

North Hampton Budget Committee Meeting
Monday, October 5, 2009
Mary Herbert Conference Room

Official minutes (revised)

1. Call to order: Chairman Jim Maggiore called the meeting to order at 7 p.m.

Budget committee members in attendance: Robert Copp (North Hampton School Board), Michael Golden, Robert Hamilton (Little Boar's Head), Jim Maggiore, Paul Martino, Larry Miller, David Peck, Jon Rineman (Select Board), Jennifer Simmons

Also in attendance: Town Administrator Steve Fournier, NHCATV videographer John Savastano, Amy Kane (minutes)

2. Town FY2010 First Quarter Expense Report

Mr. Fournier informed the Committee that the Town's General Fund is running higher than budgeted, with 31% expended, mainly due to expenses that occur annually at the beginning of the fiscal year and in particular:

- the TA account is over by 140% due to Town Campus Design Study; reimbursement will correct the account
- Financial Admin due to Finance Director costs; his hours will be reduced; Auditing line savings are anticipated; the Town may collaborate on Finance Director costs with neighboring towns
- Legal line high due to Water Rate Setting case; savings may be offset from lowered hydrant fees

The Town may be slightly over budget by the end of FY2010. The audit is scheduled to begin next week.

The Town is working to bring personnel policy in line with the Fair Labor Standard Act regarding exempt and non-exempt employees and overtime pay. Policies regarding earned time (vacation and sick) are being rewritten to comply with the FLSA. Vacation time was "use it or lose it" and sick time could be banked, but the two must be reversed. The Town is considering a buyback plan put toward co-pay health benefits, necessitating future additional line items in the budget.

Mr. Fournier has ordered copies of the new state budgeting law book for all Committee members.

Mr. Peck asked why Fire & Rescue overtime was over budget, with 43% expended in the First Quarter. Mr. Fournier said the Chief, who had been covering some overtime, had retired and one employee was out on workman's comp. Funds will be recovered under the salary line.

Mr. Miller asked if a new Chief would be hired. Mr. Rineman said selectmen had not discussed it yet but he believed it would give the department more scheduling flexibility.

Mr. Golden suggested selectmen observe the current situation of a chief and no deputy before deciding to hire a deputy. Mr. Hamilton suggested a 14th person could serve as a swing person to avoid overtime.

Mr. Golden asked if there were other potential budget impacts. Mr. Fournier said lawsuits and abatements for re-evaluation could be concerns. Mr. Maggiore asked if revenues were down and Mr. Fournier said they were at the state level but not the town level.

3. Minutes

The Committee reviewed the minutes from the previous meeting, held July 29, 2009. Minutes will be posted when approved, rather than in draft form. (Mr. Maggiore will check to see if the Committee voted on that.) The Committee calendar will appear on the Town website.

Motion by Paul Martino to accept minutes as written. Second by Michael Golden. Passed 9-0.

4. Update On Budget Committee Guidelines

Mr. Maggiore said Mr. Hamilton had been compiling resources and benchmarks relative to North Hampton that could help make Budget Committee recommendations viable.

Mr. Hamilton presented a Powerpoint "Preseason Budget Committee Workshop Overview" in four parts: Introduction; Resources; Recession; Suggestions.

Resources. The NH Local Government Center is a resource, offering: the annual state budgeting law book; Wages, Salaries, Benefits Survey for Municipalities; real-time legal assistance; and a workshop each September. Other resources included 5 tax websites and 2 government sites.

Recession. The Dow lost almost 50% from Oct. 07 to its low in Feb.09; now it is down about 30%. Income and home prices have gone down in the metropolitan statistical region of Portsmouth-Boston less than the NH and U.S. Unemployment is 5.6% in Portsmouth now, compared to 3.6 the year before, 6.6% in NH, and 10% nationally.

If unemployment increased 2% in North Hampton since the recession began, and 2500 of the 4500 residents work, then 2% is roughly 50 people who do not have jobs now that did one year ago and maybe 25 could be in serious trouble. Mr. Hamilton suggested one way those 25 could be helped would not necessarily be through lowering property taxes, because the impact is too small, but through a General Assistance fund for emergencies.

Regarding the tendency for budgets to creep higher, Mr. Hamilton suggested watching out for "stealth projects," for example when equipment is purchased and then an employee is hired to operate it. Salaries and benefits make up over 80% of North Hampton budgetary costs, with the cost of one employee averaging \$75,000 with benefits. Growth in government and staffing should increase only as the town population and number of businesses increase. Salaries are negotiated with three unions – police, fire and teachers; two of these will be negotiated this year.

Mr. Hamilton reviewed the teacher salary matrix, noting that a chart with regular “step” increases remaining consistent year-to-year, rather than a matrix varying with every negotiation, makes budget planning easier. Mr. Hamilton suggested this information should be communicated to the School Board and Select Board before union negotiations.

Currently, salary increases are often pegged to the inflation rate. If employee salary adjustments were pegged to the median of what all North Hampton residents were earning each year, they would better aligned with what the Town could afford - and employees would see it as fair also. Ms. Simmons noted the median hourly wage in the Town’s metropolitan statistical region was \$16.81 per hour but that it was erratic year-to-year depending on the way the information was gathered, or when minimum wage was increased.

Mr. Peck then shared data, noting that the stock market decreases are not reflected in unemployment numbers but decreases impact residents’ savings and retirement. Though housing and unemployment numbers may be comparatively lower, cost of living is higher in this part of the country and many people are making less income or have stopped looking for a job. North Hampton foreclosures jumped from 6 in 2007 to 17 in 2008 and as of Oct. ’09 are at 19. Mr. Miller said one-third of residents are on a fixed income and have seen the value of assets reduced.

Mr. Copp reminded the Committee that teacher salaries are negotiated with 5 towns and the difference in median town salaries could be as much as \$20,000. North Hampton represents approximately 10% of the 70 million budget for SAU 21 schools, and 28 School Board members have input.

Mr. Peck said collective bargaining was not the Committee’s jurisdiction, but it could make recommendations and share data, especially regarding alignment with wages. Wages and salaries in private industries are trending down dramatically. Town and school employee salaries should reflect what is fair to employees and residents. It is important that the information used to make decisions be made public.

Mr. Miller cited experience running a local company and suggested the Committee look beyond unemployment statistics and consider income decreases for both salaried residents and those on fixed incomes.

Mr. Martino stressed the need for good communication, suggesting the Committee consider using the Town newsletter, for example, to share information.

Ms. Simmons noted the school operating budget increase over 4 years included a \$1 million payroll increase, making budget management difficult because the Committee does not have jurisdiction over this. Mr. Copp noted that if Hampton leaves the SAU North Hampton’s costs will increase a minimum of \$60,000.

The Committee discussed whether or not to make a formal recommendation that the Boards use statistics provided by the Committee in negotiating salaries and limiting the percent increase of the proposed budgets. There was general agreement that a stable teachers’ salary matrix would be beneficial in budget planning. There was discussion about reviewing line-by-line vs. emphasizing the bottom line, indexing vs. offering a

ballpark percentage change, as well as the Committee's role and authority, and the need for good communication, whether formal or informal.

Motion by Michael Golden asking that Select Board representative Jon Rineman and School Board representative Robert Copp go back to their respective Boards and share some of the thoughts we had at this evening's meeting about the coming economic challenges. Second by David Peck.

Discussion. Mr. Miller emphasized it is a special year economically; it is important to remind boards and departments of this. A zero increase is not out of the question. The Town and School should utilize good management to avoid voter-rejected budgets.

Vote. The motion passed 9-0.

4. School FY2010 First Quarter review

Data was not yet available for actual first quarter amounts expended. Mr. Copp agreed to persist in seeking that information and share it with the Committee in a manner similar to the Town's report. He reviewed recent repairs and improvements to the building structure and grounds, and the search for a new superintendent. Preschool is growing and will need another room or two, and a science room is needed as well. When the current building bond is retired in two years, the Board will address school space needs. Three new teachers were hired this year to replace retired teachers. The administration and Board will review the need to fill the vacant Assistant Principal position.

5. Adjournment

Motion to adjourn by Jon Rineman. Second by Larry Miller. The meeting was adjourned at 9:56 p.m.

Respectfully submitted,

Amy Kane