

APPROVED  
Town of New London  
Budget Committee Meeting  
September 21, 2009

Present: John Wilson (Chair), Kathy Bianchi, Jack Sheehan, Jim Wheeler, Bob Meck, Doug Baxter, Connie Appel, Ann Bedard, Larry Ballin (Selectman), Tina Helm (Selectman),

Absent: Celeste Cook

Staff Present: Jessie Levine (Town Administrator), Carol Fraley (Finance Officer), Jay Lyon (Fire Chief), Sandra Licks (Library Director), Andy Deegan (Conservation Commission Chair), Richard Lee (Public Works Director), Chad Denning (Recreation Director), Dave Seastrand (Police Chief), Linda Hardy (Town Clerk/Tax Collector)

Public Present: Peter Bianchi, Bob and DJ Lavoie, Doug MacMichael, Gary Markoff

John Wilson called the meeting to order at 7:03 PM. The first order of business was to review the minutes from the meeting on May 18, 2009. Several members remarked about the minutes being a bit incomprehensible but that all of the information was present. The Budget Committee noted that they welcomed a new recording secretary and looked forward to receiving accurate and concise minutes.

IT WAS MOVED (Doug Baxter) AND SECONDED (Kathy Bianchi) to approve the minutes from May 18, 2009. THE MOTION WAS APPROVED UNANIMOUSLY.

Chair Wilson said that he believed this was a good time to figure out when future subcommittee meetings should be held. Ms. Levine suggested waiting on picking dates until they review the fiscal year presentation. Chair Wilson agreed.

Chair Wilson introduced Jack Sheehan as Noel Weinstein's replacement to the Budget Committee. Mr. Sheehan said that he was glad to be part of the committee.

CIP Subcommittee: Ms. Levine said that the CIP report is still in draft form because at the time of printing, they had not heard from either the Water Precinct or the School District. She noted that she has since heard from the School District but that she is still waiting to hear from the Water Precinct. Ms. Levine shared that the Planning Board would be reviewing the CIP at their October 27 meeting. Mr. Wilson noted that the numbers represented in the report would most likely stay the same and so they were the numbers that they would use as a guide as they go through the budget process this fall. Mr. Wilson brought up the issue of milfoil on the area's lakes, noting that funds for the prevention of milfoil were not in the plan. Ms. Levine said that the original milfoil program was created by the Selectmen and Budget Committee, not by the CIP committee, and is not a typical capital improvements program. She said that there were other capital expenses that were not on the list because they are handled differently than traditional expenses (Tracy Library Garden, for example). Mr. Ballin shared that the lake associations are aware of the fact that the money is starting to run out.

Mr. Wilson went through the CIP changes on Table 20 to highlight each one:

- Highway Equipment Replacement: \$190,000 in 2009 to \$160,000 in 2010.
- New Highway Equipment: \$ 5,500 in 2009 to \$6,000 in 2010.
- Police Cruiser Replacement: \$16,250 in 2009 to \$25,000 in 2010.
- Fire Department Equipment Replacement: \$72,500 in 2009 to \$120,000 in 2010.
- Library Building Improvements: \$75,000 in 2009 to \$80,000 in 2010.

- Library Computer Replacement: \$5,000 in 2009 to \$12,000 in 2010.
- Mr. Wilson said that the paving program would be staying the same at \$50,000.
- Recreation: \$0 in 2009 to \$25,000 in 2010.
- Conservation Land Acquisition will stay at \$0.
- Transfer Station Improvements: \$0 in 2009 to \$5,000 in 2010.
- Intersection Improvements: \$0 in 2009 to \$20,000 in 2010.
- Sidewalks: \$0 in 2009 to \$20,000 in 2010.

Ms. Levine noted that Table 20 has been revised to show what was in the 2009 CIP originally and what was actually approved by the Budget Committee. She suggested that the 2010 proposed figures should be compared against 2009 proposed figures, as in some cases less is being requested in 2010 than in 2009.

Mr. Wilson opined that the process of doing the CIP in-house this year was far simpler and more straightforward than in previous years. He believed that the document produced was far more relevant than what they had come up with in the past. He asked if there were any comments on the CIP right now from the Budget Committee.

Ann Bedard asked who else from the committee was involved with the CIP. Mr. Wilson said that it was Connie Appel, Celeste Cook, and himself. Ms. Bedard asked if there was a summary from the three of them as to how they felt about these proposed changes in the budget. Mr. Wilson said that they haven't come up with a formal summary, but that they had verbalized their feelings at the meeting. Ms. Bedard asked what their feelings were on the whole thing. Ms. Appel said they felt they were being pretty conservative. She said that she voted to reinstate money for certain items because she felt that if they did not put the money into savings, the tax impact would be greater in another year or two. She added that requests were turned down, including \$50,000 to the Conservation Commission, and that this decision would probably go to Town Meeting. Ms. Levine said that she could forward the minutes of the CIP committee meetings to the Budget Committee and it was noted that this had already been done.

Mr. Wilson said that these are the things the CIP has recommended, but the Budget Committee now has to review everything and create a budget out of it.

Fiscal Year Transition: At this point, Mr. Wilson handed the floor over to Jessie Levine to discuss the proposed fiscal year transition. Ms. Levine noted that they had covered this information at the August 24 Board of Selectmen meeting. At their next meeting, the Board of Selectmen decided that they would like to go forward and change the fiscal year at some point but that no actual date had been chosen pending this discussion tonight. Ms. Levine stated that one of the items left in the air at the meeting on August 24 was the question of quarterly billing, as more research was needed to be done. Since then, she and Linda Hardy had spent some time on the subject and she has spoken at length with City of Concord, as they were the first to switch over to quarterly billing.

Ms. Levine went on to explain how quarterly billing for the transition would work: an 18-month budget would be passed at Town Meeting in March, and on the following April 1, the billing due by taxpayers would be  $\frac{1}{4}$  of the amount on the bill from the previous year. The County portion would be set aside, and what is left in the payment would be enough to cover the six-month budget that would be needed for the transition. Starting July 1, the new fiscal year kicks in. By this point, they would have made a jump from payment in arrears to advanced quarterly collection. The July 1 billing would cover the next quarter for the Town, County and School, and there would be a total of five tax bills due in an 18-month period. Ms. Levine referred to her handout showing the timeline, which is attached to these minutes.

Ms. Bedard came up with an easy example to showcase how the quarterly billing would be issued: She said that if she paid \$10,000 in 2009 in taxes, her first bill in 2010 would be \$2,500. The next two bills would be the same. The 3<sup>rd</sup> and 4<sup>th</sup> bills would be approximately \$2,800 due to the tax rate having been set. The same amount of \$2,800 would be charged again until the next October. Ms. Levine said that was correct and she would come up with a sample bill to show the cost of quarterly billing for the average taxpayer.

Ms. Appel asked if payments would be quarterly even after the transition was complete. Ms. Levine answered in the affirmative, although she said that it could be changed back to the yearly billing by going back to Town Meeting to vote on it. Ms. Hardy has reported that many people have requested paying their taxes more frequently to spread out the payments.

Mr. Markoff interjected, saying that to the taxpayer, there would actually be seven bills due in 18 months. Ms. Levine corrected Mr. Markoff and showed him on her Fiscal Year Transition chart, that it would actually be over 20 months.

Mr. Sheehan said that it sounded like they were looking to get approval for the transition in March of 2010 or 2011. Ms. Levine's presentation in August, however, made it sound like they were looking at approval in 2012. He asked why there was a change in the timeline. Ms. Levine said that the change is being suggested primarily because if everyone is in agreement and thinks it is a good idea, the question was asked as to why we should wait two more years. She said that her office can make the changes necessary to push the timeline up sooner, although she indicated that if they waited until March 2011 they would have more time to develop the procedures for the transition. Ms. Helm agreed that if people were in favor of the change, they should get on with it and do it.

Ms. Bedard asked about Cotton's Cleveland's inquiry about the yearly school meeting being separated from Town Meeting, should Town Meeting change from March to May. Ms. Levine said that she checked into that and the school would have to have its own meeting. She said that the Town would need to provide the supervisors of the checklist and that the school would need to staff and run its own election. Ms. Hardy said she is comfortable with assisting the School District if necessary.

Mr. Lavoie asked if they still needed to change to a fiscal year if they thought it was best to have quarterly billing. Ms. Levine said that quarterly billing would have to be approved at Town Meeting and could only be used in towns that had adopted the optional fiscal year. She also said that it seems to be the cheapest way of doing it; it is better to spread it out over five bills rather than in one lump sum. By raising funds in this manner, there would be no need to accumulate surplus or to go through with the costs of securing a bond. Ms. Levine also said that at this time they are not sure what the software upgrade costs would be. Ms. Hardy said that they still have some details to work out with the software company as to what they would need to change.

Mr. Wilson said that he had spoken with someone from Peterborough recently, and he found out that their townspeople voted on the option for single pay versus quarterly billing. His contact said he felt that some may have wished that they had voted for quarterly billings now that they are being hit with one large tax bill. Mr. Ballin shared that the Board of Selectmen was in favor of the quarterly billing. He said that it makes it less painful to the taxpayers.

Ms. Levine said that the one strange thing about quarterly billing was that the statute that was written for the City of Concord sets the first billing to be due April 1. She said that the statute makes it clear that all future billings are required to comply with a standard 30-day bill notification. That is not specified for the April 1 deadline, which means that a bill could be due 20 days after the budget is approved. Ms. Levine said that she is looking into amending the legislation to change the due date of the bill or to say

that no interest would be accrued until July. She said that they may need to propose amendments to the State law to make it easier for the taxpayers. Ms. Levine added that if the Board of Selectmen and a majority of the Budget Committee approves, they could bring the proposal to Town Meeting. At that point, they would vote on how the funds would be raised, and what the billing schedule would be.

Ms. Bedard asked if the quarterly billing was voted down, when would the one big bill be due. Ms. Levine said that it would be due in October. She also reminded those at the meeting that the increase would be only of the municipal part, not the State or County portion.

Jack Sheehan said that assuming the Town would be going forward with the transition, had they thought about getting the necessary state reports filed during the summer months that would generally be due in early spring. Ms. Levine said that it would change the due date of the reports to September 1, which may impact some of the volunteers preparing the reports. Ms. Levine said that the MS-5 that the auditors have to file would be due September 1.

Mr. Markoff asked if this idea of the fiscal year had been contemplated locally since Concord changed over. Ms. Levine commented that the fiscal year change had come up a number of times in the last six years. Mr. Markoff asked what had provoked it into action. Chair Wilson said that it has been persistence from the Budget Committee. He added that people are growing to like the idea of doing business forward instead of backwards. Also, with the concern over the diminishing surplus of the Town, there is a chance that they may have to borrow funds at some point to be able to pay for things that are within arrears. He said that it seems smarter to collect taxes ahead of time to prevent that. Ms. Levine shared that there were a number of towns of changing to the fiscal year and that there are some that are working on doing it presently. Mr. Markoff opined that there would be a lot of confusion within the public with regards to the idea of quarterly billing.

Ms. Appel said that it becomes increasingly understandable by using a chart to show people how it works. She suggested creating more than one chart using a couple of different tax ranges.

Ms. Helm said that she thought that the revitalization of this conversation started when there was a revisit to the notion of moving Town Meeting to May. She said that there were many who were in favor of this move but that it meant having to change the fiscal year simultaneously. Mr. Markoff asked if there is a forecast of the future budget that would need to be covered during the 18-month transition. Mr. Wilson said that has not yet been done. Ms. Levine said that for the purposes of her calculations, she had projected a 2010 budget using 2008 figures, since that was more of a typical budget year than 2009. She added that they have to bring to Town Meeting both a 12-month and an 18-month budget in case the fiscal year budget is turned down.

Chair Wilson noted that these budgets have to be completed between December and February. He then asked if it would be better to wait a year instead of rushing to get it all done so soon. Ms. Levine answered in the affirmative but added that if they wanted to push through it this year, they could do it. She agreed that it was a lot of work to do in a short period of time, especially considering the education component. She said that if the Budget Committee decides to move forward this year, she would ask that the Budget Committee not meet again until early December so that she and the department heads had time to work on the budget. Chair Wilson's feeling was that the Town was not out of the hole in the current financial mess and that they still have a year that they have to be very involved in the budget. He opined that if they put it off a year and handle the budget like they did last year, they could also be planning for the 12-18 month budget for the next year at the same time. Mr. Sheehan said it would also give them an opportunity to educate the public about what was coming along.

Ms. Appel asked Ms. Levine which way she and the administration would prefer to see it happen. Ms. Levine said that part of her would like to do it right away but, from a planning standpoint, there was a lot to figure out and decide. The more time they had to do the planning, the better. Ms. Appel asked how best to plan capital purchases. Ms. Levine admitted that it would be difficult and that they would have to decide whether capital deposits would be funded once or twice during the 18-month period.

Ms. Levine stated that spreading it out is probably a more prudent way of doing it and that it would also give a greater opportunity to educate the public and to educate themselves best about what is needed in the budget. Ms. Appel said it will be a difficult process no matter when it is done. Ms. Bianchi noted that the educational piece is really hard to deal with this year so if they can wait it would make it a smoother transition. She asked if Ms. Levine would be giving a presentation on the fiscal year plan at Town Meeting. Ms. Levine answered that it would be possible. She also indicated that at Town Meeting they could vote to approve the fiscal year plan. On the downside, however, if they vote against it, that would put an end to the whole fiscal year discussion.

Ms. Bedard said that she would like to hear more from the Selectmen on this issue. She wanted to know what their thoughts were about delaying it a year. Mr. Ballin said that it was fine with him. He added that there would be a price to pay whatever year they do it. He said that the fiscal year plan meant better cash flow for the Town by using quarterly billing but that either way was fine with them and that waiting a year was not going to affect it a great deal. He thought that waiting would give the Town a chance for more education and to make a better presentation to answer questions that may come up. Ms. Helm shared that she had been perfectly comfortable moving ahead because she felt that the Town's gifted administration team could pull it off. However, after the conversation that just took place, she was more comfortable waiting a year. She felt that it should be seamless and done correctly. Ms. Helm also agreed that the education piece was extremely important this year and was leaning towards putting it off a year.

Mr. Markoff asked if it was voted in March to adopt the fiscal year for 2010, could they start billing in July 2010. Ms. Levine said that the law said that the first quarterly bill "shall be paid April 1." DJ Lavoie asked if they were talking about going to Town Meeting to make the decision to go to fiscal year or just to change the payment schedule for taxes. She suggested that the Selectmen and the Budget Committee should make their decision to do it and then ask the voters to approve how they pay. Chair Wilson said that they should make that decision tonight: should the vote be brought to the Town or should it be by the Selectmen and the Budget Committee. Mr. Ballin said that the Board of Selectmen could make the informed decision themselves alongside the Budget Committee. This would enable them to move ahead. The decision to change to the fiscal year does not require a Town vote but at Town Meeting, they will need to approve the 18-month schedule and how it should be paid. Mr. Markoff interjected by saying that he felt they should wait a year so that people don't feel that this is sprung on them.

It was moved (Connie Appel) and seconded (Kathy Bianchi) that the Town of New London adopt a fiscal year budget beginning July 1, 2011 pursuant to RSA 31:94-b. THE MOTION WAS APPROVED UNANIMOUSLY.

It was then moved (Doug Baxter) and seconded (Jim Wheeler) that the New London Budget Committee and the Board of Selectmen bring a proposal to the March 2011 Town Meeting to 1) adopt an 18-month transitional budget to accomplish a change of fiscal year beginning July 1, 2011; 2) to pay for such transition with quarterly billing beginning April 1, 2011; and 3) to change to a May Town Meeting beginning May 2012. THE MOTION WAS APPROVED UNANIMOUSLY.

Subcommittee meetings: Ms. Levine said that she would begin to schedule subcommittee meetings via email the following day, September 22.

First Review of Proposed Budget: Chair Wilson asked if there was anything that people would like to speak to regarding the first draft of the budget.

Carolyn Fraley said she had not sent out the “not for profit” letters yet. She said that they plan to use the same forms as usual and indicated that letters would be going out to the following organizations: COA, New London Hospital, VNA, Chamber of Commerce, and the Community Action Program. Mr. Ballin suggested making a note on the letters to remind them that the Town is in a very tight budget cycle and to please be very cautious about any requests that they make. Ms. Fraley agreed to do this.

Mr. Sheehan had one question regarding Parks and Recreation. He noticed that the expenditures to date were \$122,000 out of \$150,000 budget. He wondered if it was fair to assume that the number is high in the summer due to lifeguards and beach-related costs. Ms. Levine said that this was correct and that the bulk of the Recreation Department’s budgetary expenses were seen in the summer months.

Selectmen’s Update: Mr. Ballin said that the Town is continuing to see significant savings in the Public Works Department regarding the sewer system. He added that they have renegotiated the flow rates with Sunapee and have negotiated them down. Mr. Ballin said that the pumps were working more efficiently and that the utility bills are going down. He commended Richard Lee (Public Works Director) on his hard work in this area.

Mr. Ballin reported that the Recreation Department had seven saves by lifeguards this summer. He said that the Town is lucky to have such a good crew of lifeguards.

Mr. Ballin also noted that the Police Department project in Whipple Hall wrapped up this year on time and under budget, and he encouraged Budget Committee members to inspect the newly-renovated space.

Mr. Ballin shared that the Economic Development Committee was up and running and has been working to identify some targets in the business community that would be beneficial to converse with. He said that they are starting to look at vibrancy in the Commercial District and that it is looking relatively good. He noted that the Economic Development Committee meetings are posted on the New London website and that all are welcome to attend.

Mr. Ballin reported that the Town Clerk/Tax Collector’s Office would begin accepting credit cards for taxes and other expenses that are to be paid to the Town. He added that nothing would be billed to the town and that the taxpayer would be responsible for all fees from the transaction.

Mr. Ballin also wanted to thank Jack Sheehan for joining the Budget Committee and extended his thanks to Noel Weinstein for all of his hard work.

Jim Wheeler asked Mr. Ballin to report on the Joint Selectmen’s meeting last Thursday night. Mr. Ballin said that the New London Selectmen met with the Boards of Selectmen from the seven towns in the school district (except Springfield). He said that it was clear that the other boards recognized the power of persuasion at the school board level in having their budget committees participate in the planning. He said that he thinks they will see more participation coming from the other towns with regards to the school’s budgeting process.

Ms. Helm asked if Mr. Ballin wanted to share that bulk pricing on things such as sand and salt was discussed at the meeting. Mr. Ballin noted that fuel prices, propane gas, etc. could be reduced by working with other surrounding towns to purchase such things in bulk. They believed this idea could work with other departments as well. Richard Lee noted that they have met once with the other Public Works Departments in the district and Sunapee.

Town & City Magazine: Ms. Levine mentioned the subscriptions to Town and City magazine. She said that every year they had added the Budget Committee members to the subscription but that they tended to fall by the wayside because the bills for the subscriptions were sent to the members instead of to the Town. She indicated that in order to get one bill from the magazine, they will have to have all of the issues be sent to the Town Office. When they arrive, they will let the members know and then they can come pick them up. The Budget Committee members agreed that this was okay.

DJ Lavoie asked if the information being covered in the budget meetings could be made available to the public. Ms. Levine answered in the affirmative and suggested that she contact the office prior to the meeting to let her know that they would be coming so that she has enough copies but doesn't make too many. At this morning's public hearing, she made multiple copies of the building permit fee structure and the revised parking ordinance and no public attended the meeting, so those copies were wasted.

Mr. Ballin shared that the Board of Selectmen adopted revised fees at their meeting this morning, and the fees were available at the Town Offices.

Mr. Markoff asked what body would address the idea the Town taking on the project of paving Main Street. Ms. Levine said that if the town wanted to pay for it, it would be the Selectmen and the Budget Committee. She said that most likely it would need to be done with a bond. Mr. Markoff asked Mr. Lee what their guess was to fix the road. Mr. Lee said that the State has estimated the cost to rebuild Main Street at \$2.7 million. He said that it needs more than re-paving; it needed to be torn up and reconstructed. Mr. Lee indicated that public hearings on the 10-year plan would be coming around in Newbury where they revise the plan for projects to be done by the state in the area. He opined that this would be a good time for people to come and urge them to put Main Street on the plan. Mr. Ballin said that the Board of Selectmen would be meeting with John Shea (the Governor's council representative) on October 5 at 9 AM. He noted that anyone is welcome to come into the meeting. He acknowledged that the repair of Main Street has been on everyone's agenda that they have met with. He added that he would hate to set a precedent of the Town fixing the State's roads because then it would become expected.

Mr. Wilson asked about the state of the sewer plant and the impact it could have on the Town, when it would happen, and how much it would cost. Ms. Levine said that Town Meeting in March approved \$385,000 for a full design of the plant so that they could bring the bond vote to the next Town Meeting. New London and Sunapee agreed to renegotiate the engineering contract to only pay for a preliminary design at a lower cost. That information will go to Town Meeting with an estimated cost of construction but not go through the expense of a full design if the project is going to be voted down anyway. She said that both boards were not anxious to bring the plan forward to the public this year. Mr. Ballin said that they are hoping to get some Federal money to help with this project.

The next Budget Committee meeting is scheduled for October 5. Mr. Baxter wanted to thank the department heads and townspeople for coming to the meeting and he encouraged them to spread the word so others might attend future meetings.

Jay Lyon, Fire Chief, noted that their ladder truck had been out of station for almost two weeks for emergency pump repairs that would cost between \$7,000 and \$10,000. He indicated that that money would be taken out of this year's budget and that items that had planned to be purchased would have to be postponed. He said that they would look at what they have set aside so there may be some changes.

Chair Wilson asked if there was any further discussion. There being none, it was moved (Doug Baxter) and seconded (Connie Appel) to adjourn the Budget Committee Meeting of September 21, 2009. THE MOTION WAS APPROVED UNANIMOUSLY.

The meeting was adjourned at 8:45 PM.

Respectfully Submitted,

Kristy Heath, Recording Secretary  
Town of New London