



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

NOVEMBER 17, 2022 6:30 PM

NORTH HAMPTON TOWN HALL

Approved December 5, 2022

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

ABSENT: Little Boar's Head Rep Brian Goode

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

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

OLD BUSINESS

Approve Minutes of October 31, 2022 Meeting

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

NEW BUSINESS

Review Proposed Budget for FY2024 for the Town of North Hampton

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Mr. Ferraro withdrew his motion and Vice-Chair Sununu withdrew his second.

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.

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

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

ANY OTHER ITEM THAT MAY LEGALLY COME BEFORE THE COMMITTEE

PERIOD OF PUBLIC COMMENT

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

ADJOURNMENT

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

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

Respectfully submitted,

Patricia Denmark, Recording Secretary