

**TOWN OF NEWMARKET, NEW HAMPSHIRE
MUNICIPAL BUDGET COMMITTEE MEETING**

September 30, 2024

TOWN HALL AUDITORIUM

Approved October 28, 2024

MEMBERS PRESENT: Chairman Christopher Wolfe, Vice-Chair Brian Rowley, Scott Foster, Ned Carpenter, Justin Looser, Tim Chiou, School Board Rep Dan Smith, Town Council Rep Brian Ward; Cris Blackstone (arrived late)

MEMBERS EXCUSED: Brian Hickey

MEMBERS ABSENT: Danielle Honan

ALSO PRESENT: Director of Finance and Administration Bill Tappan

Chairman Chris Wolfe welcomed everyone to the September 30, 2024 Municipal Budget Committee Meeting and called the meeting to order at 6:30 pm, followed by the Pledge of Allegiance.

PUBLIC FORUM

Chairman Wolfe opened the Public Forum; seeing no one present, he closed the Public Forum.

NEW BUSINESS

Chairman Wolfe said tonight is the presentation of the Town FY2024 Finance Report which should take us to year end.

Town FY2024 Finance Report

Expenditures:

Director of Finance and Administration Bill Tappan started with Expenditures and said by the end of the Fiscal Year, July 30, 2024, the maximum spend percentage should be no more than 100%, and for the General Fund in total the spend percentage was 91%, 2% less than prior year. The total Operating Budget percentage was 92%, 1% above prior-year expenditures, and overall expenditures were within expected bounds.

Revenues:

Finance Director Tappan said in terms of Revenue, end of year was positive with \$39,715,761 accrued versus \$36,375,917 for the same period last year, largely due to tax revenue increase of \$2,744,325 over prior year. Other notable increases were Miscellaneous Revenues: \$236,753 largely from interest on investments and a transfer from Ambulance Fund of \$100,000; \$82,106 from the State, and a Wastewater receipt of increase of \$113,439 mostly due to increases in State revenue.

Director Tappan said the Town ended FY2024 with expenses under budget and revenues outpacing projections by 2 percentage points. A relatively mild winter with less snow and ice diminished the need for salt use and overtime and parttime for plowing and cleanup. He said the regional rate of inflation was between 2.8% in July 2023 and 3.5% in July 2024, easing inflationary pressures and stabilizing prices, but price increases continued during the year.

Director Tappan said as an example the Labor Market for parttime firefighters was in high demand by municipalities around the State, which put upward pressure on labor rates. This was addressed through an increased pay rate, and supply-demand curve equilibrium was achieved. He said looking into next year there are reasons for cautious optimism about flattening cost curves leading to reduced expense growth, however it will depend on monetary and fiscal policy decisions made at the national level as well as market behavior, all of which impact our municipal government.

Questions: Mr. Rowley asked if the tax revenue increase was reflective of the revaluation. Director Tappan said that is to come next year, but you will see incremental changes in valuations very year. Mr. Rowley asked if there was any anticipation of what the impact to revenues would be. Director Tappan said he had not seen all the numbers yet and said some of it was estimations. MS-1 was a draft looking at a tax rate of \$18-\$19/1,000; when assessment goes up the rate drops.

Cris Blackstone arrived at the Budget Committee Meeting at 6:38 pm.

Chairman Wolfe said a lot of people are complaining about change in valuations but do not always understand how it works. He said values are up to a certain level, but the Town's budget requirements will be last year plus some inflationary increases resulting in a significant rate reduction and asked Director Tappan to explain.

Director Tappan said the last assessment was 5 years ago; one way to erase the significant shock of the change is to do the revaluation every year. People say the value of my property could not have gone up that much, but it is largely driven by market pressure. He said one type of property that increased substantially was manufactured homes, partly because desirability has gone up due to their affordability. He said Newmarket has also become the last stop on the Seacoast and is advertised that way. He said it is a really complex situation and we are already seeing inflation dropping significantly.

Chairman Wolfe said Miscellaneous Revenue is 200% of the Budget and asked for any specific comments. Director Tappan said as stated earlier, that gain was largely driven by interest on investments and a \$100,000 transfer from the Ambulance Fund to help firm up operations and was personnel-related. Chairman Wolfe asked what was happening with Exeter Hospital Ambulance paramedic service and whether there was any impact on Newmarket's EMS. Director Tappan recommended speaking with the Fire Chief.

Mr. Foster asked about the 88% usage at the Water Treatment Plant. Director Tappan said he did not know the details, but if there is a lot of rain or people are using efficiency measures less water is used, and your revenue drops. He said there was an agreement made between the Town Council and the Director of Environmental Services to increase rates over a specific time period, and they do not necessarily go up every year. Mr. Foster said the usage rate is 12% short, but last year it was 95%, and historically it appears they have been overestimating water revenue.

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Mr. Smith asked if the Town Council has decided or discussed the amount to be retained as Fund Balance at this point, and Director Tappan said it has not been discussed. He said feels the Town is regularly underfunded in their Fund Balance with the idea of constantly using those funds to reduce taxes when they are barely at the recommended DRA of 8%.

Chairman Wolfe asked if the Police Department was still having difficulties with hiring and filling all staff positions. Director Tappan said they had a good year in terms of hiring but there was a retirement, and they usually backfill with people at a lower rate, so costs are down. Chairman Wolfe said Human Resources costs are also \$300,000 lower than anticipated and asked if that takes into account all employees. Director Tappan said everyone is included except Water & Sewer and the Library, including all the associated costs.

MEETING MINUTES

Approval of Meeting Minutes of August 26, 2024

Mr. Smith made a change on Page 1, line 39, to correct 0.02% to "2 %".

Motion: To approve the Budget Committee Meeting minutes of August 26, 2024 as amended.

Motioned: Mr. Carpenter

Seconded: Ms. Blackstone

Vote: Motion approved 9-0

OTHER BUSINESS

Next Meeting: October 28, 2024: CIP Report by Brian Rowley.

ADJOURNMENT

Mr. Rowley moved to adjourn the meeting; seconded by Mr. Smith; Vote: all in favor 9-0.

Chairman Wolfe adjourned the meeting at 7:12 pm.

Respectfully Submitted,

Patricia Denmark, Recording Secretary