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

4 **NOVEMBER 17, 2022 6:30 PM**

5 **NORTH HAMPTON TOWN HALL**

6 ***DRAFT MINUTES***

7
8 MEMBERS PRESENT: Chairman Rick Stanton, Vice-Chairman/Select Board Rep James Sununu, Sean
9 Dionne, Andrew Raucci, Frank Ferraro, Lisa Gallagher, George Chauncey, School Board Rep Marianne von
10 Jess

11
12 ABSENT: Little Boar's Head Rep Brian Goode

13
14 ALSO PRESENT: Town Administrator Mike Tully, Finance Director Ryan Cornwell, Library Director Susan
15 Grant, Library Trustees: Kathleen Kilgore, Jacqueline Brandt, Susan Leonardi

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17
18 Chairman Rick Stanton welcomed everyone to the November 17, 2022 North Hampton Municipal Budget
19 Committee Meeting and called the meeting to order at 6:30 pm, followed by the Pledge of Allegiance.

20
21 **OLD BUSINESS**

22 **Approve Minutes of October 31, 2022 Meeting**

23
24 **Motion:** Mr. Chauncey made a motion to approve the Budget Committee Meeting Minutes of October
25 31, 2022; Seconded by Vice-Chair Sununu; Motion approved by a vote of 7-0, with 1 abstention.

26
27 **NEW BUSINESS**

28
29 **Review Proposed Budget for FY2024 for the Town of North Hampton**

30 Town Administrator Tully stated that prior-year North Hampton Approved Budget for FY2023 was
31 \$8,325,628 and FY2024 Proposed Budget is \$8,939,600 with an increase of \$613,972 or 7.37%. He said
32 when doing the Budget inflation was about 8.3% and Social Security increase at 8.7% and the Town's goal
33 was to be under both. Of the 7.37% increase approximately 3.5% are costs of Warrants passed last year,
34 with a 3.87% increase for Town Departments and Services in this Budget. FY2024 Default Budget is
35 \$8,680,386 pending Library Budget; FY2024 increase Default to Proposed \$259,214 or increase of 2.99%.

36

37 Town Administrator Tully said default calculations consist of ongoing costs and contractual items minus
38 one-time expenses and positions taken out of last budget. Breakdown of 2.99% increase: Default
39 \$8,680,365, Salaries/FICA/Medicare/NHRS \$175,891; Health Insurance savings \$99,066; Overtime
40 \$43,932; Gas/Mileage/Tolls \$23,091; Equipment \$22,750; Data Processing \$19,999; Pavement/Asphalt
41 \$13,200; Vehicle Equipment/Radio Maintenance \$12,952; Sand & Salt \$11,760; Electricity \$11,565;
42 Heating/Propane/Natural Gas \$5,850; Property Valuation \$5,0353; Legal \$5,000; Solid & Bulky Waste
43 \$5,000; Other \$3,264; for a total of \$8,939,600 Proposed Operating Budget FY 2024.

44
45 Town Administrator Tully showed a chart with Professional Costs \$6,404,910 or 71%; Contractual-
46 Statutory Obligations \$1,850,166 or 21%; Fixed Overhead Costs 3%; Other Spending \$423,289 or 5%.
47 Chairman Stanton asked that Debt Service be added to the pie chart. Town Administrator Tully said the
48 last slide shows Approved Budget Historical Data 2014-2023.

49
50 Town Administrator Tully explained changes were made to Health Insurance for employees by moving to
51 a high-deductible system allowing us to lower the cost of the Health Insurance Plan with year-over-year
52 savings. GMR is directly related to what those costs are so lowering those costs leads to overall savings
53 moving forward. The number of employees who spent over their \$5,000 HSA was 75% but number of
54 employees who spent up to their \$13,100 not known; if every employee spent over their \$13,100 the
55 town would still save approximately \$20,000. He said this allowed us to put the original price of the plan
56 in the Budget then budget 75% of that delta between the \$5,000 and \$13,100, leaving another 25% in the
57 Capital Reserve Fund. If changes had not been made the Budget would have been \$200,000 higher.

58
59 Chairman Stanton asked the motivation for employees to take these plans. Town Administrator Tully said
60 they negotiated with union employees and non-union were changed over. Vice-Chair Sununu said they
61 also looked at employee/employer cost share where employees can take on a higher percentage of the
62 premium for the lower-price plan; instead of paying 10% of a lower number they are paying 25% of a
63 higher number for their premium contribution; \$5,000 of HSA contribution in Budget goes to each
64 employee in a Health Savings Account (HSA) for any medical expenses as part of their deductible; anything
65 left over employee keeps and can use year after year with no tax implications. If the employee hits that
66 \$5,000 then we put money into a Health Reimbursement Account (HRA) to cover expenses up to \$13,100.

67
68 Mr. Ferraro asked the total cost of a family plan for the employees and the Town for one year. Town
69 Administrator Tully said is currently \$33,258 compared to the \$48,126 plan they were on; Town employee
70 family plan would have been \$61,000 (16.3% increase). Mr. Ferraro asked if the \$219,000 increase listed
71 in the Proposed Budget summary was already in the Default Budget; Finance Director Cornwell said this
72 section illustrates how to arrive at the \$259,000 of which \$219,823 is above and beyond the Default
73 Budget.

74
75 Mr. Ferraro asked about Personnel Administration and the merit pool for employees which said no merit
76 was added in FY2023. Finance Director Cornwell explained that prior year had a COLA of 4.3% as a
77 placeholder, but before end of fiscal year CPI came in at 7% and actual COLA raises were reset to 7% to
78 match CPI and no merit was given. Mr. Ferraro brought up #4199-Heritage Commission which budgeted
79 \$1,000 for the last several years but saw no expenditures and the Heritage Commission Fund has \$26,000;
80 he said he would propose changing the \$1,000 to \$1.00 for that line item. Town Administrator Tully said
81 Heritage Commission funds are tentatively set for sidewalk in front of Town Clerk's office (\$17,000); Vice-
82 Chair Sununu said the \$17,000 was donated to the Town for the sidewalk.

83

84 Mr. Ferraro questioned #4520-Parks & Recreation proposal to pay part of Director's salary from the
85 Revolving Fund, and said he had a problem with that as it takes it out of the purview of the Budget
86 Committee. Town Administrator Tully said there are two different things: Recreation Director's salary and
87 the Revolving Fund. He explained that the department was originally in the red and in 4 years Director Joe
88 Manzi has \$221,000 in the Recreation Account he has built. A long-term goal of the Select Board has been
89 to eventually make the department self-sufficient in the future; the Town has other employees paid out
90 of Capital Reserve Accounts like Channel 22. Recreation could be self-sufficient and not fall on taxpayers.
91 Budget Committee members asked to see revenues and expenses for all 3 revolving accounts for FY2022
92

93 Mr. Ferraro asked about the Conservation Commission yearly request for \$10,000 for water sampling and
94 testing which was an unspent appropriation; \$5,000 was spent last year for trail mapping. Town
95 Administrator Tully said he discussed problems with bacteria at the beach with Conservation Commission
96 Chair Lisa Wilson and money will be needed to trace back to the river. Finance Director Cornwell said it is
97 up to the Conservation Commission to come to the Town and give an idea on what the money will be
98 spent on. Chairman Stanton felt they needed to find out what was going on here.
99

100 Mr. Ferraro said the Fire Department Radio Maintenance fund currently has \$30,000 and questioned
101 adding additional funds. Town Administrator Tully explained that the money in the Budget is for day-to-
102 day operations and the fund is for major radio upgrades; Town is growing the fund for futuer full system
103 replacement. Mr. Ferraro asked about the \$58,000 Recycling Budget and where recycling goes when it
104 leaves town site.
105

106 Chairman Stanton asked about the increase for the Town Clerk; Town Administrator Tully said a new
107 employee was hired at a lower salary and the rest is combination of a few extra hours/week; equipment
108 listed is a 771% increase for new voting machines required by State for replacement. Chairman Stanton
109 recommended the line zeroed out under Police be changed to \$1.00. Mr. Dionne asked about the new
110 Radar Monitoring Trailer under Capital Improvements. Town Administrator Tully said the Warrant Article
111 last year failed and they were unable to take grant funds applied for; \$4,000 was put in Equipment line so
112 they could apply for the grant.
113

114 Mr. Dionne asked about Section 6 Aquarion Water and said hydrant costs increased from \$250,000 last
115 year to \$275,000 or up \$100/per hydrant and asked if there were any justification in dollar amount based
116 on work they have done. Town Administrator Tully said he could check with the Water Commission. Mr.
117 Dionne said Section 10 is missing; Town Administrator Tully said that will be the Library. Mr. Dionne asked
118 about Section 11-General Fund Expenditures, Data Processing. Town Administrator Tully said the increase
119 is for Data Processing/IT and is part of an increase to actual IT companies: PCG for Town and Block 5 for
120 Police Department; the rest is increasing software costs.
121

122 **Motion:** Mr. Ferraro made a motion the Budget Committee reduce the Proposed Town Budget by
123 \$10,999; seconded by Vice-Chair Sununu for discussion purposes.
124

125 Mr. Ferraro said the \$10,000 is for the Conservation Commission, plus \$1,000 Heritage Commission less
126 \$1.00 for Police Deputy Salary line equalling\$10,999. Vice-Chair Sununu said there will be a second review
127 of the Town Budget and proposed waiting until second review to allow Town Administrator Tully to
128 contact the Conservation Commission.
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130 *Mr. Ferraro withdrew his motion and Vice-Chair Sununu withdrew his second.*

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Review Proposed Budget for FY2024 for the North Hampton Public Library

Jacqueline Brandt, Chair of Library Trustees, said they have done an entire year of operations at the new Library which is twice the size of the old library. She said visitation is up 38%, conference room usage is up 117% and they anticipate usage will continue an upward trend especially with the current economy. She said the Town Appropriation pays for salaries and operations and many programs are funded through donations and the Friends of the Library.

Ms. Brandt said the largest increase in the Budget is for a fulltime Youth Librarian who is currently working parttime 34 hours/week. There are some changes in Computer Services & Supplies with projected costs based on FY2022 expenses; Water bill has gone up to \$231.74/month; electricity estimate is based on 10 months in new building; Maintenance & Repair is a new item; Custodial mentioned last year; Leased Equipment – copiers paid out of non-appropriated funds; Audio/Visual Equipment contracted for updates and maintenance; Periodicals & Magazines FY2023 reduced in FY2023 and other funds used.

Ms. Brandt said there are line items for adult electronic books, non-print and online resources, and digital media, all necessities. She said people are cutting cable bills and using streaming more through the Library; digital media and non-profit online services account for 27% of circulation; digital and audiobooks cost more than paper books with some paid from non-appropriated funds.

Vice-Chair Sununu said Health Insurance is going up with the new plan and recommended the Library look into higher deductible plans under Health Trust. Ms. Gallagher asked about the \$53,000 salary for the person moving parttime to fulltime and asked it that was on top of what the employee is already making. Library Director Grant said the employee is moving from parttime to a fulltime position if she decides to take it and does not need the benefits right now. Mr. Ferraro said AHA sets 29 hours/week as parttime; employee is working 34 hours and should be offered health insurance benefits.

Vice-Chair Sununu asked about retirement; Director Grant said it is based on a percentage of an employee's salary which is 5% after working for 3 years and does not go up. Vice-Chair Sununu pointed out a math error on the FICA line and said it is off by \$856.00. He asked if the Library was with Eversource on the default rate for electricity, and Library Director Grant asked Mr. Chauncey to review maintenance items. Mr. Chauncey listed the items: Fire Suppression System Sprinkler testing and maintenance \$1,500; Fire Alarm testing and maintenance \$1,500; air filters \$1,200/year; Lawn Irrigation \$750; Drinking Fountain filters \$250 each/year; Miscellaneous Maintenance \$2,000; also Septic System and pumping.

Vice-Chair Sununu said in line 99 Media the formula left out some of the cells: 52203-1 Print \$25, 52203-2 print/online resources \$1,050; and line 98 52207 \$2,300 for digital media and adding up the total for that section is not \$14,305; lines 83 and 84 are not sub-totaled and line 98 Digital Media not sub-totaled. He said adding that came to an additional \$6,375 plus \$856 not included in FICA and said he got a bottom-line total of \$562,425.

Chairman Stanton said he comes up with a 22.5% increase in staff salaries; he said programs are up 70%, operations up 14%, water up 30%, heating oil/utilities up 6; building maintenance up 20%, periodicals up 45% with a total Budget increase year over year of \$102,000 and asked for verification. He said before the next Town/Library review the Library needs to update their sheets and provide in a useable format.

November 17, 2022

177 Mr. Ferraro said Library Computers, Services & Supplies was up 27% and they knew what they were going
178 to have for the FY2023 Budget. Director Grant said they now have more high tech and more maintenance.
179 Mr. Ferraro said his overall concern is a potential 24% increase in the Library Budget over \$100,000 and
180 said they should be looking for ways to save. Ms. Leonardi said the Library has always had 2 fulltime staff
181 members and the added position was formerly filled by 2 parttime people and the roles were never able
182 to be fulfilled. Mr. Ferraro challenged the Library to find the \$50,000 somewhere else in their Budget and
183 said a 24% increase is not sustainable and there needs to be significant cuts.

184
185 Director Grant said they only gave 2% raises to salaried people and 4% to parttime. Mr. Chauncey spoke
186 in defense of the Library Budget. Vice-Chair Sununu said the killer in the Budget is the high cost of the
187 Health Insurance plans and strongly recommended the Library go back to Health Trust and discuss more
188 options. Ms. Gallagher asked who actually uses their conference rooms and said the Library can charge
189 for certain services. Ms. Leonardi said they try not to offer services on a fee basis. Mr. Raucci
190 recommended looking at solar for potential long-term savings.

191
192 **ANY OTHER ITEM THAT MAY LEGALLY COME BEFORE THE COMMITTEE**

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194 **PERIOD OF PUBLIC COMMENT**

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196 **Next Budget Committee Meeting:** November 21, 202, first review of School Proposed FY2024 Budget.

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198 **ADJOURNMENT**

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200 **Motion:** Vice-Chair Sununu made a motion to adjourn, seconded by Mr. Chauncey, all in favor.

201
202 Chairman Stanton adjourned the Municipal Budget Committee Meeting at 8:46 pm.

203 Respectfully submitted,

204 Patricia Denmark, Recording Secretary