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

NOVEMBER 16, 2020 6:00 PM

NORTH HAMPTON TOWN HALL

DRAFT MINUTES

MEMBERS PRESENT: Chairman Jonathan Pinette, Vice-Chair Brian Goode, Select Board Rep Larry Miller, George Chauncey, Rick Stanton, Frank Ferraro

VIA ZOOM: School Board Rep Tom von Jess, Tamara Le, Margaret Delano

ALSO PRESENT: Town Administrator Michael Tully, Finance Director Ryan Cornwell

PRESENT-LIBRARY: Susan Leonardi, Liz Herold, Chairman Kathleen Kilgore

VIA ZOOM: Jaqueline Brandt, Emily Creighton, Library Director Susan Grant

AGENDA

Chairman Jonathan Pinette welcomed everyone to the November 16, 2020 North Hampton Municipal Budget Committee Meeting and called the meeting to order at 6:00 pm, followed by the Pledge of Allegiance.

OLD BUSINESS – None

NEW BUSINESS

Minutes of the Budget Committee Meeting of November 2, 2020

Motion: To approve the Budget Committee Meeting Minutes of November 2, 2020 as presented.

Motioned: Chairman Pinette

Seconded: Selectman Miller

Roll Call Vote: George Chauncey-aye, Margaret Delano-aye, Jonathan Pinette-aye, Frank Ferraro-aye, Rick Stanton-aye, Tamara Le-aye, Larry Miller-aye, Tom von Jess-aye, Brian Goode-abstain

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

First Review of Town Proposed Operating Budget FY2021-2022

34 Town Administrator Michael Tully said the Town Proposed Operating Budget for FY2021-2022 is
35 \$7,609,328, an increase of \$232,906 (3.136%) from the FY2021 Approved Budget of \$7,426,422. The
36 Default Operating Budget for FY2022 is \$7,774,158; decrease FY2022 Default to Fy2022 Proposed is
37 \$114,880 or 1.477%. The FY2022 Proposed Operating Budget (\$7,609,328) is higher than the FY2021
38 Approved Operating Budget (\$7,426,422), the FY2022 Default Operating Budget (\$7,774,158) is
39 \$347,736 or 4.268% higher than the FY2021 Approved Operating Budget; 4.268% increase driven by
40 Health Insurance, Retirement costs, and Library Bond.

41
42 The Default Budget is calculated by the governing body following a statutory formula based on last
43 year's Budget plus any contractual obligations, less any one-time costs. Changes Default to Proposed:
44 savings in Salaries, Social Service Organizations, Equipment Maintenance/Rental, Police-Fire &
45 Emergency OT, Training & Education, Community Newsletter, Asphalt Paving & Repairs, Street Lighting,
46 Dearborn Park Maintenance, Library, Senior activities, Other; increases in Solid Waste Disposal and Fire
47 Department Dues/Subscriptions & Notices

48
49 Budget by Category: Personnel Costs \$5,844,739 (78%), Contracted/Statutory \$1,236,692 (16%), Fixed
50 Overhead \$200,563 (3%), Other Spending \$348,334 (5%). Last 10 years of Budget Increases: 2020 low at
51 0.514%; 2015 high at 4.795%, 2021 at 3.701%, and 2022 at 3.136%; budget is in line with past budgets.

52
53 Questions: Vice-Chair Goode asked about the dispute with the Water Company over hydrant charges in
54 the Budget. Finance Director Ryan Cornwell said no response has been received and the math does not
55 work out on the last billing. If nothing received by the next bill in January, the Town Administrator and
56 Select Board will need to make a decision; Budget will be about \$5,000 overspent as charge cannot be
57 substantiated. Selectman Miller said they may have to short it to get a call back.

58
59 Vice-Chair Goode said a letter was received from the Health Trust that the average increase was 6.2%
60 but rates show a 7.7% increase. Town Administrator Tully said 6.2% is the average rate but ours is 7.7%.
61 Vice-Chair Goode asked about the \$18 Mil coming back to the Town from the Health Trust; Finance
62 Director Cornwell said Health Trust asked if the Town wanted a check or a "holiday" and the decision
63 was made to take the funds as a "holiday"; whatever amount the town gets would reduce FY2021
64 premium payments the Town would have to make with a return to Town of about \$30,000.

65
66 Ms. Le said she was concerned about the Social Services lines being cut and Mr. Chauncey agreed, Town
67 Administrator Tully said the difference in the Budget is about \$24,999. Mr. Ferraro said if the Budget
68 Committee wants to put the funds back in, they will need to find that \$25,000 to cut somewhere else in
69 the Budget. Mr. Stanton said another avenue is a Warrant Article and let the people decide. Mr. Ferraro
70 said it should be in the Budget and he would not support it as a Warrant Article.

71
72 Mr. Ferraro asked why unrepresented employees were getting a 2.619% increase. Finance Director
73 Cornwall said it was budgeted last year within individual line items and is last year's salary plus COLA
74 and Merit Pool; take that times 0.8% to get new proposed budget amount. He said it is budget to
75 budget, not actual to budget, and is rolling over 12 months (0.6% - 0.8%). Vice-Chair Goode asked the
76 merit bucket in this Budget; Finance Director Cornwell said 2% or approximately \$24,498. Mr. Ferraro
77 asked the rationale for increasing the merit from 0-1.5% of salaries last year to 2% this year, and Town
78 Administrator Tully said the Board chose the 2% rate for this year. Mr. von Jess said we need to be
79 responsible but also take care of our people as well.

80

81 Mr. Ferraro said the Police CIP recommends a fingerprint scanner of \$15,000 be put in the budget rather
82 than a Warrant Article; Town Administrator Tully said it would be a Warrant Article and Mr. Ferraro said
83 it should be a Capital expense. He said Police holidays essentially doubled; Town Administrator Tully said
84 it was a change in the Police Contract. Ms. Le asked about line 4332-Water Services and said there is a
85 great disparity between budgeted and spent.

86
87 Town Administrator Tully said the Public Utilities Commission (PUC) allows Aquarion to set the rates and
88 has not provided a reason as to why Aquarion charges higher rates for North Hampton compared to
89 other communities. He said that cannot be settled by the Town or the Water Commission and has to be
90 settled by PUC; as far as the numbers, a bill has come in that does not reflect the amount of hydrants
91 the Town has and the Water Company has not responded. Finance Director Cornwell said the \$137,000
92 in the line item only reflects half of what was spent for the year.

93
94 Mr. Ferraro said under Highway Paving the \$85,000 from the Highway Block Grant is in the Budget and
95 asked how it will be backed out so it is not on the tax rate. Finance Director Cornwell said expenditures
96 will be reduced by the Highway Block Grant leaving x-amount of dollars, which is the only portion raised
97 through taxation. Funds are in the Budget as they must gross appropriate; also always have a Road
98 Reconstruction Warrant Article reduced directly when the tax rate is set.

99
100 Mr. Ferraro said he requested a budget for Cable, Building Maintenance, and Recreation Revolving;
101 Cable has \$209,000, Rec Revolving \$105,000, and Building Maintenance \$300,000. Town Administrator
102 Tully said 3 years of spending were pulled for him plus the CIP Plan for Capital Projects; budgets are not
103 made up because those accounts are revolving. Mr. Ferraro said he was looking for estimated budgets
104 of projects to be spent for these accounts and wants to see where the money being put in is going.
105 Town Administrator Tully said generally maintaining buildings is \$100,000/year and they have to plan
106 ahead for worst-case scenario.

107
108 Vice-Chair Goode asked what makes up Rec Revolving; Finance Director Cornwell said the revenue in
109 Rec Revolving is fees from programs and Beach Permit Sticker revenue. Town Administrator Tully said
110 revolving accounts are created so funds can be brought in and spent throughout the year. Finance
111 Director Cornwell said a revolving fund is not a Capital Reserve Fund; in the Rec Revolving all salaries for
112 Director Manzi and his staff are a part and it is not designed to be bound by a fiscal year but is a
113 constant rotation funds for running the Rec Department Program and not a reserve fund.

114
115 Mr. Chauncey asked the rationale for reducing the Library Budget by \$13,000 and said the Library
116 already reduced by \$9,000. Town Administrator Tully said he cannot speak to the Budget sent directly to
117 the Budget Committee as it is different from what was originally sent to the Select Board. He did say
118 Staff & Salaries were adjusted to 0.8% increase like the rest of the Town as well as Staff Hourly; Merit
119 Pool was adjusted to 2%, Health Insurance was adjusted for 7.7% (GMRI), and FICA was a math
120 correction.

121
122 Town Administrator Tully said at this time the Library is looking to heat a 10,000 sq ft building by electric
123 heat with a natural gas line nearby, and the Select Board looked at heating with natural gas which is
124 more efficient and adjusted the Electricity line; custodial contractual was adjusted by the Select Board.
125 He said when they held the second meeting of the Budget no Library representatives showed up to
126 discuss any of these.

127

128 Mr. Ferraro asked for clarification on the Solid Waste Budget of \$80,000. Finance Director Cornwell said
129 tipping fees are contracted and there have been changes over time. Mr. Le said the GMRI was 7.7% for
130 Health Insurance but said she is seeing a 21%-21.5% increase. Town Administrator Tully said part of that
131 is demographics within the departments, and changes in Health Care Plans (single vs. family) makes up
132 the difference within the departments.

133

134 **North Hampton Public Library Budget Presentation Fy2021-2022**

135

136 Library Trustee Susan Leonardi said she had a short presentation and said Liz Herold is here to answer
137 questions on the Budget. She said the Library Trustees work hard to present a prudent, reasonable
138 Budget to this Committee and the new Library will be open in June 2021.

139

140 Ms. Leonardi said the Library Budget for FY2021 was \$429,215 and the Proposed FY2021-2022 Library
141 Budget is \$420,092.71. Change FY2022-FY2021: Personnel 75.85% from 83.47%, Programs 0.74% from
142 0.69%, Utilities 4.62% from 4.47%, Maintenance 5.92% from 2.33%, Operations/Supplies 4.87% from
143 1.88%, and Media 8.01% from 7.17%. Personnel Decrease is due to a reduction in one fulltime staff to 2
144 part-time staff, one at 34 hours/week and one at 15- 20 hours/week.

145

146 Ms. Leonardi said the pandemic affected everyone and when the Library reopened after closure, safety
147 measures were put in place; curbside pickup made available; appointment-only allowed Library staff to
148 clean and disinfect; more virtual programming offered and invested in more digital sources. When the
149 new Library opens some of these services will remain. The new Library is twice the size of the current
150 Library and increases in utility costs and maintenance are anticipated; some operations and supplies will
151 be first-year costs.

152

153 The Tax Impact: Municipal Bond Bank confirmed the sale on July 15, 2020 and the 20-year Bond is below
154 2%; Level Principal Bond \$0.11 Term, Rate 20-year at 1.76%, Bond \$2,275,000; Community Impact –
155 patrons saved \$271,378.80 this past year. Library Statistic Snapshot FY2020: 2,500 patrons, 13,118
156 visitors; typically 6% of the entire Town Budget and serves the entire community; more virtual programs
157 and sharing with other libraries. The New Library will be net-zero-energy ready, designed to be ultra-
158 efficient with goal to reach net-zero energy at some point in the future with a zero-carbon footprint,
159 hence the choice of an electrical system of heating. Engineers from Lavallee Brensinger are also working
160 on an energy model for the new Library, estimating costs about \$1.50/sq ft. to operate

161

162 Questions: Vice-Chair Goode asked about Staff Salaries as total hours for 2 part-time staff were higher.
163 Ms. Herold said the 34-hour/week staff member opted out of Health Insurance coverage. Mr. Ferraro
164 said anyone working over 29 hours/week has to have Health Insurance. Vice-Chair Goode said though
165 the employee opted out the potential is still there. Chairman Pinette said the Town gas was brought up
166 and asked if there will be solar panels on the new Library roof. Ms. Leonardi said the initial cost to put in
167 a gas system is \$145,000 and they did review a proposal with Revision Energy for solar but felt the best
168 solution was a Town-wide collaboration like a solar farm.

169

170 Mr. Ferraro said at the last Library Trustees meeting it was determined that solar panels could only
171 provide 75% of the power; the Library will put in conduits if they decide to retrofit solar panels later. Mr.
172 Stanton asked if the \$12,060 contribution from Friends of the Library should be considered Other
173 Income. Ms. Herold said the Friends supplement and money is theirs to control and give out. Mr.
174 Stanton said the assumption is that all the programs are funded by the Town without any other help,

175 but they have the Friends and the Foundation to assist. He asked who will pay for the move to the new
176 building, and Ms. Leonardi said that is calculated in our Budget.

177

178 Mr. Stanton asked about provisions for programs, and Ms. Herold said the Library circulated
179 supplemental materials and programs from non-appropriated funds. Mr. Stanton asked for updated
180 Electricity and gas costs before the second Town Budget review, and Vice-Chair Goode said they are not
181 putting in a gas system; Ms. Leonardi said they will research and find the answer. Mr. Stanton
182 questioned the all-electric system, and Mr. Ferraro said the Library is using high-energy heat pumps
183 which have a better return. Mr. Stanton asked why program costs had gone down and said they should
184 anticipate an increased need for programs in the new building.

185

186 Mr. Ferraro asked if Supplies and Computer Systems could be capitalized as first-year costs and moved
187 out of the Budget as it should not go on the tax rate; Ms. Leonardi said possibly, and said the community
188 wanted a Business Center and hopefully some businesses would help sponsor that. Ms. Herold said they
189 used to have an in-house IT person and now they have a contract with a outside group to handle their
190 tech support remotely on an as-needed basis.

191

192 Mr. Stanton said last year listed \$4,955 for Administrative Services, and Ms. Leonardi said that was for a
193 Bookkeeper who was moved to a different line; FY2020 encumbered funds used to pay legal fees paid
194 from the Library Capital Reserve Fund. Library Director Susan Grant said it is projected costs for IT
195 unexpected problems that might arise. Mr. Ferraro said any issues that arise in a new building should be
196 capitalized. He suggested adding \$1.00 to Advertising, Other Equipment, and Print as place-holders as
197 funds cannot be transferred to a zero line item, and recommended Large-Print Books be level-funded for
198 this Budget. He said the new Library has a fireplace and asked what type of fuel will be used; Ms.
199 Leonardi said natural gas.

200

201 Vice-Chair Goode asked that several line items be re-examined: (1) Water basically doubles, unless
202 double the number of people do not see the need for that; (2) building is doubling in size but Custodial
203 costs are tripling in expense; (3) look at how employees and wages are structured with savings based on
204 one Health Insurance line item for a 34-hour/week worker who opted out; should anticipate farther
205 ahead.

206

207 Library Director Grant said Large-Print Books will only increase by 1/3 and Custodial Services are
208 changing from twice/week to 3 times/week. Vice-Chair Goode asked the reason for increased Custodial
209 Services and Ms. Herold said they are expecting more traffic as well as increased cleaning and safety
210 protocol with the pandemic. Mr. Chauncey said there will be a tour of the new Library this Saturday
211 from 10:00 am to 11:00 am for people to get an idea of the size of the building; masks and social
212 distancing required.

213

214 Chairman Pinette asked any that any Budget Committee questions be directed to him and he will get
215 back with a response. He said the Budget Committee is done for the month of November and the next
216 meeting will be December 7, 2020 for the second review of the School Proposed Budget, then Monday
217 December 21, 2020.

218

219 Select Board Chairman Jim Maggiore said in the recommended Library Budget that the Select Board
220 reviewed there is a \$13,000 delta with the Budget being reviewed now by the Budget Committee and
221 asked that the Town Budget be updated to list whatever the correct Library Budget is.

222

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

224

225 **PERIOD OF PUBLIC COMMENT**

226

227 **NEXT MEETING:** December 16, 2020 at 6:00 pm: Second Review of School District FY2021-22 Proposed
228 Budget.

229

230 **ADJOURNMENT**

231 **Motion:** To adjourn the Budget Committee Meeting of November 16, 2020.

232 **Motioned:** Mr. Ferraro

233 **Seconded:** Vice-Chair Goode

234 **Roll-Call Vote:** George Chauncey-aye, Rick Stanton-aye, Brian Goode-aye, Jonathan Pinette-aye, Frank
235 Ferraro-aye, Tom von Jess-aye, Tamara Le-aye, Margaret Delano-aye

236 *Motion approved by a vote of 8-0 (Selectman Miller left early)*

237

238 Chairman Pinette adjourned the Municipal Budget Committee Meeting at 8:27 pm.

239 Respectfully submitted,

240 Patricia Denmark, Recording Secretary