

**TOWN OF NEW LONDON
BUDGET COMMITTEE
MEETING & PUBLIC HEARING ON PROPOSED 2006 TOWN BUDGET**

MEMBERS PRESENT: Barry Wright (Chairman), Doug Baxter, Pat Blanchard, Jack Diemar, Doug Lyon (Selectman *ex officio*), Bob Meck, Jim Wheeler, John Wilson.

DEPARTMENT REPRESENTATION: Ann Bedard, Sewer Department Administrator; Don Bent, New London Health Officer; Elizabeth Boege, Sewer Department Commissioner; Sue Clough, Selectman; Charlie Dean, Trustee Tracy Library; Carol Fraley, New London Finance Officer; Mark Kaplan, Selectman; Richard Lee, New London Road Agent; Kelsie Lee, Student Aid in Selectmen's Office; Jessie Levine, New London Administrator; Jay Lyon, Captain New London Fire Department; Linda Miller, Tracy Library; Gus Seamans, Sewer Department Commissioner; David Seastrand, New London Police Chief; Peter Stanley, Chief New London Fire Department; Pat Sheehan, New London Trustee of the Trust Funds.

ALSO: Peter Bianchi, Bob Lavoie, D.J. Lavoie, Phil O'Brien, Jack Sheehan, Noel Weinstein.

Barry Wright called the meeting to order at 7 p.m., and the Budget Committee members introduced themselves to the hearing.

Before opening the Public Hearing on the proposed 2006 budget, the Committee addressed three items of regular business.

1. Carol Fraley moved to approve the minutes of January 18, 2006 Budget Committee meeting. Doug Lyon seconded. There was no further discussion, and the motion was unanimously approved.
2. Jessie Levine reviewed changes made in the proposed budget since the Committee's last meeting:
 - o \$400 has been removed from the proposed \$2400 for Executive Office Conferences & Training, as that is covered under the new Assessor's budget. The new request for Conferences and Training is \$2000.
 - o \$160 has been added to the Finance Department's software maintenance request for the additional user, making a total of \$25,160 requested for that line.
 - o \$12,600 has been added to the request for Finance Department Computer Support, making a total request of \$15,200 for that line. The increase is to cover New London's share of the start up costs for a regional fiber-optic infrastructure, as discussed at the January 18 meeting (and will be discussed later in this meeting).
 - o Finer tuned calculations allow a reduction of \$6,500 in the line for employee raises, making a total request of \$80,000 for that line.
 - o \$288 has been added to the request for Highway Garage Maintenance to allow purchase of an alarm system contract.
 - o \$215 has been deducted from the request for Town Clock Maintenance in light of the proposal for renovation of the clock.
 - o The \$250,000 request for the Mountain Road landfill repair, which originally appeared in the Highway Department's regular operating budget, has been removed from that line. That \$250,000 expense will appear in the budget under Capital Outlay. There remains hope that some FEMA reimbursement will be forthcoming for this expense.
 - o The purchase of Recreation Land will not go forward this year, so the proposed \$100,000 has been deleted from the budget. The \$50,000 deposit into the Capital Reserve originally requested for 2006 in

order to make the \$100,000 purchase, has been reduced to \$25,000 for 2006 in order to spread this cost over the next two years.

- o \$45,000 has been deducted from the request for Town Hall Renovations, as only the demolition portion of that work is projected for 2006, and the request for deposit into the Capital Reserve for Town Hall Basement Improvements has been increased from \$25,000 to \$50,000 in anticipation of doing that work in 2007.
- o The Sewer Commission will request that voters approve a \$275,000 bond for improvements. This cost will be covered by sewer user fees.

The net increase resulting from these changes is \$135,933, and will be partially offset by bonds and revenues.

3. Prior to the meeting, Budget Committee members received copies of the signed petition requesting that the Town increase its veterans' credit from \$200 to \$500. Barry Wright reminded the Committee that last year, the Town approved increasing that from \$100 to \$200. Doug Lyon said that the Board of Selectmen recommends keeping it at \$200 again this year. He moved that the Budget Committee recommend maintaining a veteran's credit of \$200 in 2006. Jim Wheeler seconded the motion. Jessie Levine clarified that that number (either the \$200 or the \$500) does not appear in the budget proper, but is used in calculations for the tax rate. There was no further discussion on the motion. The motion that the Budget Committee recommend maintaining the veterans' credit of \$200 was unanimously approved.

Public Hearing – 2006 Budget

Barry Wright opened the public hearing, and Budget Information Packets were distributed. He turned the floor over to Doug Lyon for discussion of these.

Doug Lyon reminded the Hearing that by this point in time, the proposed budget has been exhaustively reviewed by the Selectmen, department managers, and the elected nine person Budget Committee. He pointed out that all in all, local government is a bargain; the cost of town services to the average New London household is \$123 per month. The estimated unsubsidized tax rate for 2006 shows a 59-cent increase over the unsubsidized tax rate of 2005, that is less than \$15 per average residence. Referring to page 2 he noted that non tax revenues for 2006 are projected to be 3.7% higher than last year's but they will have a better handle on that in the fall. At that time, the Selectmen will determine how much surplus to use to offset taxes, and will set the final tax rate.

Referring to page three, the Expense Detail, he addressed the question of why the Town does not budget each year based on the previous year's actuals. The Budget Committee and Selectmen have reviewed with departments each line and reasons for any under-expenditures during the year. They set next year's proposed allocation based on those discussions, and in anticipation of full staffing, current estimations of costs for materials, and completion of proposed projects. He said that New London has frugal and responsible managers (as an example, the year that Richard Lee was able to get a better price on asphalt, that line was underspent), which results in some surplus each year.

The proposed budget for 2006 is 11% higher than 2005's budget, though he noted that the 2005 budget showed a 15% reduction from the 2004 budget. 87% of the Town's expenses are required by law, or for public safety. Increases in the operating budget result from the Town's need to keep salaries and benefits competitive, the change to an in-house assessor, the increase in number of elections in 2006. Transfer of solid waste has become a big expense despite increased revenues from recycling. He said that some recent calculations indicate that each new house in Town adds one-ton of trash each year. The Town is now looking at options to exercise when the contract with Wheelabrator expires in 2007.

Proposed capital costs for 2006 are 60% higher than last year's. The Information Packet does include narrative explanations for each. The largest capital outlays include the \$275,000 bond for engineering and upgrades at the Georges Mills Pump Station (note: these costs will be recovered from sewer user fees); the \$250,000 bond to repair the cap at the Mountain road landfill (there is a slight possibility that FEMA will cover 75% of that cost); and

\$88,000 for design work for the improvements to the Newport/County Road intersection (a grant will cover 80% of the cost for the project).

The proposed 2006 budget includes \$741,000 of deposits into capital reserves, or savings accounts. The greatest percentage of these deposits or TCR's (transfers into capital reserves) go towards the regularly scheduled replacement of large highway department vehicles and equipment. He noted that as in the previous two years, \$150,000 will be deposited into the reserve for purchase of conservation land. He reminded this Hearing that two years ago, voters approved increasing the TCR for that reserve in order to bring the balance to \$500,000 and give the Town some purchasing power. After this year, the deposit for that will be reduced unless and until the reserve is spent, and needs replenishing.

Page 8 of the Information Packet gives a history of surplus funds in New London. Doug Lyon said that the Selectmen cannot use surplus for any purpose other than to offset the tax rate. Historically, they have found that maintaining a surplus that is 7½% of the Town's total budget enables the Town to avoid having to borrow during the year, while leaving the balance of the surplus available to offset taxes.

The Information Packet also includes a page showing calculations for proposed tax rates depending on how much surplus will be used. These calculations anticipate a 2% increase in the Grand List. He noted that if the petitioned warrant article to increase the Veterans' Credit from its current \$200 to \$500 passes, that will add 11-cents to the tax rate.

As requested last year, this year's Information Packet includes an Eight Year Expenditure History and a Ten year History of TCR's. He noted that any member of the public may request any information desired from the office. The Town's policy has always been one of full disclosure.

Barry Wright opened the Hearing to questions or comments from the floor.

Noel Weinstein asked for some clarification on the intersection work, and specifically, about the Pleasant and Main Street intersection. Jessie Levine explained that they have already received the grant to cover 80% of the County/Newport Road intersection work, and in 2006, will be coming up with a design for that. They are going to apply for the same grant for improvements to the Pleasant and Main Street intersection, though that is not in this year's budget. Noel Weinstein asked to confirm that comparisons between lights versus traffic circles, etc, will all be done. Yes, and there will be plenty of opportunity for public input.

Bob Lavoie referred to page 1 of the Packet, and asked why the spaces under 2006 for "Fund Balance to Reduce Taxes" and under 2005 for Bond Proceeds are blank. Jessie Levine explained that at this point they do not know what the fund balance (surplus) for 2006 will be. She said that in 2005, the Town did not take out (receive proceeds from) any bonds.

Noel Weinstein suggested that the columns "% Increase" and "Effect on Budget" shown on page 3, be added to the larger budget spread sheet.

Question was raised about the possibility of fines for the spill which occurred at the Georges Mills Pump Station last April. Sewer Commissioner Gus Seamans said that at this point in time, there has been no indication that there will be fines imposed. Mark Kaplan asked if fines are imposed, would those be paid by the Town or by sewer users. Gus Seamans said it would depend on the size of the fines, but probably by sewer users. Doug Lyon said that that would have to go to the voters in a Town Meeting format.

Peter Bianchi expressed concern that the proposed 2006 budget of \$7,502,186 shows a 28% increase over the 2005 actual expenditures of \$5,945,216, and a 20% increase between estimated 2006 tax rate of \$4 and last year's tax rate of \$3.33. He asked how the Town ended up with a big jump like that in one year, despite careful planning for capital improvements. Doug Lyon cautioned against comparing apples and oranges. Last year's unsubsidized tax rate was \$3.41, so the estimated unsubsidized tax rate for 2006 is a 17% increase. He reminded everyone that the Town must budget in anticipation of full staffing, etc. The final tax rate will depend on the Grand List and the amount of surplus available. The increase between 2005 and 2006 looks greater than usual, given that last year's budget did go down 15% from 2004. This year's budget does reflect an 11% increase in operating costs, and 20%

increase in capital projects. The Departments and Boards look very carefully at expenses and do try to level out the capital improvements over the years. The numbers depend on what comes along (needing to be replaced) at that time.

Noel Weinstein clarified that some of the capital expenses will be covered by capital reserves. Jessie Levine said that page 5 of the packet shows what amounts for each capital outlay will be taken from the reserves, noting that only the police cruiser, one of which is replaced each year is not paid for out of capital reserves.

Bob Lavoie asked if the work done under the Public Works Study will include implementation of any of the recommendations. Jessie Levine said no, the fund of \$10,134 is for the study itself, and cannot be used to implement any of the recommendations. She added that that is underway right now.

Jack Sheehan asked why the space under 2006 for Milfoil expenditure is blank. Jessie Levine said they have not yet received the applications from the lake associations. The Selectmen are authorized as agents to expend money from that fund, and they do so with recommendations from the Conservation Commission.

Noel Weinstein suggested that a column be added to the chart on p. 6 showing total town tax burden in addition to the total tax burden. Also he asked that there be a break down showing per capita or per household numbers on the p. 7 comparison with other towns.

Ann Bedard asked if the grand list numbers shown on that page are those used when the tax rate was set, or the updated numbers. Those are the numbers at the time the tax rates were set for all the towns.

There was some discussion about whether or not this chart is meaningful to tax payers. Pat Blanchard said it is less now that the valuation for each property changes from year to year.

Noel Weinstein noted the changes in amount of surplus over the years as shown in the history on page 8. Doug Lyon said the changes are not products of management, but reflective of personnel and prices.

Gus Seamans noted that Sunapee collects almost a million less in taxes than New London. Barry Wright said other factors such as number of roads, etc., must be considered.

Noel Weinstein asked if an Eight-Year Expenditure History (as shown on p. 10 using budgeted figures) could also be done using actual figures. Mark Kaplan asked if those numbers could be obtained by deducting the surpluses from the bottom lines, but Jessie Levine said the surplus figures include some revenues. There followed some discussion on how much should be included in the packet for Town meeting, with Selectmen reminding everyone that all information is available upon request.

Peter Bianchi asked about the one-ton dump truck. Will the Highway Department now own two? Richard Lee said the Department owns two one-ton dump trucks now. The plan is to give the older of the two to the transfer station which will use it for the next four years. The one-ton being used by the transfer station now will be sold. He noted that the last one-ton they sold went for \$10,000. He said he budgets for the new one-ton based on the dealer's estimates at the time--\$62,000, though last year he was able to get the one-ton for \$56,808. Yes, \$1700 of the estimated cost includes the plow, sander, and radio.

Peter Bianchi opened some discussion of the \$12,000 being requested for New London's share of the study for a regional fiberoptic network. He said he is 100% opposed to the Town getting into the utilities business, and he asked if the Selectmen's philosophy is that this is a good direction for the Town to be going in. Doug Lyon said this will cover the cost of a feasibility study. The Town would like to look to the future. Does the Town want one company to determine what programming is available to residents and what is not. Right now, the Town is not able to negotiate. If the Town owns its infrastructure, anyone could bring programming to New London, including educational programming, health services, etc. Jessie Levine said the cost of the feasibility study is \$150,000 and is being split among the towns in the consortium based on per capita. If more towns join, the cost to New London will be less. Peter Bianchi expressed continued concern regarding government intruding into private enterprise. He feels this would be creating another layer of town government. Barry Wright added that the town owning its own fiber optic infrastructure would change the nature of the area.

Health Officer Don Bent asked to present to tonight's public hearing newly available information regarding both West Nile virus and EEE in the region, and the newly developed State criteria for mosquito control. He said this information was not available earlier in the budget process. He reviewed statistics, and said that he has obtained from Municipal Pest Management Services in Portsmouth, an estimate of \$30,000 for that company to map the breeding areas in town, conduct sampling and do the larvaciding. The work would be conducted over a period of 30 weeks between April and October, that is, at a cost of \$1000 per week. They will do additional trapping and testing of some adult mosquito populations for an additional \$8000. He noted that the town had previously allocated \$4800 for mosquito control which has not yet been spent. Also, there is \$5000 in the non-lapsing fund for Disease Prevention, though he would like to keep that fund intact.

Noel Weinstein asked what is meant by "every site"? Don Bent said every likely place where mosquitoes reproduce –still water. They would get permission from owners to go onto private property. Noel Weinstein said he would anticipate a problem with that. Don Bent pointed out that the health officer can go onto private property without permission, but they prefer to get permission.

Noel Weinstein pointed out that the threat of West Nile virus has died down. Would it be possible to do just a statistical analysis before doing the whole town? At this time, the town does not know if it really has a problem.

Pat Blanchard asked if surrounding towns are doing this. Don Bent sent Proctor Academy in Andover is doing something.

Bob Meck asked if this will be an annual cost, including inflation. Don Bent said once the larvaciding is done, he would expect the mosquito problem to be reduced in town.

He agreed that both EEE and West Nile are cyclic in nature, but pointed out that if the Town does nothing and one case occurs, the town will be blamed.

Barry Wright asked if no presence of these diseases is found within the first four or five weeks of the testing, could they cut the program off. Yes.

Jessie Levine asked why pay for the larvaciding in advance, when it may turn out that no sign of the disease is found. Don Bent said the study will find discover if the particular species which can carry these diseases are present in town.

Bob Lavoie asked if this could be in an article, and if the number could be adjusted at town meeting.

Barry Wright summed up by saying they are being asked to add either \$28,200 or \$33,200 to the budget. He said he would support adding it as long as it is in a separate warrant article, and they are not locked into it.

Jessie Levine pointed out that even if there is no allocation for this, the Health Department could still spend its \$9800 for this purpose.

John Clough asked how many stagnant wetlands there are in Town. And who will oversee this application. Don Bent said the company is a licensed applicator, and the Town is obtaining a permit now. The permit takes 120 days. The Health Department will oversee the work.

Doug Lyon said the Selectmen (and any interested members of the public) are going to meet with the company on February 27 at 9 a.m.

Hearing no further questions or comments, Barry Wright asked for a motion to close the Public Hearing, and enter deliberations. Pat Blanchard so moved, and the motion was seconded and unanimously approved.

Budget Committee's Deliberations, and Recommendations for 2006 Town Budget

Barry Wright opened discussion of the new request for mosquito control, saying that he would approve recommending this expense provided it is linked to further information in a warrant article. He suggested it be a separate item. Jessie Levine said it would probably be added to the line for Disease Prevention in the Health Department's operating budget, but a warrant article could provide voters with relevant information (including whether or not the Budget Committee recommends it).

John Wilson said he would be reluctant to recommend this expenditure before the Town has more information on the company, its certification, and what other towns are using this company and with what results. He cautioned against dealing with just one company, and without experiential data from other towns.

Barry Wright pointed out that tonight's Budget Committee meeting will be the last opportunity to set funds aside for this purpose in 2006. (Though they could be added via an amendment to the budget at Town Meeting.)

Several Budget Committee members expressed concern about the proximity of a wetland to the school, and Doug Lyon suggested the expense be included in the budget in case it is needed.

Jim Wheeler asked if the budget for this could include wording "no more than" Jessie Levine said no, but the number could be adjusted at Town Meeting.

To review, the options include:

- o applying the previously approved \$4800 to the \$30,000 cost of just the larvaciding,
- o applying the \$4800 to both the \$30,000 cost of the larvaciding and \$8000 cost for trapping and testing of adult mosquitoes,
- o applying both the \$4800 and the \$5000 non-lapsing fund for Disease Prevention to the one, or to both costs.

Doug Lyon said that by the time of Town Meeting, a great deal more information will be available.

Jim Wheeler moved that the Budget Committee recommend that both the larvaciding at a cost of \$30,000 and the adult mosquito trapping and testing at a cost of \$8000 be recommended, and that the \$4800 previously approved for mosquito control be applied toward this cost, thus adding \$33,200 to the Health Department's operating budget. Doug Lyon seconded the motion. There was no further discussion, and the motion was unanimously approved.

Pat Blanchard informed the Committee that she will abstain from voting on the Health Agencies' request. Jack Diemar said he would also abstain from voting on that line.

Pat Blanchard went on to address the total town budget proposal, noting that she has studied each line in the budgets of the past four years including this one. She noted that, as she is a Budget Committee member, the budget presented to the Town is seen at least in part, to be *her* budget, and though she recognizes that each line has been justified, she cannot agree with the overall "budget creep." For that reason, she said she felt obliged to vote "no" to every line in the budget (again, she will abstain from voting on the Health Agencies).

Barry Wright asked if there were any other significant adjustments to the proposed budget. Having none, the Budget Committee followed its usual order of procedure for finalizing its recommendations for Town Budget 2006.

Jessie Levine read:

4130	Executive	\$ 267,815
4140	Elections, Registration & Vital	\$ 70,485
4150	Financial Administration	\$ 240,778
4152	Reassessment of Property	\$ 77,500
4153	Legal Expense	\$ 40,300
4155	Personnel Administration	\$ 203,890
4191	Planning & Zoning Boards	\$ 48,432

John Wilson asked to open discussion on the Planning & Zoning request. Jessie Levine took a roll call vote on Budget Items #4130 through #4155.

Doug Baxter	Yes
Pat Blanchard	No
Jack Diemar	Yes
Doug Lyon	Yes
Bob Meck	Yes
Jim Wheeler	Yes
John Wilson	Yes
Barry Wright	Yes

John Wilson asked for some clarification on the Planner's position. Jessie Levine explained that the Town now has a contract with Ken McWilliams directly, rather than through Upper Valley/Lake Sunapee Regional Planning Commission as in previous years. His hourly fee will be increased by \$5, but he will be working fewer hours for New London. John Wilson asked if the number of hours will be adequate for the Town's needs. Jessie Levine said she feels this will be more dedicated time. The Planner will address the Master Plan, Ordinance updates, and CIP.

4194	General Government Buildings	\$ 168,593
4195	Cemeteries	\$ 32,583
4196	Insurance	\$ 67,100
4197	Advertising & Regional Assoc.	\$ 15,128
4210	Police Department	\$ 736,160
4220	Fire Department	\$ 201,055
4221	Firewards	\$ 493
4290	Emergency Management	\$ 14,394
4299	Police Dispatch	\$ 276,300
4311	Highway Administration	\$ 615,691
4312	Highways & Streets	\$ 547,300
4316	Street Lighting	\$ 66,000
4324	Transfer Station	\$ 474,055
4325	Solid Waste Cleanup	\$ 25,395
4326	Sewage Collection & Disposal	\$ 705,000
4411	Health Department	\$ 41,075
4415	Health Agencies	\$ 106,524
4441	Welfare-Administration	\$ 815
4444	Intergovernmental Welfare	\$ 3,699
4445	Welfare-Vendor Payments	\$ 5,000
4520	Parks & Recreation	\$ 115,129
4550	Tracy Memorial Library	\$ 397,950
4583	Patriotic Purposes	\$ 300
4589	Other Culture	\$ 1,000
4611	Conservation Administration	\$ 7,420
4619	Other Conservation	\$ 10,000
4711	Bonded Debt	\$ 118,897
4721	Interest	\$ 84,040
4902	Capital Outlay-Vehicles, Machinery & Equipment	\$ 245,500
4903	Capital Outlay-Buildings	\$ 149,600
4909	Capital Outlay-Improvements	\$ 613,000
4915	Transfers to Capital Reserves	\$ 741,000

Jessie Levine took a roll call vote on budget items #4191 through 4915.

Doug Baxter	Yes
Pat Blanchard	No, abstaining on Health Agencies.
Jack Diemar	Yes, abstaining on Health Agencies.
Doug Lyon	Yes
Bob Meck	Yes

Jim Wheeler	Yes
John Wilson	Yes
Barry Wright	Yes

TOTAL APPROPRIATIONS Budget Committee will recommend to Town Meeting are: **\$7,535,386.**

The Budget Committee signed the cover sheet for the MS-7, and Chairman Barry Wright accepted the appropriations transfers for year-end 2005.

The meeting adjourned at 9:30 p.m.

Respectfully submitted,

S.A. Denz
Recording Secretary