TOWN OF NEW LONDON
BUDGET COMMITTEE
JANUARY 31, 2007

MEMBERS PRESENT:
Barry Wright (Chairman), Connie Appel, Doug Baxter, Pat Blanchard, Sue Clough (Selectman), Carol Fraley (Finance Officer), Mark Kaplan (Selectman *ex officio*), Jessie Levine (Town Administrator), Bob Meck, Noel Weinstein, Jim Wheeler, John Wilson.

ABSENT:
Jack Diemar.

ALSO PRESENT:
Bob Lavoie; D.J. Lavoie.

7:30 to 8:15 p.m.: Charlie Dean, Chair Board of Trustees Tracy Library; Liz Mueller, Library Trustee and Chair of the Library Building Committee; Tracy Library Director Sandra Licks; Shelby Blunt, Tracy Library Treasurer

8:15 to 8:45 p.m.: New London Hospital President and CEO Bruce King; New London Hospital Chief Clinical Officer Terry LeBlanc; New London Hospital Chief Financial Officer Tina Naimie; New London Hospital Director of Emergency Services Kent Wheeler.

Barry Wright opened the meeting at 7 p.m. The Budget Committee addressed seven areas of business during the meeting.

1. Minutes-January 17, 2007

Connie Appel corrected two typographical errors. On page 6, paragraph 2, the preposition "to" should be inserted between the words "projected" and "come" in the third to last sentence. On page 6, section 11, line 2, "date" should read "data."

John Wilson referred to page 4, section 6, first paragraph, line 1, and amended the word "over" to read "above." (The flat roof is actually a type of rubber material. The slate roof is above that flat roof.) On page 6, line 1, he amended "Planning Commission" to read "Planning Board." On page 6, section 11, second paragraph, he corrected numbers to reflect that the cost of living increase is 3.3%, and merit or step increases are 3%. In the last paragraph on that page, he deleted his name as a potential volunteer for the Wages and Benefits Subcommittee. On page 4, section 8, line 1, he amended "utility work" to read "utility relocation." Doug Baxter amended "it January 31 meeting" to read "its January 31 meeting" in the closing line on page 7. Bob Meck moved to accept the minutes as amended. Barry Wright seconded. Unanimously approved.

2. Review of Changes in Proposed 2007 Budget (since last Budget Committee Meeting)

- Jessie Levine pointed out that the corrections to Library Expenses made at the January 17 Budget Committee meeting, knocked $41,050 out of the proposed budget.

- Also, upon being notified of this year's cost of living increase, they knocked .3% off salaries and associated benefits.

- $4,000 has been added to the Highway Department operating budget for part-time cemetery maintenance help in the summer. That line was inadvertently left out when the addition of the Highway Department's office assistant was made.

- $3000 has been added to the Conservation Commission's appropriation to allow surveys for the proposed easements on the lagoon property and in anticipation of the Low Plain land swap.

- As directed by the Budget Committee on January 17, they have removed the $12,000 deposit into a capital reserve for a Recreation Department van.

- $5800 has been added to the anticipated capital outlay for Master Plan work.

- $5,528 has been removed from the projected amount of interest to be paid on the sewer bond, as they withdrew funds later than anticipated.

- Jessie Levine pointed out that she had budgeted $33,200 for the mosquito control program in 2007—both surveillance and larviciding, same as in 2006. However, Health Officer Don Bent has reported that the 2006 surveillance found presence in New London of the species of mosquito that can carry EEE, but no presence of the disease itself. He also noted that regional incidents of EEE being found were further away from New London in 2006 than they were in 2005. Considering those facts, he is recommending that the Town fund only the surveillance in 2007 for $12,800, skip the larviciding this year and possibly next, and put $10,000 both in 2007 and in 2008, into an emergency fund. With the $5000 that is already in a non-lapsing fund, there would be $25,000 at the end of 2008 to deal with an emergency. That would knock $10,400 out of the 2007 budget.

  Jessie acknowledged that the change does raise a question of what emergency treatment would consist of, should an emergency arise. It would not be the benign type treatment that larviciding is. Larviciding is effective only early in the year when the mosquitoes are in their larval stage. She will research the type pesticide that would have to be used in an emergency, and have that information before Town Meeting.

- Other smaller changes made since the last Budget Committee meeting include: +$650 for alarm system to Academy building, and +$750 for sprinkler and alarm work at Fire Station.

Jessie Levine pointed out that, altogether, these changes knock $70,839 out of the proposed 2007 budget and 7-cents off the tax rate.

Noel Weinstein opened some discussion on the mosquito control. He asked if the Town voted to support this in perpetuity. Jessie Levine said it will go to the voters each year. This year, however, it will not be a separate warrant article, it will be in the Health Department's operating budget. Sue Clough assured everyone that it will be pointed out to voters during the budget discussion at Town Meeting. At Town Meeting, Selectmen comment on any significant increase or decrease in the operating budget. Jessie Levine went on to say that the $10,000 to be put into an emergency fund will appear in a separate warrant article. Noel Weinstein said he thought the mosquito control program was a one shot deal last year; he was and is opposed to it. Sue Clough said the Conservation Commission was also concerned last year. They agreed to support it for one year, and then review it at the end of the year.

John Wilson raised the question of why the Town would put $10,000 into an emergency fund. He said that the reality is that if an emergency arises, addressing it would cost more than $10,000, and the Town would have to find the money, even if that means applying for permission from the DRA to use funds from the surplus. Jim Wheeler agreed with that; he supports funding the surveillance another year, but not putting $10,000 into an emergency fund. Jessie Levine pointed out that the full amount: $33,200 for both surveillance and larviciding has been in the proposed 2007 budget since the beginning of the 2007 budget discussions. She said the Town already does have $5000 in a non-lapsing emergency fund, and suggested that the Budget Committee hear what Don Bent has to say at the Public Hearing next week.

Noel Weinstein asked about the ecological ramifications. Have any studies been done? Jessie Levine said studies have been done (though not in New London) on BTI, the larviciding agent, and it was found to have no impact on the environment. John Wilson said, but the pesticide would be a different story. Sue Clough agreed, and said that may be adequate reason to support funding the larviciding again this year.

John Wilson said there doesn't seem to be a threat right now. Jim Wheeler agreed, and suggested it might be different if they get a positive test one year. Doug Baxter said there is a great deal of information available on the company's web site.

Connie Appel asked why the Town is taking this on, and not something like Lyme disease. Budget Committee members agreed that there really is not a good answer to that, other than to say you can't get rid of ticks. That raised the point that the Town can't really address every bug that exists and that may carry some disease.

In conclusion, the Budget Committee agreed to remove from the Health Department operating budget, the $10,000 deposit into an emergency fund, at least until hearing from Don Bent. That's another penny off the tax rate.

3. Budget Process

John Wilson revisited the suggestion he made at the last meeting regarding setting a closing date for submission of Department budgets. He supports the idea made at that January 17th meeting of moving the CIP meeting schedule earlier in the year, but also feels that setting a mid-December closing date for operating budgets is not unreasonable. A real emergency item can be brought to the Committee later if necessary, but leaving everything to the end does not allow the Budget Committee to prioritize. Mark Kaplan pointed out that many departments will not have had a full year of expenses at that time, and Finance Officer Carol Fraley would only be able to present the actuals up to mid-November at best. Barry Wright suggested that in that case, they could base their deliberations on the previous year's (end of year) actuals. Jessie Levine said she does not disagree with the concept of a deadline, but does not think it should be so rigid. She said the Budget Committee should look at every request separately. If multiple departments come in with valid requests, there shouldn't have to be a trade off. Sue Clough also agreed with the idea of a deadline in principle, but asked for flexibility in that. John Wilson said not everything needs to happen in one year. The Budget Committee's responsibility is to the taxpayers. Jessie Levine pointed out that there may be some years when everything presented is a priority, and some years when everything could potentially be put off. Barry Wright said there should be a clear understanding by the last Budget Committee meeting in December what the budget for the next year will be. Jessie Levine said she doesn't feel that department heads are rushing in with last minute projections, but she noted there are issues that come up at the last minute such as the library roof emergency, and the New London easement idea for which it has taken some time to get numbers in. Barry Wright agreed, and pointed out that it will be helpful to at least have a clearer understanding of the salary situation.

Jim Wheeler asked if there is ever a time the Budget Committee would prioritize. Doug Baxter asked why the Budget Committee can't start the year out with a goal. He said that is what would drive the prioritization. Bob Meck agreed, saying that budget guidance is important. Jessie Levine agreed that there should be goals, and one goal should be to keep the tax rate down, but there must be a balance between that and services—road improvement for example, or police coverage. There is not a black and white solution. Connie Appel agreed that one formula could not be applied across the board. Doug Baxter agreed that there should not be a cookie cutter formula, but that a balance should be aimed for. Jessie Levine pointed out how difficult it would be to set a cap of—for example, a 3% budget increase—when costs are higher. Doug Baxter said there would really be only two ways to do that—through personnel changes or through the CIP.

Barry Wright said of the two orders of procedure: (1) setting an objective, or cap on budget increase, and (b) looking at each line item separately, and questioning whether or not it is really needed this year, he favors the second. At the end of the process, if the numbers are unacceptable, they can go back and knock something out.

Bob Meck said that the CIP process started in August, and he observed that people have seemed less sanguine about CIP items this year. Connie Appel pointed to the Highway Department ten-wheeler as an example of a capital item for which the process did work.

4. Tracy Library Emergencies: Roof & HVAC

New Library Director Sandra Licks said that in response to two urgent emergencies that have come to the attention of Library staff and Trustees only recently, and per the Budget Committee's request as forwarded through Jessie Levine, she has drafted a Capital Improvement/Maintenance Needs narrative, and she distributed that to Budget Committee members at this meeting. Specifically,

- The low slope roofs over the circulation desk, children's area stairway and some portion of the second floor have been failing, are not properly drained, are allowing water to enter the building, and this has resulted in presence of mold.

- High humidity levels, occasionally wet carpeting, curling paperbacks, as well as a stagnant odor in the building all indicate need to improve ventilation.

- During the 2006 furnace inspection, technicians indicated that replacement of this is imperative, and the fact that the library is now burning 900 gallons of oil every six weeks indicates its inefficiency.

The draft included the recommendations and estimates that were available as of the date of this meeting. They are:

- Immediate cleaning and repair of lower roof at cost of $1425, and of upper roof at cost of $1000, in order to prevent additional leaking until such time as the roofs can be redone in late spring or early summer.

- The Library has hired Chris Lizotte of Sheerr McCrystal to provide two 3-D schematic designs for new roofs. His initial fee was $3200, and Trustees reported that they made that payment today. The architect will provide plans for both a metal and TPO roof, and those will be sent out for contractors' bids. Both trustees Liz Mueller and Charlie Dean and Director Licks emphasized that the library roof is extremely complicated geometrically.

- Testing for mold cannot be done until the temperature is above freezing. The cost for inspection will be $200, and for air samples $190. If mold is found, remediation must be done, and there is no estimate for that yet.

- They have received one estimate of $30,000 for a new furnace, including installation.

Regarding funding, Sandra Licks said that right now, the best guess for total cost of these crucial improvements is $100,000. (That figure was later clarified. See next page, fourth paragraph.) They have $28,239 in their expendable capital reserve fund. As the figure $100,000 is only a best guess at this time, she suggested the possibility of wording a warrant or bond article to request "up to (a certain amount) but not to exceed (a certain amount)."

Pat Blanchard asked when these problems started. Charlie Dean said the roof problems probably really began with the new addition. He said the flat roof is of a rubberized compound and is supposed to have a quarter-inch slope per every foot, but for number of reasons—including poor initial construction, no drainage, and the need over the years to have someone go up there for shoveling and patching, it has become inverted over the years and has deteriorated.

Sandra Licks said the odor inside the Library was first observed last summer, and has become increasingly bad. Upon noticing it first, they asked Town Health Officer Don Bent to look into it. She said that the mold inspection that Dr. Bent was to arrange took longer than hoped, and now they must wait until spring to do that. The furnace problem was first brought to their attention during its inspection last October, and the large amount of fuel it is burning seems to support that.

John Wilson said that's not the story he got. He said that Tom Miller told him that the furnace is 17 years old now and still has three years left on it. He agreed that it would need to be replaced in the near future. Liz Mueller said they have several opinions that replacement is imperative. John Wilson asked how many square feet the library contains. Sandra Licks said 14,000. John Wilson said for that size building, he does not feel that 900 gallons of fuel in 6 weeks is excessive. Liz Mueller said that's the largest amount they've burned in that time period, and they feel it does indicate inefficiency of the aging boiler. John Wilson agreed that at some point it will need to be changed, but priority seems to be the roof. Liz Mueller pointed out that they are here tonight responding to the Budget Committee's request to know what the library's capital needs are, so that the Committee can know where the Library is headed. Shelby Blunt added that the Library does not have deep pockets. If it finds itself in trouble in the middle of winter, it will have an emergency. Noel Weinstein asked if an inefficient furnace constitutes an emergency. Shelby Blunt said that they have heard from Tom Miller to the effect that the furnace needs immediate replacement. Jessie Levine said that Tom Miller has not given an estimate. She suggested the Budget Committee look at the information that is available.

Sandra Licks reported that they have received estimates for two styles of air conditioning systems in the building, both are for a total of $30,000, including the air exchanger. The estimate for furnace replacement including reconfiguration of the circulating hot water system is $30,000. They estimate a fuel savings of 35% to 50% once the new furnace is installed. Barry Wright summarized then that they estimate $60,000 for improvements to the HVAC, and do not yet have costs for addressing the mold or permanent repair to the roofs. John Wilson said he does not agree that the air conditioning is as important as the heating system. He asked how they arrived at the number 6 for air conditioning units. Sandra Licks said that both Rick Sorger Heating & A/C, and Bob Partridge Family Heating companies came up with that number by feeding the specific data—size of the building, number of windows, etc, into a software program.

Jim Wheeler said that once the source of moisture coming into the building is eliminated, the mold will go into dormancy. He asked when they plan to tackle the roof. Sue Clough pointed out that they are hoping that the immediate cleaning and repair work described above will get them through to spring.

Barry Wright asked what their request will be at Town Meeting. Liz Mueller and Shelby Blunt said they are here tonight looking for guidance. Jessie Levine recommended asking for a bond, and to agree that before any funds are spent, they will bring the final plans back to the Budget Committee. Mark Kaplan asked to clarify that the HVAC will be $60,000, and the total for all the capital improvements will be $100,000 or more. Trustees said actually, Chris Lizotte cannot give a number for the roof repair. Earlier in the process, they did get an estimate of $80,000 for the roof work, but that did not include the ceiling repair or the entry roof.

Mark Kaplan asked what the *global cost* will be. Liz Mueller said they know the heating and air conditioning will be $60,000 and they feel that $100,000 is the worse case scenario for the roof. Mark Kaplan said then the global projection is $160,000. He said there is no question that the Library needs to do these things. The question is, how do they want to raise the money. There was brief discussion of whether or not to ask for the whole amount in a bond, or to apply the $25,000 reserve to the work, and ask for $135,000 bond. Connie Appel asked about private fund raising. Shelby Blunt said Friends of the Library do on-going fund raising. The Library has a number of needs coming up that would better lend themselves to fund raising. She said it would be more appropriate for the Town to step up for a building that it owns.

Pat Blanchard observed that it is too bad there is nothing in the CIP for library furnace and roof. Barry Wright asked what impact a bond for $160,000 would have on the tax rate. Jessie Levine said there would be no payment the first year—2007. Mark Kaplan observed that over the years, the Town has developed a good relationship with local banks, so that it can take out a bond which does not require payment of a penalty if it does not take down all the funds, and does not charge interest on the amounts not taken. Barry Wright asked if there is a limit on how much bonding a town can take out per year. Jessie Levine said they are far away from the statutory limit on bonds at this point. She added that right now, the interest rate is 3.75%. Pat Blanchard expressed concern that taking out a bond for these expenses, takes them out of the budget process. She asked where the control factor is. Jessie Levine said with the Trustees, or with the Trustees and Board of Selectmen, or with the Trustees, Board of Selectmen and Budget Committee. She reminded the Committee that it meets monthly through the year now. Mark Kaplan suggested the possibility of establishing a subcommittee as an oversight committee for this. John Wilson said if the Budget Committee approves this, it ought to be overseeing it. He asked the Library Trustees if they feel they can put a process into place so the Town does not get surprised like this again. Trustees said that is their aim.

The consensus of the Budget Committee is that at next week's public hearing, it will recommend funding these emergency expenses with a bond for $160,000 and to reduce the deposit to the capital reserve fund to $20,000.

Later in the meeting, Doug Baxter asked if there is any inspection of Town buildings that would have revealed such emergencies in the making. Jessie Levine said they had budgeted three years ago for a facility maintenance staff person, but no one answered the ad. Budget Committee members agreed that the issue of regular building inspections should be dealt with during next year's budget process.

5. New London Ambulance

Terry LeBlanc reminded the meeting that this is the fourth year the Hospital has sought the Town's support of the ambulance service. They run an in-house service 24/7, and they average three 911-calls per 24 hour period. She went on to explain that per federal law they can only bill when they actually transport a patient, and that constitutes only two-thirds of their calls. She also reminded everyone that New London Hospital is a critical access hospital. That means the Hospital does receive Medicare reimbursement for medical care, but Medicare does not reimburse for the ambulance. She said that in seeking to defray the cost of running the ambulance service, the Hospital has been tapping more heavily into the transfer business. Spread sheet data provided at this meeting shows the number of ambulance transfers to have risen from 191 in 2003 to 311 in 2004, down to 262 in 2005 and up to 455 in 2006.

She reminded the Budget Committee that the first year the Hospital came before the Town to seek ambulance support, it offered the option of a rate determined per run or per capita. During the course of that year they took a look at how ambulance services are run nationally, and also got an idea of how this would work with the towns, and now set the rate for all the towns on a per run basis—that is, the request submitted to each town for ambulance support is based on the number of runs to that respective town during the previous year, keeping in mind that the Hospital's fiscal year is from October 1 to September 30. She observed that larger towns as Keene can spread losses over a larger per capita number.

Barry Wright opened discussion of the vehicles themselves, by asking to confirm that the ambulances are now over their anticipated life span, that the cost of a new vehicle will be $126,000, and that the Hospital plans to buy a new ambulance this year and over the next five years, seek contribution from each town to cover that cost. (The Towns' contribution to cover cost of the new ambulance purchase will be over and above the Towns' contribution to cover the cost of running the ambulance service. The 2007 request to New London includes $79,050 for the operating support, and $7,863 for the first of five years of support for purchase of the new ambulance.) Terry LeBlanc and Tina Naimie confirmed that, and added that they plan to have two ambulances staffed each day, and keep the older 1997 one as a back-up for as long as they can—hopefully with good maintenance, two to four years. At the time that that 1997 vehicle can no longer be relied upon as a back up, they will begin the funding process for another new ambulance, and the 2000 vehicle will become the back-up. That 2000 vehicle has a recommended life span of ten years—in other words, they are looking for four more years on that. She said the Hospital assures good maintenance of its vehicles with the objective of getting more than the recommended life span from them.

John Wilson asked if they have two full time ambulance crews now. Terry LeBlanc said they have 8 a.m. to 4 p.m. staff for transfers and are capable of handling two 911 calls at the same time.

Barry Wright asked if by tapping more into the transfer business, are they increasing mileage on the vehicles? Terry LeBlanc said not significantly. They do not transfer as far as Boston, for example. In response to question raised about the vehicle itself, Tina Naimie confirmed that each truck is outfitted with the core stuff for medical emergencies.

Terry LeBlanc said they are trying to control costs, and she referred to the spreadsheet showing an increase of 32% in expenses, and an increase of 62% in income. She said that their requests to the Towns reflect the increase or decrease in their losses. When their losses are less than anticipated for a given year, they reduce the requests to the Towns. The Hospital shares its savings with the Towns.

John Wilson asked if the Hospital views this as a charitable contribution from the towns. Terry LeBlanc said yes. John Wilson asked why the Hospital doesn't just present it as a budget item. Bruce King confirmed that New London is making a charitable contribution to ambulance support. The Hospital records that as income. He noted that this (the ambulance service) is a loss for the Hospital. The Hospital is not seeking to break even or to make a profit on ambulance service. The Hospital bears some of that loss, and they ask the Towns to bear some. John Wilson asked, why not just say this is a product the Hospital is selling. Tina Naimie said the Hospital is a not-for-profit agency, and is required by law to use contributions for ambulance support only for that purpose. It is the same with all donations. They track all donations, and report that to the State. There is no tax benefit to them.

Mark Kaplan pointed out that the process is more transparent this way; the Town has all the data. The Town is really in partnership with the Hospital in running the ambulance. John Wilson asked why present it by showing the losses and saying that the Towns have to supplement. Bruce King reiterated that the ambulance loses money. This line of

business is a loss, so the Hospital is asking the Town to supplement it. He noted that New London Hospital is the exception to the rule. There are very few hospital-based ambulance services now. He agreed that, in aggregate, the Hospital is doing better, but the ambulance service is a loss service.

Noel Weinstein pointed out that this is the first year the Town is being asked to fund a capital expense. Barry Wright pointed out that the Town has been paying depreciation each year; it has been built into the number asked for support of operating the ambulance. This is the first year it has been broken out. Tina Naimie agreed that they should have made that clear from the beginning.

Bob Meck asked about the $145,240 in "Other". Tina Naimie said that is almost all directly related to ambulance billing, payroll, information services, etc. She said that only about $22,000 pertains to general Hospital overhead.

Later in the meeting, Doug Baxter pointed out that if the ambulance is doing close to 500 transports to DHMC a year, that would be about 35,000 miles per year, and they would not get a ten-year life span out of it. Members agreed, but noted that that mileage is shared between two vehicles.

6. New London Inn Easement

Referring to the proposal that the Town either purchase an easement on the green space between the Inn and this building, or purchase that space outright, Jessie Levine said the appraiser's figures have come in as $150,000 for an easement (in perpetuity) and $300,000 fee simple for outright purchase of the approximately half-acre including the area of the skating rink and the green space in back. She reported that the Inn owner is more interested in selling, but has not committed to $300,000. She (the Inn Owner) asked if the Town would pay $350,000.

Pat Blanchard asked why the Town wants to buy this. Jessie Levine said they'd like to protect it. Also, there is the option for some additional parking there. She noted that it is in the commercial zone, so there is no minimum lot size for a building. If the owner were to sell it, almost anything could go in there as long as it conforms to set backs, etc. Pat Blanchard asked if the Inn would continue to have events as weddings there in the summer. Jessie Levine said if the Town holds the easement, the Inn would retain some commercial rights—that is why the cost of the easement is so low. On the other hand, if the Inn were to sell the space, it would forfeit those commercial rights, but would see its property taxes reduced.

Connie Appel asked if the Town owned it, could it rent it. Jessie Levine said that a New London Commons Committee was established in the 80's. In the past, that Committee has prohibited commercial uses on Town property. A commercial use would render the property taxable, though she acknowledged that the taxes would be covered by the rent.

Barry Wright asked what the loss in property tax revenue would be, if the Town purchases this half-acre. Jessie Levine said the entire Inn property is valued at about $1 million, and its taxes are about $12,000. She has not calculated what the tax loss would be for this half acre, but estimates that it would be less than the cost of the sale.

John Wilson asked if the Inn is a non-conforming use now, and would selling this half-acre make it more non-conforming. Yes it is non-conforming now, and if the use on the Inn property were to ever change, set backs would be a problem.

Jim Wheeler asked why not have a skating rink on the Town's property across the street. Some Budget Committee members recalled a time when there was a skating rink on that property, and agreed it is an idea worth considering again.

Sue Clough said that she feels the Inn green space is worth the money, in order to preserve it from development and also to add the potential parking. She pointed out that although the Town is exempt from the parking space requirements, they have an obligation to not fudge those when they can. She also pointed out that many people feel strongly about preserving the visual of this office building surrounded by green space. In the summer, the green spaces are used almost every single week-end.

Barry Wright said he also thinks it is worth the money to keep it the way it is now. He asked if it would have to be subdivided. Jessie Levine said yes, and a survey would have to be done.

Mark Kaplan said he agrees with the concept and the philosophy that the Town ought to own it, but pointed out that the Town has a lot on its plate this year—the sewer costs, the round-about. He would prefer that the Inn owner be firm with her asking price, or that the Town hold off on this another year.

Jessie Levine said she would just like to get it on the warrant, perhaps as a 20-year bond. That would require a two-thirds majority vote, and why not let the voters decide? Barry Wright said he shares Mark's concern about the owner's vacillation on numbers. He too feels they would need an agreement with her. Jim Wheeler said that as soon as it is known to the public that that space is for sale, she will be offered a much greater price. Budget Committee members agreed, but pointed out that it is to the benefit of the Inn as well as to the Town for that space to remain undeveloped. It would enhance the value of the remaining Inn property, as well as provide the additional parking. Connie Appel said she would support taking this to Town Meeting if the Inn owner signs an agreement on the price. John Wilson asked if the owner would throw in $50,000. Jessie Levine said that would be of benefit to her only if the market appraisal had been $350,000.

Barry Wright asked if the consensus of the Budget Committee is that it would support going forward with this if the owner agrees to a selling price of $300,000. Confirmed. He said that it would have to be a warrant article for a bond, and it would have to be made clear to voters what the total cost would be including lost property tax revenue. The Budget Committee reiterated that they wanted a promise from the property owner that she would sell for that price if Town Meeting approved the bond.

7. Sewer Department

Barry Wright asked if the Budget Committee should take a position on the Public Works Department warrant article. He said that to him, it makes financial sense to have that department overseen in the same way that other departments are. Mark Kaplan reported that at the last Sewer Commission meeting, Gus Seamans did indicate that at some point that Commission would want sewer operations to be part of a Public Works Department, but it (the Sewer Commission) feels that right now the Sewer Department has too many transitional issues in front of it. Mark Kaplan and Jessie Levine reported that since that meeting, the Board of Selectmen has submitted a proposal to the Sewer Commission regarding creation of the Public Works Department as well as a seven member Advisory Committee. That proposal recommends keeping current personnel in place, but it does not include any long term contracts for personnel. The proposal does not stipulate a date for the change.

Jessie Levine said that Town Counsel recommended that the warrant article itself simply ask if voters wish to dissolve the elected Sewer Commission, and return authority and management responsibility of the sewer system to the Board of Selectmen. Town Counsel advised that creation of a Public Works Department and an Advisory Committee not be included in the actual warrant article. Rather, that can be accomplished by the Board of Selectmen if and when the warrant article passes that returns management responsibility to them.

It is understood that the warrant article will go to Town Meeting with or without the Sewer Commission's support. Sue Clough said she would rather both boards support the warrant article at Town Meeting. In response to Barry Wright's question, Jessie Levine said the Budget Committee is not required to make a recommendation that does not have an appropriation. Sue Clough said that historically, the warrant does have an accompanying description under each warrant article. Budget Committee members agreed that that paragraph should include wording discussing the $50,000 savings that has been realized in the eight months that the Sewer Department has been run by the Highway Department. It should also contain wording indicating that sewer expenses will remain with the sewer users. Pat Blanchard expressed some concern that sewer users will feel they are losing control, as all residents will get to vote on this. She also urged caution with that wording, as there will be future costs relative to the Sunapee plant, and those costs will have to be covered by the whole Town. Sue Clough said Town Meeting has always voted on the sewer budget.

Doug Baxter moved that the Budget Committee support the warrant article to dissolve the Sewer Commission and return authority and management responsibility of the Sewer Department to the Board of Selectmen. The Motion was seconded and unanimously approved. Sue Clough did not vote.

Jessie Levine said that the Sewer Commission will hold a public meeting on February 13 to discuss rates, capital improvements, and future plans.

In Conclusion:

The draft Budget Information Packet will be reworked to reflect changes made at tonight's meeting:

- The $10,000 deposit into an emergency Disease Prevention fund will be deleted.
- $20,000 will be deducted from the requested deposit of $40,000 into the Library's capital reserve.
- The capital outlay line for Library building maintenance ($28,000) will be zeroed out.
- The $160,000 bond will be added as a warrant article (no payment in 2007.)
- The $300,000 bond warrant article may be added if the Inn owner agrees to that price.

Meeting adjourned at 9:45 p.m.

Respectfully submitted,

S.A. Denz
Recording Secretary