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

**October 28, 2024**

**TOWN HALL AUDITORIUM**

***Approved November 25, 2024***

**MEMBERS PRESENT:** Chairman Christopher Wolfe, Vice-Chair Brian Rowley, Scott Foster, Ned Carpenter, Brian Hickey, Danielle Honan, School Board Rep Dan Smith; Town Council Rep Brian Ward (arrived late)

**MEMBERS EXCUSED:** Cris Blackstone, Justin Looser

**MEMBERS ABSENT:** Tim Chiou,

**ALSO PRESENT:** Newmarket School Business Administrator Janna Mellon

Chairman Chris Wolfe welcomed everyone to the October 28, 2024 Municipal Budget Committee Meeting and called the meeting to order at 6:32 pm, followed by the Pledge of Allegiance.

Chairman Wolfe amended the Agenda from "School Report for FY2025" to *School Q-4 Financials*, added the *Town CIP Report* from Brian Rowley, and said Janna Mellon will present the *School Committee CIP Report*.

**Motion:** To accept the agenda as amended.
**Motioned:** Vice-Chair Rowley
**Seconded:** Ned Carpenter
**Vote:** Motion approved 7-0 (7 members present)

**PUBLIC FORUM**

Chairman Wolfe opened the Public Forum at 6:34 pm; seeing no one present, he closed the Public Forum at 6:34 pm.

**NEW BUSINESS**

**<u>Newmarket School Q4 Finance Report</u>**

School Business Administrator Janna Mellon said they anticipated presenting School FY2025 Q-1 Financials but had to first address the budget with the School Board and will instead present School FY2024 Q-4 Financials. She said last time the estimated fund balance was $470,889 to reduce taxes and it is still the same. She said Q-4 Financials ended June 30, 2024 with an unexpended balance of $743,200.

**Revenue**: There were some additional revenues with key factor being earnings investments with a 300%

positive variance due to interest. Tuition: Had a mid-year out-of-district student placement into our school system with receipt of $18,000 unanticipated; Health Insurance: premium holiday on Health Insurance of $20,000. State Revenues**:** SWEPT (Statewide Education Property Tax) and Adequacy Aid; Federal Revenues: 100% offset with no taxation impact with DOE-25, a fiscal year-end financial report from school districts to NH Department of Revenue. Fund Balance: amount left at end of fiscal year, including additional revenues, unexpended expenditures, and student accounting adjustments (fund transfers) totaling $470,889.

Food Service Program started the year with a positive balance due 100% to waivers for free meals during Covid; started at $121,000 due to increased utilization and State supply line assistance, ending the year at $154,000. Only 3 months of an Operating Budget can be carried forward and we are looking at ways to spend down that balance.

Chairman Wolfe asked if there was a Food Service policy for families who do not have the funds to pay. Administrator Mellon said in Newmarket the policy is to provide breakfast and lunch to every student, paid in person or parents can put money on a card. Mr. Carpenter asked if the $154,000 excess could be used to assist families that are not able to pay. Administrator Mellon said prior to Covid this department ran a deficit every year, transferring $35,000-$40,000 annually from General Fund to Food Service, as it is a non-profit account.

Mr. Carpenter asked what happens to any balance left over at the end of the year; Administrator Mellon said it can only go back into Food Service. Mr. Smith said in addition, Newmarket is an exceptionally generous community with anonymous donations to pay off school lunch debt, as well as the End 68 Hours of Hunger program. Mr. Foster asked the average shortfall on what people do not pay annually; Administrator Mellon said typically $35,000-$40,000.

Impact Fees: Administrator Mellon said the School District gets a portion of Impact Fees and will be withdrawing funds to address the High School courtyard. The Bond Fund for the building expansion project was recently closed; account will be closed out and amount applied to Principal on the Bond; the full Bond payment is budgeted under expenditures, and we will underspend the General Fund using this money to offset. Keeping an eye on House Bill 1279 which would permanently restore 7.5% retirement contribution for teachers: in Study Group since April; July 1, 2024 new rates variance was down for first time, for teachers 0.78%, for employees 0.41%.

Administrator Mellon said the school has an opportunity for a fresh fruit and vegetable program based on free and reduced lunch rates at Middle School, with $14,000 to provide healthy snacks for every student in the classroom. Adequacy Aid: One of State revenues (with SWEPT) for education; chart on page 7 shows fixed rates for FY2025 with FY2026 rates available November 15; estimated in the fall with final rates in September of next year; bottom chart shows total Newmarket has received.

**Newmarket School CIP Report**

Administrator Mellon said a group came to the school and helped develop a Capital Improvements Plan (CIP), showing every roof, piece of equipment and all HVAC scheduled out for replacement; looked at Capital Reserve funds and added $200,000 this year to make repairs. (1) Plan to put a certain amount of money into Capital Reserves by Warrant yearly; (2) plan to have $100,000 embedded in Operating Budget every year for smaller projects. These tie into the Facilities Management Plan: during Covid outsourced Custodial Service and trained all existing staff as Facilities Technicians to do in-house maintenance; just put out bid for Custodial Services with new company coming on in July and changed their scope of work.

Administrator Mellon showed a chart of projected Capital needs funding for the School District both short-term and long-term. Vice-Chair Rowley said it looks like $3.5 million in funding from FY2024-FY2034; Administrator Mellon said they are planning to fund a Warrant Article for trusts accounts, and plan to re-evaluate yearly in summer to move and shift things based on new information. This year we are taking on roofing and roof deck of Jr-Sr High School, replacing all carpeting and floors at Elementary School, tackling last phase for windows, exterior masonry wall repairs of $53,124, RTUs, classroom and bathroom fixtures, with total of $725,474 for FY2025.

Mr. Foster said a previous chart showed $1.2 million in spending for Capital Improvements; Administrator Mellon said this report does not show what was spent last year FY2023/FY2024. Mr. Smith said that one chart is accumulative over time. Administrator Mellon said that includes things in our Operating Budget which goes up and down based on project timing. She said Trustees have chosen a new investment partner, Cambridge Trust, with better overall results.

**<u>Town of Newmarket CIP Report</u>** – Brian Rowley

Vice-Chair Rowley thanked Richard Lesavoy for making the content of his slides. He said he would provide a quick overview of what the Capital Improvement Plan (CIP) program is, get into the legal framework around that with Newmarket's specific process, and provide a quick overview of the next 6 years.

Vice-Chair Rowley said the original plan was to present both School and Town CIP programs together but were unable due to scheduling challenges. He said the common goal of CIP is to prepare and amend a recommendation program of municipal capital Improvement projects over a period of 6 years per RSA 675:5-8, with Department Heads and School Boards planning where they want to go. Town is now talking about higher integration with the Master Plan to achieve goals, level out tax rates with long-term planning, and link land use goals and Town goals for Economic Development with infrastructure.

Vice-Chair Rowley said the legal framework is open on how it lets each municipality do CIP planning, and there must be a Master Plan to have a plan in place, either through a CIP Committee or directly through Planning Board. The CIP program requires that projects be classified by urgency and need; CIP Committee recommends project implementation timing; information is provided by departments, accounting for Master Plan land use controls and the overall vision for the town. The CIP Committee is an advisory board, reviewing in partnership with departments; framework for CIP is not defined but for impact fees a municipality must have CIP in place.

Vice-Chair Rowley said CIP in Newmarket is part of the Budget Process, and CIP is charged with reviewing and making final decisions with requests made. The process is initiated with requests for Capital projects equipment which must be a minimum of 6 years; CIP Committee reviews and renders an allocation on funds and timing. Two types of requests can be made: 1) Capital Projects with useful life of greater than 10 years with cost at least $50,000, or 2) Capital Equipment that is not a recurring purchase with a useful life of 3 years and aggregate cost of $10,000; all projects are rated and prioritized.

<u>Current Program for CIP</u>: FY2025-FY2031 effective in November: Requests from General Fund $783,985; Requests from Enterprise Funds 1,013,360; Total requested and recommended: $1,797,345.

<u>September 11, 2024 Meeting Keynotes</u>: Recreation: Beaulieu Playground update or replace; Public Works and Police: no new requests; Fire: ongoing conversation of vehicle leases being in CIP versus Operating Budget; Planning/Community Development: updated Master Plan with more guidance implementing

capital projects; provide better framework for department to justify requests. Intent for CIP Committee is to meet quarterly with department heads once new Master Plan is complete.

Mr. Carpenter said Fire Department Capital Leases has been a topic of conversation every year with no change and we are really not building capital reserves. Vice-Chair Rowley said it is a sensitive topic, and CIP wants the conversation to continue to try to influence a long-term change. Chairman Wolfe asked the submission date of the complete report; Vice-Chair Rowley said they are waiting for the School CIP Report.

**MEETING MINUTES**

**Approval of Meeting Minutes of September 30, 2024**

**Motion:** To approve the Budget Committee Meeting minutes of September 30, 2024 as provided.
**Motioned:** Mr. Carpenter
**Seconded:** Councilor Ward
**Vote:** Motion approved 6-0 with 2 abstentions

**OTHER BUSINESS**
Chairman Wolfe said he would send the Meeting Calendar for the remainder of the Budget Committee's work by email. There will be 2 sessions in December; Budget has to be completed by January 23. 2025.

**Next Meeting:** November 25, 2024: Town Q-1 Financials

**ADJOURNMENT**

Councilor Ward moved to adjourn the meeting; seconded by Danielle Honan; Vote: all in favor 9-0.

Chairman Wolfe adjourned the meeting at 7:34 pm.

Respectfully Submitted,

Patricia Denmark, Recording Secretary