



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

**SEPTEMBER 21, 2020 6:00 PM**

**NORTH HAMPTON TOWN HALL**

*Approved October 5, 2020*

BUDGET COMMITTEE MEMBERS PRESENT: Chairman Jonathan Pinette, Vice-Chairman/ Little Boar's Head Rep Brian Goode, George Chauncey, Tamara Le, Margaret Delano, Rick Stanton, Frank Ferraro, Select Board Rep Larry Miller, School Board Rep Tom von Jess

ALSO PRESENT: Interim Town Administrator Michael Tully, School Business Administrator Matt Ferreira  
VIA ZOOM: Shep Kroner

**AGENDA**

Chairman Jonathan Pinette welcomed everyone to the September 21, 2020 North Hampton Municipal Budget Committee Meeting and called the meeting to order at 6:03 pm, followed by the Pledge of Allegiance.

**OLD BUSINESS** – None

**NEW BUSINESS**

**Minutes of the Budget Committee Meeting of August 17, 2020**

**Motion:** To approve the Joint Budget Committee/Select Board Meeting Minutes of August 17, 2020 as presented.

**Motioned:** Mr. Ferraro

**Seconded:** Mr. Stanton

**Vote:** Motion approved by a vote of 8-0, with 1 abstention

**Economic Review: Economic Impact of COVID-19** – Shep Kroner

Mr. Shep Kroner said he is Insights Director for UNFI, the second largest food wholesaler and retailer in the US, and has access to a number of data points, especially in the last 6 months tracking COVID-19. He said COVID-19 has had a disruptive impact domestically, regionally and globally, and said the most recent information has deaths in the USA at around 200,000; 1 in 6 Americans who had jobs before COVID now do not; approximately 25 million jobs have been lost and approximately 40% of consumers have cut spending and are focused on value and essentials.

Mr. Kroner showed the implications domestically when COVID hit, with a peak in grocery shopping (panic buying) which then adjusted to a new normal; other lines with total related spending declined dramatically and have improved but still lagging about 10% below "normal". Transportation has been slowest to respond with reductions in air travel having a cascading effect; health has improved with slow improvement in food; restaurants are concerned about winter months because of business restrictions.

Mr. Kroner said consumer response shows consumers hesitant to resume activities outside the home; 73% of consumers are still waiting and not engaging in typical out-of-home activities; long-term trend adoption will vary by segment; 57% are waiting for some other guidelines. He said most Americans still feel an economic recovery will take more than 6 months and optimism of a quick recovery has declined. The GDP was strong and expanding at a decent rate prior to the pandemic; chart shows year-over-year percent change in population. He said the US population was 329 million but very slow growing at under 1%, which is the reason GDP has generally been stagnant.

Mr. Kroner said a general estimate for the cost of raising a child, not including college, is \$233,610 (2015 dollars) and gave a breakdown of how people spend money: housing 29%, food 18%, childcare and education 16%, transportation 15%, health care 9%, clothing 6%, and 7% miscellaneous. He said median household income for the past 3 years surpassed the level seen in 1999, with 2018 setting a record, but the implications from the 2008 recession show the time it took to pull out of it.

Mr. Kroner next reviewed the impact of e-commerce with a surge in growth during the last 6 months due to COVID in all age groups. He said North Hampton has a commercial district with a mixture of uses and traditionally a lot of retail activity, which allows the Town to offset some of its residential tax base, and asked what the e-commerce impact will be on this district. He said segments growing include Dollar Stores, convenience stores, discount department stores, liquor and drug stores, and auto stores, with apparel and consumer electronics at the bottom.

Mr. Kroner said up to 25,000 stores could close in 2020, and so far US retailers have announced 3,293 openings and 6,630 closings, and we are on track to close 25,500 as the pandemic upends shopping habits. So far this year, 5,000 permanent closures announced by major US chains, more buying shifting online, consumers spending less as they shelter at home, get furloughed, or lose their job. He said we are seeing increased interest in e-commerce and key categories are expected to grow faster online, like OTC drugs with pharmacies and drugstores struggling in this environment, and groceries with online orders and store pickup allowing them to keep their brick-and-mortar locations. He said approximately 35% growth is expected in OTC meds, groceries, household supplies, and personal care products with 15% skin care/makeup, apparel and jewelry.

Mr. Kroner said North Hampton has experienced higher than average retail vacancy rates which are likely to continue; existing restaurants may or may not survive the winter. He said domestic trends may not be specific to a region like our own with high demand and interest which may soften the impact. He said people driving less and servicing vehicles less could lead to a decline in demand for new cars, and

said the greatest demand will continue to be for residential uses which they have seen in Seacoast real estate.

He said implications for North Hampton are declining revenues in vehicle excise tax and fees for new cars; they may see less value for real estate (commercial property) with greater growth in residential than commercial; restaurants have implications on Rooms & Meals taxes, shifting some burden to residential with increased taxes; reduction in Town services with people less enthused with spending. He said New Hampshire has been well-managed through the pandemic, though 57,000 New Hampshire residents remain unemployed; the Federal Reserve reported that New Hampshire had recovered to 83% of its pre-COVID output.

Questions: Vice-Chair Goode asked the percentage of commercial taxes collected versus residential. Mr. Kroner said commercial is approximately 16% and Chairman Pinette said he would follow-up with Finance Director Ryan Cornwell. Mr. Stanton said he felt a disconnect with consumer electronics as leading the pack of stores closing yet on key categories expected to grow faster. Mr. Kroner said that is the growth of customers purchasing the category online; he said Best Buy has survived with a strong e-commerce base.

Mr. Ferraro agreed that New Hampshire has fared much better on unemployment through the economic downturn, and said in July the State unemployment rate was 8.0 and end of August 6.5. He said for North Hampton July unemployment was 6.9% and end of August 5.5%, which is much better than national numbers.

**North Hampton School District 2019-2020 Year End Summary** – School Business Administrator Matt Ferreira

School Business Administrator Matt Ferreira said when closing out the School year an important number for to be aware of is Unreserved Fund Balance, which is the amount we return to the Town to offset for the fiscal year ending June 30, 2020. He said the balance of \$312,763 was already reported to the Department of Revenue used as a calculation to reduce assessments for the Town of North Hampton, and said Winnacunnet High School also factors into this assessment; just over \$1.2 Mil was returned back to the District, with approximately \$187,000 to the Town of North Hampton.

School Business Administrator Ferreira said these are larger than typical year returns of surplus largely due to COVID-19 and transitioning to a remote environment in March. He said they saw significant savings in transportation, fuel, electricity, and certain supplies with students not in the building. He explained that Unreserved Fund Balance is unexpended funds and any excess revenue. He said they also saw savings from Health Insurance due to staff turnover and in their transportation and retirement accounts. He said their Repair/Maintenance account was over budget as well as Substitute accounts.

School Business Administrator Ferreira said for Revenue they saw a surplus of just over \$87,000 including a Medicaid reimbursement of about \$35,000, and Special Education Aid \$24,000 more than anticipated, as well as some Kindergarten aid and other miscellaneous accounts. He said they received an unemployment refund and a Workers Comp insurance refund directly due to COVID-19; they are anticipating a refund from Health Insurance this fiscal year of an amount in the \$300,000 range (due to lack of claims) across the entire SAU. He said the Unexpended Fund Balance is after we funded our Expendable Trust last year with \$50,000 for the Special Education Expendable Trust.

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School Business Administrator Ferreira said Expendable Trust Funds balances are: Special Education \$362,991; Building/Maintenance \$169,635; Health Care \$198,572; Technology \$15,607. The Energy Trust Fund set up to fund the Natural Gas conversion was dissolved, as well as the Building Expansion Capital Reserve Fund. He said in addition, we have Warrant Articles to raise and appropriate: Teachers SEA CBA Agreement \$146,926, Annual Long-Term Maintenance \$65,000, Roof Repairs \$30,570, \$16,500 Truck Lease, and carried over \$8,418 of approved FY2019/2020 General Fund Encumbrances to FY2020/2021.

School Business Administrator Ferreira said the School Nutrition Program included a transfer of \$50,576 to cover a School Nutrition Program deficit which was substantially higher than a typical year, with loss of revenue from the School Lunch Program and from the State, and said they are continuing to monitor that again this year. He said when they closed the books, they brought in auditing firm Plodzik & Sanderson and completed the audit finding one control recommendation that their policies are outdated and need review; an SAU-wide Policy Committee was set up in 2019 and the process is ongoing.

Questions: Chairman Pinette asked if the \$50,576 for lunches distributed after the School closed was just Winnacunnet for all of SAU-21. School Business Administrator Ferreira said they provided for meals to all of SAU-21 and were reimbursed primarily for Winnacunnet and Seabrook. Vice-Chair Goode asked how much was contributed prior years, and School Business Administrator Ferreira said \$15,000-\$30,000 with some due to equipment purchases.

Mr. Ferraro asked if the \$187,000 returned from the High School was over and above the \$312,000 and School Business Administrator Ferreira said it was. Mr. Ferraro asked if the paving project was included in last year's budget. School Business Administrator Ferreira said the paving project went to Ballot in 2020 and will be in this fiscal year and is part of the Long-Term Maintenance Warrant. Mr. Ferraro asked whether the SAU had undertaken a new study on projecting student populations. School Business Administrator Ferreira said the contract was included in our SAU Budget but they do not plan on doing it now as data is useless at this point.

School Business Administrator Ferreira said they will make sure they are diligent on the entire process including enrollment, technology, staffing, hard equipment, and cleaning supplies. Mr. Ferraro asked if laptops and Chromebooks were given to all students, and School Business Administrator Ferreira said grades 6-8 are one-to-one device to student ratio, grades 4 and 5 also, and younger students have devices they can use in school. He said they will consider how they manage wear and tear on the devices as well as security.

Ms. Le thanked Matt Ferreira for being instrumental in helping to raise money to fund the school lunches for home delivery early in the pandemic, and asked if there will be any projected revenues for the school lunch program or a FEMA waiver. School Business Administrator Ferreira said they applied for and got approved to continue their Seamless Summer Program, as well as meal pattern and pickup waivers for students, and get fully reimbursed from the Federal Government through December 31, 2020, and are trying to increase participation. He said the SAU community really came together for the summer lunch program and they raised nearly \$20,000.

School Business Administrator Ferreira said under Revenues the FEMA reimbursement of \$6,800 received preliminary approval but will actually be going away as FEMA notified Schools they are no longer eligible for that COVID-19 reimbursement.

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Chairman Pinette said October 26, 2020 is the goal date for School and Town Books to be distributed. School Business Administrator Ferreira said he would provide hard copies to everyone since all sessions are in public, and said to let Jonathan know if you just want the electronic version. Mr. Ferraro asked if they will still get an Excel spreadsheet of the Budget and School Business Administrator Ferreira said yes.

Chairman Pinette said the distribution of Books will be at the Fire Station again this year, and the next Budget committee Meeting is October 5, 2020 for the Town Year End Review. Mr. Ferraro asked the date for the School Public Hearing and Chairman Pinette said they do not yet have the State parameters.

**ANY OTHER ITEM THAT MAY LEGALLY COME BEFORE THE COMMITTEE**

**PERIOD OF PUBLIC COMMENT**

**NEXT MEETING:** October 5, 2020 at 6:00 pm

**ADJOURNMENT**

Mr. Ferraro made a motion to adjourn the Budget Committee Meeting which was seconded by Vice-Chair Goode. The motion to adjourn was approved by a vote of 9-0 and the meeting was adjourned at 7:56 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary