

**TOWN OF NORTH HAMPTON, NEW HAMPSHIRE  
JOINT BUDGET COMMITTEE /SELECT BOARD MEETING**

**JULY 31, 2017     6:30 PM**

**NORTH HAMPTON TOWN HALL**

MEMBERS PRESENT: Chairman Jonathan Pinette, Vice-Chairman & School Board Rep James Sununu, John Anthony Simmons, Frank Ferraro, Charles Gallant, Laurel Pohl, George Chauncey, Select Board Rep Larry Miller, Little Boar's Head Rep Brian Goode

SELECT BOARD MEMBERS PRESENT: Chairman Jim Maggiore, Vice-Chairman Larry Miller, Kathleen Kilgore

ALSO PRESENT: Town Administrator Paul Apple

**AGENDA**

Chairman Jonathan Pinette welcomed everyone to the July 31, 2017 Joint Budget Committee/Select Board Meeting and called the meeting to order at 6:34 pm, followed by the Pledge of Allegiance.

Select Board Chairman Jim Maggiore called the Select Board Meeting to order. Chairman Pinette stated that this would be a kick-off meeting for the 2018/2019 Budget Year.

**JOINT BUDGET COMMITTEE/SELECT BOARD MEETING**

**Discussion of Budget Process and Guidance to Administration**

Town Administrator Paul Apple stated that the schedule provided by Chairman Pinette was basically analogous to the process used in past years. He said based on that schedule, they worked backwards to a point where the Select Board presented a recommended budget to the Budget Committee. He stated that Town Books would be distributed on November 13, 2017, with the Select Board getting back to the Budget Committee by late October/early November. He said from that point they would work with Department Heads and Administration to set up a schedule.

Town Administrator Apple said that they normally met with department heads in Workshop Session by departmental areas, with Police Department, Fire Department, Department of Public Works, and the rest as a catchall for Administration. He explained that Department Heads came in and made presentations to the Select Board and answered questions, and that this was repeated on TV for the public. He said the direction to Department Heads would probably go out mid-month to have everything in after Labor Day. He said September was the construction period and October was the review period with the Select Board.

Town Administrator Apple said that a lot of the big things in the budget were not known until later in the year. He said the guaranteed maximum rate for Health Insurance was not out until mid-October, and they asked departments to hold 10% for health insurance, using the Stabilization Fund to cover anything over. He said the process was designed to work with what they know and put place-holders on what they did not. He said the information should be available by the Budget Committee Meeting of November 20, 2017.

#### **Discussion of Information Requests of the Committee**

Chairman Pinette asked that any requests from Department Heads, or for the Budget Committee as a whole, be emailed to him or Vice-Chair Sununu for distribution.

#### **Discussion of Committee Representatives to Functional Areas**

Town Administrator Apple explained that in years past the Committee appointed particular members to liaise with department functional areas, and also be part of the Workshopping process that created the proposed budget. He said then when the Committee met on November 20<sup>th</sup>, the member involved in the process would have that direct connection to the information for that department. He said that process was discontinued by a past chairman, and it was up to the present Committee how they wanted to do that. He said as Chairman Pinette recommended, there had to be a central planning person for information requests, and they could not have multiple people liaising with functional areas as that would create confusion.

Chairman Pinette said that he did not recommend double-backing and creating more work than would be created anyway and said he had wanted to discuss that with the Board. He said as far as speeding up the process on information they would be getting, he had made the decision not to create more work and wanted everything streamlined and simplified to avoid confusion. Town Administrator Apple stated that he had no problem providing updates on where they were as long as Committee members did not base their decisions on that information. He said a lot of spreadsheets would be coming out and it was important to have a central location. Mr. Feraro asked Chairman Pinette if he was referring to his request for an Excel spreadsheet version.

Chairman Pinette said the numbers on the spreadsheets were constantly changing and he did not want a spreadsheet coming out too soon. He said they should be able to get the booklets in a form of Excel near the end of the process. Town Administrator Apple said they could provide Excel for the spreadsheets, but that they were arguing for a process for when changes were made. He asked that members keep their spreadsheets to themselves, and when the project was final he could project the final spreadsheet on the screen and they could vote and make changes. Mr. Feraro said they should all be working with the latest version of the spreadsheet which would reflect what was decided at the last meeting.

Mr. Simmons stated that he was concerned about not having enough time before the meeting to review the books. Town Administrator Apple said he would keep his commitment to get the information to the Budget Committee as soon as possible, but that he did not think he could get accurate information until the end of October. Chairman Pinette said he preferred to get the information 1 or 1 ½ weeks before rather than 2 weeks before if the information was incomplete. Town Administrator Apple said he could produce a budget by mid- October but that there would be significant inaccuracies. Selectwoman Kilgore

said she understood the concern, and felt that going back to having an individual member take part in the workshops and come back to the Committee might help to balance not being able to get the information earlier. Chairman Pinette said he preferred that each Budget Committee member visit or have some idea about what is going on for each department, rather than designating individuals to a specific departments to better understand the numbers.

Ms. Pohl asked who would be handling the Police Department budget with the departure of Chief Maddox, and Town Administrator Apple said that he and Chief Tully would be putting that budget together. Mr. Feraro said when he worked with the Fire Department last year he did not get into numbers, but found the information very useful as a background. He suggested that perhaps 2 or 3 Committee members could visit departments together with Chairman Pinette to maximize time spent with Department Heads. Chairman Pinette felt that was a good suggestion. Mr. Simmons suggested waiting until the books were compiled, as it took some time to assimilate the amount of information, and was compounded by asking follow-up questions and channeling the information back.

Town Administrator Apple said that if Committee members were assigned to each of the 4 areas, they could then provide answers to questions which would streamline the process. Mr. Simmons said he did not agree they should be shopping-out liaisons. Town Administrator Apple said it was just a suggestion, and that the Budget Committee would need to decide how they wanted to do it. He said by going to the workshops, the liaisons would provide a level of familiarity to help facilitate discussion. Mr. Simmons said that the Budget Committee was already structured around that issue and was set up to take advantage of those areas by relying on Committee Representatives to report on the processes. He felt the Budget Committee should spend their resources more on assimilating the information by relying on Chairman Pinette to relay information coming in so that everyone would benefit from the questions.

Select Board Chairman Maggiore asked Town Administrator Apple what new Committee members had received as far as background information. Town Administrator Apple said they had received a primer of how the system had worked in the past. Mr. Feraro said that he was not proposing a committee and was thinking more of general questions, and had suggested groups of 2 or 3 people to save time with departments. Chairman Pinette said he could meet with Department Heads and ask about their schedules and availability to have a tour of the facilities, and then ask for members of the Committee who were interested to go along. He said he would limit it to no more than 2 meetings with Department Heads. Mr. Pohl said she liked the idea, but felt they could run into a problem with quorum. Mr. Simmons also felt it was a great idea and said he would support that proposal.

Mr. Simmons asked if they would need minutes to be taken if they did get a quorum. Town Administrator Apple said that as long as they did not conduct business they would not need minutes, and said a notice of a majority could be given. Vice-Chair Sununu suggested first setting up a time for the meetings with departments, and if there were 4 respondents they could notify Town Administrator Apple so he could post a quorum. Chairman Pinette said he could do 4 people with 2 different dates. Town Administrator Apple asked that people avoid going their own way with Department Heads and rely on Chairman Pinette for communications.

## **OLD BUSINESS**

### **Discussion of Rules and Procedures**

Chairman Pinette said he had discussed Rules and Procedures in his meeting with Town Administrator Apple, and said the Committee had some discussion last year. He said the Rules and Procedures were approved and a copy was sent out to Committee members.

Discussion: Mr. Gallant stated that the Committee had spent a lot of time on that issue last year, and did vote to approve it. He said they had agreed to see how it worked and change what did not work, and felt that making changes now was a mistake. Mr. Simmons agreed that they had spent a lot of time on the issue, but said they had not finished it administratively and had never signed the Rules and Procedures or recorded any final version of them. He said in the current version there were things to follow-up on including the finalization of meeting dates, the decision that the Select Board Representative could not serve as chairman, and setting the meeting dates. He said he had clerical amendments he would be making, and said a numbering system was also called for on page 10 which the Committee had not yet discussed. He said he would be happy to work with Chairman Pinette to come up with a numbering system.

Mr. Miller said he understood that Mr. Simmons was requesting alterations to the copy of the Rules and Procedures they had before them, which the Committee last year discussed at length, and felt that was a great idea. Selectwoman Kilgore said they did vote on it and accept it, as did Mr. Gallant. Mr. Feraro asked if this was the version the Committee had adopted. Mr. Simmons said this was the version adopted, but said he did not know how the blanks appeared but knew how to fill them in.

**Motion:** That the Budget Committee allow Mr. Simmons to tidy up the rules in the present form with the direction and assistance of the Chairman, and that he also be able to help him develop the numbering system called for here.

**Motioned:** Mr. Simmons

**Seconded:** Mr. Miller

**Vote:** No vote taken.

Mr. Feraro said he was confused about what was voted on last year, and Selectwoman Kilgore said that this was a live document and was the closest version to what was adopted last year that was available. Mr. Simmons said he could make a series of corrections now and they could vote on the amended version. Vice-Chair Sununu explained that no one could find the copy of the version that was adopted. He agreed to Mr. Simmons filling in the blanks, but he felt the document would need to come back to the Budget Committee for review and approval. Mr. Simmons said that based on the comments, he would make a different motion and withdrew his prior motion. Mr. Miller also withdrew his second.

Mr. Simmons said he would make a motion that the Budget Committee take a few minutes to fill in the blanks in the Rules and Procedures with the intention to adopt it as amended. The first correction was on page 2 to specify that *Budget Committee meetings would generally be held on the first and third Mondays of every month*. The second correction specified that *not eligible for Chair were the ex-officio members of the Committee*. On page 5, *both blanks should read 9:00 pm*; on page 6 strike the "I"; on page 7 the blank should read *According to New Hampshire Law* (strike "RSA"); strike the hanging chad on page 8; and on page 9, *Rules and shall should be separated by a space*.

**Motion:** To adopt the Rules and Procedures as amended above.

**Motioned:** Mr. Simmons

**Seconded:** Mr. Miller

**Vote:** Carried (8-1)

**Motion:** To allow Mr. Simmons to work with the Chairman to adopt a numbering system outside the context of this meeting.

**Motioned:** Mr. Simmons

**Seconded:** Mr. Gallant

**Vote:** All in favor (9-0)

## Minutes

Mr. Miller asked what was decided about the minutes of the previous meeting. Town Administrator Apple stated that they would be going back to the model of recording only who was present, a brief summary of what was said, and the motions made, instead of doing detailed minutes. He said the Budget Committee did not have a dedicated person to do minutes, and they no longer had the staff time available as Jan Facella also did the Select Board minutes. He said the Committee needed to decide how to resolve the issue. Chairman Pinette asked what he recommended as far as making adjustments to the transcribed minutes of the last meeting, and Town Administrator Apple said he did not think they should make any changes.

Town Administrator Apple said he could ask the person who did the Conservation Commission minutes, but that either way there would be a cost associated. Issues were raised about the transcript due to the size of the document, and Ms. Pohl said her name was misspelled and there was an unintelligible section. Mr. Simmons said comments made by Chairman Pinette were attributed to him, and said there were going to be errors which they would be forced to amend with any system. Town Administrator Apple said the cost for the transcription was \$0.89/min and Selectwoman Kilgore said 2 hours would be \$106.00. Mr. Simmons thought it sounded expensive, but Town Administrator Apple said it was less expensive than what they paid Jan.

Mr. Miller said he thought they would be well-served by getting a recorder. Vice-Chair Sununu agreed, and said the transcript was not an adequate document for meeting minutes and that the public should not have to sift through it. He suggested that Town Administrator Apple speak with the person doing the Conservation Commission minutes and said he would ask the person doing the School Board minutes as well. Mr. Simmons recommended that they defer these minutes until a recorder could be found and the transcript could be turned into an actual set of minutes.

**Motion:** To find a recording secretary for the Budget Committee.

**Motioned:** Vice-Chair Sununu

**Seconded:** Mr. Simmons

**Vote:** All in favor (9-0)

Select Board Chairman Maggiore stated that he appreciated the opportunity for the Select Board to sit with the Budget Committee on this meeting. He said the budget process could be onerous and it was very important to have Budget Committee oversight over for a large budget, whether they agreed or disagreed. He said if they keep the lines of communication open for the Town of North Hampton, they would all be very efficient in their jobs.

Mr. Simmons suggested that when Department Heads came in with their budgets, they also provide an explanation of what they have done to try to reach efficiencies, and also for the Select Board when they presented the budget to the Budget Committee. Select Board Chairman Maggiore asked for clarification

as to whether Department Heads should look for efficiencies in their budgets and also provide an explanation. Mr. Simmons said the Select Board usually presented what was asked for last year and the reasons for the increases, and he asked that they provide what departments had done to reduce costs. He said he expected to see budget requests coming in significantly lower than last year, and said as the goal was to see the budget more contained, part of the discussion should be what was done to reduce costs.

Select Board Chairman Maggiore understood that he should ask departments to look for efficiencies in their budgets and present their strategies, and that like Health Care, they state what was in the budget to offset those increases. Mr. Simmons suggested that it might also include increasing revenues. Selectwoman Kilgore said she felt they were going to have to take the time to have the transparency and the discussion of it. Mr. Simmons said he was making a statement about the process. Ms. Pohl stated that this year they saw a \$250,000-\$350,000 savings on certain underspent items which they then covered. She said Town Administrator Apple had worked miracles to get that down, and how he had achieved that would be valuable to know.

Mr. Feraro suggested that departments used very prudent spending during the year, and that sometimes there were departmental surpluses with some items being voted to purchase. He said though they clearly had the ability to spend the budget up to the bottom line, if these had been in the budget and before the Budget Committee they might not have passed. Chairman Pinette explained that the Budget Committee could vote on the bottom line, but only the Select Board could allocate. Mr. Miller, as a Selectman, said what the budget the Committee would be reviewing now was for the next fiscal year and they could not predict what might change. He said they had ended personnel problems which had brought back a lot of money, and said Committee members needed to expect executives to take care of that problem, and said that discretionary spending needed to be part of the budget. He stated that success could not be micro-managed but only guided.

Vice-Chair Sununu said he agreed and said the budget was a long way out and it was very hard to predict what would happen. He said it was the discretion of the Select Board and the purview of the Budget Committee to look at the budget that just closed out, decide how they feel about it, and incorporate that into consideration of what they will approve going forward. Town Administrator Apple stated that the Town had 2 significant years of surplus because of personnel issues, as they did not have fully staffed departments which were budgeted for. He felt there might be a misunderstanding of where the surpluses were coming from, and said most of it was coming from not having fully staffed Police and Fire departments.

Mr. Feraro reiterated that the Boards completely had the authority to spend the money but that the items purchased might not have made it into the budget, and said if that happened again they might get input from the Budget Committee on whether to spend on the item or not. Mr. Miller stated that the most expensive structure in the Town was the School Building with a lot that needed to be fixed at the end of the year, and said there was a great deal of unpredictability. Mr. Simmons said that speaking to that process, he felt that was the reason the Budget Committee had representatives as part of their process who came to the meetings and reported back to their own boards.

Ms. Pohl asked about contingencies and if the Select Board could highlight those somehow. Town Administrator Apple said that could not be done with Payroll, and said they funded for the positions that were approved, and if not fully staffed then there would be a surplus. He said there were very few contingencies, and explained that many communities had adopted contingency funds, and said North

Hampton had discussed it but never adopted it. Vice-Chair Sununu said that the School did the same thing and made their best estimate for contingency and had a Long-Term Maintenance Fund and a Special Education Expendable Fund.

Ms. Pohl asked if Healthcare had contingencies, and Town Administrator Apple said it did not, and they usually held a 10% of the budget, with the balance coming from the Healthcare Stabilization Capital Reserve Fund. He said that voters did not agree to put money in the fund last year and said the Select Board acted as agent. He said their Capital Reserve Funds were their contingencies. Mr. Miller said they would have to be established by Warrant. Mr. Chauncey made a suggestion that Chairman Pinette schedule the meetings with Department Heads for as late in the day as possible.

## **PUBLIC HEARING**

Chairman Pinette opened Public Comment at 7:51 pm.

Mr. Craig Salomon of 100 Woodland Road said he had had the honor of serving the Town of North Hampton on the Planning Board and the Select Board, and said he wanted to commend all of the Committee members for volunteering their time. He said he was present because he felt it was a good idea to hold this joint meeting of the Select Board and the Budget Committee to discuss approaches to budgeting, based on his experiences seeing how the budget was developed.

Mr. Salomon said his first thought was that a Town should not be run like a business. He said the Town needed to look at the citizens and make an educated guess at what the people needed and wanted, and then to focus on the most efficient way to do that. He said that secondly, the part of the tax bill that is attributed to the Select Board was a very small percentage. After they backed out Education and the County, they were at 38%, and after costs were down-shifted from State to towns and contracts added the portion became even smaller.

Mr. Salomon said he thought that the Budget Committee and the Select Board working together over the past few years had developed responsible budgets which included immediate and long-term contingencies. He said the decision to plan for retirements and vacation compensation was a good one, as well as the hiring of an Accountant. He said the Select Board was charged primarily with managing the prudential affairs of the Town, and the job of the Budget Committee was to review and finalize the budget. He said the process of having the Select Board go through the Budget and then go to the Budget Committee was wise, historically successful, and consistent with the philosophy of State Law. He thanked everyone again for their contributions and willingness to work for the betterment of the community.

## **ADJOURNMENT**

Mr. Sununu made a motion to adjourn the meeting which was seconded by Mr. \_\_\_\_\_. The motion to adjourn was approved by a vote of 9-0. Select Board Chairman Maggiore stated that the Select Board meeting was also adjourned.

The Joint Select Board/Budget Committee meeting was adjourned at 7:57 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary