

**TOWN OF NORTH HAMPTON, NEW HAMPSHIRE
MUNICIPAL BUDGET COMMITTEE MEETING**

SEPTEMBER 18, 2017 7:00 PM

NORTH HAMPTON TOWN HALL

MEMBERS PRESENT: Chairman Jonathan Pinette, Vice-Chairman and School Board Rep James Sununu, John Anthony Simmons, Charles Gallant, George Chauncey, Laurel Pohl, Frank Ferraro, Select Board Rep Larry Miller

EXCUSED: Little Boar's Head Rep Brian Goode

AGENDA

Chairman Jonathan Pinette welcomed everyone to the September 18, 2017 North Hampton Budget Committee Meeting and called the meeting to order at 7:04 pm, followed by the Pledge of Allegiance.

OLD BUSINESS

Discussion of Rules of Procedure Numbering System

Chairman Pinette said at the last meeting it was decided that some time was needed to review the Numbering System proposed by Mr. Simmons.

Mr. Simmons explained that the Numbering System consisted of first putting either a "T" or an "S" for the Town or the School and assigning a page number in sequence. For a second or third version, the number would be appended with .2 or .3, etc. He said Spreadsheets would get a name and carry the date after, with the 1-page summary handed out before.

Vice-Chair Sununu said he had raised two points at the last meeting, the first being a request to not implement the Numbering System at this point because it would take up unnecessary staff time. He said the Budget Book started with a word document followed by a CIP Report and other documents, and that though the system sounded simple, all the pages would have to be numbered by hand. He said the current binder was well-organized with a Table of Contents and every section numbered and easily referenced. He said the School was working on 6 different budget books at the same time and naming and numbering the pages would not be productive. He stated that the Town was already short-handed in a number of positions. Ms. Pohl said she thought the numbering system was just for the budget pages and not the whole book.

Mr. Simmons said he understood the concerns of Vice-Chair Sununu, but felt his explanation of all the tabs clearly showed the need for a numbering system. He said the goal of the numbering system was so the public could access documents quickly on the Town website and be able follow the budget

process. Vice-Chair Sununu asked what Ms. Pohl declared as Budget Pages. Ms. Pohl said she was referring to the Spreadsheets, but felt Mr. Simmons was talking about creating one large document which could be scanned as a PDF file and easily numbered. Mr. Ferraro asked if the Budget was even posted on the website and asked how often the other pages were updated in the budget process. He said he felt the most important part was the spreadsheets.

Vice-Chair Sununu said that when the School presented their budget they provided copies of any updated pages. He said there were two separate issues here, one to use a numbering system and the other to make sure things were posted on the Town Website. Chairman Pinette said documents were readily available in the Town Office, and said as far as he was aware the budget was not posted on the website. Mr. Simmons said it was his goal to have them posted on the website, as they were referenced in Budget Committee conversations.

Chairman Pinette suggested they leave the numbering system the way it was, but that once documents were finalized they could upload the spreadsheets in some numbering form for public access. Mr. Simmons reiterated his point that when the budget books were received, they needed to be on the Town Website in a numbered manner for access. Vice-Chair Sununu said they had a numbering system for every document that came in to the Budget Committee, which was the binder with 400 pages of supporting material, and said a budget was an accumulation of a large number of documents that were correlated, organized, and presented in a very coherent manner.

Mr. Gallant stated that they had now spent a year on these Policies & Procedures, and asked if the Town and the School numbered their paperwork in the same way. Vice-Chair Sununu said the School had a Spreadsheet with every line-item, a few pages of introduction, and a page-by-page breakdown. He said the Town did not do that because of the number of Town departments, with the School essentially one department. Mr. Gallant asked if the numbering system proposed would be just for the Budget Committee for doing the Town and the School budgets.

Select Board Rep Larry Miller said the budget books provided everything they thought the Budget Committee needed to know, and said that other documents would continue to come in during the time of the budget process. He said that right now the Select Board could not comply with what was asked by Mr. Simmons due to staff vacancies, and said everyone would get the same budget books. Mr. Ferraro stated that the Spreadsheets absolutely had to show the date and which version they were. He suggested making the line-item page changes with a revision number, marking the Spreadsheet as a revision, and adding a 1-page text describing the line-item change along with correspondence.

Mr. Miller said it would be helpful for Vice-Chair Sununu to note that the people required to produce his budget were in other towns, which made it a very lengthy process. Vice-Chair Sununu pointed out that adopting the Numbering System Rules & Procedures was at the discretion of the presiding officer, and the Chairman could hold a vote if he wanted to propose it with the approval of the Committee. Mr. Simmons pointed out this Board had approved that he develop the Numbering System in conjunction with the Chairman. He said he volunteered to do the numbering himself at the last meeting and felt it would only take him an hour to do the page numbering for the Town and the School, scan the document into a PDF file, and upload it to the website. He said it also provided future value to know what had been accomplished year-to-year and provided historical knowledge which he felt was needed.

Chairman Pinette stated that he wanted to wrap up the discussion. Ms. Pohl said it seemed to be a very manual process and said she understood both points of view, but wanted to move in the direction of

having one numbered document. Chairman Pinette said that given the situation the Town was in right now, he recommended they keep the numbering system the way it was and said it could be revisited in the next calendar year. He said the system had been consistent with the Town and the School and had worked so far.

Motion: To approve the recommendation of the Chairman to keep the current Numbering System.

Motioned: Vice-Chair Sununu

Seconded: Mr. Gallant

Vote: Motion carried 5-2, with 1 abstention

Mr. Miller said they would try to keep a Master Book for the Town, replace pages as changes happened, and provide changed pages to the Budget Committee. He said they would do the best they could to scan and post documents to provide public access. Mr. Simmons said he was not satisfied that they were going to go through the whole Budget Process before scanning a final document, and Mr. Miller explained that the Master Book would be on the website from the beginning of the process. Mr. Chauncey said the Numbering System seemed simple and easy to do, and he hoped they would move toward doing it in the future.

Discussion of Meeting with Department Heads

Chairman Pinette stated that there were concerns with the Department of Public Works and the Recreation Department with regard to individual Committee members scheduling tours and meetings with Department Heads. He said if there was a need for Committee members to tour those facilities he could set up a date and time to attend. Ms. Pohl clarified that she had been asked by the CIP Committee to meet with Director of Public Works John Hubbard to discuss setting up an Equipment Stabilization Capital Reserve Fund, and explained that Town Administrator Apple had found out about her meeting and a meeting scheduled by Mr. Ferraro and they should be combined.

Mr. Chauncey said he thought it had been decided that for the Department of Public Works, Committee members could go on their own, and Mr. Simmons agreed that had already been decided. Chairman Pinette said there were some concerns regarding more hours and actively meeting with individuals. Mr. Simmons asked Chairman Pinette if he was aware of any other realities that would make this an issue, and he replied that he did not. Mr. Ferraro explained that he had spoken with the Public Works Director after a CIP meeting about visiting his department, and had made a similar request by phone to the Recreation Department as he was only available this week for meetings. Chairman Pinette said he understood but that it had come back on him that the Town Administrator did not want Department Heads to schedule meetings with individual Budget Committee members to tie up their time. He said he would schedule the meetings for this week and inform the Committee so that anyone else interested could attend.

NEW BUSINESS

Approval of the Minutes of the Joint Budget Committee/Select Board Meeting of July 31, 2017

Vice Chair Sununu made a motion approve the minutes of the Joint Budget Committee/Select Board Meeting of July 31, 2017, which was seconded by Mr. Simmons.

Changes/Corrections: Mr. Ferraro corrected a sentence on page 3 of the minutes to read “he *met* with the Fire Department *earlier this year*”; the spelling of Mr. Ferraro’s name was corrected throughout the document. Mr. Miller corrected Public Hearing to *Public Comment* and added that *Mr. Simmons* had seconded the motion to adjourn.

Chairman Pinette polled the Committee and the minutes of the Joint Budget Committee/Select Board Meeting of July 31, 2017 were approved as amended by a vote of 8-0.

Approval of the Minutes of the Budget Committee Meeting of August 21, 2017

Vice Chair Sununu made a motion approve the minutes of the Budget Committee Meeting of August 21, 2017 which was seconded by Mr. Simmons.

Changes/Corrections: Chairman Pinette corrected an error on page 2 to change “Tony” to *Chief Tully*. Ms. Pohl pointed out a blank for seconding a motion on page 1, which was changed to *Budget Committee Member*.

Chairman Pinette polled the Committee and the minutes of the Budget Committee Meeting of August 21, 2017 were approved as amended by a vote of 6-0, with 1 abstention.

Approval of the Minutes of the Budget Committee Meeting of August 30, 2017

Vice Chair Sununu made a motion approve the minutes of the Budget Committee Meeting of August 30, 2017 which was seconded by Mr. Simmons.

Chairman Pinette polled the Committee and the minutes of the Budget Committee Meeting of August 30, 2017 were approved by a vote of 7-0, with 1 abstention.

ECONOMIC REVIEW

Vice-Chair James Sununu presented an economic overview to provide some context to the Budget Process. He started with the **US Gross Domestic Product (GDP)** which had been erratic, and said they had not seen the kind of growth expected since the last recession, though it had stabilized somewhat. He said Q2 of 2017 ended in June with growth up to 3% nationally, up from 2% over the last 6 months. He said the last 4 recessions and recoveries typically showed a much stronger growth rate than what they had seen from the recession ending in 2009, and had not had a robust economy for quite some time.

Vice-Chair Sununu stated that one positive sign was **National and NH Unemployment Rates**, which had been declining steadily and seemed to be stabilizing at 4.5%. He said the NH Unemployment Rate always came in lower due to a better-educated workforce, and was now below 3%. He said the same chart over time showed the troughs where unemployment tended to bottom out. He stated that even though unemployment was low, there were still a lot of people out of the workforce, and said **National Labor Force Participation** had peaked before the last recession at approximately 65-66%. He explained that 30% of workers were not participating in the Labor Force and said participation had remained suppressed even after 8 years of economic growth, though participation for the 55-65 and older population was going up. He explained that fewer people working equaled less economic activity, and that employers were saying their growth was being held back by the inability to find qualified workers.

Vice-Chair Sununu said that the **Consumer Price Index (CPI)** was more relevant, and had risen in the last year but was still historically low at approximately 2%. He said some of the volatility was driven by energy prices. He said growth in **Wages & Salaries** in the Private Sector was at 2.5-3% before the recession, dropped to 1.5%, and was now back up at approximately 2.5%. He said the value of **Benefits** growth showed a spike where wage growth went down, meaning that lower salary increases were compensated for by boosting benefits. He said the same chart for the Public Sector showed smoother changes for local and government workers with salary growth at approximately 2% and benefits growth at 3%. He pointed out that a lot of Public Sector workers were covered by Collective Bargaining Agreements.

Vice-Chair Sununu next reviewed **Current Interest Rates**, and said he used the **10-Year Treasury Constant Maturity Rates** as they were the most relevant for determining long-term borrowing rates. He said interest rates were now historically low compared to the last 30 years. He said though rates had ticked up a little, it was difficult to predict where rates would go over the long term, which guided the rate municipalities could borrow for any bonding. He next addressed the **US & NH Annual GDP Growth**, and said New Hampshire had growth coming out of the recession, which had slowed and now significantly exceeded National Growth, which was a very good sign.

Vice-Chair Sununu showed a chart of the **Median NH Income** and the **Real Median Household Income** which was adjusted for inflation. He said the median income in New Hampshire had not really budged in a decade and was only now starting to come back to where it was before the last recession. He said either economic growth or a growing workforce was needed to grow the Household Income higher. He next addressed the **House Price Index for NH**, and said housing prices had not bounced back as fast as the Boston area, but said they were now getting back to where housing prices were in 2006/2007 before the recession with significant growth since 2013.

Vice-Chair Sununu next looked at **Population Trends in Rockingham County** and said the projected numbers were updated by the State based on US Census Data, but that the NH Economic Planning Office provided county charts broken down by age groups, with the numbers projected out from 2020 through 2040. He said the data in the blue section (0-19 years of age) was used by schools to make projections, and the numbers had come down from around 74,000 in 2010 to around 68,000 and were expected to level out over the long term. He said the red section showed the working age population (20-64 years of age) and said they were again seeing a decline there from approximately 184,000 to approximately 169,000. He said on the other hand the overall population was expected to grow due to the number of persons 65 years and older. He pointed out that this was a fairly significant in New Hampshire, with a smaller working-age population and significant growth in the Senior Citizen demographic.

Mr. Simmons asked if the working-age population section was based on people leaving or on staying and just getting older. Vice-Chair Sununu said he felt it was mostly the latter, and said the net migration in New Hampshire had diminished significantly. He said graduates were now moving to better climates and places where the economy was growing faster, and said hopefully NH economic growth would help reverse that. He said the School projected population to decline a little more and then level out, showing a lower but stable school-age population.

Vice-Chair Sununu then addressed the **Pros and Cons of the NH Economy**. He said that pros included no State income or sales tax, which was attractive to employers and employees coming here to work. He said the NH Economy also benefited from an educated workforce and a high quality of life. He said cons

included high business taxes, high employer costs for Health Insurance and Workers Comp, and high energy prices, as well as demographics. He said the Business Profits Tax had been reduced to below 8% and the Business Enterprise Tax would be reduced from 0.75% to around 0.62% over the next few years. He said New Hampshire energy prices were 50-60% higher than the national average and companies were expanding and moving to other states with lower energy costs. He said as far as demographics, New Hampshire was an aging population on average getting older, and was already one of the oldest states in the nation, which made it more difficult to find workers.

PUBLIC COMMENT

Chairman Pinette opened Public Comment at 8:11 pm.

As no one from the public came forward, Chairman Pinette closed Public Comment at 8:11 pm.

ADJOURNMENT

Mr. Simmons made a motion to adjourn the meeting which was seconded by Mr. Gallant.

The motion to adjourn was approved by a vote of 8-0, and the Budget Committee Meeting was adjourned at 8:12 pm.

NEXT MEETING: October 2, 2017

Respectfully submitted,

Patricia Denmark, Recording Secretary