

Citizens Advisory Committee Meeting
November 13, 2010
7:30 AM

Meeting Attendees: Tina Helm (Chair, Selectmen), Peter Bianchi (Selectman), Mark Kaplan (Selectman), Jessie Levine (Town Administrator), Gary Lineberry, Rick Anderson, Joe Cardillo, Hardy Hasenfuss, Bob & DJ Lavoie, Terri Bingham, Howard Hoke, Jack Sheehan, Joe McCarthy, Phyllis Piotrow, Rip Cross, Dave Payne, Gary Markoff, Jack Harrod, Ann Loeffler, Bob MacMichael, Carolyn Lockhart

Chair Helm called the MEETING TO ORDER at 7:30 AM.

Chair Helm gave the floor to Mr. Kaplan, who walked through the Board of Selectmen's budget that will be presented to the Budget Committee on Monday, November 15. Overall, Mr. Kaplan explained that the budget will come in below 2%, which was the target given to Department Heads.

Gary Markoff asked if the Town had locked in a fuel contract, and Ms. Levine said that had been done in the summer.

Hardy Hasenfuss asked about the NH Retirement System and whether the Town can withdraw. Mr. Kaplan explained that we cannot get out of the system. Mr. Markoff said this is affecting the school budget as well, and reflects a social contract between the administration and teachers, fire and police regarding pension. The gaps between the rate of return on the pension investments and the assumptions is driving the rate increases that have to be paid by taxpayers. Ms. Levine said that the employee share has been held to 5% due to the strength of the labor lobby. Ms. Levine said that overtime, any excess profit above the rate of assumption was skimmed off to fund additional benefits for retirees, such as COLA adjustments and a healthcare subsidy. These funds should have been reinvested into the retirement system and, because they were not, created more entitlements that cost the system more money when there is less available.

Gary Markoff said that to make things worse, to entice towns to come into the system, the State guaranteed that it would pay 35% of the employer share for teachers, police and fire, and in its last budget the State reduced that share to 25%. Ms. Levine said that municipalities have brought a lawsuit against the state for violation of the Constitutional ban against unfunded mandates.

This led to a discussion about the State retirement system and the unfunded liability, which Gary Markoff said is the 9th worst unfunded state pension program in the country. The committee discussed the need for political will in the State House to get something done in the next legislative session.

Mr. Kaplan said that the 2011 budget restores the household hazardous waste drive, increased lifeguard hours on the town beaches, and increased funding for milfoil.

Rick Anderson said that he had become the president of the Pleasant Lake Protective Association in July, and has learned more about milfoil than he ever wanted to. He supports Town funding of the milfoil prevention program, as New London is fortunate that it has not been infested, as have 75 other lakes. He said that between lake association monies, town funds, and volunteer time, the program has been effective and has slowed the spread of milfoil. He noted that this is not just a lake issue, but one that would affect the entire town if property values on the lake fell. He said that lakefront owners should share the burden, and they do with private contributions and volunteer time.

Jack Sheehan said that the milfoil program is an important preventive program but the cost to the town is too high and he thinks the towns should put more of the burden on the lake to carry the costs. He noted that he was speaking on behalf of himself and not on behalf of the Little Sunapee Protective Association. He noted, however that the remaining \$7500 in the milfoil fund should remain in the fund in the event that milfoil treatment is required.

Terri Bingham said that if the funds are cut, it should be a gradual process, as cutting quickly would hurt the lake associations.

Mr. Kaplan said this budget includes a 1.7% cost-of-living adjustment for certain, but not all, employees. Ms. Levine said that it does not include most of the department heads and herself. Jack Harrod said that there is no COLA for those on Social Security, and Ms. Levine replied that in the year that Social Security received a 5.8% COLA, New London employees received a 1.2% increase. New London has never relied on the Social Security COLA, but has used the Northeast CPI. Over the last ten years, the Northeast CPI has averaged 2.8%, and the New London COLA has averaged 2.8%.

Mr. Kaplan said that the Selectmen did adopt a new healthcare plan for employees, which amounted to savings of about \$50,000 to the Town. Mr. Bianchi explained that the Town changed to an HMO, and employees may continue on the Blue Choice plan but they must pay the difference in premiums between the HMO and Blue Choice. Chair Helm added that for the first year, the Board of Selectmen budgeted to pay the deductible, as the employees have seen a number of changes over the past few years that have increased their cost of healthcare. After the first year, the employees will be responsible for the deductible. Mr. Bianchi said that with the HMO plan, employees are responsible for 2% of the single premium and 5% of the two-person and family plan premiums.

Mr. Kaplan said there was a significant increase from the New London Hospital to support the ambulance, and this is being looked at by the Selectmen. Ms. Levine said that there will be a regional discussion about the ambulance service and cost of service. There is some question as to whether the Hospital will continue to run the ambulance service in the future. Chair Helm said that representatives from the Hospital will be meeting with the Selectmen at 8:00 AM on Monday.

Ms. Levine said that the Hospital's increase amounts to 0.7% of the 1.8% budget increase. She proceeded to go through the rest of the budget, explaining that this is an 18-month budget due to the change in fiscal year.

Mr. Bianchi said that the Selectmen will finalize the budget on Monday morning and will present it to the Budget Committee that evening. He encouraged those present to get involved with the budget process so that when we get to Town Meeting, the citizens will be well versed in the decisions that will need to be made. Gary Markoff suggested starting the Town Meeting earlier, such as 6:00 PM, to allow time to discuss the fiscal year change. The Selectmen agreed to consider the start time.

There was discussion regarding how the warrant will be written to address the 18-month budget. The Selectmen will work on the warrant in January.

Gary Markoff commended the Selectmen on the budget and said that the process could not have been handled better.

The meeting adjourned at 9:20 AM.

Respectfully Submitted,

Jessie Levine
Town Administrator