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8 **TOWN OF NEWMARKET, NEW HAMPSHIRE**
9 **TOWN COUNCIL BUDGET WORKSHOP SESSION I**

10 **OCTOBER 22, 2016 9:00 AM**

11 **TOWN COUNCIL CHAMBERS**

12 **Approved November 16, 2016**
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15 **PRESENT:** Council Chairman Gary Levy, Council Vice Chairman Phil Nazzaro, Councilor Dale Pike,
16 Councilor Amy Thompson, Councilor Toni Weinstein, Councilor Kyle Bowden, Councilor Amy Burns
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18 **ALSO PRESENT:** Town Administrator Steve Fournier, Interim Finance Director Matt Angell, Recreation
19 Assistant Director Aimee Gigandet, Police Chief Kyle True, Library Director Cary Gadbois, Library
20 Trustees Mary Mahoney and Rod Crepeau, Town Clerk/Tax Collector Terri Littlefield, Water & Waste
21 Water Superintendent Sean Greig, Town Planner Diane Hardy, CIP Committee Vice-Chair Russell Simon
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23 **AGENDA**
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25 Chairman Levy welcomed everyone to the meeting of October 22, 2016 and called the meeting to order
26 at 9:07 am, followed by the Pledge of Allegiance.
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28 **RECREATION GENERAL/ RECREATION REVOLVING**

29 Town Administrator Steve Fournier stated that the Recreation General Fund was up 1.91%. He said the
30 increase was mainly in Salaries, with an increase in General Supplies of approximately \$100. Vice-Chair
31 Nazzaro asked why salaries were going up, and Town Administrator Fournier said the increase was
32 because of the merit pool distribution and not due to a pay increase. Vice-Chair Nazzaro asked why the
33 salary would not be less since they would be hiring a replacement, and Town Administrator Fournier said
34 they did not know who they would be hiring yet. Chairman Levy asked for the salary of the Recreation
35 Director and Interim Finance Director Matt Angell said it was \$66,876. Councilor Bowden asked if cost-of-
36 living was included in the salary and Town Administrator Fournier said that any increase was distributed
37 through the merit pool.
38

39 Chairman Levy questioned why they again budgeted \$1,500 for Postage when only \$337 was spent in
40 FY2016. Recreation Assistant Director Aimee Gigandet said they did not use the postage for one fiscal year

41 but had already put the money into the Postal Account. Chairman Levy asked why Part-Time Salaries was
42 listed in both Recreation Department accounts, and Town Administrator Fournier said the listing in the
43 Recreation General Fund was for a full year and Recreation Revolving was for summer salaries. Chairman
44 Levy felt that Recreation Revolving was budgeting up and Town Administrator Fournier said they were
45 increasing programming but everything in that fund was offset 100% by revenue. Councilor Thompson
46 said postage was listed in both Recreation accounts and asked if they could trim it in the General Fund.
47 Recreation Assistant Director Gigandet said she could trim it by \$800.

48
49 Chairman Levy asked about budgeted versus actuals for Equipment and Bus Trips, and Interim Finance
50 Director Angell said that in general Recreation Revolving was bringing in more revenue than they were
51 actually spending out. Chairman Levy asked where the \$100,000 increase was reflected in Recreation
52 Revolving, and Town Administrator Fournier explained that they had to do gross-based budgeting and had
53 to show everything they were going to expend and offset it in the revenue on the other side. Vice-Chair
54 Nazzaro felt all Recreation expenses should be covered by Revolving as the eventual goal was to make the
55 department tax neutral. Town Administrator Fournier said they did not have enough revenue at this point
56 to cover Administrative or the Senior Center which were the only things on taxes.

57
58 Vice-Chair Nazzaro said at some point they should start looking into decreasing what was being pulled
59 from the General Fund versus what went into Recreation Revolving and that there should be some
60 strategy. Interim Finance Director Angell said discussions were going on and half of the Senior Center was
61 now paid out of the Recreation Revolving Fund. Town Administrator Fournier said they were also looking
62 at a percentage of salaries coming from that fund. Recreation Assistant Director Gigandet said some of
63 the profits were helping to subsidize CIP projects and some community events in the General Fund.
64 Councilor Burns asked about the timing of the Splash Pad. Recreation Assistant Director Gigandet said
65 they put \$5,000 in the year before which was included in Recreation Revolving for CIP of \$25,000, and the
66 cost depended on certain grants that might be applied to reduce the amount and they were planning it
67 for 2 years hence. Town Administrator Fournier said that another consideration had been the Town water
68 situation.

69
70 Chairman Levy asked how they dealt with projects and events that were not profitable. Interim Director
71 Angell said they were investing in new programs but did not expect they would all be successful.
72 Recreation Assistant Director Gigandet said that new programs took time to build and they tried to keep
73 them level-funded until they were built up. Town Administrator Fournier said they were not asking for tax
74 dollars as money was put aside for improvements in the Capital Reserve. He said part of the money would
75 come from Recreation Revolving and a usage fee would be charged to offset expenses. He said they just
76 wanted to see what the operational costs would be.

77
78 Vice-Chair Nazzaro said that Recreation requests from CIP added up to \$36,000 and that \$530,000 was
79 already going to be used to purchase a vehicle. He wanted to know which projects would be included in
80 the \$18,666 budgeted for FY2018. Interim Finance Director Angell said a lot of the money would start
81 coming from Recreation Revolving for a lot of those programs. Town Administrator Fournier said ideally
82 there should be 2 different budgets, General and Capital Improvement which would include withdrawals
83 from Capital Reserve Funds, bonding, and all sources of funding. Vice-Chair Nazzaro felt the plan should
84 reflect what was budgeted and reflect the actual plan of the departments. Town Administrator Fournier

said that it would not, as the plan was the recommendation from the CIP Committee and the Budget was what the he recommended they could afford. Councilor Bowden asked why the money for the fields was coming out of Recreation if the School was using them, and Town Administrator Fournier replied that it was the Town's field. Chairman Levy said he hoped the Town would eventually get to a place where it was budgeting accurately for services provided.

POLICE DEPARTMENT

Police Chief Kyle True stated that the Police budget increased by 1.19%, with the majority of the increase due to salaries and contractual increases by union members. He said the biggest increase was in Overtime and that last year they had under-budgeted by \$16,802. He said they were down 2 officers and there were changes in the legislature which required them to do more. He said the DWI and Domestic Violence laws now required that they offer the next available court date, which could be the next day. As a result, the officer on the case had to work overtime to get the report finished in preparation for court. He said another change in the court listed the officer as either primary, 1st alternate, or 2nd alternate, and overtime pay was required for the officer for that day whether he testified or not. He said this could happen several times before their case was finally heard, and said it seemed the cost was being burdened on the taxpayer.

Police Chief True stated that another reason for overtime was the opioid epidemic as every heroin overdose was treated as a crime scene, and any death that resulted it would be treated as a homicide requiring a detective to process the scene. He said that for FY2016 overtime for court costs came in just under \$5,000, over \$46,000 was spent to cover vacation costs, and \$25,000 for sick time. He stated for holiday time they spent just under \$20,000, just under \$7,000 to offset training, and just under \$3,500 for extended coverage which would dramatically increase due to new court regulations. He said they were also a member of the Seacoast Emergency Response Team and calls could take 1-24 hours. Police Chief True said the biggest decrease was in gasoline which was cut from \$34,000 to \$22,000, and the actual spent last year was approximately \$16,000.

Councilor Weinstein asked where Newmarket was trending for crime and for overtime for DWI and heroin. Police Chief True said that as far as the heroin epidemic, they had just under 50 cases of using Narcan last year, and that violent crimes seemed to be staying the same. Councilor Bowden asked the cost of Narcan and Police Chief True said it was approximately \$50 for each dose. He said Newmarket was one of the highest in the County for using the Child Advocacy Center in Portsmouth for interviewing children involved in domestic violence and sexual assault. He said that one thing that was alarming now was traffic accidents and they already had 2 fatal crashed this year. Councilor Thompson asked if overall he was confident he had what he needed with this budget, and said she appreciated his getting together with other police chiefs to put pressure on the courts for lost time.

Vice-Chair Nazzaro said he had a question on Overtime and Capital Reserves. He said the numbers he gave for overtime were 76% vacation, sick time, and holiday time, and he asked for the overtime figures for 2014 and 2015. Police Chief True said they were contractual obligations and as officers got raises, the overtime amount increased. He said for FY2015 overtime costs for vacation time were \$30,000-\$50,000, just under \$26,000 for holiday time, and just over \$7,000 for court costs. Interim Finance Director Angell said the total overtime costs for 2015 were \$105,000 and were \$92,229 for 2014. Vice-Chair Nazzaro asked if there was some kind of issue there as it was continuing to go up, and Town Administrator Fournier said

at some point would become less expensive to hire a new officer than to pay for overtime. Vice-Chair Nazzaro asked what the starting salary was for an officer and Town Administrator Fournier said it was \$42,000. Police Chief True said the officers were well-trained and salaries were becoming competitive with other Seacoast communities.

Vice-Chair Nazzaro questioned the format of the department's spreadsheet as far as their Capital Improvement Plan, and said contracts were fluctuating annually as a result. He said this was contrary to the purpose of Capital Reserves which was to keep everything flat. Chairman Levy said that Uniforms was budgeted at \$8,800 for FY 2016 and only \$4,230 spent and he asked if the figure needed to be kept flat. Interim Finance Director Angell stated that it had been \$6,200 in 2015, and it was \$7,400 the year before and \$9,235 the year before that. Police Chief True explained that it was lower as they did not have any turnover and said it cost \$2,500 to outfit one officer. Interim Finance Director Angell said as they were currently down an officer and they could have 2 positions open next year due to retirement.

Chairman Levy said Criminal Investigation was budgeted at \$2,000 with \$862 spent, and Youth/Public Relations spent 75% less. Police Chief True said was hard to predict what would come up in 2018 for Criminal Investigation, or what other regulations might be place on the department. Interim Finance Director Angell stated that \$1,252 was spend last year for Criminal Investigation and \$732 for Youth/Public Relations. Police Chief True said they received a grant to purchase publications for their School Resource Officer his year but he did not want to reduce the line item. Vice-Chair Nazzaro asked for the cost of the body armor that needed to be replaced every 5 years, and Police Chief True said it was \$800-\$1,000 depending on the officer's physique. He said he tried to buy 2 per year and sometimes a grant could be found to pay for half.

PUBLIC LIBRARY

Town Administrator Fournier reminded the Council that they only had authority over the bottom line of the Library Budget and that line-items were governed by the independent Board of Trustees.

Library Director Carrie Gadbois stated that Mary Mahoney and Rod Crepeau of the Library Board of Trustees were with her to present the Library Budget for FY2018. She stated that in the last year circulation had increased 6.88%, they added 474 new borrowers, and 1,468 had renewed their Library memberships. She said the Library was definitely used as a community center and computers were in constant use. She said they also had a lot of programming available and cultural events, and said they applied for grants from the New Hampshire Department of Humanities. She stated that they were asking for an increase of 1.8% basically for books and materials to increase programming. Councilor Weinstein asked what the plans were for Programs and Library Director Gadbois said they were planning more quality programs, more Christmas events, and perhaps a program for young adults. She said they had moved the young adult books to their own area and had seen an increase of 100% already.

Councilor Thompson questioned the Health Insurance line-item and asked why they were budgeting so high against actuals if they were not spending it. Interim Finance Director Angell said there was a potential for 2 people to get on the health insurance, and said there was a budget-to-the-max risk potential here due to the small budget. Councilor Thompson asked if it could be reduced and Library Director Gadbois said she would need the \$15,000 to get health insurance. Councilor Thompson asked if people could opt

for Affordable Care, and Interim Finance Director Angell said it was more expensive at this point to put employees on the marketplace than to buy the insurance outright. He stated that all the health insurances in the budget were based on actuals.

Vice-Chair Nazzaro asked for the amount in the Library Trust at this time. Town Administrator Fournier said the Library had a Capital Reserve Fund and a Trust Fund. Library Trustee Crepeau stated that there was approximately \$100,000 currently in the Library Trust Fund. Vice-Chair Nazzaro questioned Part-Time Salaries for FY2015 as it seemed to be under-expended. Interim Finance Director Angell said \$102,468 was expended in FY2015. Library Director Gadbois explained that they had been understaffed in 2015 and they were going to move some of Part-Time Salaries to Building Maintenance because they had hired someone fulltime to do the cleaning. Vice-Chair Nazzaro said that Building Maintenance was way overspent in FY2016, and Library Director Gadbois stated that \$11,000 never got moved into the line-item from Part-Time Salaries. Councilor Bowden asked if the increase in Building Maintenance included HVAC and the boiler. Library Director Gadbois said it was for unexpected items such as the 5-year elevator inspection and the replacement of the security system and alarm. Interim Finance Director Angell said some of the heating system was paid in FY2016 but that the bulk would be in this current year.

Councilor Bowden asked about Heating Oil which was budgeted in FY2016 at \$13,800 with actuals at \$7,802. Interim Finance Director Angell said last year they paid \$2.25/gal and for this heating season they were locked in at \$1.729/gal. Chairman Levy asked what the cost was for FY2015 and Interim Finance Director Angell said it was \$11,329. Chairman Levy asked if part of Building Maintenance was covered by CIP, and Town Administrator Fournier said it covered normal wear and tear of the building as CIP was for large projects. He said he would need a clear reason if the Council wanted to reduce the amount. Chairman Levy questioned Unemployment and Training and said he thought to reduce the budget by \$4,000. Town Administrator Fournier polled the Council and the \$4,000 reduction was not approved. Councilor Pike said it was most of the \$5,000 increase they were requesting. Councilor Bowden recommended cutting a total of \$2,000 which was approved by the Council.

Vice-Chair Nazzaro asked what fund was used to replace the heating system, and Interim Finance Director Angell explained that appropriations were made to the Library Capital Reserve Fund and they could spend the money the year it was put in the fund or any year in the future. He said they had basically paid for the heating system out of the accumulation of unspent funds. Vice-Chair Nazzaro asked how much cash was on-hand now and Interim Director Angell said approximately \$20,000-\$30,000 which would be going back into Building Maintenance. Vice-Chair Nazzaro asked if hiring a Facilities person would help the Library, and Town Administrator said there would be somebody overseeing the projects.

TOWN COUNCIL

Town Administrator Fournier stated that the Town Council budget was level-funded at \$19,300. Vice-Chair Nazzaro asked about the \$49 spent under General Supplies which was budgeted at \$250. Town Administrator Fournier recommended reducing General Supplies to \$150, which was approved by the Council.

TOWN ADMINISTRATOR

Town Administrator Fournier stated that the Town Administrator budget increased by 1.97%. He said the two biggest increases were from reflecting actual costs for Training/Staff Development and increases to salaries through the merit pool distribution. Chairman Levy asked about Advertising, and Town Administrator Fournier said that advertising costs were skyrocketing as there was no competition now. He said they were still required to post notices in a physical newspaper. Chairman Levy asked about Part-Time Salaries and Town Administrator Fournier said he reduced that to zero as it was for a substitute administrative assistant who had retired and not been replaced. Councilor Burns asked what Dues & Subscriptions covered and Town Administrator Fournier said it was for the New Hampshire Municipal Association and he was anticipating a 4% increase. Chairman Levy asked about Communication Services, and Interim Finance Director Angell said that covered telephone costs for the Town allocated by use. Town Administrator Fournier said his budget was also the catchall, and pointed out that Communication Services was budgeted at \$2,500 for FY2016 with \$38,154 spent, and that line-item covered any study requested by the Council.

TOWN CLERK/TAX COLLECTOR

Town Administrator Fournier stated that the Town Clerk/Tax Collector budget saw a reduction of 4.49%, and added that there was no presidential or State election for the next year.

Town Clerk/Tax Collector Terri Littlefield said they would be back at full staff over the next week or two. Chairman Levy said they were showing a reduction, but the budget for FY2016 was approximately 2.5% less, and Town Clerk/Tax Collector Littlefield said this was due to the election. Councilor Pike pointed out that what they were proposing for FY2018 was almost exactly what was spent in FY2016. Chairman Levy said that Deed Research was \$1,842 but \$2,600 was budgeted, and this year they only spent \$172. Town Clerk/Tax Collector Littlefield said that in 2016 they had a different research company and prices were much higher. She said the majority of the costs were for Liens, and said the money for this year would not get spent until April or May 2017. Chairman Levy asked about the Equipment Purchase of \$2,500 and Town Clerk/Tax Collector Littlefield said they were replacing voting booths out of that line-item.

BUILDING SAFETY

Town Administrator Fournier said Building Safety saw an increase of 1.4% which was mainly due to Part-Time Salaries from the merit pool distribution. Vice-Chair Nazzaro asked why it was called Building Safety when it was Code Enforcement, and Town Administrator Fournier said it was technically Building Safety & Code Enforcement rolled together into one department. Chairman Levy asked who the fulltime employee was and Town Administrator Fournier said it was Sue Jordan and it was divided between two departments.

ASSESSOR

Town Administrator Fournier stated that Assessing showed a reduction of 8.64% and was a contracted service. Vice-Chair Nazzaro asked what Dues & Subscriptions were for if they were contracting out, and Town Administrator Fournier said State Law required every municipality to be a member of the New Hampshire Association of Assessing Officials. Vice-Chair Nazzaro asked what Postage was being used for and Town Administrator Fournier said it was for mailing abatement denials and approvals. He said the line-item could be reduced from \$500 to \$250. Vice-Chair Nazzaro questioned General Supplies as there was no office for the contracted service. Town Administrator Fournier said they contracted the Assessors

but not the Department. Vice-Chair Nazzaro asked if the budget could be cut by \$1,000, taking \$500 each from Postage and General Supplies.

Interim Finance Director Angell said he saw a mistake in the budget for Software Maintenance and said there should be an addition of \$7,900 for FY2018, a 2% increase over last year. Town Administrator Fournier asked Interim Finance Director Angell to print an expense report for the Council for that line item. Councilor Burns questioned keeping Dues & Subscriptions at \$350 when only \$150 was budgeted for FY2017. Town Administrator Fournier said it could be cut to \$150 for a \$200 savings. He said with all the changes and reductions, Assessing would see an increase of 1.03% or \$70,037 for FY2018.

WELFARE

Town Administrator Fournier stated that Welfare saw a reduction of 13.94% and was consistently going down. Chairman Levy asked what Rent was for FY2015, and Town Administrator Fournier said \$11,000 was budgeted and \$12,355 was spent. Chairman Levy asked about Heat and Electricity for FY2015 and Town Administrator Fournier said they were zero. Chairman Levy said they spent \$27,802 total out of \$48,220 for FY2016, the Food budget was \$1,500 with zero spent, and Rent was budgeted at \$15,000 with \$6,825 spent. Town Administrator Fournier said that Rent for FY2016 was an anomaly and he would keep it at the \$10,000 proposed. He explained that Welfare was a department they had to fund no matter what. Chairman Levy asked about Heat and Town Administrator Fournier said he felt they should leave it level-funded at the proposed \$1,000.

Councilor Weinstein said that from her experience in the community, needs had increased not decreased. She said that the Town fortunately had organizations that picked up some of the slack and said she would not feel comfortable reducing Welfare. Councilor Thompson said that Welfare was set up to refer people to other agencies and there were many other procedures in Town to help people.

LEGAL

Town Administrator Fournier stated that there was no increase in Legal as the Town Attorney did not increase his retainer. Councilor Pike said he felt having the retainer was a great thing and Town Administrator Fournier said he advocated this for other communities as it had saved a lot of money and was a great relationship.

WATER & SEWER

WATER: Water & Waste Water Superintendent Sean Greig stated that with this budget the new MacIntosh Well Blending Facility would be going online. He said one of the challenges would be how they operated the existing wells with the blending facility, and said this could change the way these costs happened. He said the Facility would take the water coming from the Bennett and Sewell Wells and blend it with the MacIntosh Well, and that pumping more distributed water would require the water to be double-pumped. He said currently the State had approved pumping the MacIntosh Well at a 30% level into distributed water, at a higher electrical cost. He said the biggest increases were in Fulltime Salaries, Retirement, and increases in Chemicals due to a new phosphate being added to the water system. Chairman Levy asked if this related to the blending and Water & Waste Water Director Greig replied that it did because it was a corrosive water source. He said they used a combination of pH Control to make it less corrosive and polyphosphate to line and protect the pipes.

Water & Waste Water Superintendent Greig said Contracted Services was going up as they would need substantially more testing for the MacIntosh Well, and there were also major increases in Bonds & Notes. Councilor Pike asked if the increased sodium and chloride in the MacIntosh Well was a result of saltwater intrusion, and Water & Waste Water Superintendent Greig said it absolutely was not and could go away after pumping for a long time. Vice-Chair Nazzaro said that they had allocated a portion of their Capital Reserves to those projects to show where the balance was going, but that now some of the funds were unallocated against projects. Water and Waste Water Superintendent Greig said that exactly \$130,000 was not allocated. Vice-Chair Nazzaro said they had a CIP request for \$364,000 and asked why it a portion of it was not allocated. Water and Waste Water Superintendent Greig said one of the biggest projects that would be coming out of CIP was the Water Demand Study. He felt not all of the money should be allocated as things for Water & Sewer would come up and they needed to be able to react to changing conditions. He said some of the money was from projects that came in under budget.

Vice-Chair Nazzaro said he was concerned that everything seemed to be happening in FY2018 and FY2019, and asked if it could be spread out. Water and Waste Water Superintendent Greig said they tried to spread out the projects but they hit all at once, and said they were at a point where they were going to have to stop and reevaluate where they were going. He said the bulk was on the Water side, and the next thing was to get the Bennett-Sewell Well completed which was already actually designed. Councilor Pike said he did not understand the request to delay the projects, and said the projects had to happen in a reasonable timeframe. Vice-Chair Nazzaro said a lot of money was concentrated for CIP in the next year and then nothing for 3 years down the road. Water and Waste Water Superintendent Greig said they should be looking at a 5-year plan versus a 1-year plan and felt progress was being made in CIP planning.

SEWER: Water & Waste Water Superintendent Greig said the bottom line was they were starting a new Waste Water Treatment Facility. He said it would be much more complex, have a lot more equipment, and they would have to start payments on bonds and notes. He said the electricity costs would go up and it would cost more to haul away solids. Town Administrator Fournier said he wanted to explain about Bonds & Notes on the payment schedule. He said that for the 1st year they would pay interest only, and the big impact would be in the 2nd year with a bond payment plus interest. Councilor Weinstein asked why Chemicals were down and Water & Waste Water Superintendent Greig said the water they were putting out was actually cleaner and needed less sulfate, and said the money put in last year was to run 2 facilities. Councilor Pike asked if April was still the date for the new plant to come online and Water & Waste Water Superintendent Greig said it was scheduled for April.

Vice Chair Nazzaro said they had \$1.6 million in their Capital Reserve Fund with only \$320,000 allocated and \$200,000 unallocated. Town Administrator Fournier said it might not include the North Main Street Project for which the money was already set aside. Vice-Chair Nazzaro said they were asking for \$275,000 but had \$200,000 in unallocated funds and asked why they were putting in the money. Town Administrator Fournier said they were looking to renovate the plant they already had for \$150,000 and that the money could go to something else. Vice-Chair Nazzaro reiterated that they needed to plan for more than 2 years and that every dollar in the fund should be allocated for a project.

Chairman Levy questioned Fulltime Salaries and Interim Finance Director Angell said they added a position in FY2016. Town Administrator Fournier said that they had been unable to fill the position until FY2017. Chairman Levy asked about the FY2018 salary increase, and Interim Finance Director Angell said that in FY2017 they added the merit pool for Water & Sewer into their own budgets and that it was previously comingled with the General Fund. He said the same position was being carried over to FY2108 and also included salary increases from the merit pool distribution. Town Administrator Fournier stated that they were two different things, the previous year's increases plus the replenishing of it the following year, and said they should be listed on a separate line. Chairman Levy asked if all the merit pool was usually spent. Interim Finance Director Angell said it was and added that with the new plant there would be higher levels of certification resulting in higher merit. Chairman Levy questioned the Health Insurance increase. Town Administrator Fournier said he had just received the guaranteed maximum rate increase of 10.9% and he had only budgeted for 10% and would need to find money in the budget.

Chairman Levy said Heat & Oil was budgeted at \$30,000 for FY2016 and only \$12,801 was spent. He said they had increased the budget for FY2017 to \$35,000 and questioned the \$12,801 already spent this year. Water & Waste Water Superintendent Greig replied that it was part of the biological process. He explained that they pumped solid waste from the first and secondary clarifiers into the digester and heated it up to reduce the total amount of solid by 40%. He said they continued to re-pump and reduce the solids to get them as dry as possible so they did not have to pay to haul the water, and said the dried solids were then hauled off to landfill.

PLANNING

Town Administrator Fournier stated that he proposed a Planning budget of \$126,215 which was a 2.88% increase. He said increases were 4.86% for Fulltime Salaries (2 individuals), an increase of 25% in General Supplies, and a 50% increase in advertising. Town Planner Diane Hardy said her department proposed a budget of \$136,215 but that the figure of 11.04% was incorrect. She said it failed to include \$10,000 for Contracted Services from her last year's budget and said the increase should be 2.6%. Interim Finance Director Angell said it was the budget approved at the Town Meeting and that the 2.88% increase proposed by the Town Administrator was correct. Town Administrator Fournier said the budget proposed to the Town Council was his budget, and said the Council reduced the \$10,000 because they increased contributions to the Master Plan Capital Reserve Fund by that amount.

Town Planner Hardy said they would like to see the \$10,000 reinstated in the Budget Proposal. She said the Planning Board was working on some important special projects including zoning changes and they might need to bring in a consultant. She said the Planning Board was also interested in developing some design guidelines, and said the budget was level-funded with the exception of a major increase in advertising costs and an increase in General Supplies. Councilor Thompson asked Town Administrator Fournier if he would have a way to cover that \$10,000 line-item, and he said if it was for zoning he could probably find funds in the Economic Development line. Chairman Levy suggested they might want to hire an attorney that specialized in Real Estate. Town Planner Hardy said as planner she wrote the ordinances and submitted them to the Town Administrator for review.

Vice-Chair Nazzaro questioned using the \$10,000 to develop design guidelines. Town Planner Hardy said design guidelines were a high priority for the Planning Board and that design should continue to reflect

the architectural and historical character of the area. Vice-Chair Nazzaro asked if the Town Council would have a say in that, and Town Planner Hardy said it was the purview of the Planning Board to develop design guidelines as part of Site Planning. She said the Future Land Use Chapter recommended focusing on guidelines for the Route 108 corridor as well as the Industrial Park. Town Administrator Fournier explained the benefit of having a guideline versus an ordinance. He said with an ordinance you could not change the law and would have to go to the Zoning Board to get a variance, but with a guideline you could go to the Planning Board for approval. Councilor Burns said the design guidelines were at a discussion stage with Planning and nothing had yet been brought forward.

Councilor Burns questioned the increase of Dues & Subscriptions to \$8,500, as \$8,345 was allocated in FY2016 and \$490 spent, and \$400 spent in FY2017. Town Administrator Fournier stated that \$8,500 was the correct amount for Strafford Regional Planning expenses. Chairman Levy asked what was spent in FY2014 and FY2013, and Interim Finance Director Angell said the figures were \$8,631 for FY2014 and just under \$8,000 for FY2015.

CONTRIBUTIONS TO CAPITAL RESERVES

Town Administrator Fournier said he was recommending a budget of \$590,115 for Capital Reserves which was an increase of 15.04%. He said the total increase for Compensated Absences was \$15,000 and the fund was used for retirements. He said they had roughly \$330,000 of liability on the books and had a number of individuals currently eligible for retirement. He stated that everything else was level-funded, which was not the CIP Committee recommendation, but he said he planned CIP needs to what he felt they could afford. Interim finance Director Angell stated the CIP Plan was not yet out when he made his budget.

Chairman Levy said that there was almost an almost \$80,000 difference between actual budgeted and actual spent for 2016. Interim Finance Director Angell said \$50,000 was added for Building Improvements in FY2107 and carried forward into FY2018. Town Administrator Fournier said that \$18,666 was carried forward for Recreation Facilities from FY2017 to FY2018, and Stormwater Management and the Macallen Dam both increased from \$50,000-\$75,000. He explained that Capital Reserve was automatic and was not based on budgeted versus actuals as everything appropriated had to go into the fund. Vice-Chair Nazzaro asked why the Macallen Dam went from \$50,000 to \$75,000, when their CIP plan requested \$50,000 across the board. Town Planner Hardy said that was the amount being recommended. Town Administrator Fournier said he would rather keep it level-funded but they could reduce it. He pointed out that the dates of the CIP did not match the dates of the budget.

Councilor Pike said that as soon as they had their 100-year flow numbers for the Macallen Dam, it would have to go out for engineering for the abutments and for stability analysis and said he wanted to make sure they would not be constrained. CIP Committee Vice-Chair Russell Simon said he disagreed that everything in CIP had to have a specific behind it just for this reason. He said they were putting away seed money for the dam because they did not really know the costs and wanted to make sure they had enough money for the first 3-5 years. He said an emergency contribution could not be made to Capital Reserves after the budget was approved. Vice-Chair Nazzaro said that not every CIP plan was urgent and they were all marked with different priorities.

Vice-Chair Nazzaro pointed out that they were putting \$50,000 into Building Improvement Capital Reserves but there was no CIP plan for Building Improvement. Town Planner Hardy said that 3 projects came in under Public Works: the completion of the 2nd floor of the Fire Station, the completion of the roof at the Public Works Facility, and upgrades to the HVAC system, and that they were all listed in pages 7-9 of the CIP Report. Town Administrator Fournier stated that Building Improvements was a sub-division of the Public Works Department, and that the Division of Buildings & Grounds also fell under Public Works. Vice-Chair Nazzaro asked what the \$80,000 in Public Works was to be used for and Town Administrator Fournier said Public Works was used for vehicles. Councilor Bowden asked what the priority status was for these projects, and Town Planner Hardy said the Departments had indicated priorities on the forms.

Councilor Weinstein asked what the budgeted and actual numbers should be for FY2017 and Town Administrator Fournier said the \$575,115 budgeted amount should match actuals spent. He said the \$50,000 spent for the Macallen Dam for FY2017 was an error. Councilor Weinstein asked what projects were anticipated for Building Improvement. Interim Finance Director Angell said they needed to start saving for the HVAC improvements to the Town Hall, the Police Department, and the Recreation Facility. Vice-Chair Nazzaro asked why the HVAC upgrades were a priority and not the repair of the leaking roof in the Department of Public Works. Town Administrator Fournier said that was the CIP priority but that his priority went into the budget. He said they were looking at different alternatives to fix the roof than Public Works recommended.

Vice-Chair Nazzaro stated that \$80,000 was being put in for Public Works Vehicles but it was not clear what they wanted to purchase out of Capital Reserves. Town Administrator Fournier said that \$219,000 was requested by Public Works for CIP but he felt level-funding of \$80,000 would be fine. Councilor Thompson said she proposed reducing the Macallen Dam and Stormwater Management to \$50,000 each and adding the \$50,000 to Roadway Improvement. She said she also recommended dropping Public Works from \$80,000 to \$50,000 for a net decrease of \$30,000 there. Town Administrator Fournier asked Interim Finance Director Angell if they could decrease Compensated Absences, and he replied that if someone retired they might have to delay re-hiring.

Town Administrator Fournier polled the Council and they approved taking \$25,000 from the Macallen Dam and \$25,000 from Stormwater Management to put \$50,000 into Roads, and to reduce Public Works by \$30,000 to \$50,000. He also bumped Compensated Absences down from \$15,000 to \$10,000. Councilor Weinstein asked about costs for the Stormwater Management Study, and Town Planner Hardy said that the mapping all of their Stormwater Facilities would be approximately \$200,000. Town Planner Hardy said she had a few questions from the CIP Committee Chairman, and asked what the \$18,666 for Recreation represented. Town Administrator Fournier said it was for replacement of equipment and was level-funded. Town Planner Hardy also asked why the Library CIP recommendation of \$27,000 for funding was reduced to zero. Town Administrator Fournier explained that the Library had their own Capital Reserve Fund and a Trust Fund.

Town Administrator Fournier said that moving \$25,000 each from Stormwater Management and the Macallen Dam to increase Roads by \$50,000, decreasing Public Works by \$30,000, and reducing Compensated Absences to \$10,000 brought the total proposed budget to \$555,115, or a reduction to Capital Reserves of \$20,000 over the previous year.

Vice-Chair Nazzaro said he wanted to make the point that every Capital Reserve Fund should show what the plans were against what was being requested, and said he would like to see the prioritizations of the Town Administrator actually included in the plans.

CONSERVATION COMMISSION

Town Administrator Fournier stated that the Conservation Commission budget was level-funded at \$2,941 with no changes.

ECONOMIC DEVELOPMENT

Town Administrator Fournier stated that the budget for Economic Development was level-funded at \$2,500 with no changes.

DEBT SERVICE

Town Administrator Fournier stated that Debt Service was budgeted at \$125,259 which was a 3.47% reduction, and that no changes could be made.

INFORMATION TECHNOLOGY

Town Administrator Fournier stated that there was a 2.59% increase to Information Technology (IT) for a proposed budget of \$171,465. Interim Finance Director Angell said the largest jump was in the Software Maintenance line-item. He said the Department Head proposed maintaining 2 systems at the same time but the Town Administrator proposed to maintain only 1 system. He said they were looking to purchase a new Financial System that could offer more services to taxpayers and the departments. He said the proposal was for maintaining the new system but that they might be on the old system for another 6 months. Town Administrator Fournier said they needed to get off the old MuniSmart system as it was no longer supported or being maintained. He said they were putting the money in to start the new system in 2018.

Councilor Bowden asked how many persons were covered under Fulltime Salaries and Town Administrator Fournier said 1.5. Councilor Pike asked what the impact would be when they started to integrate more with the School. Town Administrator Fournier said they would still need to keep staffing at the same level and there probably would be no savings as they were currently understaffed.

FINANCE

Town Administrator Fournier said if they were to contract Finance with the School, which was not yet approved by the Town Council, there would be a major savings and a reduction in Fulltime Salaries. He said additional money was the first payment of the lease for the Financial Systems Software estimated at \$54,000, for which the Department requested \$84,000. He said he wanted to get the basics of what they needed and add on later.

HUMAN RESOURCES

Town Administrator Fournier stated that Human Resources was seeing a 7.78% increase to \$1,633,044. He said a major portion of it was the Health Insurance increase at 12.69%. He said the guaranteed maximum of 10.9% was higher because of changes in plans people might take. He said Workers

Compensation took a 10% increase in rates, and there were new Retirement rates as well which changed every 2 years. Vice-Chair Nazzaro asked why Property Liability was going up, and Interim Finance Director Angell said he did not have an actual and had estimated the increase at 8%. Town Administrator Fournier said it was also due to the Market situation, as it was the first year with no competition. Vice-Chair Nazzaro said that the 8% was calculated on the budgeted amount and not the actuals, and felt it should be 8% of \$93,000 or \$101,000 instead of \$110,000. Interim Finance Director Angell said he could do that but the total would be \$101,253. Town Administrator Fournier polled the Council and the reduction of \$9,000 was approved.

NEXT WORKSHOP MEETING

Town Administrator Fournier asked the Council when they wanted to hold the second Budget Workshop to wrap up and approve the budget. The Council agreed to hold the second Budget Workshop on October 26, 2016 as only Chairman Levy could not attend. The meeting was scheduled for 7:00 pm.

ADJOURNMENT

Vice Chair Nazzaro made a motion to adjourn the meeting which was seconded by Councilor Bowden.

The Town Budget Workshop Session was adjourned at 12:48 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary