

**HAMPTON BUDGET COMMITTEE
MINUTES
January 8, 2015**

Budget Committee Members Present

Eileen Latimer, Chairman
Michael Plouffe, Vice-Chairman
James Waddell, Selectman Representative
Jerry Znoj, School Board Representative
Robert Ladd, Hampton Beach Village District Representative
Glenn Farrell
Joe Grzybowski
Timothy Citizen Jones
Sunny Kravitz
Stephen LaBranche
Brian Lapham
Jim O'Loughlin
Michael Pierce
Richard Reniere

Excused

David Wood

Chairman Latimer called the meeting to order at 7:03 p.m.

The Pledge of Allegiance was said.

Members of the Committee made self-introductions.

Chairman Latimer said this meeting will address the remaining warrant articles and final review.

Article #23 – Recreation Fund - \$148,326

Chairman Latimer welcomed Dyana Martin, Recreation Director.

Ms. Martin said this warrant article includes reconstruction of the Tuck Field access road, the purchase of a scarifier, the purchase of a replacement bus for recreational and town activities, re-roofing and replacement of siding on the Tuck Building, replacement of doors on the Tuck Building, and replacement of failing pieces of equipment at Kids Kingdom.

Ms. Martin said there will be no tax impact with this article because it comes out of the Recreation revenue fund.

Mr. Pierce said he was against the purchase of a new vehicle due to liability. Mr. Lapham agreed.

Moved by Mr. Jones, seconded by Mr. Reniere, to move forward to the Public Hearing the amount of \$148,326 for Recreation Fund.

Vote: 12 yes, 2 no (Lapham, Pierce). Motion passed.

Article #16 – DPW Equipment Purchases - \$382,000

Chairman Latimer welcomed Keith Noyes, Director of Public Works and Chris Jacobs, Deputy Director.

Mr. Noyes discussed the equipment noted in this warrant article. He said these vehicles are deteriorating and need to be replaced. They are all involved in snow plowing. Mr. Noyes said they have worked hard to come up with a long-term replacement schedule. Mr. Jacobs went over the list of vehicles and explained why each should be replaced.

Mr. Plouffe said he was opposed to the entire article. He said he felt the present equipment is still adequate. Mr. Waddell said he was in favor of this warrant article. Mr. O'Loughlin said he relies on the knowledge of the department head. Mr. Plouffe said the time will come when these vehicles will have to be replaced, but we are not there yet. Mr. Jones said he was not in favor of the article.

Moved by Mr. Plouffe, seconded by Mr. Lapham, to NOT recommend Article #16 – DPW Equipment Purchases.

Vote: 10 yes, 3 no (Kravitz, O'Loughlin, Waddell), 1 abstention (Ladd). Motion passed.

Article #17 – Improvements to Exeter Road - \$320,000

Mr. Noyes explained that this warrant article would provide for improvements to Exeter Road and would include the shimming and overlaying of the road. Mr. Noyes said this road is top priority for repairs. It is an emergency evacuation road and needs to be in better condition. Mr. Noyes explained that this is just a stop gap measure.

Mr. O'Loughlin asked if perhaps it would be better to wait until the Town is committed to doing something more permanent. Mr. Ladd said he thought this improvement would at least help. Chairman Latimer said she had not been in support of this, but had now changed her mind. This road is an accident waiting to happen and needs to be addressed now. Fred Welch, Town Manager, said he believed the Selectmen will put in an article next year for the next phase to be done. Mr. Znoj said this is just a bandaid and won't last long. Mr. Pierce agreed with Mr. Znoj.

Moved by Mr. Pierce, seconded by Mr. Znoj, to NOT recommend Article #17-Improvements to Exeter Road.

Vote: 4 yes, 10 no (Farrell, Grzybowski, Kravitz, LaBranche, Ladd, Latimer, O'Loughlin, Plouffe, Reniere, Waddell). Motion failed.

A break was taken at 9:05 p.m.

The meeting resumed at 9:20 p.m.

Article #18 – High Street/Lafayette Road Drainage - \$449,156

Moved by Mr. Jones, seconded by Mr. Lapham, to move forward to the Public Hearing the amount of \$449,156 for High Street/Lafayette Road Drainage.

Mr. Noyes said this will mitigate flooding in that area of town. This warrant article is for the full amount to complete the project, but hopefully FEMA funding will be received.

Vote: 13 yes, 0 no, 1 abstention (Znoj). Motion passed.

Article #19 – Road Improvement Capital Reserve Fund - \$300,000

Moved by Mr. Jones, seconded by Mr. LaBranche, to move forward to the Public Hearing the amount of \$300,000 for Road Improvement Capital Reserve Fund.

Mr. Noyes said there is a road plan set up by priorities. Mr. Jones said to support this he would have to know the specific projects. Mr. Ladd said he was in favor of this article.

Vote: 12 yes, 2 no (Jones, LaBranche). Motion passed.

Article #20 – Highway Block Grant - \$267,649

Mr. Noyes said this was for improvements to streets and sidewalks including Belmont Circle, Fairfield Drive and Ruth Lane.

Vote: 13 yes, 1 no (Znoj). Motion passed.

Article #21 – Human Service Agencies - \$171,881

Moved by Mr. Jones, seconded by Mr. LaBranche, to move forward to the Public Hearing the amount of \$171,881 for Human Service Agencies.

Chairman Latimer said she did not agree with the process in determining this article. Mr. Jones and Mr. Pierce agreed.

Vote: 10 yes, 2 no (LaBranche, Pierce), 2 abstentions (Jones, Latimer). Motion passed.

Article #27 – Remove Pine Trees, Pine Grove Cemetery - \$50,000

Moved by Mr. Jones, seconded by Mr. LaBranche, to move forward to the Public Hearing the amount of \$50,000 for Removal of Pine Trees, Pine Grove Cemetery.

Mr. Welch explained the need to do this work. He said the money would come from the Cemetery Trust Fund. There would be no tax impact.

Vote: 14 yes, 0 no. Motion passed unanimously.

Article #30 – Cemetery Burial Trust Fund - \$10,500

Moved by Mr. Jones, seconded by Mr. LaBranche, to move forward to the Public Hearing the amount of \$10,500 for Cemetery Burial Trust Fund.

Vote: 13 yes, 1 no (Znoj). Motion passed.

Article #34 – Capital Reserve Funds Charges for Banking or Brokerage Assistance - \$1,500

Moved by Mr. Jones, seconded by Mr. LaBranche, to move forward to the Public Hearing the amount of \$1,500 for Capital Reserve Funds Charges for Banking or Brokerage Assistance.

Vote: 11 yes, 3 no (Jones, Kravitz, Lapham). Motion passed.

Article #40 – Mill Pond Dam – Petitioned - \$650,000

Moved by Mr. Jones, seconded by Mr. LaBranche, to move forward to the Public Hearing the amount of \$650,000 for Mill Pond Dam.

Mr. Welch suggested this should be addressed at the Public Hearing prior to the Budget Committee voting on it. Mr. Jones withdrew his motion.

It was decided that all petitioned warrant articles should have their case stated prior to going into the Public Hearing on January 14. Mr. Welch said notices will be sent.

Final Review

Chairman Latimer said the operating budget is \$27,515,033 which is a 7.39% increase. She said the public will never go for that.

Chairman Latimer said every line of the budget has been thoroughly reviewed. The default budget is \$26,507,097 which is a 3.4% increase. This budget covers every obligation as well as key changes in personnel that were needed.

Chairman Latimer said she was asking for a 25% reduction in gas and diesel which will amount to \$65,557. She also asked for a \$20,000 reduction in Sidewalks. She then asked for a \$10,000 reduction from Professional Fees and \$17,500 from the Legal budget. There is presently \$35,000 in the legal budget for dealing with the unions. This year no money had to be spent from that line. Chairman Latimer also asked for a reduction of \$15,000 from Drains. The total of all these reductions is \$128,057, bringing the operating budget down to \$26,379,040.

Moved by Mr. Znoj, seconded by Mr. Pierce, to move forward to the Public Hearing the readjusted amount of \$26,379,040 for the Operating Budget.

Mr. Waddell said you really cannot predict what will happen with gas/diesel costs. It is very volatile. Mr. Znoj said there is enough money in this readjusted budget to cover everything. Mr. Welch left the meeting.

The following is the Full Transcription prior to vote provided by Timothy Jones:

Mr. Waddell: The only discussion I would have is that; I understand that gas and diesel where people are saying. But when you look at the geo-political world, you look at the volatility I just worry that tomorrow it could go to 100. I mean right now today is what it's at, but when these people budgeted they budgeted for a certain thing and you look at what happened in Paris you look at what's happening in Ukraine you look at what's happening in Russia it's just to me its so volatile that to make a reduction in that area is it just seems like it you know the stock the equities go down 200 they go up 300 there's no rhyme or reason
Chairman Latimer: If I can just comment on that. Believe me, I struggled with that. And I've talked to everybody from stockbrokers, that's where I got the \$37 figure, and even at that we're at 50% right now not 35 but right now we are at 50% possibly going further. I recently drove to Florida and traveled through every state on the eastern seaboard and saw gas prices as low as \$1.86 but consistently all the way through the entire eastern seaboard we are not an anomaly here, this is what's going on. So I have to look at where we are and I have to think that a lot people are going to be really aggravated if it increases by 100%. Might that number be off? It might. The other thing that I looked at; everywhere that I looked and I am using I but there were a lot of eyes on this I just using me collectively so that you can throw the pies in this direction ok. Everywhere I looked I also looked to see if there was an offset. Where I looked at these things, obviously some of these things that I'm asking you for there is other places in the budget or there is spending that is warranted saying you know what maybe we don't need that so much. One of the things where the gases is in, the offset to that could conceivably be the fact, and this is you know while we are gambling on the gas, gamble this way in your minds as well, we're about what \$40,000 less in parking revenues this year order last year Fred, and that had to do with the fact that

last year some people thought it was a nice summer but really no so much for people love the beach it was not as hot as it could have been. Alright so the year before last we had 40 well it was more than 40, we have \$40,000 more so if you're looking at a \$65,000 cut and realizing we could potentially have added parking lot revenue, should we have a good summer one may offset the other. So I was looking for ways and saying that as much of a crap shoot too. But to put that much money in the budget when it's coming down and ask for increases, we've got voters out there saying why are you increasing something that's a \$1 less a gallon than it was a year ago. You have to do something. So there were those that wanted to take more and we talked at great length, looked at a lot of numbers and said we think this is rational and it is. We'll take that gamble a little bit.

Welch: You're going to run short.

Latimer: We're going to run short?

Welch: Yup. We pay the state contract price, no federal or state taxes in it. In November that was \$2.45 a gallon through the end of the fiscal year we ran an \$11,000 deficit in gas and diesel with our current appropriations.

Jones: Are you required to buy gas from the state or can you buy it elsewhere?

Welch: That's the only way we can get no federal or state taxes.

Jones: Right but you are not actually required to purchase it through them.

Welch: No we can go retail down here and then to get the taxes back we have to have a bookkeeping error and you know and we'd have to go and file for request to return taxes and

Jones: So there is an alternative.

Latimer: But you can file that?

Welch: We can but we don't have to. That's going to be somebody else's job. My point is that we are paying the going rate at the pump. The state contract come down as the prices of gas comes down.

Latimer: But the re-negotiate don't they?

Welch: Not till next September.

Latimer: September. When did they negotiate?

Welch: A year ago. A year ago September.

Latimer: A year ago September, but weren't we that that negotiation would happen before then?

Welch: Well, all I know is the contract is good through September 2015. Ok, and right now with those decreased costs going along during this particular year, we ran an \$11,000 deficit in diesel and gasoline. So if you're going to cut more money outta there then I'm going to have to transfer funds from other accounts in order to pay for diesel and gasoline or vehicles aren't going to run.

Jones: Well, that's doable too.

Welch: It is if you don't want to have police protection or fire or ambulance or plowing or

Jones: You don't have to take it out of police. You know when the state needed money and they shut off the lights on Ocean Blvd. we all knew they had better choices than that, they just wanted to cause some local pain. So to suggest you have to take out of police, to suggest local pain, is probably very similar won't you agree Fred?

Welch: The reality is that I'm stuck with what is in each one of those budgets

Jones: and I understand it but there is a lot of a

Welch: I don't want to hear your political rhetoric, I telling you

Jones: and I don't want to hear your filibustering either.

Welch: right

Latimer: Do I have any amendments to the motion?

Welch: I think that's it. I think those comments are outta line and

Jones: then so weren't yours

Welch: And we can leave this evening

Jones: this is a political body and you tell me I can't have a political process

Lapham: okay

Welch: That's it

Lapham: time out

Latimer: bangs gavel

Welch: You're done

Reniere: stop it

Latimer: we're almost at an end gentleman

Welch: slams book

Znoj: calm down

Welch: leaves slamming door

Latimer: In due respect to the rest of this committee, is there any other comments?

Plouffe: What was the number on the gas and diesel, the 25% number?

Latimer: 25% is 65,557

Farrell: I'll make one comment

Latimer: but Fred has said that that will give us a deficit of \$11,000 approximately \$11,000.

Do I have any amendments to the motion?

Farrell: I was just going to make a comment that for him to threaten us is totally unacceptable

Znoj: ya that's the old seaman in a pond vent

Latimer: Ya know what I'm more

Farrell: Money is returned to the general fund every year and he would just be returning 10,000 less dollars. To say that the police won't be police protection is absurd. It's just absurd.

Latimer: All points are well taken. I would ask you gentlemen to move on with what has transpired this is

Znoj: I would like to make a comment

Latimer: this is where we make the budget. Jerry a comment on the budget.

Znoj: I would say this. I have studied this budget inside and out and I asked so many questions and I heard there is enough money in this budget that Madam Chairman has proposed to cover everything

Latimer: We touched only a fraction of what could have been and we did it everything out over hours. It wasn't I don't like this I don't like that; it wasn't like that. There is a rationale. There is not a big punch list. There may be disagreement in what the number is. You may feel the proposed budget was more of where you wanted to be. You're all entitled to your

opinions and to voice them here in this review. That's what this review is for. That's where I am as your chairman and only as one person on this committee. As I started this whole conversation with this was the most difficult in the 14 years I have sat here, ever to have to come up with. And Mike you know that because I'm always on the other side of the (inaudible), but I feel there is enough money in this budget. Some lines may have to be moved around. I'm not, I think if I had gone line by line it would have sounded more like a challenge to the town manager. With all due respect, he knows where to move things and how to move things when he needs to. That's not saying I didn't throw these numbers out with a need from the beginning to have to move anything. And a lot of these new positions, they're in there they were put in the budget, they're there, so we do have some growth even with the default budget. So I don't want

Jones: Some growth?

Latimer: There is some growth.

Jones: Some growth? Well over a million dollars in excess in that default budget in my opinion. Well over a million dollars.

Latimer: well, again I'm going

Jones: We've got the New Hampshire Municipal Association who our town manager just on Tuesday night was telling us that the NHMA is monitoring the critical factor of the obamacare changes, which is too confusing for anyone really to understand, but we should have complete confidence in NHMA because he's never seen them make a mistake. Yet just 2 weeks ago I bringing up the fact that the NHMA put out a legal opinion saying that multi-year contracts must be approved by town warrant article and he replies to that that he is entitled, entitled? But the voters are not entitled to have a choice in the matter

Latimer: Tim, we've heard it

Jones: Yet this is embedded in the default budget along with a variety of other things we've seen. He's getting a 12.2% raise, 12.2 we've got raises of double digit raises across various parts of this budget and they are in the default budget. The voters are not being given a choice. Now you can reduce, and I think you're correct when you say you started with the default budget and I started reducing. I think that's a great place to start. But did you cut enough? Not from my point of view

Latimer: wait a minute. While I'm. Let me clarify that. While I'm using the default number because it is the simplest place

Jones: Right it's the most logical, yes

Latimer: the budget was reviewed up and down. So another words, we also went back to the budget itself, every line as it was requested, compared it to the default request by legal contractual obligations as well as the growth that was in there. Compared that to what was spent this year and last year and that's how that number was arrived.

Jones: I heard all that. But I don't what you to sound like I'm ungrateful for the effort because I know the effort was was was probably a very large one and a difficult one to make. But from my point of view, for those who are suggesting it's too much of a cut, there are those who seriously believe and have substantial reason for believing that it is not even close to enough.

Latimer: Ok, that being said.

Lapham: What was the total amount you took out of gas?

Latimer: The gas and diesel took out \$65,507 which represents 25 of the requested amount that had an increase over last year. Okay, so the proposed, the amount even in the default budget has an increase. We took every line that had diesel and gasoline and then we took the 50% reduction from where we are and we have that on the advice that it's going further. And considering the fact that if we have a good summer with parking lot revenue perhaps the income from that will offset what we have done entirely. Okay, can I give you an absolute on that? No, but I think we do owe it to the voters to say we cannot give you an increase in fuel charges when we have as large a decrease at the pump. Alright. I'm going to ask one more time. Is there any amendments?

O'Laughlin: No. Can I have a question?

Latimer: sure.

O'Laughlin: Seeing I'm new to this process. You keep saying we and I'm not sure who we is. You keep saying we did this to the budget and we analyzed this.

Latimer: I listened to every single member here who has spoken about any part of this budget. So if you contacted me, and you discussed a part of this I took it seriously and worked on it.

O'Laughlin: So when you say we you're referring what happened at this meeting, is that what you

Latimer: Everything that's happened at this meeting as well as anyone who contacted me. It's not; I never held a meeting

O'Laughlin: No no no I'm not saying that. I'm just saying I'm not clear on who we is that's all I'm saying

Latimer: The we is everybody here. You were all free at any time to ask questions

O'Laughlin: Okay, that's fine

Latimer: there were multiple question that came

O'Laughlin: you were saying things like we analyze

Latimer: right

Znoj: we did

O'Laughlin: on where the gas no

Latimer: several members have reviewed numbers

O'Laughlin: we analyzed the gas and where it and the stockbrokers and I'm not sure where all that I just don't know that

Jones: Well Jim you can be confident about one thing. We did not include me, except for one one phone conversation I had with Eileen on the general notion 4 months ago.

O'Laughlin: I don't care who you spoke to

Jones: Since then no conversation

O'Laughlin: I don't know I don't know where that collective we is. I mean I don't know if its people outside this room or if its just the people in this room. I don't

Latimer: Only the people in this room

O'Laughlin: okay, alright

Latimer: unless there was a professional, like I said I called a few stockbrokers that I know and said you know this is where gas is, I don't even have a clue.

O'Laughlin: okay

Latimer: Tomorrow are we going to be going the other way and they are saying no. They are anticipating it will go down into the 30's. You may want to go out and oil stock, I don't know. But every now and then there is something that I don't know that I will call a professional in a generality.

O'Laughlin: okay, that's fine.

Latimer: to say where are we going.

Reniere: Madam Chairman, the list there that you have how many items? 7, 8, 9 maybe

Latimer: 1,2,3,4,5

Reniere: But that's the point. That is not a we list. That's your list. That's the items that you feel in this budget need adjustment through this final review. Is that correct?

Latimer: you are all. This is the final review.

Reniere: That's right. Wait a second. That's your list.

Latimer: and I presented it that way. But there are a

Reniere: that's right so it is not a collective we list.

Jones: we haven't voted on it yet.

Reniere: the point being that we have done I think due diligence over 12 sessions and 15 people listening to the presentations of the department heads and here we are in the final hour where you have come up with a list. Anyone of us come have come up with our own

Latimer: did you

Reniere: no. Because I think I'm satisfied with the due diligence that has been done prior to this session

Latimer: Then Mr Reniere you'll vote accordingly

Jones: right

Reniere: That I just wanted to make that clear that is your list not a we list.

Latimer: It is not just my list.

Pierce: No it's a list she collected from every in the committee.

Reniere: I don't I don't (multiple people talking)

Labranche: just vote yes or no

Reniere: so I'm ready to make a vote

Kravitz: there is already a default budget of 26,527,097 article 12

Znoj: what did you say

Latimer: is there a correction on that, are we using the right amount? 26,527,097 minus 128,057 gives us 26,379,040.

Reniere: so that's the item you want us to recommend to move forward to the deliberative session. To the public hearing. So is that the motion?

Latimer: That would be the budget amount

Reniere: so there is a motion to move to the public hearing the figure of 26,379,040 which includes the 128,057 reductions from the proposals that you bid on. Is that correct?

Plouffe: yes

LaBranche: would you like to call for a vote madam

Pierce: So this is a budget committee budget?

Latimer: yes. This is the budget committee budget. We had a proposed budget we saw the default obligations alright, and in the default budget also was built in some other things alright, it was not just strictly obligations there were other things in the default budget

Reniere: let's not complicate it. That's the bottom line.

Plouffe: yes, that's it.

Latimer: So that's the bottom line with those 5 deductions in those places.

Reniere: so we are ready to make a vote on it.

Jones: Your argument that budget that's been floating around here the last few months is not going to be approved by the voters, by the town meeting by the town legislature, and we are the only committee of the town legislature who's only job is to produce a proposal that they will find acceptable. I mean I can't criticize that argument in any way. I just think we could have been more ahmm

Znoj: the word you're searching for is aggressive

Jones: Not aggressive, I think we could have used Occam's knife here.

Latimer: Okay

Znoj: What's Occam's knife?

Jones: Occam was a philosopher who said to divide things right where they are supposed to be divided

Znoj: Timmy, civility I guess here

Jones: Philosophy is not vulgarity, ok.

Latimer: Tim. Everybody has had the ability to make an amendment alright. I'm going to call for a vote.

End Transcription.

Vote: 9 yes, 5 no (Kravitz, Ladd, O'Loughlin, Reniere, Waddell). Motion passed.

Adoption of Minutes

Moved by Mr. LaBranche, seconded by Mr. Znoj, to approve the Minutes of October 21, 2014.

Vote: 13 yes, 0 no, 1 abstention (Grzybowski). Motion passed.

Moved by Mr. LaBranche, seconded by Mr. Plouffe, to approve the Minutes of December 4, 2014.

Vote: 14 yes, 0 no. Motion passed unanimously.

Moved by Mr. LaBranche, seconded by Mr. Plouffe, to approve the Minutes of December 10, 2014.

Vote: 12 yes, 0 no, 2 abstentions (Ladd, O'Loughlin). Motion passed.

Moved by Mr. LaBranche, seconded by Mr. Plouffe, to approve the Minutes of December 11, 2014 as amended.

Vote: 12 yes, 0 no, 2 abstentions (Grzybowski, Ladd). Motion passed.

Moved by Mr. LaBranche, seconded by Mr. Plouffe, to approve the Minutes of December 16, 2014.

Vote: 13 yes, 0 no, 1 abstention (Reniere). Motion passed.

Moved by Mr. LaBranche, seconded by Mr. Plouffe, to approve the Minutes of January 6, 2015.

Vote: 13 yes, 0 no, 1 abstention (Grzybowski). Motion passed.

Adjournment

There being no further business, the meeting was adjourned at 10:36 p.m.

Respectfully submitted,

Joan Rice
Secretary