

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

December 9, 2024

TOWN HALL AUDITORIUM

Approved January 8, 2025

MEMBERS PRESENT: Chairman Christopher Wolfe, Vice-Chair Brian Rowley, Ned Carpenter, Justin Looser, Cris Blackstone, Brian Hickey, Scott Foster, Alt School Board Rep Gary Swanson, Town Council Rep Brian Ward; Danielle Honan (arrived late)

MEMBERS EXCUSED: School Board Rep Dan Smith,

MEMBERS ABSENT: Tim Chiou

ALSO PRESENT: Town Manager Steve Fournier, School Superintendent Todd Allen

Chairman Chris Wolfe welcomed everyone to the December 9, 2024 Municipal Budget Committee Meeting and called the meeting to order at 6:31 pm, followed by the Pledge of Allegiance.

PUBLIC FORUM

Chairman Wolfe opened the Public Forum; seeing no one wishing to speak, he closed the Public Forum.

NEW BUSINESS

Town FY2026 Proposed Budget

Town Manager Steve Fournier asked that Budget Committee members who have questions that may require more research to email him ahead of time.

Danielle Honan arrived at the Budget Committee Meeting at 6:36 pm.

Town Council Approved FY2026 Operating Budget

Economic Overview: Town Manager Fournier reviewed *Unemployment* figures from 2022 with a slight uptick in 2024 in the area; 2022 to 2024: State 1.9% to 2.9%; County 1.6% to 2.5%; Portsmouth Metro 1.6% to 2.5%; Newmarket 1.5% to 2.3%; increase is negligible. *CPI* (cost of goods and services) 2021 to 2024: US: 5.4%, 8.5%, 3.2%, 2.9%; New England: 4.3%, 7.3%, 2.4%, 3.2%; Boston: 4.3%, 7%, 2.8%, 3.2%; not seeing high inflation rates now.

Tax Rate and Valuation: FY2025 Tax Rates: Local School \$12.54 (71%), State School \$1.10 (7%), County \$0.57 (3%), Town \$3.29 (19%); showed 5-year comparison. Tax rate has remained pretty even across the

board; dropped this year due to Town Revaluation. Assessed Valuation: from \$1,006,662,399 in 2023 to \$1,723,789,642 in 2024; value at last revaluation \$977,206,828; showed 5-year tax rate comparison. Town value increased 142% in 10 years. Town Manager Fournier said 2023 to 2024 shows additional revenues received from State Highway and Rooms & Meals Tax. He said town valuation needs to be between 90-110%; last year was at 59%.

FY2026 Budget and Recommendations: Town Council has approved a Budget of \$18,634,219, 5.35% increase; Town Manager proposed \$18,746,675, \$946,388 increase; General Fund: \$748,852; Special Revenues: \$92,706; Enterprise Funds: \$104,830 (funded through rates. Town recommendations by fund: General Fund, Town Budget: \$11,438,282 (61%); Special Revenue Fund: \$2,132,670 (12%), Enterprise Fund: \$5,063,267 (27%). Increases are going to: Human Resources \$182,923 (8%); Police \$115,984 (5.25%), Welfare \$15K for rental assistance; Assessing \$11K for software; Legal increased 15%; Street Lighting 12.7% due to increased costs; Contribution to Sidewalk Repair Capital Reserve: \$80,000.

Contributions to Capital Reserves: Public Works \$75,000; Building Improvements: \$0.00; Roadway improvements \$250,000; Stormwater Management \$50,000; Macallen Dam \$0.00; Town Cemeteries \$0.00; Fire \$51,000; Police Dispatch \$15,000; Veterans Memorial \$2,000; 300th Anniversary \$5,000; REC/Facilities \$25,000; Master Plan \$10,000; Library \$0.00; IT \$20,000; Compensated Absence \$20,000; Sidewalks \$100,000; Total: \$633,000 Town Council approved. **Revenue Budget:** Estimated FY2026: \$10,957,293; offsetting sidewalks from Fund Balance

Estimated Tax Impact: Town Manager Fournier said the next slide is an estimate based on data as we have today: Gross Appropriations \$18,634,219, less Revenues -\$10,957,293, plus Overlay +\$150,000, plus War Service Credits +\$145,000; Net Town Appropriation: \$7,971,926, Assessed Value \$1,713,850,837 equals Estimated Tax Rate of \$4.65.

Potential Warrant Articles: (1) \$100,000 Bonds for planning and design of Bay Road Force Main replacement (under Lamprey River); (2) \$5.5 million Bonds or Notes for replacing Bay Road Force Main and pump station (\$2.5 million potential congressional directed spending with remainder by rate payers); (3) \$1.4 million for Cushing Road and Lubberland Drive Stormwater Improvement Project \$300,000 principal forgiveness; \$0.07 on tax rate first year; (4) \$295,015 Amendment to Police Union Contract for rate of pay increases, replace "longevity" in language with "retention incentive", 1-time hourly increase: Patrol Officers +\$7.00, Sergeants +\$5.00, Dispatch +\$4.00; \$0.17 on tax rate first year. Last Police Contract was 2022 or 2023, this is just an amendment with no contract extension.

School FY2026 Proposed Budget

School Superintendent Todd Allen said concerns included: impact from revaluation, Teacher Contract going before voters in March. School goals: overall budget of no more than 2% due to Teacher Contract; support ongoing program improvements; fully fund CIP; maintain competitive salaries; continue emotional support programs. He said the School was awarded a \$750,000 grant, paid over 5 years, to help develop social and emotional learning programs and expand behavioral health support.

Proposed District Budget, FY2025-2026:

Total Salaries: \$12,981,929, +0.89%; Benefits: \$5,569,268, +0.46%; Operations: \$9,236,982, +4.5%; everything except cost of new Teacher Contract. **FY2026 Budget \$27,911,594**, increase of \$589,312 (1.97%) from FY2025 Budget of \$27,372,282. Savings: Renegotiated Service Contracts for facilities and custodial services saving \$8,000; renegotiated Waste/Recycling contracts at same rate for 2 more years;

changed healthcare plan from an 18% increase to plan with 6.5% increase; made more staffing reductions -2.5 FTE, reduced staff by 9% in last 3 years; leveraged Trust funds and Food Service balances; have Trust Fund for Healthcare Costs; Trust Fund for Capital Improvements. Upcoming Projects: new roofing project at Jr-Sr High School, finish windows project for Elementary School; potential for unexpected out-of-district costs, have a Special Education Trust Fund of \$350,000 and a Food Service Fund Balance of \$100,000 left over from pandemic.

Enrollment: Superintendent Allen said enrollment has stabilized in the high 900s; projecting 994 students for next year, with Kindergarten at 75; numbers are slightly down. Staffing: Made careful staffing decisions reducing staff 18.8 FTE since 2021-2022. FY2026 Budget Increase Analysis: Costs of new initiative and level services budgeting; established that we needed to increase by: Operations \$497,870, Benefits \$68,102, Salaries \$315,787. Savings: Operations \$99,174; Benefits \$42,283; Salaries \$200,990.

Budget Distribution by Category: Debt Service 7% on school bond; Salaries 47%; Benefits 20%; Operations 26%. School Board paid down this year's debt service on bond with money remaining in fund. Budget Summary by Department: General Fund and Food Service Operating proposed \$25,818,807, +\$543,427 (+2.1%); Debt Service \$2,092,788, -\$4,115 (-0.2%); overall increase: \$27,911,594, +\$539,312 (+1.07%); Jr-Sr High School increase 1.53%; Student Services +6.86%; Technology +0.08%. Historically consistent budget increases 2021-2026, exclusive of Teacher Contract.

Revenues: Adequacy Aid and SWEPT; State aid did not change much for FY2026 which is a negative for us as costs are not going down. Our net grant aid went down \$11,000, SWEPT up \$21,000: total of \$32,000 shifted to Newmarket from the State.

Elementary School FY2026: Salaries \$3,470,460, -\$18,361 (-0.53%), Benefits \$1,696,480, -\$22,693 (-1.32%), Operations \$317,056, \$15,016 (4.97%); Total: \$5,483,995, -\$26,038 (-0.47%); reduced 1 staff member, added 1 FTE Behavioral Tutor. **Jr-Sr-High School**: Total increase of 1.53%; Salaries \$4,098,528, -\$34,241 (-0.83%); **Professional Education Salaries**: -1.2FTE; Health/Dental up \$60K, Tuition up \$57K (tuition up at SST to \$5,300/student); **Student Services Budget**: Salaries \$3,760,123, +92,445 (+2.52%), Benefits \$1,459,643, -\$2,583 (-0.18%), Operations \$2,467,279, \$40,887 (+19.57%).

Professional Services up \$147K (Special Education Transportation); Tuition up \$261K (Out-of-District Placement); Total Expenditures: \$7,687,045, \$493,750 (+6.86%). **Catastrophic Aid Program**: Supposed to reimburse at 98% but was reimbursed at 68%; anticipate putting more in fund. Chairman Wolfe said it looks like 203 Special Education students for 2026. Superintendent Allen said there has been a spike since the pandemic with 167 in 2020, 180 in 2021, and 203 in 2025; same pattern with every school in the State; 20% of students being identified as needing special education services, many mental health/behavioral health issues; programs need to be created.

Mr. Carpenter asked if there has been a change to the definition of Special Education Students and how they fit into categories. Superintendent Allen said emotional handicap is growing, most others are learning disabilities; kids not getting certain exposures; increase of kids with Autism/Aspergers syndrome who are high functioning intellectually but require a lot of support.

Technology up 0.08%: Salaries \$411,256, +\$22,852 (+5.88%; Benefits \$125,446, -\$29,130 (-18.85%); Operations \$510,224, +\$7,101 (+1.41%). Totals: \$1,046,926, +\$823, (+0.08%). Technology Trust Fund using \$35,000 to replace network firewall appliances. **Facilities**: Salaries \$406,476, \$21,767 (+5.66%); Operations \$1,504,946, -\$43,968 (-2.84%); Total: \$2,002,953, -\$30,919 (-1.52%). **2025-2026 Curriculum**

Gen Admin & Finance Proposed Budget: Salaries \$835,087, \$30336 (+3,77%); Benefits \$353,112, \$43,224 (+13.95%); Operations \$950,590, -\$108,333 (-10,33%); Totals: \$2,138,790, -\$34,774 (-1.60%). Human Resources Professional no longer needed, -\$87K.

Other Operational Areas: Debt Service \$2,092,788, -\$4,115 (-0.20%); Food Service \$470,230, 35,169 (+8.08%). Balances of Trust Funds: Insurance & Benefits Exp Trust \$126,852.69; School Repair & Maintenance Trust \$657,040.45; School Technology Exp Trust \$148,106.54; School Improvement Capital Reserve Fund \$747,830.99; Special Education Exp Trust Fund \$358,839.80; Utility Capital Reserves \$26,164.37; do Special Education Expendable Trust out of year-end fund balance. All Federal Grant Programs are going down: New funds will be issued for 2025-2026 for Title IA, Title IIA and Title IV.

Potential Warrant Articles

Article 1: Election of officers; Article 2: Proposed Operating Budget; Article 3: NTA Teacher Contract; Article 4: Contribution to Employee Benefits Trust; Article 5: Contribution to CIP.

Questions: Mr. Foster asked if about additional money from Fund Balance to contribute to those funds; Superintendent Allen said that is a discussion for the School Board; last year CIP was an additional amount of money; Employee Benefits and Special Education were not additional but out of year-end Fund Balance. Mr. Carpenter asked about the grant mentioned earlier; Superintendent Allen said was a grant from Community Mental Health of \$750,000 with \$150,000/year for 5 years.

Ms. Blackstone asked if the newly adopted Literacy Program was a result of analyzing the curriculum or part of a regular rotation; Superintendent Allen said a little of both and people recognizing the need. Mr. Looser asked about the increase in Behavioral Health and whether the Board looks at a strategic plan for the cost, versus cost of increasing services in Newmarket School System; Superintendent Allen said they have school programs geared to work with that.

MEETING MINUTES

Approval of Meeting Minutes of November 25, 2024

Motion: To approve the Budget Committee Meeting minutes of November 25, 2024 as presented.

Motioned: Mr. Carpenter

Seconded: Ms. Blackstone

Vote: Motion approved 6-0 with 4 abstentions

OTHER BUSINESS

Chairman Wolfe said the next meeting is December 16, 2024, and asked that all questions be sent to him by Thursday night. He said Steve wants to be able to link Department Heads to be here for questions.

Next Meeting: December 16, 2024: Q & A Town and School; January 6, 2025 Public Hearings; January 13, 2025 Budget Committee vote

ADJOURNMENT

Mr. Foster moved to adjourn the meeting; seconded by Vice-Chair Rowley: all in favor 10-0.

Chairman Wolfe adjourned the meeting at 7:03 pm.

Respectfully Submitted,

Municipal Budget Committee Meeting
December 9, 2024

Patricia Denmark, Recording Secretary