

TOWN OF NEW LONDON
BUDGET COMMITTEE
JUNE 13, 2007

PRESENT: John Wilson (Chairman), Larry Ballin (Selectman), Doug Baxter, Pat Blanchard, Carol Fraley (Finance Officer), Jessie Levine (Town Administrator), Bob Meck, Noel Weinstein, Jim Wheeler, Barry Wright.

ABSENT: Mark Kaplan (Selectmen's Rep), Jack Diemar, Connie Appel

John Wilson called the meeting to order at 7 p.m., and the Budget Committee addressed ten areas of business during the meeting.

1. Minutes May 16, 2007

- o Bob Meck corrected Nancy Donnelly's name on page three.
- o Also, he noted that the first paragraph under "6. Budget Goals" on page four should reflect that he is in favor of establishing a budget guideline.
- o John Wilson amended "department" in the next paragraph to read "departments."
- o Also, he referred to the fourth line in the first paragraph under "8. Consideration of Change in Fiscal Year" and said that the wording should be "... a change in fiscal year would require a warrant article," rather than "... a change in fiscal year would be a warrant article."
- o Jim Wheeler asked for clarification of the September meeting date (page seven). It will be September 19.
- o John Wilson referred to paragraph six on page three, and asked if the Library Trustees' intention really is to put the new roof over the old one. At this meeting, members were not sure if that is the case for the entire roof or for part of it. Pat Blanchard suggested that they meant only that section where the roof pitch will be changed and where they will be losing the clerestory windows. Jessie Levine said that is the space where they intend to have the HVAC equipment, and to have it be accessible. Jim Wheeler pointed out that removing the old roof would require tearing out all the ceilings, etc. Bob Meck said he felt that at the May 16th meeting, Bob Bowers did confirm that the intention is to not remove the old roof. No amendment made to that section of the minutes.

Motion was made, seconded and unanimously approved to accept the May 16th minutes as amended.

2. Personnel Subcommittee—The June 11 meeting of this subcommittee was cancelled, thus there was no report. Jessie Levine asked if the Budget Committee wants to reschedule that meeting, or to give subcommittee members assignments for the July meeting.

Bob Meck said he sees two issues:

- o The overall schedule with 20 steps is too long. They need to get a handle on that, and look at making changes either vertically or horizontally. There may be opportunities for improving it, other than just looking at the longevity issue.
- o They need to get a better understanding of the different health care options that may be available, and how much leeway the Town has to do that. If the Town can act independently on that, it should

explore the idea of Health Savings Accounts, and how they would fit into employees' benefits package.

Noel Weinstein asked to confirm that right now the Town does not offer HSAs but employees can use a medical plan to cover things not covered by insurance. Jessie Levine confirmed that and reminded everyone that they have looked at Anthem's HSA offered by the Local Government Center and found it to be pretty ineffective. LGC is working toward establishing something that would be more competitive. She added that there are two pools for insurance: Primex and LGC, which make the agreements with the insurance companies. (The insurance companies do have to be licensed with the State of NH.) New London goes with LGC, and LGC carries Matthew Thornton and Anthem. She does not know if the Town can look at insurance companies outside the ones LGC carries (and still benefit by being in the pool). *N.B. The Town has a package deal with LGC for property/liability, worker's compensation, and health insurance. If we left for health, we would also have to find worker's compensation insurance elsewhere.*

She went on to remind the Committee that three or four years ago, the Town did look at other offerings. (They can only make a switch at the time of year they are due for renewal.) They did at that time, because of the rising costs, increase employee co-pay. She will check with LGC to see if the Town is limited to Matthew Thornton or Anthem, or can it offer something else. *N.B. Each insurance pool has an exclusive with its contractor: LGC with Anthem, Primex with HPHC, and Schoolcare with CIGNA.*

Noel Weinstein asked if they are looking at HSAs to put in lieu of the health insurance coverage, or in addition to it. Bob Meck said he is not sure at this point. He does feel the Town should give a larger array of opportunities to employees to choose from, and enough education to assist them in making a choice.

John Wilson opened some discussion of the Towns with which New London is compared in the study. He said they should consider those Towns with which New London is competing. Jessie Levine said that the comparison used similar Towns—those with colleges, near an interstate, with a high number of summer residents. Larry Ballin said for the comparison, they have got to find a composite average. Barry Wright asked if it is better to do a local comparison, or go with a broader base—using towns that are comparable (college, interstate, summer residents).

Pat Blanchard said in doing the comparison, they should be looking at the different departments separately. Jessie Levine suggested she ask each department to give the Budget Committee a list of eight Towns they'd like to see used for the wage and benefit comparison. Budget Committee members agreed that that would be good data to have on hand. Jim Wheeler asked if employees have access to the wage and salary study. Yes. There was some concern expressed among Budget Committee members that departments may ask to be compared to only those towns at the higher end of wages and benefits. Pat Blanchard suggested that when departments submit the names of the towns, they also be asked to give a four word reason as, for example, size, number of roads, population, schools, or other features.

Barry Wright said the entire compensation package should be considered in doing the comparison, and members agreed with that, including leave benefits.

Speaking of leave, Noel Weinstein said he has some concern about how much an employee is allowed to carry. For one reason, it is not healthy to never take a vacation, but to just let that time accrue. And secondly, it is hard on the Town when the employee does retire or leave, he or she will be compensated for unused leave at the current rate of pay rather than at the rate of pay he or she was earning at the time the leave was accrued. Larry Ballin suggested the Town should make leave an annual benefit only. The policy should be, use it or lose it. Noel Weinstein said, or at least limit it to some reasonable number of days that can be carried over year to year—ten or fifteen. Barry Wright suggested that unused leave time

be paid with comp time rather than financially. Pat Blanchard said that would have problems also. For example, someone may submit a notice of retirement or resignation effective on a certain date, but in order to take the comp time, that employee could stop coming in to work much earlier than that date.

Jessie Levine said they have wrestled with the leave time issue in the past. They eliminated seven days of sick leave (leaving seven in place), and added those seven to regular leave time. The policy now is that up to five years, an employee gets seventeen days of leave per year. Between five and nine years, they get 22 days, and the number goes up in increments of five. After fifteen years, an employee would get 39 days, seven of which are sick. The number seven is a constant for the sick leave.

Noel Weinstein asked if department heads are able to manage pre-scheduled leave so that there is always coverage. Jessie Levine said yes. Noel asked if employees can get unpaid time off. Jessie Levine said the Town is in accord with the Family Leave Act, and employees can get other unpaid time off at the discretion of department heads.

She went on to point out that one complication is that they try to recruit more experienced personnel to fill vacant positions, and those new employees often expect more leave time (similar to what they'd worked up to in their previous position). Jim Wheeler asked why vacant positions would be filled from outside, rather than by moving a current employee up. Jessie Levine said they do that, too, but if they do not have someone in-house qualified for the position, they must recruit outside.

John Wilson asked about objective and time frame for the Personnel Subcommittee's work. Bob Meck said he feels the idea is to make recommendations that will impact the 2008 budget, and Budget Committee members all agreed with that objective. Barry Wright said they must deal with cost of living, longevity and merit issues. Bob Meck suggested that if the Town sticks with the merit step formula, 3% seems out of kilter. He asked about setting aside a fund to be used for top performers within the departments, instead. Jessie Levine said she felt that would be difficult for departments to administer fairly.

Barry Wright said that the 6% given this year (including COLA and merit upon performance reviews) is above cost of living. Are they going to adjust everything every year (per COLA) plus give step increases every year? Jessie Levine asked if it would be preferable to just give the COLA with no incentive for merit. Shouldn't employees be recognized for longevity and performance?

Bob Meck asked if the COLA came from a federal study or local study. Carol Fraley said they used the cost of living numbers for the northeast.

Larry Ballin said they need to stress more the value of the benefit packages. With those, the 6% is really 8.4% or 8.5%. Jessie Levine and Carol Fraley said they do send a memo to each employee each year detailing the dollar value of the benefits, and showing the increases.

Jim Wheeler asked if there has been feedback from employees on the wage study. Jessie Levine said David Seastrand submitted the opinion that the scale as it is, fosters mediocrity. It does not seem that any departments are satisfied with the new policy.

The next meeting of the Personnel Subcommittee will be July 16 at 5:30 p.m. Prior to that date, the Subcommittee will receive comparison data using local towns, using towns with similar features, and using the towns that departments submit for comparison. John Wilson asked that everyone on the Budget Committee be copied on the Personnel Subcommittee paperwork.

Barry Wright said once they get the studies, the subcommittee can begin to deal with the issues. They should consider keeping raises at a reasonable amount. They can give a COLA but limit the merit increases, or they can look at ways to limit the amount of growth (in salary) for longevity. He noted that currently, there is a 30% incline from bottom to top. He said the subcommittee can pull together the alternatives, but it will still be up to the Board of Selectmen to make the decisions. Jessie Levine said it is up to the Board of Selectmen to decide on a philosophy, and up to the Budget Committee to decide what it wants to fund.

3. Budget Format

Pat Blanchard asked if they can get rid of the separate line item for employee raises, and spread those raises out among the departments. Jessie Levine said the reason it is shown this way is that it prevents the raise for a one-person department from being picked apart, and it allows some flexibility. John Wilson said, but this way, it does not give an accurate reading for each department. He asked from where that number is derived each year. Jessie Levine said from the salary study. John Wilson asked if New London is typical in having that separate category. Jessie Levine will ask other Towns. Noel Weinstein pointed out that that line item is \$85,000 this year, but only \$20,000 has been spent so far. Jessie Levine said they have not given the merit 3% yet, as they are still doing the performance reviews. Larry Ballin added that there has been some concern from the Police Department about the delay. He opined that a change in the fiscal year would alleviate that problem. He did note that the 3% will be paid retroactively, but will not be interest bearing.

4. Budget Guidelines

John Wilson opened discussion about the idea of setting guidelines. He thinks the Budget Committee members should at least have a percentage (of increase allowed) in the backs of their minds, and that number should be applied to everything; there should not be things free from examination. Jessie Levine said that in that case, some level of service would have to be cut. John Wilson said he does not mean the percentage of allowed increase would be cut in stone, but it should at least trigger a mechanism for more in-depth examination. Jessie Levine pointed out that departments already do that at all levels except personnel. For example, the only increase in Highway this year was for the shimming.

Pat Blanchard said she feels it would be helpful to come up with a percentage so that they can ask why, when something goes over that. But the question is, how do they decide what that percentage should be? Noel Weinstein said they sort of do that anyway. Jessie Levine said you have got to have flexibility. This year, there was mostly a 0% increase (in non-personnel items except for new items like tazers). Carol Fraley suggested she could build into the budget form she gives to departments each year to fill out, a space for them to account for the increase requested.

Budget Committee members asked again, what number should they bear in mind (for percentage of increase). Barry Wright said that the number should apply to the bottom line, not to each line item. John Wilson said it should be enough to trigger a review in greater depth, and Jim Wheeler said it might allow the Budget Committee to say no to some items. He observed that as it is, there are things that the Budget Committee says yes to, that are more than maintenance.

John Wilson asked if keeping the tax rate the same each year should be a goal. Noel Weinstein pointed out that voters at Town meeting have been less than frugal. John Wilson agreed that there is a dichotomy (between what is expressed around Town and what is voted on at Town meeting). He noted that most do not come to Town Meeting.

5. CIP

He asked if there any surprises coming up in the CIP. Jessie Levine said not that she is aware of at this point.

6. Roundabout

She updated the Budget Committee on the status of the roundabout. The bids came in over estimate, so the Town will go out to rebid in August, hoping for more (in number and in competitiveness) bids to come in. The State will pay its 80% of a 10% overage of the estimate, up to \$50,000. For amounts beyond that, the Town would have to make a case. If it turns out that they must appropriate a larger amount of money, that may have to go to Town Meeting for approval.

7. Change in Fiscal Year—Jessie Levine will have the information from other towns that have done this, by the July meeting.

8. Selectmen's Update—Larry Ballin reported that the Selectmen have almost completed the board volunteer appointment process, and that has gone well. He said the Selectmen have agreed to pass on the Finemore property for now.

9. Planning Board Update—Larry Ballin reported that the Planning Board has approved the Hospital's plans to bring the sidewalk down County Road and across its parking lot. The reason it is not going to stay in the public right of way is to preserve the old trees and stone wall that are there. The sidewalk will be available to the public, however, and eventually, it will go all the way to Parkside Drive. The Hospital will maintain its section of it.

10. Status of Town Road Work—In response to John Wilson's question, Jessie Levine said that Richard Lee is preparing applications for FEMA grants to address this spring's wind and heavy rain damage. Each road requires its own application (and there are 16)—hence this is a time consuming task. Previously they had been told they could not include the cost of all the snow plowing they did in anticipation of the heavy rains—as that work was done prior to the storm itself. Now, however, they have learned that they can include those costs.

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The meeting adjourned at 8:30 p.m. The next meeting of the Budget Committee will be July 18 at 7 p.m.

Respectfully submitted,

Sarah A. Denz
Recording Secretary