

TOWN OF NEW LONDON
BUDGET COMMITTEE
JANUARY 18, 2006

PRESENT: Barry Wright (Chairman), Connie Appel, Doug Baxter, Pat Blanchard, Sue Clough (Selectman), Jack Diemar, Carol Fraley (Finance Officer), Bob and D.J. Lavoie, Jessie Levine (Town Administrator), Doug Lyon (Selectman *ex officio*), Bob Meck, Clayton Shedd, Jim Wheeler, John Wilson.

Barry Wright opened the meeting at 7 p.m.

Prior to this meeting, budget Committee members received:

- o Updated expenditure history and 2006 proposal print-out.
- o Updated revenues print-out.
- o Changes since November 30 Budget Committee meeting.
- o Spread sheet comparison of municipal data for towns with populations of 2000 to 4999, as requested at last meeting.
- o Salary Comparison showing low, high and median ranges for specific positions among New London, Bow, Newport, Sunapee, Meredith, Hanover, New Boston, Claremont, Henniker, and Hopkinton.
- o January 17 memo from New London Firewards to Jessie Levine regarding proposed 2006 Fire Department salaries.
- o Correspondence from Fire Chief Peter Stanley and Road Agent Richard Lee explaining line item overruns in their departments' budgets.
- o Statistical chart demonstrating amount of trash hauled from New London transfer station.
- o January 13 letter from John A. Stephen, Commissioner Department of Health and Human Services, regarding mosquito control.
- o Most recent draft of the Budget Information Packet, final of which will be available at the February 8 Public Hearing on the Budget and at Town Meeting (or in between at the Town Office).

During the meeting, Budget Committee addressed thirteen items of business.

1. The New London Town Clock

Evan Fradenburgh, Cheryl Cook, Hank Otto—members of the Clock Watch Committee, and Peter Stanley presented the group's proposal for restoration of the town clock. The group provided packets of information including the history of the gift to the Town from General Luther McCutchins and Mark Nelson in 1884, its location high on Colby Hill, in the steeple of the Baptist Church, and recent maintenance and other work—most significantly the cutting of the cables for the time and chime functions, and installation of an electric motor to keep the clock running and to eliminate the chime.

The Baptist Church is on both the National and the New Hampshire Registries of Historic Places, and for some time there has been sentiment in Town that the old clock's mechanism should be restored. There has been some thought given to returning the chime, as well. The Committee has conferred with three reputable restorers, and for reasons outlined in their informational packet have approved the bid of Philip D'Avanza of Manchester.

Specifically, the Committee would like to restore the time mechanism of the clock to its mechanical wind for a cost of \$2,875, and to install a strike actuator for \$7,385. A strike actuator is an electrical mechanism that would allow the clock to strike at pre-set times, for example, only the daytime hours, perhaps a strike at midnight on New Year's Eve, etc. Total cost would be \$10,260 for that work, and they anticipate being able to raise that sum in private donations.

There will be peripheral charges of upgrading the attic and access, including electrical upgrades of \$1900, and miscellaneous costs of \$1366 for the engineer's report, clerical expenses, publicity.

The Clock Watch Committee met with the Board of Selectmen on January 9 and with the Church Council the same evening. Yesterday, the Church's Board of Trustees approved an allocation of \$2500 for the improvements to the attic and access.

Clayton Shedd asked about the weights. Evan Fradenburgh said that the original mechanism included a weight of about 250 pounds which dropped about 16-feet, slowly through the week in order to keep the time. The chime function required a weight of about 500 pounds dropped at intervals through the two stories of the Meeting House to the basement. He explained that now they have converted part of that basement area to a closet, and in addition, there is concern that the vibration caused by the drop will damage the church, specifically a new organ; therefore, the chiming function proposed will be an electric strike actuator.

Jessie Levine said there are two ways this could be funded—through an expendable trust fund, with the warrant article containing wording "... to raise up to (specify amount), to be offset by revenues..." or by raising the entire amount, and taking in the donations as offsetting revenues. Peter Stanley said that the entire amount will have to be appropriated in order for it to be spent on this purpose. He pointed out that to allow donations to be tax deductible, the Committee is a 5013C organization. Jessie Levine said that if more is raised than is required for the restoration project, that balance can be put into a maintenance fund for the clock. Jim Wheeler asked if maintenance costs will increase after the restoration. Peter Stanley said it would increase about \$500 a year.

Doug Baxter asked about Bradford's recent clock restoration. Evan Fradenburgh was not sure about that, but he did say that Sutton restored its clock in 1999 at a cost of \$30,000. He's not sure who owns the clock in that case. (In New London's case, the Town does own the clock.)

John Wilson asked if the donations would be tax deductible. Jessie Levine said yes. People will be asked to make checks payable to the town of New London Clock Fund. Barry Wright clarified that it is the committee's wish to be able to say at the time of Town Meeting, that they have raised the offsetting revenues.

Jim Wheeler asked how accessible the clock in the tower will be. Could groups of school children see it, for example? Evan Fradenburgh said perhaps group tours could be arranged. The Clock Watch Committee would be willing to volunteer time as tour guides. (Also, he noted that the Committee members will be the ones who will wind the clock weekly.) They do not want the clock to be open to the public at all times, however, citing questions of insurance and liability. There has been suggestion that a video of the clock's works could be made and put on the town's web site.

Barry Wright opened some discussion on the appropriateness of placing the clock somewhere more public as the Historical Society, for example. He referred to the location of Concord's town clock. When spending public funds, they have to ask how the public good will be served. Pat Blanchard seconded that, asking what they have to gain by this. Several members remarked that the Town will now be able to hear the chime again, but Pat Blanchard pointed out that that is a separate function from restoration of the wind-up mechanism. Peter Stanley pointed out that the clock is worth \$35,000—far more than the Committee is proposing putting into it. He said there is benefit in maintaining historical artifacts. Evan Fradenburgh referred to a front page article in today's *Argus-Champion* regarding the project.

2. December 14 meeting minutes.

Doug Baxter moved to accept. Jim Wheeler seconded. No further discussion. Motion unanimously approved.

3. Municipal Data Comparison

Members noted that among towns with populations ranging from 2000 to 4999, New London ranked 18th in population, 5th in full time salaries, 26th in part-time salaries, 7th in police budget, 8th in number of full time police officers, 26th in number of part-time officers, 3rd in highway budget, 5th in full time highway workers, 20th in fire

department budget, 14th in full time fire department employees, 12th in part time fire department employees, 3rd in both total budget and balance remaining in budget, and 50th in the percentage of total budget that consists of salaries (in other words, in New London, salaries comprise 37% of the total budget; among all the towns looked at, the median was 11%).

Barry Wright noted that this does not take into account geography, and factors such as number and length of roads. Jim Wheeler suggested that a short list could be extrapolated from this one.

4. Sewer Commission

Commissioners Gus Seamans, Elizabeth Boege and Gordon Starkey, as well as Sewer Department Administrator Ann Bedard attended the meeting. Previously the Budget Committee had received and reviewed with Ann Bedard the Sewer Department's proposed 2006 operating budget of \$705,000. At this meeting, the Commissioners distributed:

- o Copy of the January 13, 2006 proposal from Underwood Engineers for improving the Georges Mills pump station, totaling \$275,564.
- o Copy of proposed warrant article asking voters to raise and appropriate a sum not to exceed \$275,000 for the purpose of an engineering evaluation and for upgrade construction to the Georges Mills Pump Station to meet current Federal and State regulations, and to authorize the issuance of not more than \$275,000 of bonds or notes in accordance with the provisions of RSA 33, and to authorize the Board of Sewer Commissioners or Board of Selectmen to issue and negotiate such bonds or notes and to determine the rate of interest thereon. 100% of the principal and interest to be repaid by sewer user fees or sewer betterment charges. (2/3 ballot vote required.)

*Note: pursuant to discussion at this meeting, the last sentence in the warrant article will be amended.

Gus Seamans opened the discussion by saying there are no changes to the operating budget which was presented to the Budget Committee by Ann Bedard on December 14. The proposed \$705,000 is a 14.08% increase, the largest increase being in Repairs and Rehabilitation, and the second largest increase being the Joint to Sunapee fee. He noted also that the allocation for PSNH is up by \$10,000. Gordon Starkey pointed out that some of the increases in Repairs and Rehabilitation are due to the fact that some costs have been reallocated there from other areas of the budget. (For example, proposal for Contract Services is down 80%.)

Gus Seamans went on to open discussion on the improvements to the Georges Mill pump station. This work will bring the station into compliance with all Federal and State regulations, and will include the ten tasks specifically set out by the Attorney General as a result of last year's spill. This is a special project, not in the operating budget. He added that the work is already in progress.

He went on to say that the Sewer Department does have a reserve of \$440,000, and they will pay for this work by drawing that down. When they feel they have drawn that reserve down to a "dangerous level," they wish to be able to draw on the bond which they are requesting through the proposed warrant article.

A public hearing on this has been scheduled for February 7 at 5 p.m.

Pat Blanchard asked if this work will resolve the problems related to the spill of last April. Commissioners answered that it will, and Ann Bedard added that any changes to that pump station require that everything else at that station be brought up to code.

Clayton Shedd clarified with the Commission that they really have this covered with their \$440,000 reserve but they want the bond just in case. He asked how long the bond will be for. Jessie Levine said the Commissioners will have the authority to use it indefinitely, but it will be limited to this purpose. She pointed out that they will really be saving this way, as they will not be paying interest. Doug Lyon said usually a bond is taken for ten years. Gus

Seamans said they anticipate that it will take them 2 or 3 years to restore their reserve to current level. Normally they like to have 75% of their budget on the side (in a reserve).

Carol Fraley noted that a 2/3 majority is required for this article to pass. She asked what will happen if it doesn't pass. Gus Seamans said the Department is obliged to do this work. It covers problems that go way back. Clayton Shedd suggested that from now on, as new requirements are made, those be addressed right away rather than allowed to pile up

Doug Lyon said if the Department is under order to do this, the district is liable to do this, whether or not the warrant article passes. Gus Seamans said they are not specifically under order yet, but if they don't do this, they will be. The hope that by undertaking these improvements, they may avoid receiving orders that may be even more inclusive and costly.

John Wilson asked if there is any agreement with the Attorney General's office (regarding possibility of fines relative to last year's spill). Gus Seamans said there is no such agreement at this time. The Commission hopes that bringing things up to code will head off any imposition of fines.

Jessie Levine said the Town will hold the liability of the bond, but sewer users will pay it. Doug Lyon agreed: that will be reflected as offsetting revenues. Barry Wright asked what the impact to sewer users will be. Gus Seamans said they have not calculated that yet. He noted that sewer fees have already gone up this year.

Jack Diemar referred to Gus Seaman's remark that the Commission would like to keep the equivalent of 75% of its operating budget in a reserve, and asked if there is a state average for that. Gus Seamans said most keep 50% to 75% in reserve.

Jim Wheeler asked about the troublesome manhole cover. Gus Seamans said that belongs to Sunapee, and Sunapee has agreed to address it.

Barry Wright asked if there are any state or federal grant funds available to offset this cost. Gus Seamans said they will apply for some state aid, though he added that the application or bidding process for said funds is extremely elaborate. He added that Sunapee will cover 10% of this cost. *With that information, Jessie Levine said the last sentence in the draft warrant article will be amended to include the possibility of offsetting revenues in state aid, and the 10% from Sunapee.

Clayton Shedd returned discussion to the operating budget and asked why the fee to Sunapee will increase this year by 22.33%, that is from \$300,000 to \$367,000. Gus Seamans said that cost is mostly for the disposal of the waste including trucking and tipping fees. He noted that New London's flow rate is up (thanks in part to recalibration of meters), and also that Sunapee overspent its 2005 budget in this category. Also, part of that increase is due to cost of power going up.

5. Landfill Repair

Jessie Levine said that FEMA will pay 75% of the cost of the landfill repair. However, using that agency's estimate for the total cost of the repair would mean that FEMA anticipates paying only \$5800 for it. On the other hand, the Town has received an estimate from Nobis Engineering for this work, totaling \$250,000. Richard Lee is going to inquire into the possibility of his being allowed to design the repair, and the Highway Department actually doing the work. This will be third time, or third section, that repair work following flooding/sliding has had to be done at the landfill, and this work will complete said rehabilitation of the landfill.

Jessie Levine reported that Doug Lyon has suggested that a bond be taken out for a sum up to a designated amount, and that only what is needed be drawn out of that. At this meeting, Doug Lyon added that the Selectmen's objective is to look at spreading the cost of this over the years, to be borne not only by present users, but also by future

users/taxpayers. They propose dealing with a local bank for this bond, rather than the bond bank. Jessie Levine said they will leave the cost in the operating budget, and put the \$250,000 bond in as offsetting revenue.

Jim Wheeler asked if there will be a warrant article explaining why this is necessary. Jessie Levine said yes, and it will require a 2/3 vote to pass. There was consensus among the Budget Committee that this is the best way to address this cost.

o Sewer Discussion (cont'd)

John Wilson asked if it is correct that Sunapee owns the plant, and New London uses it. Doug Lyon confirmed that. There is a committee of representation from each town which has established the reimbursement formula. If the committee cannot reach agreement on any question, DES will. New London is obliged to participate in upgrades. Jessie Levine said that otherwise, New London would have to have its own plant.

Barry Wright asked about New London's reserve capacity. Jessie Levine said New London is guaranteed 65%. Barry Wright referred to minutes from the last meeting, and confirmed that New London does have extra capacity, noting that sewer capacity is a valuable commodity. Doug Lyon said that a study is underway now, looking at the possibility of combining Highway and Sewer Departments into a single Public Works department.

6. Recent Changes to Proposed 2006 Budget

The majority of recent changes are a result of bringing the 2006 proposals into line with the 2005 expenditures.

Jack Diemar asked if there is any consistency in the fuel increases. Jessie Levine said that the Fire Department and Highway uses diesel fuel. Other vehicles purchase fuel at Town Line, the only business which submitted a bid. Bob Meck asked about the Town putting in its own tank for regular fuel. There was consensus among Budget Committee members that this expenditure ought to at least be kept in Town, and Carol Fraley and Jessie Levine said they are waiting to see if the gas station which will be going in at the former Texaco site will submit a bid to the Town.

Budget Committee members noted the increase of \$50,000 for hauling sold waste to the incinerator, and also noted the increase of tonnage during the summer months. Jessie Levine said there is corresponding increase in income from recycling.

John Wilson clarified the increased cost of software, as well as for conferences and training.

Pat Blanchard asked about the additional clerical work hours in the office, noting that the new part-time position is going to be upgraded to full time as well. Jessie Levine said the amount of traffic and telephone inquiries into the office justifies having both. Doug Lyon pointed out that there is an increase in people's expectation of professionalism in Town government. The Town is keeping up with more regulations, and is seeing increasing Federal and State oversight. He drew a parallel between this and the new joint assessor. Although there is a cost to the Town's having its own assessor, there are distinct benefits, including financial benefits resulting from more accurate assessments, and a reduction in abatement requests and associated legal costs.

The request for \$2000 for desk, file cabinet and chair for the Town Planner opened some discussion on the Planner's role. Jessie Levine said that his role will not change. The only change is that Ken McWilliams no longer works for UVLSRPC, but has a contract with the Town directly. New London has budgeted to have him 40 hours per month. The contract is for two years, and he will be working on updating regulations and on the Master Plan.

Bob Meck asked about salaries for the library. Do they set their own? Yes.

Under Building Maintenance, Jessie Levine has added \$13,000 for carpeting in the Academy building to be piggy-backed onto the carpeting outlay for the Police Station and Library. Clayton Shedd opened some discussion regarding the library determining its own operating budget, while at the same time having capital reserves as do

other town departments. Jessie Levine said the library is a town building, and this is considered part of on-going maintenance of a town building. She noted that voters have more say on the capital reserve items than they do on the items within the library's operating budget. The library does have income from trust funds.

Pat Blanchard observed the irony in the town's proposal to save money by changing street lights—including removal of some, while spending money on the mechanism of a clock. Jessie Levine said the responses received so far from residents have been overwhelmingly in favor of the proposal to remove a third of the existing street lights, and some people have requested that more be removed. Doug Lyon agreed that to many, light pollution is the issue. Sue Clough added that the street light conversion proposal meets all safety standards. The Highway Department and Police Department have reviewed the proposal. The water district has also reviewed the proposal, and that department did request that some of the lights originally slated for removal be left in. Pat Blanchard suggested that before work begins, those lights destined to be removed be marked in some way. Jessie Levine agreed, and both she and Doug Lyon said the change to energy efficient lights will result in savings whether or not all those proposed for removal are removed, and even if some that are removed have to be put back in. Bob Lavoie asked what the operating cost for street lights in 2007 will be. For high pressure sodium lights (the orange color), annual operating cost will be \$10,000. For metal halide (white light) operating cost will be \$11,000.

In response to Clayton Shedd's question, Jessie Levine said this request for \$3000 is for signage at the cemeteries.

In response to Clayton Shedd's question, Jessie Levine said some of this money has been encumbered and some will come from capital reserves.

7. Recreation Land

The proposal (as discussed at length at the October 5 Budget Committee meeting) is for \$100,000 to be spent out of capital reserve, as the Town's contribution to the joint project of the Recreation Department, Outing Club and Kearsarge/Sunapee Area Community Center Group.

Bob Meck said he has received some comments from residents to the effect that the Outing Club already has fields which are under-used now. Jessie Levine said the Outing Club would disagree with that, adding that it depends on the time of year. Doug Baxter agreed, adding that one issue which must be considered is potential overuse of the turf on a given field.

John Wilson asked if the middle school is built in Sutton, will that offset the formula. Jessie Levine said that is under discussion. While they are remaining neutral on the question of location for the middle school, they are considering the potentiality of using the gym and stage portion of the middle school building and the current middle school site for the building part of the Community Center project. The school board is in favor of the idea.

Doug Lyon pointed out that that would leave the Pleasant Street land for playing fields entirely, and would obviate concerns about development there impacting Pleasant Lake. He reminded the Budget Committee that the Community Center project is going to be done almost entirely with private funds, and New London will get the benefit of having it in town.

John Wilson said that the elementary school should have nine acres.

Pat Blanchard asked where that leaves us as far as the \$100,000 goes. Jessie Levine said it will be useful either way. That allocation is for land, and has nothing to do with the building.

There will be an informational meeting on this on February 1. John Wilson pointed out that that conflicts with the Planning Board's hearing that night. Jessie Levine will try to remedy this conflict.

8. Salary Study

Doug Lyon and Jessie Levine explained that the more formal study which will result in a detailed step system for salaries and wages, is still in-progress. For now, the Town has done its regular salary comparison with other towns. They noted that new salaries will not go into effect until after town meeting. The spread sheet shows high and lows of ranges for each position. Doug Lyon said that areas where it appears that New London is overpaying for a particular position simply reflect the difficulty in hiring for those positions, and, altogether, result in a \$20,000 cost to the Town. Jessie Levine said the study does indicate that they can reduce their proposal for raises by \$5000. There was some discussion on how best to handle individuals who reach the top of the salary range. Connie Appel said she feels the Town must pay for longevity. Doug Lyon said they are going to get recommendations on how to handle that from Payne. Overall, the Town is seeking equity, fairness and competitiveness.

9. Anticipated 2006 Revenues

Jessie Levine said the print-out reflects an optimistic figure (\$180,000) from FEMA for the landfill repair. Also, she noted that the narrative explains how the revolving fund from recycling income will be set up. The balance over \$5000 will go into the General Fund at the end of the year.

10. Overages-2005

Carol Fraley pointed out that this year, they asked the Department heads to explain the reason for expending some line items—hence, the memos from the Fire Department (re: wages, unanticipated bumper damage to a private vehicle, increase in cost of foam concentrate, increase in number of calls and prices, increased use of new station) and Highway Department (re: increase in overtime, equipment repair, gas, salt drainage materials, street paint, transfer station wages and cost of waste disposal). John Wilson asked if the over-expenditures are covered with money from other lines in the budget. Yes.

11. Surplus

The Committee referred to the Surplus Funds History on p.8 of the Budget Information packet, and suggested that the smaller figures in 2005 indicate the tightness of the budgets. John Wilson suggested also the possibility that departments are spending more. Jessie Levine said no department purposely over budgets. They budget for anticipated costs. If they incur all their anticipated costs, no deficit will result. If they do not incur all the anticipated costs, a surplus results. Doug Lyon said it would cost the Town more if it found it had to borrow mid-year. John Wilson suggested budgeting line items more closely, and having an overlay line managed by the Selectmen. Doug Lyon said he doesn't see an advantage in that; the bottom line would be the same. John Wilson said the advantage would be in accountability. He said it is difficult to defend having a surplus every year. Doug Lyon said the Town's job is to make sure money is not being wasted, and to provide services in the most efficient way.

12. Tax Rate Calculation

Jessie Levine said the tax rate calculations (according to amount of surplus used to offset) at bottom of page 9 of the information packet, assume that the \$250,000 sewer bond will pass.

13. Regional Fiber-optic project

Jessie Levine said she is part of a twelve town consortium which is looking into installing their own fiber optic system and eliminating the franchise. (New London's is with Adelpia, and there have been numerous cost and service issues.) They anticipate the start-up cost will be \$150,000; New London's portion would be \$12,000. They have hired a consultant, and they anticipate three phases:

1. Asset study, mapping.
2. Financial engineering. (Possibly a portion of this could come from a bond.)
3. Installation—18 months start to finish.

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Meeting adjourned at 10:10 p.m.

Respectfully submitted,

S.A. Denz
Recording Secretary