that they were in the process of reviewing their Fund Balance. Councilor Bentley asked if the Senior Center was included in the budget and Interim Finance Director Angell replied that it had been rolled into Recreation and was in the General Fund right now. He added that in years past heat and electricity had been paid by the Housing Authority but that the Town was now paying for those services.

**FUND BALANCE**

Town Administrator Fournier next explained that the Fund Balance included the budgets of the Town for the General Fund only, what was needed to be raised for the School minus their revenue, and the County budget which was a flat-fee bill yearly. He explained that the fund balance should be kept between 5-10%, with a minimum of 5%, and that they were currently above that. He said that $1,062,637 was the minimum fund balance they could have and that they currently had $1,955,358, or 9.2%. He stated that the $450,000 budgeted for next year’s fund balance still left approximately $442,721 in additional funds. Vice Chair Pike said this meant every year they were spending $450,000 into the next year as a way of adding a cushion. Interim Finance Director Angell replied that it was not really a cushion, and that he was actually budgeting for a $450,000 net income loss. Town Administrator Fournier explained that the fund balance guaranteed that the money would be there, preventing an increase in the tax rate due to funds being unavailable, adding that they were actually saying now that they planned to give the money back. He said that by budgeting the fund balance now, any spikes and valleys were eliminated. Councilor Weinstein said that at some point the Town would not have this fund balance. Town Administrator Fournier replied that she was absolutely right, and that actually the funds should be spent on a one-time project so that the money was not relied upon for the next year if the funds were not there. Councilor Nazzaro suggested using additional fund balance for the Capital Reserve fund contributions, taking $337,000 out of the $450,000 budgeted, and use the rest to reduce the amount of taxation. Town Administrator Fournier said that they would still be drawing the money from the Fund Balance, and that the money for the Capital Reserve funds had zero impact on taxation because they were not using tax money to pay for it. Councilor Bentley asked why not give part of the fund balance back to the tax payers, and said that he would like to seeing some going to reducing the tax rate rather than reducing next year’s budget. Town Administrator Fournier clarified that the tax rate for this fiscal period had already been set at $25.75, and that they could only reduce the tax rate for next year. Councilor Wright asked what the impact would be on the average taxpayer, as in 2013 they had used $286,000 in Fund Balance and that the balance was now up to $450,000. Town Administrator Fournier replied that the rate now was $6.18/1,000 for the Town, and that based on an average home cost of $233,000, the rate of $6.22 for this year times the average home cost would equal $1,439 per year. Councilor Wright asked what the tax rate was for last year, and Town Administrator Fournier replied that it was $6.07 times an average home value of $250,000, or $1,517. Chairman Ley said that by using surplus, which was additional revenues, spending was going up consistently and he was concerned that the tax rate was now close to $26.00. He felt that revenue was taxpayer money, above and beyond what had been anticipated, and that there needed to be more balance to how the money was spent, otherwise it guaranteed that taxes would always increase. He said that he felt passionately that taxpayers deserved some break and that the Town could not just keep spending more. Town Administrator Fournier offered that the Council had the option to give additional funds, above the $450,000, for tax relief but that he would not recommend much more than $230,000. He said that he tax rate total was up $3.88, with the Town up 48 cents, the School up $3.31, and the County up 9 cents. Councilor Wright said that the tax rate meant nothing, and that they needed to go back and look at actual home values, and that they needed to be reviewed back to 2000. Councilor Weinstein said that if they did not have the $450,000, they would not be making a contribution to the Capital Reserve funds. Town Administrator Fournier replied he would still need to reduce the budget by the $72,051 difference, as the money had already been budgeted.

Vice Chair Pike stressed the need to have a conversation regarding what they were going to do with the roads and set up a plan. He said that maintenance of the roads remained underfunded, and that whether rebuilding or repairing, they needed to have a new-term goal for road infrastructure funding. Councilor Bentley agreed but reiterated that some of the funds should go back to the taxpayer, especially with revenues up $300,000 over projections. Chairman Levy pointed out that commercial property rates had also gone up. Councilor Nazzaro said that planning ahead of time to buy down the tax rate was masking revenues, and that a Capital Reserve fund for roads should be started making the UNH plan a reality for the Town. Chairman Levy added that they should also give some money back to the taxpayers. Town Administrator Fournier offered that they could go down to a Fund Balance of 6%, adding another $75,000 to reduce the tax rate to $6.08, which would be the same as last year. He added that no matter where the money goes, it is still withdrawn from the Fund Balance. Councilor Wright addressed the issue of the roads again, saying that they needed an articulated plan for maintaining the roads and should use the UNH plan and target it for the Town. Town Administrator Fournier suggested using the $105,000 remaining in the Fund Balance to start a Capital Reserve fund for roads. Chairman Levy asked about the cuts that had been made, and Town Administrator Fournier replied that cuts to the operating budget had no impact on the tax rate. He said that if the $377,949 was used to offset all Capital Reserve contributions, and $125,000 still left in the operating budget, the tax rate would be reduced to $6.01, with $105,000 remaining for a Capital Reserve fund for roads. Councilor Weinstein asked what would happen if any of the warrant articles did not pass, and Town Administrator Fournier said that the money would be returned to the Fund Balance. Councilor Nazzaro said that he would feel more comfortable with a fund balance of 6.5%, as 6% was getting close to the minimum. Chairman Levy felt that since no tax relief had been provided last year, and with the increase in commercial property costs, they needed to give some money back to the taxpayer. Town Administrator Fournier reminded the Council that they would not have all these funds available next year.

Town Administrator Fournier stated that at the next meeting he would be presenting all the Capital Reserve resolutions for a vote, with the Council “recommending” the warrant articles. From there the FY15/16 Town Proposed Operating Budget would go to the Budget Committee for approval.

Chairman Levy asked if there were any comments. Town Administrator Fournier thanked the Council, the department heads and Interim Finance Director Angell for all their hard work and due diligence in finishing up the budget.

A motion was then made by Councilor Nazzaro to adjourn, and it was seconded by Councilor Bentley. The meeting was adjourned at 9:38 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary.