



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

**JANUARY 3, 2019      7:00 PM**

**NORTH HAMPTON TOWN HALL**

***Approved Minutes***

MEMBERS PRESENT: Chairman Jonathan Pinette, Vice-Chairman/School Board Rep James Sununu, Rick Stanton, Tamara Le, Laurel Pohl, Charles Gallant, Frank Ferraro, Little Boar's Head Rep Brian Goode, Select Board Rep Larry Miller

ALSO PRESENT: Town Administrator Bryan Kaenrath, Finance Director Ryan Cornwell, Police Chief Kathryn Mone, Fire Chief Michael J. Tully, Select Board Chairman Jim Maggiore

**AGENDA**

Chairman Jonathan Pinette welcomed everyone to the January 3, 2019 North Hampton Municipal Budget Committee Meeting and called the meeting to order at 7:04 pm, followed by the Pledge of Allegiance.

**OLD BUSINESS** – None

**NEW BUSINESS**

**Approval of the Minutes of the December 17, 2018 Budget Committee Meeting**

**Motion:** To approve the minutes of the December 17, 2018 Budget Committee Meeting.

**Motioned:** Mr. Gallant

**Seconded:** Vice-Chair Sununu

**Vote:** Approved by a vote of 9-0

**REVIEW OF TOWN PROPOSED FY2020 WARRANT ARTICLES**

Town Administrator Bryan Kaenrath said the first warrant article was for the **Town FY2020 Operating Budget**, and Chairman Pinette said they had already voted on the budget. Mr. Ferraro said they voted on

the Operating Budget only and not the Default Budget. He said he had just received the responses to his questions on the Default Budget and had not had time to review them and his calculations differed from the numbers proposed. Chairman Pinette asked Finance Director Cornwell to skim through the email response with regard to the breakdown and address the discrepancy of approximately \$25,000.

Mr. Ferraro said he had found that a number of line items in the Default Budget were not consistent with RSA Guidance, mainly in salaries, where unapproved contracts defaulted back to the prior-year budget. He said he calculated a Default Budget of \$7,128,652 but the Warrant had a Default Budget of \$7,139,000, or about an \$11,000 difference. Finance Director Ryan Cornwell said they knew there were issues with the budget and they met to re-discuss how to come up with a Default Budget based on the revisions to RSA. He said he then recalculated the Default Budget from scratch, and he read the email in full to the Budget Committee. He said after making changes the Default Budget came to \$7,139,510 or \$14,785 (2%) greater than the prior-year Operating Budget and he firmly believed these numbers were accurate.

**Motion:** To reconsider the Town FY2020 Operating Budget so all members could vote.

**Motioned:** Mr. Stanton

**Seconded:** Mr. Miller

Ms. Pohl said she had not had time to consider the changes.

**Motion Withdrawn:** Mr. Miller withdrew his second and Mr. Stanton withdrew his motion.

**Motion:** To approve the Town FY2020 Operating Budget Warrant Article of \$7,161,370 with Default Budget of \$7,135,510.

**Motioned:** Mr. Stanton

**Seconded:** Mr. Miller

**Vote:** Approved 8-1

Town Administrator Kaenrath said the next Warrant Article was the **Police Proposed Collective Bargaining Agreement**, and said they were looking for an additional \$12,103 over existing to meet increased costs.

**Motion:** To approve the Police Proposed Collective Bargaining Agreement Warrant Article to raise and appropriate \$12,130 for FY2020.

**Motioned:** Mr. Miller

**Seconded:** Ms. Le

**Vote:** Approved 9-0

Mr. Ferraro raised a questions with regard to Holiday Pay, and Finance Director Cornwell explained they added one day for the day after Thanksgiving as all other Town employees had the day off. Mr. Goode said there was an increase in the Operating Budget as well as here. Finance Director Cornwell said this was the increase in the existing contract had nothing been changed in it at all, and this only accounted for costs and step increases. Vice-Chair Sununu said the actual budget showed a decrease of \$14,454 and he presumed this was because the increases were in the contract. Finance Director Cornwell said that was correct, and said the current contract expired June 30, 2019.

Town Administrator Kaenrath said the next warrants were a series of items outlined in the CIP Report. He said the **Town Offices/Police Building Weatherization** project was to raise and appropriate \$30,000,

which included roof insulation work done on the Town Offices last fall and exterior siding repair to be done in the spring.

**Motion:** To approve Town Offices/Police Building Weatherization Warrant Article to raise and appropriate \$30,000.

**Motioned:** Mr. Stanton

**Seconded:** Mr. Gallant

**Vote:** Approved 9-0

Town Administrator Kaenrath said the next article to **Upgrade Police Video Surveillance** equipment was outlined in CIP to raise and appropriate \$31,150. Police Chief Kathryn Mone said this was for new audio and video surveillance equipment. She said the old system was analog and 10 years old and they were asking for \$32,000 for a digital system.

**Motion:** To approve the Upgrade Police Video Surveillance Warrant Article to raise and appropriate \$31,150.

**Motioned:** Vice-Chair Sununu

**Seconded:** Mr. Gallant

**Vote:** Approved 9-0

Town Administrator Kaenrath said the next article was another CIP item **Paving Town Complex** to raise and appropriate \$90,000.

**Motion:** To approve the Paving Town Complex Warrant Article to raise and appropriate \$90,000.

**Motioned:** Mr. Ferraro

**Seconded:** Mr. Stanton

**Vote:** Approved 9-0

Town Administrator Kaenrath said another CIP item was **Road Resurfacing** to cover 3 miles of roads. Mr. Ferraro asked how much was currently in the fund, and Finance Director Cornwell said approximately \$44,000.

**Motion:** To approve the Road Resurfacing Warrant Article to raise and appropriate \$250,000.

**Motioned:** Mr. Ferraro

**Seconded:** Mr. Stanton

**Vote:** Approved 8-1

Town Administrator Kaenrath said **Contribution to Earned time Settlement Capital Reserve Fund** to raise and appropriate \$50,000 was for accrued leave liability. Finance Director Cornwell said this was calculated annually based on years of tenure and possible retirements before the end of the year. He said the exposure for this year was \$82,000 and was \$90,000 between 2 years, and included only people retiring and not those leaving on their own. He said this was to get them to the point where a 5-year timeframe was covered. Chairman Pinette asked that he explain buyback time, and Finance Director Cornwell said for people with contracts, whatever they have for accumulated sick time and vacation is paid out at their hourly rate for those hours when they leave and it would only increase over time.

**Motion:** To approve Contribution to Earned time Settlement Capital Reserve Fund to raise and appropriate \$50,000.

**Motioned:** Mr. Stanton

**Seconded:** Mr. Miller

**Vote:** Approved 8-0, with 1 abstention

Town Administrator Kaenrath said just this year they did their town-wide revaluation, and the **Contribution to the Town Revaluation Capital Reserve Fund** to raise and appropriate \$30,000 was just to replenish that fund. Finance Director Cornwell said they felt it was fiscally responsible to get money in the fund while they could as some towns were doing the revaluation more frequently due to market changes. Ms. Pohl asked who would make that decision and Mr. Miller said the Select Board.

**Motion:** To approve Contribution to the Town Revaluation Capital Reserve Fund to raise and appropriate \$30,000.

**Motioned:** Mr. Stanton

**Seconded:** Vice-Chair Sununu

**Vote:** Approved 9-0

Town Administrator Kaenrath said the **Contribution to the Coakley Landfill Capital Reserve Fund** to raise and appropriate \$50,000 as the Town's costs and contributions had gone up and towns were seeing greater assessment. Finance Director Cornwell said they had not contributed since the fund was set up. Town Administrator Kaenrath said it was projected to increase over the next few years and then level off and decrease, and said North Hampton had a 4% stake in this.

Mr. Miller said that Coakley Group was required to pay for whatever the EPA determined it must do. He said volatile containment was almost zero, but costs for perfluorocarbon water testing were very expensive. He felt that eventually everyone within the Coakley area would have piped-in water paid for by the Coakley Group. Vice-Chair Sununu asked what the expenses out of the fund were over the last 3 years. Finance Director Cornwell said the Debt Service was now mostly retired, but they expected assessments to continue to increase.

**Motion:** To approve Contribution to the Coakley Landfill Capital Reserve Fund to raise and appropriate \$50,000.

**Motioned:** Mr. Stanton

**Seconded:** Mr. Ferraro

**Vote:** Approved 9-0

**Amendment to Authorizing Legislation: Tennis Courts Capital Reserve Fund** to appoint the Select Board as agents to expend from the fund. Town Administrator Kaenrath said this came about this year when they wanted to do some resurfacing work at the Tennis Courts in Dearborn Park and they were not able to expend from the fund, and said this would allow the Select Board to act as agents. Finance Director Cornwell said the Budget Committee did not need to vote on this as it was a non-monetary item.

**Close the Road Reclamation Capital Reserve Fund** with no effect on the tax rate. Finance Director Cornwell said this did not require a Budget Committee vote and it was being closed for house-keeping purposes.

**Land and Building Acquisition** to raise and appropriate \$375,000 to purchase property at 216 Atlantic Avenue in North Hampton, to come from unassigned fund balance. Town Administrator Kaenrath said the Town was under conditional contract for the property across the street for which they had a

Purchase & Sales Agreement of \$375,000. He said they thought of putting a new Town facility there as there was a lack of potential options for the future. Mr. Miller said the lot was Tax Map 7-71 with 1.18 acres of land which was offered for sale by the owners. The current assessed value of the property was \$390,000 but the owners were willing to lower the cost so that they could remain on the lot for up to 12 months and continue to pay property taxes. He said with regard to the taxes on the property, there was a Total Disability applied as well as a Veterans Exemption.

Vice-Chair Sununu asked what the current fund balance was and Finance Director Cornwell said the current audited unassigned fund balance was \$2.306 million or 10.7%, with the minimum being 5%, the target 8%, and the maximum 12%. Vice-Chair Sununu said his concern was the complete lack of a plan, and asked if there would be a warrant article next year to build. Mr. Miller said this was an exercise for the largest possible building that would fit on the lot, and said the Town would want to decide the next step. The Budget Committee discussed the issue at length.

**Motion:** To Approve the Land and Building Acquisition Warrant Article to raise and appropriate \$375,000 to purchase property with funds from unassigned fund balance.

**Motioned:** Mr. Stanton

**Seconded:** Mr. Miller

**Vote:** Approved 5-3, with 1 abstention

**Contribution to the Library Capital Reserve Fund** to raise and appropriate \$100,000.

**Motion:** To approve the *Library Capital Reserve Fund Warrant Article* to raise and appropriate \$100,000.

**Motioned:** Mr. Ferraro

**Seconded:** Ms. Le

**Vote:** Failed by a vote of 4-5

**Modify the Purpose of Cable Access Television Revolving Fund** to make sure community television, cable access, and public information channel operations are fully funded. Finance Director Cornwell said this warrant as well as the following one were for clarity, and this one was to make sure adequate funding was available for Channel 22 operations, and the next warrant would piggy-back on this one. Vice-Chair Sununu said functionally it would take 25% of the net after deducting the operating costs for Channel 22, and Finance Director Cornwell agreed and added that it was now 25% of the gross revenue. He said this article would make sure the Town had funding for the cable portion itself, and the next article would help to improve the accounting for those funds.

**Motion:** To approve the warrant article to Modify the Purpose of Cable Access Television Revolving Fund to make sure Channel 22 operations are fully funded

**Motioned:** Vice-Chair Sununu

**Seconded:** Ms. Le

**Vote:** Approved by a vote of 8-1

**Establish Information and Internet Technology Equipment and Program Fund** to deposit up to 25% of annual revenues from Comcast Cable Franchise fees and name Select Board as agents to expend. Mr. Ferraro recommended changing the language from "up to 25%" to "25% of net". Vice-Chair Sununu suggested the wording of this article be modified and any reference to 25% be removed and a Revolving Fund be set up with no condition for whatever the amount, and for any changes made in the future they

would not have to put this article back on the Ballot to match. Finance Director Cornwell felt that made sense. Town Administrator Kaenrath said they could go back and re-word this article and hold the vote at Monday's meeting.

**Motion:** To amend the warrant article to *Establish Information and Internet Technology Equipment and Program Fund* to read: "To see if the Town will vote to establish a revolving fund to deposit ~~up to 25% of all any~~ annual revenues received from receipt of Comcast Cable Franchise fees for the purpose of funding information and internet technology equipment and program costs, and further to name the Select Board as agents to expend from said fund? ~~Up to 25% of all~~ Such revenues received for Comcast Cable Franchise fees will be deposited in the fund..."

**Motioned:** Vice-Chair Sununu

**Seconded:** Mr. Gallant

**Vote:** Approved by a vote of 9-0

**Adopt Official Town Flag** Warrant Article. Town Administrator Kaenrath explained that a student in Town had put a lot of time and work into designing a new North Hampton Town Flag, and said the School Board was unanimous in supporting this.

#### **NORTH HAMPTON SCHOOL DISTRICT FY2019/20 WARRANT ARTICLES**

##### **Article 01 – Operating Budget**

Chairman Pinette asked the Budget Committee if they wanted to re-vote on the School Operating Budget with all members present.

**Motion:** To reconsider the Budget Committee vote to approve the School District FY2020 Operating Budget.

**Motioned:** Mr. Stanton

**Seconded:** Mr. Ferraro

**Vote:** Approved 7-1, with 1 abstention

**Motion:** To approve the School District FY2020 Operating Budget of \$9,182,602.

**Motioned:** Mr. Stanton

**Seconded:** Mr. Gallant

**Vote:** Approved 8-1

##### **Article 02 – Seacoast Educational Association**

Vice-Chair Sununu said this was the tentative agreement with the Seacoast Education Association (SEA), which also required approval by other SAU communities. Mr. Goode asked the percentage increase and Mr. Stanton said it was 11% over 4 years. Vice-Chair Sununu said the goal was for a 2.75% cost-of-living increase, and said the 4-year period was longer than previously, due to issues with one district not approving which put North Hampton in a difficult position competitively. Ms. Le asked about the Cadillac Tax, and Vice-Chair Sununu said the contract contained a provision to protect the District by re-opening discussion on Health Benefits for any plan affected.

**Motion:** To approve Seacoast Educational Association Warrant Article 02 to raise and appropriate the sum of \$146,926 for the 2019-20 school year.

**Motioned:** Mr. Stanton

**Seconded:** Ms. Le

**Vote:** Approved 9-0

**Article 03 – Long Term Maintenance**

Vice-Chair Sununu said the maintenance article was generally on every year for the School District. He said they identify significant building maintenance projects to keep the facility in good condition, and said this was outlined in the CIP Plan.

**Motion:** To recommend approval of Long Term Maintenance Warrant Article 03 to raise and appropriate \$65,000.

**Motioned:** Mr. Stanton

**Seconded:** Ms. Le

**Vote:** Approved 9-0

**Article 04 – Roof Replacement**

Vice-Chair Sununu said they would be replacing the second-to-last section of the building roof, and said they had already received bids and they were asking for \$30,570 for the project.

**Motion:** To recommend approval of Roof Replacement Warrant Article 04 to raise and appropriate \$33,570.

**Motioned:** Mr. Stanton

**Seconded:** Ms. Le

**Vote:** Approved 9-0

**Article 05 – Truck Lease**

Vice-Chair Sununu said based on the recommendation of the Budget Committee, this request was added as a warrant article to see if the School District would authorize the School Board to enter into a 3-year lease/purchase agreement in the amount of \$49,500 for leasing a pickup truck with plow package, and to raise and appropriate the sum of \$16,500 for the first year of the lease.

**Motion:** To recommend approval of Truck Lease Warrant Article 05 to raise and appropriate \$16,500 for the first year of the lease.

**Motioned:** Mr. Stanton

**Seconded:** Mr. Goode

**Vote:** Approved 9-0

Vice-Chair Sununu said the next 3 articles were for funding existing expendable trust funds out of any unassigned fund balance.

**Article 06 – Special Education Expendable Trust** to raise and appropriate \$75,000 to be added to the existing Special Education Expendable Trust Fund from unassigned fund balance. Vice-Chair Sununu said the target amount was \$300,000 and the funds were to be used for unanticipated Special Education costs.

**Motion:** To recommend approval of Special Education Expendable Trust Warrant Article 06 to raise and appropriate \$75,000 using unassigned fund balance.

**Motioned:** Mr. Ferraro

**Seconded:** Mr. Stanton

**Vote:** Approved 9-0

**Article 07 – School Health Insurance Expendable Trust** to raise and appropriate \$75,000 to be added to the existing School Health Insurance Expendable Trust Fund from unassigned fund balance. Vice-Chair Sununu said that this was also for unanticipated Health insurance costs over and above what was budgeted. He said this year the GMR came in at 18.5% and they budgeted for 9.25%.

**Motion:** To recommend approval of School Health Insurance Expendable Trust Warrant Article 07 to raise and appropriate \$75,000 using unassigned fund balance.

**Motioned:** Mr. Gallant

**Seconded:** Mr. Ferraro

**Vote:** Approved 9-0

**Article 08 – Building Maintenance Expendable Trust** to raise and appropriate \$25,000 to be added to the existing Building Maintenance Expendable funded by unassigned fund balance. Vice-Chair Sununu said they planned to tap this fund to pay for the installation of a new PA system.

**Motion:** To recommend approval of Building Maintenance Expendable Trust Warrant Article 08 to raise and appropriate \$25,000 using unassigned fund balance.

**Motioned:** Mr. Ferraro

**Seconded:** Mr. Stanton

**Vote:** Approved 8-1

Vice-Chair Sununu said they had 2 more warrant articles that did not need Budget Committee approval and were to close two existing funds with only a few dollars remaining. He said the first was **Article 09 – Discontinue Energy Improvements Trust Fund** and **Article 10 – Discontinue School Building Expansion Capital Reserve Fund**.

**PERIOD OF PUBLIC COMMENT** – None

**NEXT MEETING:** Chairman Pinette said on Monday, January 7, 2019 at 7:00 pm in the Town Hall – the Select Board and the Budget Committee would be conducting the Public Hearing on the Town FY2020 Operating Budget and Warrant Articles.

#### **ADJOURNMENT**

Mr. Ferraro made a motion to adjourn the meeting which was seconded by Mr. Goode.

The motion was approved by a vote of 9-0 and the Budget Committee Meeting was adjourned at 9:20 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary