

BUDGET COMMITTEE

DRAFT MEETING MINUTES

May 17th, 2022 in the Selectmen's Meeting Room

Chairman Harake called the meeting to order at 6:00 PM.

Chairman Harake led the pledge of allegiance.

Introduction of Members (Roll Call)

Katherine Harake, Chairman

Matt Saunders, Vice-Chair

Larry Quinn

Brian Warburton

Mike Plouffe

Bob Ladd, Village District Representative

Steve Henderson

Frank DeLuca, School Board Representative

Absent: Rusty Bridle, Selectmen's Representative

Acceptance of March 15, 2022 minutes.

Mr. Quinn asked for clarification on who would be the CIP representative. Ms. Harake confirmed that Mr. Quinn would be the Budget Committee representative for the CIP.

Mr. Warburton MOTIONED to accept the March minutes with corrections. SECONDED by Mr. Saunders. Vote: 7-0-1. Abstained: Mr. Henderson.

I. New Business 6:02 PM

A. Selectmen's Update

Mr. Bridle, the Selectmen's Representative was absent. This update will be moved to the next meeting.

B. School Board Update

Mr. Deluca has no updates from the school board.

C. Village District Update

Mr. Ladd gave the committee an update.

- May 21st the New Hampshire Tow Truck weekend will start. This event is hosted by the Tow Truck Association. It will include a parade that will go up High Street and come back down Winnacunnet Road.
- May 29th there will be entertainment at the Shell Stage from 7 PM - 8 PM and 8:30 PM - 9:30 PM. There will also be fireworks.
- May 31st the Winnacunnet High School Chorus and Chamber Singers will present a show at the Shell Stage at 7 PM. In the event of rain, the show will be held at Winnacunnet High School.

- Reminder that the Church Street parking lot is free to residents with a resident sticker.
- June 15th to September 5th there will be entertainment on the Shell Stage every night. Fireworks will be held every Wednesday night.
- September 3rd the Boston Circus Guild will perform at the Shell Stage at 7 PM. Rain Date: September 4th.

Mr. Ladd advised that anyone interested in the summer events can visit hamptonbeach.org for more information.

D. Response to March meeting questions by Jamie Sullivan and Kristi Pulliam (6:08 PM)

Ms. Harake noted that the goal of this presentation is for the Budget Committee to better understand the timeline for expending current warrant article outlays and their implications on future available funds.

1. Capital Outlays from approved Warrant Articles.

Ms. Pulliam presented a summary of the timelines associated with all open warrant articles.

Ms. Harake asked for dollar amounts for each outlay. MS. Pulliam pointed to slide five where dollar amounts are given for each open warrant article.

Ms. Pulliam reviewed warrant articles passed in 2022 that are not related to projects and will be expended before the end of 2022.

Ms. Harake asked for clarification on recurring warrant articles. Ms. Pulliam explained that these articles are voted on each year. For budgeting purposes, once the money dedicated to the item is expended it goes away and does not act as an outlay. If it passes again in the subsequent year, it will be readded to the budget.

Ms. Pulliam reviewed warrant articles related to projects that are expected to be completed before the end of 2022. (WA 21, WA 24, WA 28).

Ms. Pulliam reviewed warrant articles that are expected to cross over into multiple years. Some are expected to continue as far into 2025.

Ms. Harake asked for clarification on dollar amounts related to warrant articles that will cross over into future years.

Ms. Pulliam reviewed warrant articles that are expected to cross over into future years.

- Master Plan
 - Original Amount: \$125,000
 - Brought Forward: \$49,885
 - Spent to Date: \$10,754
 - Open: \$39,131

*Ms. Pulliam noted that the town planner does not expect the majority of this warrant article to extend into 2023.

Mr. Warburton asked for clarification on the carryover into 2023. Ms. Pulliam stated that the Town Planner intends to expend this budget before the end of the year. The crossover is for presentation purposes only.

- Winnacunnet and High Street Engineering Work
 - Original Amount: \$435,000
 - Brought Forward: \$146,620
 - All money will be expended before construction begins in 2023.
- Flood Control Designs (2020)
 - Original Amount: \$200,000
 - Brought Forward: \$185,697
 - This money will be used as a match for requested grant funding in 2022 and 2023.
- Article 31 (2020) Public Works Building Modifications
 - Original Amount: \$85,000
 - Work will go out to bid by the end of 2022 and work will begin in 2023.
- Article 34 Transfer Station Improvements
 - Original Amount: \$50,000
 - RFP will be published by February 2023 and then it will go out to bid.
- Fire Engine
 - Original Amount: \$825,000
 - Purchase had been approved by the board as of May 9th.
 - There is a 570-day lead time.
- Highway Block Grant
 - Original Amount: \$503,000
- DPW Vehicles
 - Original Amount: \$363,500
 - The Board of Selectmen approved a purchase. It should be received either late 2022 or early 2023.
- Regional Infrastructure (2022)
 - Original Amount: \$150,000
- Cemetery Maintenance
 - Original Amount: \$50,000

Mr. Sullivan noted that the town is currently looking into purchasing new financial software, which will aid in preparing future budgets. The goal would be to offer real-time access to budget information and outlays to department heads.

Mr. Ladd asked if the price of the fire engine is locked in during the 570-day lead time. Mr. Sullivan said that the contracts they are looking at do not guarantee locked-in pricing, but they feel confident that it will come within the budget.

2. Year-end encumbrances and the unassigned fund balance.

Ms. Pulliam reviewed the Unassigned Fund Balance (UFB). The UFB is made up of revenue and expenses. It includes all revenues outside of property taxes and it is adjusted throughout the year.

The average amount of revenues that have gone into the UFB over the past 28 years has been \$428,403.

The average underspent budget amount that has gone into the UFB over that last 28 years has been 2.48% or \$540,984.

MS. Harake asked if there is a standard permissible budget. Mr. Sullivan explained how departments approach the budget conservatively and then make adjustments in the Fall based on how money was spent throughout the year.

Ms. Harake restated that the goal is to stay within the 3-5% underspend in the absence of an anomaly. Ms. Harake asked for further clarification on how the UFB is anticipated to increase each year. Mr. Sullivan noted that there are many factors within revenues and expenses that can alter year-over-year growth of the UFB.

Ms. Harake stated that the UFB continues to increase in parallel to the budget. Mr. Sullivan explained that the Department of Revenue Administration (DRA) recommends that each community has 3-17% in the UFB. When Hampton once had \$0 in the UFB they would resort to borrowing Tax Anticipation Notes (TANs) to pay off debts (uncollected taxes, etc.). This practice was not prudent. Having a healthy UFB puts the town in a secure financial position to keep our tax rate from fluctuating too dramatically.

Ms. Harake asked what our credit rating is currently. Mr. Sullivan stated that he did not know off the top of his head, but there are a lot of factors besides the UFB that play into that. Mr. Sullivan added that the annual audits are excellent each year.

Mr. Ladd asked for clarification on funds that are reported in the UFB despite being committed. Discussion ensues about the definition of a UFB and the procedures for drawing money. Ms. Pulliam clarified that each year an audit is done and the UFB is adjusted, but the report does not reflect the money allocated to warrant articles. Mr. Quinn added the revenue differentials could also throw off the balance of the UFB. Mr. Sullivan stated that it is not necessarily a checking account, it is an accounting mechanism.

3. Information for the Public - Public Works Newsletter

Mr. Sullivan noted that the Public Works Department is working on a Newsletter that will go out to the public.

4. Questions/Comments on February/March financials

No questions or comments.

5. Discuss/approve proposed deliberative schedule for 2022/23

Ms. Harake shared a tentative schedule.

Mr. Warburton noted that Tuesday 11/10 should be Thursday 11/10.

Mr. Warburton noted that 9/20 is traditionally when the schools are invited. Ms. Harake noted that she will be meeting with Dr. Costa in June and will ask.

Ms. Harake stated that they moved the 11/10 meeting because there are elections on 11/8.

Ms. Harake noted that this schedule finished before New Years, but they can adjust and slow down if needed. She will post online in the next few days.

Ms. Harake has planned for the budget committee to not meet again until September, but if any members of the Budget Committee have any reason to meet prior to that they can let her know.

II. Other business/comments

No comments.

III. Adjournment (6:44 PM)

Mr. Warburton MOTIONED to adjourn the meeting. SECOND by Mr. Saunders. Vote: unanimous.