



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

SEPTEMBER 16, 2019 6:30 PM

NORTH HAMPTON TOWN HALL

Approved September 30, 2019

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

ALSO PRESENT: Town Administrator Bryan Kaenrath

AGENDA

Chairman Jonathan Pinette welcomed everyone to the September 16, 2019 North Hampton Municipal Budget Committee Meeting and called the meeting to order at 6:34 pm, followed by the Pledge of Allegiance.

OLD BUSINESS – None

NEW BUSINESS

Approval of the Minutes of the Budget Committee Meeting of August 19, 2019

Mr. Chauncey asked about the issue of overspending with regard to the Little Boar's Head Budget. Mr. Goode explained that he had made an error in figures by using the incorrect fiscal year period for Little Boar's Head, and said the total spent was \$24,304.58 and the budget was \$24,900. He said they were exploring with the State to move their fiscal year to start earlier.

Motion: To approve the Minutes of the Budget Committee Meeting of August 19, 2019.

Motioned: Mr. Stanton

Seconded: Mr. Chauncey

Vote: Motion approved 6-0, with 3 abstentions

Economic Review

Vice-Chair Sununu said US Gross Domestic Product (GDP) growth in the quarter ending in July was slow but steady at 2%. He said recoveries in the past showed more solid growth but there has been more volatility since 2008. He said Unemployment peaked in 2010 after the last recession, and the US rate was now below 4% with New Hampshire (NH) at 2.5%. He said the economy is strong but there are few available workers with jobs going unfilled, and wage increases have not been as robust as expected.

Vice-Chair Sununu said Labor Force Participation continued dropping after the recession until 2015. He explained that was the percentage of the working-age population actively participating in the workforce, either working or seeking to work. Ms. Pohl asked who was collecting that information and Vice-Chair Sununu said the Bureau of Labor Statistics. She said a lot of people on the Seacoast participate in employment in MA and ME, and Vice-Chair Sununu said for NH there are fewer jobs filled than work here as 100,000 residents work in MA.

Vice-Chair Sununu said the Consumer Price Index (CPI) was right around 2% and not showing signs of accelerating. He said typically low unemployment would lead to wage pressure which would lead to CPI increases, but that is not showing up as expected and inflation has continued steadily at 2%. He said the Wage & Benefit Growth for the private sector is changes in wages and salaries, and for the public sector is State and local government workers, with typically more growth in benefits in the public sector. He said Interest Rates were historically low as well as mortgage rates, with the 10-year treasury rate at 2.5%.

Vice-Chair Sununu showed NH GDP Growth versus National GDP Growth, and said NH was similar and stabilized at a slow but steady rate. He said up until the 2000s, NH consistently grew faster than the rest of the country, but the State has a large aging population and net migration slowed dramatically over the last 10 years with younger starting to come back in. He showed the NH Median Income unadjusted, and with real numbers adjusted for inflation. He said NH Housing Prices peaked in 2006-2007 before the recession and bottomed out in 2012-2013, followed by a strong upswing and reaching an all-time high.

North Hampton Tax Rate History

Vice-Chair Sununu said in 2004 the tax rate for North Hampton started at \$15.05 and in 2018 the tax rate reached \$16.24. He said as of last year North Hampton had the 40th lowest in the State out of the 235 property tax jurisdictions. He said generally when property values go up tax rates go down, and drops in the tax rate could indicate revaluation. He said the components of the North Hampton Tax Rate are the Town, local education, State education, and County tax rates. He said local education is combined with State education and DRA splits the total between the North Hampton School and Winnacunnet.

North Hampton Public Library Proposal

Chairman Pinette said Selectman Miller approached him about a current plan he has come up with, and he contacted Susan Leonardi as well but she asked to reschedule her presentation to a later date. Ms. Pohl brought up a Point of Order and stated that she asked that something be added to the agenda which was not added. Chairman Pinette said the agenda had already come out and he was not going to change it. Ms. Pohl said per Rules & Procedures any member can add to the agenda.

Vice-Chair Sununu said this version of the Budget Committee has not adopted any Rules & Procedures, and Mr. Stanton said those developed at that time were specifically for that session only. He said they

were proposed by John Anthony on a reluctant vote at that time to accept them with the limitation they were just valid for that Budget Committee meeting.

Mr. Ferraro said because Mr. Miller has not been authorized by the Board of Selectmen to make his presentation, he needs to make it as a private citizen. Selectman Miller said he was authorized by Chairman Maggiore to do the work for this project. Mr. Ferraro said the plan was not authorized so he did not have the authority as a Selectman to make his presentation. Mr. Stanton said there was a difference between being authorized to do the work and approval. Selectman Miller said he was there to speak for the Select Board and had a consensus.

Vice-Chair Sununu said he wanted to make the point that it does not matter because Nancy Monaghan informed him there was a question about Selectman Miller making the same presentation to the CIP Committee, and she consulted NHMA. Legal Services counsel Steven Buckley told Ms. Monaghan the CIP Committee was well within its authority to hear Mr. Miller's proposal, and he properly presented his proposal as a Select Board Member, not as a Select Board proposal. Ms. Pohl wanted to hear the question and Vice-Chair Sununu read the memo from Nancy Monaghan in full.

Vice-Chair Sununu said this shows that the Budget Committee is acting properly under the same parameters. He said they should be happy to hear from anyone in this Town who says they have a proposal relating to Town Finances and would like to come to the Budget Committee. Mr. Ferraro said Mr. Miller drafted this plan in which he has a personal interest and needs to recuse himself. Vice-Chair Sununu said that was saying anyone with an idea has a personal interest because it is his idea.

Motion: That the Budget Committee listen to the plan proposed by Selectman Miller.

Motioned: Vice-Chair Sununu

Seconded: Mr. Stanton

Discussion: Mr. Chauncey referred to the opinion of the Town Attorney that the Select Board has no authority over the Library Trustees. He said the opinion concluded that the planning, design, and construction of Library buildings lies exclusively with the Library Trustees, subject to the appropriation process. Selectman Miller said that is why he is here as it is subjected to budgetary process and he is a member of the Budget Committee and a Selectman. Ms. Pohl said there was an order to follow for hearing citizen's petitions. Vice-Chair Sununu said this is not a Citizen's Petition and not a Warrant Article, it is information that a citizen and elected official of this Town wants to present about an idea about a matter which involves the finances of this Town.

Mr. Chauncey said the Library Trustees have factual documented numbers and a signed contract, while Mr. Miller's proposal does not. Vice-Chair Sununu said he did not see what that had to do with the merits of whether they listen, and said people have a right to speak to this Committee. Ms. Pohl said they were concerned that there seemed to be 2 different directions, only one of which has the authority to move forward. Town Administrator Kaenrath said they have a motion and a second on the table.

Vote: Motion approved 5-4

Mr. Ferraro asked that Vice-Chair Sununu send a copy of Nancy Monaghan's memo to Chairman Pinette for distribution to the Committee.

Comprehensive Plan for North Hampton Town Buildings

Selectman Miller said for years several Select Boards have tried to pass construction projects to address the Town's antiquated facilities, and said the highest priority was to update Fire & Police Rescue buildings. He said a Warrant Article last year to purchase a site for expansion did not pass and the focus of this plan was to use the buildings and land the Town has now to their best purpose. He said results, cost, utility, opportunity and time are all considered factors.

Selectman Miller said the Police building was built in 1990 with a second floor intended for expansion, but since 2001 the Town employees have occupied the second story. He said the Fire Department was constructed in 1968 with one fulltime fire employee and they now have a chief, 12 firefighters, and 24-hour paramedic service. He reviewed a list of deficiencies in the Fire/Rescue Building as compiled by Fire Chief Tully, which included structural problems, inadequate space for equipment, lack of storage space, and crowded office space not properly separated from noise and equipment. He said Town employees must be moved out of the Police Department to allow for Fire/Police/Safety Center improvements, and the town had only one undeveloped location.

Plan for Long-Term Solution: Selectman Miller said the highest responsibility of the Select Board is the health and safety of all of its citizens, and improvements for Public Safety were 10-15 years past due. He said the development of Fire and Police needs first attention but cannot be addressed until Town employees are relocated. He said the best, fastest, and most economical way to accomplish this would be to build one new Town building, a new North Hampton Public Library on the Homestead Property. He said once the old library building is vacated it can be repurposed as a new home for Town employees, after which plans to renovate Fire & Police buildings can be executed.

Selectman Miller said he attached 2 drawings to scale of a new Public Library building sited on the Homestead Lot which meet all requisite municipal setbacks. He said the plans show 2 options for locating the new building and include augmented parking and a place for a new septic system.

Expanding the Library in Place: Selectman Miller said the current Library plan calls for expansion of a building never intended to be expanded, which includes no additional parking. He said the design options are limited by the condition and location of the existing building, the location of its leach field, and the location of the Stone Building. He said the expansion of the existing building does not conform to present and future needs of other Town public facilities and does not comply with setback requirements of the Town Zoning Ordinance, but would be well-suited for the future location of Town employees and would save the Town approximately \$1 Mil in cash, 1-2 years of time-imposed inflation costs, and only one new building would be needed.

Phase 1: Select Board should meet with the Library Trustees to discuss the plan and its advantages. Selectman Miller said the builder he approached estimated a cost of less than \$2.4 Mil for a 10,500 sq ft, one-story building on the Homestead Lot, not including soft costs, with parking and septic additional. He said the North Hampton Public Library Trustees had spent about \$95,000 on their plan to date and could perhaps incorporate some of their design into the new building. He said the Select Board and Library Trustees should work together on a complete design with a guaranteed maximum price to put on the March ballot with a bond for funding. One year later the new Library would be occupied and the old building repurposed as a new Town Administration Building. Once Town employees move from above the Police Station, plans can be executed to address the Public Safety buildings for the long term.

Phase 2: Simultaneous with Phase 1, the Select Board should create an RFP to study rebuilding or replacement of the Fire Station building in place, including the present drive-through space between the Town Clerk and the Fire Department. Phase 3: Ask the Select Board to direct the Town Administrator to plan the use of the existing Library for Town Employees, and get new cost figures for updating the entrance and restrooms to meet ADA standards.

Phase 4: Long-term plan for the Town Clerk/Tax Collector would be to remain in place and re-pave the present parking area. Phase 5: Inquire of the New Hampshire Bond Bank the cost of 20, 25, and 30-year fixed rates and fixed payment bonds for \$2.5 and \$3 million. Phase 6: Select Board places the Bond Warrant on the 2020 Ballot.

In conclusion, Selectman Miller said the fastest and most economical way to address the Town's inadequate public buildings is to construct 1 new Town building, a new North Hampton Public Library, on the Homestead Lot. He said this plan benefits all citizens, and has the best chance of achieving a 60% yes vote on the Ballot.

Cost Differences to the Town

Selectman Miller said the left side of the document shows the costs for rehabbing the old Library building at \$2,932,200, and on the right are the costs for building a new building at \$2,977,200. He said the cost to build a new building for Town Employees would be \$1,375,204 and the cost for renovating the old Library for Town employees would be \$105,325.

Selectman Miller said figures from Library Trustees and the Construction Manager show \$3,438,000 including soft costs, and the guaranteed maximum price of \$2,607,200 minus soft costs. He said Ron Lamarre estimated parking at \$275,000 so he added that as a cost, also adding \$50 for a clerk-of-the-works. He said there was no estimate for ledge mitigation on the Homestead Lot. He said to build a new Library on the Homestead Lot he added \$275,000 for parking, a clerk-of-the-works, and \$45,000 for a new septic. He said an architect fee would be needed and one was already included in the Library expansion soft costs. He said ledge mitigation should be added to both sides and architect fees for the new design.

Selectman Miller said new building for Town employees on the Homestead would cost approximately \$1,375,304 and would take 2 years with 5% inflation plus the septic. He said if they build a new Library they would need to bring the existing building for Town employees up to ADA compliance, with an additional \$105,000 updated to next year's figures. They would also need a new HVAC system at a cost of approximately \$250,000, with an estimated cost added for a more efficient system He said he also added a 1-year postponement retrofit allowance and \$15,000 for a new furnace.

Selectman Miller said adding the columns on the left and right show a difference of \$1 Mil plus time savings. He said to rehab the old Library requires the Town to build 2 new buildings, have 2 Budget Warrant Articles, takes at least 3 years. He said the distance between the Stone Building and the expanded Library would be 20 feet, minus 8 feet for an ADA ramp, and does not conform to Town setbacks. He said building new will take only 2 years, maximize the Library design options, not crowd 2 buildings on a sub-standard lot, and provide new parking for the Town. He said expansion costs a minimum difference of \$1,023,735 in wasted taxpayer money, while building new saves at least \$1 Mil, 2 years of inflation, and benefits everyone. He said the last 2 pages show the soft costs of \$520,500, then adding construction costs to get to \$3,438,000 with contingencies for inflation included.

Questions:

Ms. Pohl said it would have been extremely helpful if the plan had been distributed before the meeting. She asked why 5% was added for inflation when current inflation is 2%, and Vice-Chair Sununu said the contractor said there was a 5% increase for construction costs. Ms. Pohl said the right side of the table does not include bonding costs, and Selectman Miller said if the Library was expanded there would be 2 bonds, and this plan is for 1 building and 1 bond. He said the existing Library is 5,600 sq ft and not encroaching on the Homestead Lot.

Mr. Chauncey said Mr. Miller added a parking lot to the Library's plan, and their plan was to keep the old lot. He said in 2015 a study found the cost of renovating the Library for Town employees would be \$800,910, and in 2019 Lavalley said \$1 Mil. Mr. Stanton said that included renovation of the Police Department with brand new cells and storage. Selectman Miller said there was no intention to follow Bowen's renovation estimate as there are things they need to do to the building like making it ADA compliant. Mr. Chauncey said they would end up with 2 Warrant Articles, one based on fact and one not based on real guaranteed numbers, and said facts could not be compared with only estimates.

Ms. Le asked about the Library plan for expansion not complying with setback requirements, and asked about any possible litigation as a result. Selectman Miller said by State Law the Town is exempt from following its own ordinance, but is an example of all the people it is asking to follow that ordinance, and said if the Town has the opportunity to follow its own ordinance and chooses not to, and also wastes money and time. He said as far as litigation he did not think it was appropriate that anyone would sue the Town. Ms. Le said she felt anytime you approach going outside of what those ordinances are you become more vulnerable.

Selectman Miller explained that in the last 2 diagrams he tried to be sensitive to Alden Avenue residents who might not want an entrance there. He said since it is a corner lot the setbacks are different and are heavier on the corner part. He said the Atlantic Avenue access setbacks are greater, with the building at about 25 feet and said the lot line is not perpendicular. Mr. Stanton said even though the Library is its own entity, it must go through the Planning Board, and said the Homestead Lot could never be sold in the manner it was acquired because setbacks have been violated.

Mr. Goode asked what zoning violation the expansion of the Library would create, and Mr. Stanton said the borders of the Homestead along the north and east would be violated. Selectman Miller said they would also be encroaching on a septic field, and would be waiving their own setback. Mr. Ferraro said the Town can't violate its own setback requirements. He said \$45,000 was recently authorized for work at the Police Station and asked if that construction would stay in place, and Town Administrator Kaenrath said it would still be a need. Mr. Ferraro asked Mr. Miller how he expected to have a Warrant Article ready for March, and Selectman Miller said he encourages the Library Trustees and the Select Board to get together to form one.

Mr. Ferraro said it has taken the Library Trustees over 2 years of public input session and design reviews and revisions to get to this point for a Warrant Article. Selectman Miller said he attended 3 of those listening sessions with the same 30 people in attendance and said he did not agree with what they had come up with. He said additionally, the Library had spent \$95,000 which is not far off the cost of building a new Library. Ms. Pohl asked if Lavalley Architects provided these assessments, and Selectman Miller said Lavalley did the original design, and the unpaid, undone architectural expenses are still here in the soft costs and have not been spent.

Budget Committee Meeting
September 16, 2019

Selectman Miller said the Library has all public funds, except for \$260,000 in historic funds they had. He said these are all matching funds appropriated through Warrant Article. Mr. Ferraro said Mr. Miller once commented that the Homestead was not ideal for new construction, and Selectman Miller said they were down to one choice. Ms. Pohl asked about record storage space and about the Document Management System being considered. Selectman Miller said Document Management will probably start small and said with 10 years of storage there will be a lot of records for a long time.

Chairman Pinette said he was meeting with some Library Trustees to actually come up with a compromise, as it would be very difficult to pass something with 2 different plans. He said as far as adding something to the agenda, if a request is inappropriate the Chairman will not be putting it on the agenda. Ms. Pohl said she had something to discuss and if not allowed she will put it on the next agenda.

PERIOD OF PUBLIC COMMENT – None

ANY OTHER BUSINESS THAT MAY LEGALLY COME BEFORE THE COMMITTEE

NEXT MEETING: September 30, 2019 at 6:30 pm.

ADJOURNMENT

Ms. Le made a motion to adjourn the meeting which was seconded by Mr. Stanton.

Chairman Pinette adjourned the Budget Committee Meeting at 8:34 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary