

OFFICIAL MINUTES

North Hampton Budget Committee Meeting

Wednesday, February 17, 2010

Old Town Hall

Call to order: Chairman Jim Maggiore called the meeting to order at 7:02 p.m.

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

Arrived at 7:19: Robert Copp (North Hampton School Board)

Absent: Jennifer Simmons

Also in attendance: Town Administrator Steve Fournier, Selectman Mike Coutu, Acting Fire Chief Dennis Cote, Road Agent John Hubbard, Library Trustee Emily Creighton, Town Accountant Tom McCormick, Police Chief Brian Page, Lt. Mike Tully, President of Local Firefighters' Union 3211.

1. Review proposed Town Budget (cont.)

Mr. Rineman read a statement from the Select Board, reproduced in full below:

"First we are taking off the table the list of reductions that the Town Administrator proposed last week in the amount of \$80,000. We know that you understand that it is the role of the Select Board to manage the operation of the Town, and we understand that it is the role of the Municipal Budget Committee as a subcommittee of the Town Meeting to review the annual budget and to recommend a bottom-line figure that the people can live with. We believe we delivered that bottom-line with our initial proposal. The Select Board believes that this budget is a responsible budget for the efficient operation of the Town government and services. In addition, it reflects a figure that the people could support. That being said, it is our understanding that you have a figure in mind to reduce the budget and it involves the reduction of personnel. From conversation following the last meeting, we understand that you are looking at eliminating the Deputy Fire Chief and Police Lieutenant. While we do not agree with the elimination of these positions, we will offer the reduction of \$88,000 from salaries and benefits of the Fire Department. These savings will be from keeping a position vacant and not funding it. In addition, we ask that you keep the Police Department funded at its proposed level. Selectman Coutu outlined the need for the position in the efficient management of the department and for succession planning. We are not implying by offering the reduction that we support the elimination of the Deputy Chief and will review our options prior to deliberative session. Please be aware that there may be additional increases in costs associated with the reductions."

Mr. Rineman said he anticipates that the Fire Chief position will be filled before plans are finalized. Mr. Miller asked if the Acting Chief is qualified for the position of Fire Chief. Mr. Rineman said yes. According to Mr. Coutu, the revised proposed operating budget is now \$5,450,575. This represents a 2.23% increase year-over-year. Mr. Fournier distributed a summary sheet. In the revised proposed Fire & Rescue budget: salaries have been reduced \$70,533 to \$634,872; overtime is now \$136,700; health insurance has been reduced \$21,108 to \$263,472; retirement is \$146,786. The revised Fire budget

is \$1,298,809, representing a 3.7% reduction. According to Mr. Coutu, total savings is \$88,372. Mr. Hamilton thanked the Select Board and said he agreed with the change and would support this revised proposed budget. Mr. Golden was satisfied that his goal of slowing the rate of growth of Town budgets would be met with this proposal. Mr. Martino, who served as Budget Committee liaison to the Fire Department, said he was in support of retaining the Deputy Chief position as a level of insurance. He asked the Acting Chief if the overtime budget was realistic at the proposed amount. (Mr. Copp arrived at this time.) Acting Chief Cote detailed the impact two injuries had made recently on the overtime budget and said it was a gamble, especially without another staff member to help cover. Overtime was based on average vacation and sick time, without injuries. Mr. Golden asked for the Workers' Comp Mod figure. The standard is 1.0; it is desirable to be lower, he said. Mr. Fournier did not know immediately, but later supplied a figure of .83. Mr. Peck said he agreed with the Select Board proposal: the Police lieutenant position should be filled, but he felt that without a Deputy Chief the Fire Department would be able to maintain service yet still be responsive to needs of taxpayers in difficult times. Mr. Coutu noted that the position had not been eliminated but simply unfunded for one year. The Chief position is still posted, until March 1, unless the Select Board decides to remove it before then. Mr. Maggiore noted that the Budget Committee had received the action it had requested.

Motion by David Peck to approve the amended Fire and Rescue budget (line 4220) as proposed by the Select Board for a total of \$1,298,809. Second by Larry Miller. Approved 8-0.

Review proposed Highway Department budget (cont.)

Mr. Fournier said the proposed Highway budget was up \$541,000 due to estimated health insurance rate increase, contractual salary increases, the cost of road salt, and a proposal for a part-time employee. There are four full-time employees, said Mr. Hubbard. The part-time employee would be responsible for repairs and maintenance of Town buildings and grounds. Mr. Miller asked where in the existing budget this work was funded. Mr. Fournier said much of it was delayed or not getting done, some was contractual. In reference to the health insurance line item in the Highway budget, Mr. Miller suggested he could support the proposed rate increase and not propose a motion to reduce it if the Select Board substantially increased the \$20,000 amount proposed for the Health Benefits Stabilization Capital Reserve Fund article. Mr. Coutu noted that the amount proposed for this year was a best guess, not yet based on actual numbers. He said the Select Board could not decide without an official meeting but that he was open to taking a second look. Mr. Rineman said he would consider it too.

Motion by Paul Martino to approve the proposed Highway Department budget of \$541,000. Second by Jim Maggiore.

Discussion. Mr. Peck said he was not in favor of increasing headcount: part-time employees may eventually become full-time employees with benefits.

Mr. Martino withdrew his motion. Mr. Maggiore withdrew his second.

Motion by Larry Miller to amend the Highway Department to reflect the 2-9 memo proposing a reduction of the line item to \$6,500 instead of \$15,000. Second by David Peck.

Discussion. Mr. Peck said this would go toward contract maintenance rather than hiring an employee. Mr. Fournier said the average bill was \$2,000 to \$3,000 and scheduling was sometimes a challenge. Mr. Maggiore asked if a part-time employee would affect overtime. Mr. Hubbard said no, rather it was beneficial from an efficiency point of view, and to complete projects delayed or left undone. The current amount of \$7,500 is status quo, used for contract labor, snow removal, etc. Mr. Copp asked what other deferred projects could be completed with more money. Mr. Hubbard said the town offices lobby, Old Town Hall prepping and painting for the voter access upgrade, and the office building siding among other items. There was continued discussion of outsourcing contracting work vs. hiring an employee.

Mr. Miller withdrew his motion. Mr. Peck withdrew his second.

Motion by David Peck to reduce the Highway part-time line item by \$7,500 and increase the general maintenance line item by \$7,500, to \$8,000. Second by Larry Miller.

Discussion. Mr. Maggiore asked Mr. Hubbard how this motion would affect his department. Mr. Hubbard said he could do it this way. Mr. Golden wondered if the Town would get the same bang for the buck, as the same job might cost more with contract labor. Ms. Creighton asked the difference between the general maintenance line item and the Capital Reserve Building Maintenance Fund. Mr. Fournier said the reserve fund can not be used to hire an individual. Mr. Coutu said one is an expense and one is an expenditure. Routine items are an expense; when the fund was created it was to protect asset value, such a re-roofing.

Vote. The motion was approved 5-3. (In favor: RH, PM, LM, DP, JR. Opposed: RC, MG, JM.)

2. Review proposed Town warrant articles

Mr. Fournier explained that the ballots are not numbered yet, but this is potentially their order on the ballot. The Select Board has yet to vote on order.

a) Contribution to the Health Benefits Stabilization Capital Reserve Fund

Motion by Paul Martino to recommend the Select Board review the Contribution to the Health Benefits Stabilization Capital Reserve Fund and consider raising the amount up to \$50,000. Second by Larry Miller. Approved 7-0-1, with Mr. Rineman abstaining.

b) Town Building Maintenance Capital Reserve Fund

Mr. Fournier said the amount has been \$100,000 raised by taxation; just \$5,000 is proposed this year. Old Town Hall will become the new meeting hall for the town and needs to be made handicap-accessible for voting. The two small front offices will be used by the Recreation Department and Channel 22.

The Budget Committee voted to recommend the article as presented: 8-0.

c) Contribution to the Road Reconstruction Capital Reserve Fund

This amount will rebuild the fund for the following year; no reconstruction projects are planned for the coming year.

The Budget Committee voted to recommend the article as presented: 8-0.

d) Contribution to the Mosquito Control Capital Reserve Fund

Last year there were no appropriations. Approximately \$60,000 is required to do a season's worth of treatments. Hamilton, who has served on the Mosquito Control Commission, recommended this amount as appropriate. The commission recommended aerial larvaciding, but there is not a company performing this operation in New Hampshire right now.

The Budget Committee voted to recommend the article as presented: 8-0.

e) Change in Purpose to the Accrued Benefit Capital Reserve Fund

The value of this fund is currently \$64,000.

The Budget Committee voted to recommend the article as presented: 8-0.

f) Contribution to the Accrued Benefit Capital Reserve Fund

Mr. Fournier said large amounts have been withdrawn in the past two years; \$50,000 is the amount to be added. An audit is scheduled to determine the exact amount of this unfunded liability, which is estimated to be much larger than the amount in the fund. The Budget Committee wished to know this amount, but Mr. Fournier said it would not be available before the warrant article deadline. Historically, the estimates were kept in each department and sometimes were handwritten. According to Mr. McCormick, since payroll was brought in house, the Town is creating an accounting and audit trail.

The Budget Committee voted to recommend the article as presented: 7-0-1, with Mr. Miller abstaining.

g) Lease Purchase Agreement for Front End Loader

The Committee had reviewed information pertaining to this purchase at a previous meeting. Mr. Peck noted it was less expensive in the long run than renting. Mr. Hubbard described year-round uses, including drainage, road reconditioning, recycling, composting, and snow removal. Mr. Golden asked if there was a provision for rental in the operating budget. Mr. Fournier said it had been cut last year in anticipation of this article passing; this year it was in at \$8,000 in case the article did not pass again.

The Budget Committee voted to recommend the article as presented: 8-0.

h) Lease Purchase of a One-Ton Plow Truck

This would replace the 2002 F-350 with 67,000 miles. This year \$4,600 was spent on repairs to this vehicle. Mr. Peck said he had a hard time supporting this when the F350

had such low miles, and he thought it could be stretched for another year. Mr. Hubbard said it was ready to be traded, as the transmission and suspension would need work soon. Mr. Golden said he saw the maintenance costs as a tradeoff.

The Budget Committee voted to recommend the article as presented: 6-2, with Mr. Miller and Mr. Peck opposed.

i) Lease Purchase Agreement for Two Police Cruisers

Chief Page referred committee members to a distributed memo. The first year of three would come from the police detail fund, which currently has \$82,000 in it. Chief Page said he did not know what the performance of the fund would be in order to commit to the other 2 years. There is a possibility it will be funded via the detail in those years.

The Budget Committee voted to recommend the article as presented: 8-0.

j) Contribution to the Library Capital Reserve Fund

Ms. Creighton explained that the Select Board will vote on this article Monday night. The library trustees created the article and it can be placed on the ballot either by citizens' petition, as it was the first year, or by the Select Board. This year the Select Board is concerned about how the money will be used if a new municipal complex study goes forward and recommends new buildings or additions. The committee decided **to table their recommendation** until after the Select Board met. Mr. Hamilton requested the committee receive a copy of the RFP when available.

k) Lease Purchase Agreement for Fire Engine

Mr. Fournier asked the Budget Committee to table the recommendation until revised information was available.

l) Installation of Water and Septic at Cemetery

The amount is higher than originally estimated due to the cost of bringing water to the site.

The Budget Committee voted to recommend the article as presented: 8-0.

m) Purchase of Fire Utility Vehicle

Acting Chief Cote said the 1999 half-ton truck has had extensive front end repair and floorboards replaced. It has 44,392 miles. Mr. Miller asked when the ambulance was purchased. Chief Cote said 2004. Mr. Miller noted that the funding for the Fire Equipment Capital Reserve Fund comes from the ambulance and he would like to see some of Mr. Hamilton's ideas implemented. Mr. Hamilton said the department can bill higher if a paramedic is on board, which would help pay for trucks like this one. He estimated based on the number of calls to Exeter ALS that the department might make an additional \$12,500 per year. When Rye hires now they require a paramedic.

The Budget Committee voted to recommend the article as presented: 7-1, with Mr. Miller opposed.

n) One Year Collective Bargaining Agreement with Professional Firefighters of North Hampton, IAFF, Local 3211

The Select Board vote 2-0 to recommend and will reconfirm 3-0 on Monday night, said Mr. Coutu. Mr. Fournier reviewed the agreement, which includes a 3.5% increase wage scale and health insurance buyout option. Mr. Miller said he was disappointed no provision for a paramedic had been included. Mr. Hamilton said he never thought it would not be included and felt personally betrayed. Mr. Fournier said he had not meant to mislead that it would be included and he was not able to discuss negotiations. Mr. Coutu, who negotiated as Select Board representative, said the bargaining process reached a one-year accord, and the components and how they were reached were confidential. He and the Select Board understood the importance of the paramedic position and he asked for patience. Mr. Peck noted that 3.5% was above what the average earner was getting. Mr. Coutu said the contract expired June 30, 2008. The 3.5% recognized some of the reduction in income employees had from those years of no contract and no increase. Mr. Hamilton said that looking at Step 1 in 2007 and the increase over 4 years it was less than 1 percent per year. He noted that, like the teachers' contract with 1% increases, this may not be good for the town in the long term as it does not keep up with inflation and employees may choose to take jobs elsewhere. Mr. Coutu said it was just a one-year arrangement and took 3 years of no contract into account. (Lt. Tully was present and agreed to the sharing of this information.) The committee reviewed how step increases work. Mr. Hamilton emphasized that the matrix rather than the people in it allow for budget planning. The committee decided **to table the recommendation** until after all Selectmen voted.

The next meeting is scheduled for March 1. Mr. Fournier noted there could be one more article if the police negotiations result in a proposed contract. He said the increase would be 2.88% including operating budget and CBA.

Adjournment

Motion to adjourn by Paul Martino. Second by Larry Miller. Approved 8-0. The meeting was adjourned at 10:28 p.m.

Respectfully submitted,
Amy Kane