

# **TOWN OF RYE – BUDGET COMMITTEE**

**MONDAY, January 9, 2017**

**6:30 p.m.**

**Rye Town Hall**

***Members Present: Chairman Paul Goldman, Peggy Balboni, Ray Jarvis, Mae Bradshaw, Rye Beach Village District Representative Shawn Crapo, School Board Representative Kevin Brandon, Jenness Beach District Representative Randy Crapo, Water District Representative Ralph Hickson and Selectmen's Rep Craig Musselman***

***Members Not Present: Doug Abrams and Jaci Grote***

***Others Present: Town Administrator Michael Magnant and Finance Director/Asst. Town Administrator Cynthia Gillespie***

## **I. CALL TO ORDER**

Acting Chair Musselman called the meeting to order at 7:30 p.m. and led the Pledge of Allegiance

## **II. WORK SESSION**

### **A. Warrant Articles**

**ARTICLE\_\_\_\_.** To see if the Town will raise and appropriate the sum of three million three hundred eighty-six thousand seven hundred fifty-two dollars (\$3,386,752), gross budget, for the purpose of constructing a new Town Hall office building similar in exterior design and on the same site of the existing Town Hall Building, along with equipment and furnishings, and authorize the borrowing of up to three million three hundred eighty-six thousand seven hundred fifty-two dollars (\$3,386,752) through the issuance of not more than three million three hundred eighty-six thousand seven hundred fifty-two dollars (\$3,386,752) of bonds or notes in accordance with the provisions of the Municipal Finance Act (N.H. RSA Chapter 33 as amended) and to authorize the Selectmen to issue and negotiate such bonds or notes, to determine the rate of interest thereof, and to take such actions as may be necessary to effect the insurance, negotiation, sale and delivery of such bonds or notes as shall be in the best interest of the Town of Rye, and further, to apply for and accept and expend Federal and state Grants and any private donations towards this purpose. (3/5 ballot vote required.)

### **Warrant Article recommend by the Selectmen 2-0**

Chairman Goldman explained that there was a process where the Selectmen went out and requested design build proposals, which was responded to by Hutter Construction. There were two alternatives that were requested for the sake of comparing the same footprint and same configuration of the building. One of the alternatives was for the renovation of the existing building, with an addition in the back, with

consideration to the historic aspects of the building. The second alternative was for a tear down and new construction with the same configuration and footprint, without regard to preserving the historical aspects of the building, other than making it fit in with the character of the town from a historical standpoint. The process has resulted in the warrant article from the Selectmen that is being proposed.

Selectman Musselman stated that two years ago, an architect had bid out a design for the historic renovation of the existing building with new construction out back. That resulted in a warrant article of 4.1 million dollars that the residents voted down. He noted that this would have been a historic renovation of the building. The building would have the great hall with the tin ceilings and stage with the stairways integrated into that room. The second floor of the existing building was not going to be used as office space. It was going to be a great hall. Since the town decided they did not want to spend 4.1 million dollars, it was decided that space was not needed. The town has gone from about 9,000sf of office space to about 8,000sf. The cost has gone from 4.1 million to 3.4 million. He pointed out that about 3,000sf of space in the previous project was all great hall. In reviewing this proposal for the renovation with the office space on the second floor of the existing building, it really becomes not a historic renovation. The stairways are behind firewalls and will not be used. There are proposed partitions for the office spaces on the second floor. The partitions would go all the way to the tin ceilings. The meeting space on the stage had a glass front to it. All of that made it not a historic renovation. The town would wind up with the short-term construction risks of things that are not certain that have to be dealt with during construction and the long-term risks that are left. He continued that everyone who has looked at the sketches so far, the Heritage Commission, Historic District Commission, Board of Selectmen and the public at the meetings, thinks that the building that is presented in the drawings is something that the town could be proud of under either a renovation or new construction. The Selectmen's sense was that the town would be far better served in the long run with a building that is all new construction. That is why the Selectmen voted 2 to 0 for the Selectmen's Warrant Article to be placed.

Member R. Crapo stated that he does not think Option 2, tear down and new construction, is something that the town could be proud of. There is not even any room to hold a meeting in the building. The 8,000sf has been talked about; however, that is a minimum. He does not think the plan is well thought out or the town's best option. He is going to vote to not recommend the warrant article.

Member Balboni stated that the schools are looking at dwindling student populations. She wonders if it makes sense to "back up" and have some discussions with the school board for a long range plan to include the recreation center.

Member S. Crapo commented that Recreation has space needs issues. He does not see a warrant article being proposed to address those recommendations. The overall conclusion was that a 10,000 to 15,000sf facility is needed for Recreation. He thinks a global solution would be to look at both buildings with the schools. Right now, there is an aging population in the town; however, at some point, the trend could change and go in the opposite direction.

Member Brandon noted that there is the issue that there is very expensive real estate in the town and it is likely to stay expensive. It makes it difficult for young families to move into town. Jobs are what drives families to a town. The job creation and growth in this area is lagging from other parts of the country and it remains very expensive. The town has two separate buildings for the schools at 55,000sf each. The Rye Junior High has a number of things that would lend itself to a community center. It could also be evaluated to move the SAU 50 staff to the junior high building. He asked what is the overall arching plan

for space? The Rye Junior High has pretty good bones. It is a big building and is centrally located in the Historic District. It has kitchen facilities, space for meetings and recreation in the gym. He thinks they would be remiss as a town to not take a look and consider the plans for the use of that building that has multi use opportunities.

Selectman Musselman stated that his thought is that while it is a junior high, there would be a valid concern on the part of the parents regarding having adults accessing the building from one side and students from the other. The way to resolve that would be to bring a second driveway in from Lang Road to the property in the rear. The town hall could probably hide in the back of the building. It would need an architectural study, a cost estimate and traffic plan to keep those functions separate both internally and externally. He thinks this is a long-term issue. It certainly is a long-term issue for a community center. It does have valid opportunities if people in Rye are willing to compromise.

Member Bradshaw stated that she believes there is warrant article that is going to be on the ballot for the schools to be studied for consolidation.

Member Brandon commented that he is not surprised. He thinks it is a natural extension of the changes that are happening and is a responsible thing to do. He pointed out that there is going to be a lot of concern. This is not something that is going to happen very readily without a lot of structural consideration within the school itself.

Regarding the Selectmen's Warrant Article, Member Bradshaw stated that she is not going to be voting to recommend it either. Based on the survey that was sent out by the town, with 69% of the people who responded saying they wanted the building renovated and not torn down, she does not think there will be a 60% vote to tear down the building to get something new.

Member Jarvis stated that he disagrees with Member Bradshaw. When this was discussed on January 3<sup>rd</sup>, there were more people in this room and some were in the hall. He asked how many people would refurbish the town hall and two hands went up out of 30. He spent quite a few years in conservation and trying to retain the history of the town. However, there were so many compromises that had to be made in order to keep the building, in contrast to starting over and building a first class structure that was going to last five generations. He keeps reiterating that it should be kept in mind when discussing the schools, that in looking at trends there is no guarantee that a trend is not going to change and go in a different direction. Maybe there will not always be high housing prices in Rye because the politics will change. People have to be very careful about trends and not "bet the farm" on a trend.

Member Brandon stated that if on-going investments are going to be made in the junior high building it should be in the context of understanding its specific use.

Member Balboni stated that maybe this should be looked at to determine where the money should go in the future.

Chairman Goldman stated that all the issues are systemically related but have different time shift and time phases, which is mostly out of the town's control. However, the town does have a non-compliant building. The town could be sued at any time. There are other code issues. The building is literally falling apart. The town has been through this process for five years and has become paralyzed by analysis. It is time to do something. In regards to the Selectmen's Warrant Article for new construction, his opinion is that all surprises are eliminated by going with new construction. The delta between the two options could

vanish or become negative depending on what surprises are found. He has asked on multiple occasions, if town hall employees feel that the configuration and space needs, based on geometry, layout and future capability, provided their needs for the next 50 to 100 years and the answer was “yes”. It is time to do something. The town has a clear plan and he is going to vote to recommend this warrant article. The town could discuss this forever and never get anything done.

**Motion by Ray Jarvis to recommend the Selectmen’s Warrant Article. Seconded by Craig Musselman. Vote: 3-6**

**Budget Committee does not recommend the warrant article.**

**Note: Ray Jarvis left the meeting at 8:15 p.m.**

**ARTICLE \_\_\_\_\_.** To see if the Town of Rye will vote to approve the cost items included in the Collective Bargaining Agreement reached between the Town of Rye Board of Selectmen and the Rye Town Employees Association affiliated with the Teamsters Local 633 of New Hampshire, which calls for the following increases in salaries and benefits at the current staffing level:

Year	Estimated Range of Increase over prior Year	
	<u>Base 2%</u>	<u>Max 3.5%</u>
2017 (9 mos.)	\$17,153	
2018 (12 mos.)	\$18,618	\$24,481
2019 (12 mos.)	\$18,230	\$28,068

The range in years 2018 and 2019 is a minimum and maximum amount Determined by Cost of Living Adjustments (COLA).

And further, to raise and appropriate the sum of \$17,153 for the 2017 fiscal year, such sum representing additional costs attributable to the increase in salaries and benefits required by the new agreement over those that would be paid at current staffing levels in accordance with the most recent collective bargaining agreement. This appropriation is in addition to the operating budget. Majority vote required.

#### **Warrant Article recommend by the Selectmen 2-0**

**Motion by Shawn Crapo to recommend the Warrant Article regarding the Town Employee Association Union Contract. Seconded by Kevin Brandon.**

Member Bradshaw stated the she is gravely concerned with the demographics that many people in Rye are on fixed incomes. She read that the Cost of Living Adjustment (COLA) for anyone on fixed incomes under Social Security and other federal programs, for 2017, is .3%, as opposed to 2.5% that is being proposed. She asked why there is such an increase in the COLA if the cost of living is not going up.

Selectman Musselman noted that the COLA minimum for the town is 2%. This is a difference between 2 and 2.5%. The town was involved in long negotiations with the unions, who were looking for step increases across the board. If finally got to the point where 2.5% was acceptable and was settled on.

Member Brandon stated that the reality of negotiating the contracts and coming away with 2.5% is encouraging to employees who might go seek employment elsewhere. That is the reality in a tight labor environment.

Member Bradshaw commented that the people who are on a fixed income in the town have to be considered.

Selectman Musselman stated that the community also “hacks” away at every budget line item, without any proponent for putting any of that back. Rye has one of the lowest tax rates in Rockingham County based on property values. The town has kept the tax rate down for years and has done an excellent job.

Member Balboni asked about the change in the health insurance plans, as sometimes in negotiations more is given in the salary line item if there is a benefit to the town in health insurance.

Finance Director Gillespie explained that the Comp 2500 Plan will no longer be available. The town was also insuring the \$2500 deductible. For a family or a two person plan, the town would be paying \$4,800 to the employee to pay down their deductible. The town was budgeting \$100,000 in addition to the premiums to pay down the deductibles. With the new plan that will be offered, the town will be saving about \$68,000 over and above the premium savings with the other plans.

Member Hickson commented the savings in the health plans more than offsets the half percent difference in the COLA.

Chairman Goldman called for a vote.

**Vote: 7-1 (to recommend the warrant article.) Opposed: Mae Bradshaw**

**ARTICLE \_\_\_\_.** To see if the Town of Rye will vote to approve the cost items included in the Collective Bargaining Agreement reached between the Town of Rye Board of Selectmen and the Professional Fire Fighters Association of Rye affiliated with the International Association of Fire Fighters IAFF Local #4411, which calls for the following increases in salaries and benefits at the current staffing level:

Year	Estimated Range of Increase over prior Year	
	<u>Base 2%</u>	<u>Max 3.5%</u>
2017 (9 mos.)	\$30,170	
2018 (12 mos.)	\$35,653	\$44,605
2019 (12 mos.)	\$27,660	\$39,458

The range in years 2018 and 2019 is a minimum and maximum amount Determined by Cost of Living Adjustments (COLA).

#### **Warrant Article recommend by the Selectmen 2-0**

And further, to raise and appropriate the sum of \$30,170 for the 2017 fiscal year, such sum representing additional costs attributable to the increase in salaries and benefits required by the new agreement over

those that would be paid at current staffing levels in accordance with the most recent collective bargaining agreement. This appropriation is in addition to the operating budget. Majority vote required.

**Motion by Ralph Hickson to recommend the Warrant Article regarding the Professional Fire Fighters of Rye Union Contract. Seconded by Kevin Brandon.**

**Vote: 7-1 Opposed: Mae Bradshaw**

**ARTICLE \_\_\_\_.** To see if the Town of Rye will vote to approve the cost items included in the Collective Bargaining Agreement reached between the Town of Rye Board of Selectmen and the Rye Police Association affiliated with the Teamsters Local 633 of New Hampshire, which calls for the following increases in salaries and benefits at the current staffing level:

Year	Estimated Range of Increase over prior Year	
	<u>Base 2%</u>	<u>Max 3.5%</u>
2017 (9 mos.)	\$22,939	
2018 (12 mos.)	\$22,335	\$28,207
2019 (12 mos.)	\$20,876	\$29,108

The range in years 2018 and 2019 is a minimum and maximum amount  
Determined by Cost of Living Adjustments (COLA).

And further, to raise and appropriate the sum of \$22,939 for the 2017 fiscal year, such sum representing additional costs attributable to the increase in salaries and benefits required by the new agreement over those that would be paid at current staffing levels in accordance with the most recent collective bargaining agreement. This appropriation is in addition to the operating budget. Majority vote required.

#### **Warrant Article recommend by the Selectmen 2-0**

**Motion by Kevin Brandon to recommend the Warrant Article regarding the Rye Police Association Union Contract. Seconded by Shawn Crapo.**

There was some discussion on the increase in the hourly pay for outside details.

**Vote: 7-1 (to recommend the warrant article.) Opposed: Mae Bradshaw**

**ARTICLE \_\_\_\_.** Shall the Town raise and appropriate as an operating budget, not including appropriations by special warrant articles and other appropriations voted separately, the amounts set forth on the budget posted with the warrant or as amended by vote of the first session, for the purposes set forth therein totaling nine million four hundred thirteen thousand nine hundred fifty-two dollars (\$9,413,952)? Should this article be defeated, the default budget shall be eight million eight hundred forty thousand three hundred thirty-six dollars (\$8,840,336) which is the same as last year, with certain adjustments required by previous action of the Town or by law; or the governing body may hold one special meeting, in accordance with RSA 40:13, X and XVI, to take up the issue of a revised operating budget only. (Majority vote required.)

**NOTE: This operating budget warrant article does not include appropriations in ANY other warrant articles.**

### **Warrant Article recommend by the Selectmen 2-0**

**Motion by Mae Bradshaw to recommend the Warrant Article for the 2017 Town Operating Budget in the amount of \$9,413,952 with a default budget \$8,840,336. Seconded by Kevin Brandon.**

**Vote: 8-0**

### **III. OTHER BUSINESS - Petitioned Warrant Articles**

**ARTICLE \_\_\_\_\_. (By Petition)** To see if the Town of Rye will vote to authorize the Rye Selectmen

- to raise and appropriate the sum of \$3,200,000 gross budget for the purpose of renovating the Rye Town Hall 1839 building with due consideration of the historical features
- to construct pursuant to Option 1-Historic Renovation submitted by Hutter Corporation on December 8, 2016
- to authorize the borrowing of up to \$3,200,000 through the issuance of not more than \$3,200,000 of bonds or notes in accordance with the provisions of the Municipal Finance Act (N.H. RSA Chapter 33 as amended)
- to authorize the Selectmen to issue and negotiate such bonds or notes, to determine the rate of interest thereon, and to take such actions as may be necessary to effect the issuances, negotiation, sale and delivery of such bonds or notes as shall be in the best interest of the Town of Rye,
- to apply for and accept and expend Federal and State Grants and any private donations toward this purpose, and
- to direct the Selectmen to authorize the pursuit of available grants to help defray the cost of renovation.

Rye Town Hall is listed on the New Hampshire State Register of Historic Places and was designated as one of the Seven to Save Endangered Historic Properties for 2015 by the New Hampshire Preservation Alliance.

(3/5 Ballot vote required.) This appropriation is in addition to the operating budget.

### **Warrant Article is not recommended by the Selectmen 2-0**

Member Bradshaw stated the Selectmen went out with a survey to the town. The survey came back in excess of 60% saying that people wanted the town hall on the existing site and the existing building renovated. There was a lot of flack from people in town who were saying it was going to be too expensive to renovate and much cheaper to build. The result was that this was not true. This builder has said that he can do the same building outside and inside for less money than it is to build new.

Member S. Crapo noted that there will be cost overruns that will be added to the project cost.

Member Bradshaw commented that Hutter did the cost a year ago of 4.1 million. There is not a big addition off the back. It is a much smaller space overall.

Selectman Musselman noted there is a limited project contingency of 5%. It is less adequate than option 2. He continued that Hutter knows that the town will not be able to spend more money than what is voted on to spend. The town will have to make compromises in other areas.

Member Hickson stated that he was on the school board when they put the addition on the school 20 years ago. Several significant issues were found when the building was opened up. The cost was \$200,000 that was added to the project price. He pointed out that the school was only 60 years old at the time of the addition. The Town Hall is over 130 years old. The town is going to run into a lot of unforeseen issues.

Member Bradshaw commented that she has read the engineering reports that say everything is in tack. There is some foundation work that has to be done. She continued that the State likes the building and wants to help the town with the cost of renovating the building.

Member Hickson pointed out there is no guarantee on grant money coming through.

Member Bradshaw replied there is no guarantee on grant money; however, there is a lot of eagerness. This is a building the State would like to see saved.

**Motion by Mae Bradshaw to recommend the Petitioned Warrant Article. Seconded by Ralph Hickson.**

Chairman Goldman stated that the delta between this article and the Selectmen's article is about \$186,000. In his opinion, that is an insurance policy that there will not be any surprises. There are no surprises with new construction. For a delta of \$186,000, he would not vote to recommend this article.

Chairman Goldman called for a vote.

**Vote: 1-7 (to recommend the warrant article).**

**Opposed: Shawn Crapo, Kevin Brandon, Ralph Hickson, Randy Crapo, Peggy Balboni, Craig Musselman and Paul Goldman**

**Budget Committee does not recommend the Petitioned Warrant Article.**

**ARTICLE \_\_\_\_.** (By Petition) Should Article \_\_\_\_ (insert number for Selectmen's \$3,386,752 warrant article (Hutter Option 2) for tear down and rebuild) and article \_\_\_\_ (insert number for \$3,200,000 Heritage Commission warrant article (Hutter Option 1) for renovation) fail to pass, shall the town vote to raise and appropriate an amount not to exceed \$500,000 to repair and refurbish the exterior of the historic Rye Town Hall, to provide handicapped access and facilities, to replace and restore windows as appropriate, and improve the energy efficiency, while taking into consideration the impact of twenty-first century technology on space needs.

**Warrant Article not recommend by the Selectmen 2-0**

**Motion by Mae Bradshaw to recommend the Petitioned Warrant Article. Seconded by Ralph Hickson.**

Selectman Musselman stated that the building has to be made handicapped accessible for everything. If significant modifications are made to the building, structural codes have to be met. The steel structure that was proposed the last time would have to be done. A building support would be needed around the elevator on both floors. The amount of \$500,000 would not cover all those costs. If this gets voted



through, the Selectmen will consider this but do not have to act on it if it is not doable. He commented that he does not think it is doable.

Member S. Crapo stated that the warrant article is irresponsible and shooting the other articles in the foot. Why would someone vote for the previous warrant article if they thought the building could be done for \$500,000? He thinks the best course of action is for the people to withdraw the article.

Member R. Crapo stated that he assumes this is to get the town off the hook and give more time for studying the situation. In any event, handicapped access is needed for the building, unless it is torn down.

Selectman Musselman noted that \$500,000 will not cover ADA compliance, which entails elevators, bathrooms, corridors, floor levels and structural modifications. It has to be ADA compliant from the outside, as well as the inside in all spaces.

Chairman Goldman stated that there are no analytics submitted with this warrant article. He would not vote on it because he does not know anything about it. The Budget Committee has been asked to be very due diligent to these kinds of things.

Member Bradshaw commented this is going to be deliberated at the Deliberative Session. She continued that she understands that \$500,000 may not be enough for the structural steel but the town was encouraged to apply for a grant two years ago. With a renovation, there is grant money that can be sought.

Member S. Crapo noted that if this is voted through the town will be dealing with what they did with the rec. A Band-Aid was put on the building to get it through the next couple of years. The building has now been there for 20 years plus. The general consensus is that something has to be done with the Town Hall but everyone is just throwing out figures.

Chairman Goldman called for a vote.

**Vote: 1-7 (to recommend the Petitioned Warrant Article.)**

**Opposed: Peggy Balboni, Randy Crapo, Ralph Hickson, Kevin Brandon, Shawn Crapo, Craig Musselman and Paul Goldman**

## **ADJOURNMENT**

**Motion by Peggy Balboni to adjourn at 9:15 p.m. Seconded by Shawn Crapo. All in favor.**

Respectfully Submitted,  
Dyana F. Ledger