

TOWN OF NEW LONDON
BUDGET COMMITTEE
AUGUST 17, 2006

PRESENT: Barry Wright (Chairman), Connie Appel, Pat Blanchard, Jack Diemar, Carol Fraley (Finance Officer), Jessie Levine (Town Administrator), Bob Meck, Noel Weinstein, John Wilson.

Barry Wright called the meeting to order at 7 p.m. The Budget Committee addressed six items of business during this meeting.

Minutes- July 20, 2006

Bob Meck moved to accept. Jack Diemar seconded. No further discussion. Motion unanimously approved.

John Wilson referred to the second paragraph under Public Safety, and asked to clarify that under the "Car 54" program, the radio equipment will be given to the Town at no cost, but upkeep and maintenance of it will be the Town's responsibility. He asked if this equipment will replace existing communications or be in addition. Bob Meck confirmed that the equipment will be given to the town at no charge, but upkeep and maintenance of it will be at the Town's expense. The equipment will replace the existing radio communication equipment in all the police department vehicles with the exception of the detective's unmarked vehicle.

John Wilson seconded the concern expressed by Noel Weinstein at the last meeting, and said that the Budget Committee should know about overages, and why they occur. The Committee needs to know why its budget didn't work in those instances. Jessie Levine said it's the Board of Selectmen's responsibility to address the overages, and reasons for those. She agreed that the Budget Committee should know why a budget is overspent. John Wilson said the narratives submitted by department heads regarding overages at the end of last year, were helpful.

He asked about the status of the Garden Club's potential request. Jessie Levine said the Garden Club may or may not submit a proposal to the Town for funds to offset some of its costs for a backhoe and tractor as may be needed, and for purchase of plants, trees and shrubs. This pertains to the seventeen gardens the Garden Club maintains around Town.

Subcommittee Report: Fire Department

Bob Meck and Jack Diemar reported that they met with the Fire Department on August 10. They reminded the Committee that originally that Department anticipated a cost of \$15,000 for repairs to the ladder truck. Upon beginning this work, additional problems were discovered, specifically, it was noted that the pump internal to the ladder truck is about to fail. The total cost for repairs to the ladder truck will be increased by \$8000. This will either appear in the 2007 operating budget or be covered with the Selectmen's discretionary fund. Peter Stanley and Jay Lyons are looking for ways to defray that additional expense. Some thought was given to postponing replacement of the tires and rims (which will also require some modification of the axle), but that was ruled out. The tires and rims must be replaced in the near future. John Wilson asked if the Fire Department has two pumps. Bob Meck said yes, it has a portable pump which is part of the pumper apparatus. There is some question of whether that should be a capital item or part of the regular budget. The pump that is internal to the ladder truck is the one that is about to fail.

In addition, the 2007 budget will include purchase of air packs.

The only other significant change anticipated is that the Department is looking at budgeting for a new full time fire fighter next year, and for a full time chief. In 2007, that would be for three-fourths of a year, as Peter Stanley plans his retirement for spring. Right now, the Town pays the full time captain \$49,255 per year (that is hourly, including overtime), and \$10,600 for the part-time chief. For $\frac{3}{4}$ of 2007, the total for both the full time positions would be \$85,000, and the following, full year, it would be a total of \$90,000. Noel Weinstein asked if for a town New

London's size, has the Fire Department been under-budgeted, and will these changes bring the Department more in line with similar towns. Jack Diemar said that New London's Fire Department budget has been low because the Town has been getting a lot of service for free. Jessie Levine said the Fire Department provided the subcommittee with a comparison sheet showing fire department budgets for 16 towns, and she will get a copy to each Budget Committee member. New London's Fire Department is the only one with only one full time staff member. Last year it had 597 calls, or 566 not counting the ambulance. That is the fourth highest number of calls among the 16 towns compared; yet New London's Department has the lowest budget. Pat Blanchard reminded everyone that New London's Fire Department responds to calls on the highway as well. Noel Weinstein asked if Fire Department personnel are trained in the most recent techniques for things like CPR and lifesaving. Yes, the Department's training officer holds the training sessions right here in the station. Of the 40 Fire Department members, 30 are fully certified.

Both Jack Diemar and Bob Meck agreed that the Fire Department staff is doing a great job, and showing due diligence in addressing the unanticipated increase in cost of the ladder truck repair. The Department staff is doing many repairs on their own and using what is available as much as possible—so far generating a savings of \$3800.

Subcommittee Report-CIP

- o John Wilson opened discussion about the library's proposed air conditioning project. Budget Committee members noted that the new section of the library does have window air conditioners, but the old doesn't. There is some concern that the old section might not be conducive to installation of central air conditioning. At one point in time, the Library felt it did not need air conditioning, as there were relatively few days of extreme heat during summer, and they could make do with fans. However now, considering recent weather patterns trending toward higher temperatures lasting for longer durations, they feel they need air conditioning throughout the building. One concern is for the health of the books. In addition, the increase in computer stations generates heat within the library. Connie Appel said the Town should not do this in a patchwork fashion, but should solicit professional evaluations, and look for the most effective way to accomplish this. Budget Committee members agreed, stating that a number of estimates should be obtained, and also agreed that the number being floated for this project now: \$8000, is probably unrealistically low.
- o Also, under CIP Committee discussion, the Conservation Commission has indicated that it plans to follow through on its proposal to drop its request for deposit into its conservation land capital reserve from \$150,000 to \$50,000. However, there is some preliminary discussion regarding purchase of a parcel which would use the entire reserve as well as require a bond, and fund raising.
- o Under Highway Department capital reserves, John Wilson said that other than the request for purchase of a ten-wheeler, there are no major issues. He raised the possibility that the purchase of a ten-wheeler would allow the department to eliminate one of its six-wheelers. Jessie Levine clarified that that is not what Richard Lee is planning on. If having the ten-wheeler allows the department to not have to replace one of its six wheelers at some point in the future, that would be a bonus, but it is not a guarantee. Noel Weinstein clarified that Richard Lee's need for a ten-wheeler is because it would carry more, but it can't be used for plowing. The ten-wheeler can be used for plowing the main roads, but not the non-major roads, and in New London the major roads are not connected. The benefit of the ten-wheeler would be mainly that it can carry more, will reduce number of trips and labor time currently devoted to transporting materials. For example, Richard Lee recorded that in March, April and May of this year, the Department made a total of 328 trips with the six-wheeler. With a ten-wheeler that number could be reduced to 149 trips. If you calculate an average of 45 minutes per trip, that would come to a savings of 3.1 work weeks, and 504 gallons of fuel. Connie Appel pointed out that with those kinds of statistics, the Budget Committee has a clear and obvious case for the ten-wheeler, to present to the Town. Jack Diemar asked if the savings exceed the cost of the ten-wheeler. Jessie Levine said that the anticipated life span of the truck would be 15 years, so over time the savings would exceed its cost. John Wilson agreed that there is an obvious advantage in freeing up a worker for those hours, but he asked at what point,

should the Town say enough is enough. Jessie Levine reminded the Committee that the Town added a fifth six-wheeler to its fleet three years ago. It is possible that the department will find that with the ten-wheeler, the time, wear and tear, and mileage for the six-wheelers will be reduced, which may extend their lives.

- o Turning to capital projects at the transfer station, Connie Appel asked if hauling refuse to Claremont is out of the picture now. Jessie Levine clarified that the reason the Town is looking at other sites, is that Claremont has raised its tipping fee to \$92 per ton at the end of the contract in July 2007. It will require a five-year contract, but will not fix the tipping fee at \$92 for all five years. As discussed at the last meeting, a highway department staff member did do a trial run to Haverhill MA, and found that the rumored five hour wait is not accurate. There were plenty of bays and no waiting time. However, New London would like to have an agreement jointly with Grantham, Sunapee and Meredith, but those towns are not interested in going to Haverhill. Budget Committee members agreed that hauling trash as far as Milan or Colebrook is impractical, and switching to Gobin at Newport would require purchase of a new trailer at \$60,000 and probably a new tractor as well. Those would be capital items, but would have to be purchased all in 2007. So the Town is potentially looking at purchase of a new trailer and tractor, as well as hiring a new part-time employee to do the hauling. Barry Wright questioned that last, given that the ten-wheeler is going to free up some staff time.
- o Pat Blanchard reported on the CIP subcommittee's findings relative to the Sewer Department. There are several problems including the fact that the department does not collect enough from its users to cover cost of its operation; it has used up its surplus; it has no capital improvement plan; and much of the equipment is aging and in need of repair or replacement. Also, the projected figure for the new Sunapee plant, anticipated for 2010, has come in at \$6-million. She said the CIP Committee is now in the process of building a capital plan for the Sewer Department, but the Sewer Commissioners have indicated that they want to give the big users in town more warning before increasing fees substantially. John Wilson said they are about \$200,000 in the red this year. Jessie Levine agreed that their projected expenses total \$705,000 and they anticipate collecting \$565,000 in user fees, connection fees (very few), and some offset from Sunapee. They probably will not spend all of that projected \$705,000.

Connie Appel expressed puzzlement that the capital reserve is gone. She had the understanding from last year's discussion that there was an ample reserve for the Sewer Department. Jessie Levine reminded that the department is facing a potential fine relative to the Georges Mills spill. In addition, they took out a bond for \$275,000 for repairs to the Georges Mills pump station, and so far, those costs have come to \$403,000. Some of the equipment problems include replacement of the High Pine Lane pumps. Those were purchased in 1999 to replace the ones installed in 1979. To date, those new pumps have not been installed. As it turns out, they are the wrong size, but the company has indicated it will be willing to trade correct sized ones for those—as long as they haven't been used yet. The generator will cost \$18,000. The Sewer Commission is budgeting \$50,000 for an engineer and contractor to do that work; that number includes the estimate of \$35,000 and some for contingency.

Connie Appel said there seems to be a real crisis here, and asked if it isn't the Budget Committee's responsibility to exercise oversight. Jessie Levine and Carol Fraley confirmed that the Sewer Department is audited every year along with the rest of the Town, but the Town will not assume full responsibility until voters at Town meeting approve moving that responsibility under purview of the Selectmen. Noel Weinstein said the picture being presented now is very different than the one presented when the idea of combining this into a Public Works department was being sold. Then, there was discussion of the increase in efficiency in said combination. Jessie Levine said those efficiencies are being realized. The Sewer Department does not require two full time employees. Rather, in addition to management time, it requires only about two hours of staff time a day to read meters, some grass mowing and occasionally addressing a minor problem. The Highway Department has been managing well so far. The Selectmen have decided that her own time working on Sewer Department issues will be the Town's contribution, but the Highway Department's time is billed to the Sewer Department. Noel Weinstein strongly recommended not going through with this amalgamation while so many

problems and unknowns remain on the Sewer Department's books. Jessie Levine pointed out that ultimately the Town is responsible for its sewer system. The Town relies on it for growth, businesses, and protection of its lakes.

Connie Appel said that the Town must make the case that historically the Sewer Department has been run by volunteers, and it has now reached a level of complexity which requires professional management. She suggested that the Budget Committee not spend time asking why these problems occurred, but rather come up with some hard-nosed recommendations. She expressed grave concern that user fees are not covering the department's operating costs, and feels strongly that non-sewer users should not be required to pay the balance. Noel Weinstein asked what the philosophy is. Is there a clear definition of what is common expense, and what is specific to the sewer department? Jessie Levine said historically, the residents in new smaller developments have paid for their sewer connections themselves. Something that affects the whole town, such as extending the line to Sunapee in 1979, is covered by the town. The amalgamation into a public works department will not change that formula. Only something huge that affects the Town's ability to have a sewer system could be paid for by the whole town. She said that this could be the last year the Sewer Commissioners set the user rates. If voters approve the change at Town meeting, the Selectmen will begin setting the rates next year. For 2007, the Sewer Department is not likely to request anything from the Town other than the bond. They will likely defer capital expenses. Connie Appel asked what the Budget Committee's recourse is, if the Sewer Commission sets a rate that will not cover the Sewer Department's operating costs.

At this point, Carol Fraley has added the Sewer Department budget to the town budget print-out so it can be read similarly. Jessie Levine said there will be a work session with the Sewer Commissioners, Richard Lee and herself, next Thursday at 2 p.m., at the plant on Frothingham Drive. Several Budget Committee members indicated that they may attend as well. Barry Wright said the CIP should consider this from a town-wide point of view, taking into account future growth as well as the possibility of putting areas onto the sewer line, which are not on now. Pat Blanchard said right now the capital plan is to address the current problems. It is not looking at growth. Barry Wright said if equipment is replaced, it should be done with an eye to the future.

- o Pat Blanchard reported that Chad Denning has proposed starting a capital reserve for purchase of an 18-passenger van (18 children, or 15 adults), to be shared among the Recreation Department, and possibly COA and the Outing Club. John Wilson said COA and the Outing Club have indicated that they would not be interested in getting into the transportation business. Jessie Levine said her feeling is that shared ownership of a van would not be a good idea, but that the Recreation Department could rent it to others on occasion. Connie Appel asked how much use Chad anticipates the van would get. Jessie Levine said he feels it could be used almost daily in the summer going back and forth to the beach, and for the after-school adventure camp in the winter. Right now, the Recreation Department can use a school bus but that is often too large for its needs.

Selectmen's Update

- o Jessie Levine reported that the final draft of the pay and classification study is in the hands of department heads for review. It divides the town's positions into 15 labor grades, each with 20 salary steps. She said this is based on the federal labor grade system. The study compared the salaries in New London to those of the relative positions in eight other towns. Bob Meck said that more recently the federal government has gone to using "pay bands," for occupational specialties, which gives agencies more flexibility.
- o John Wilson asked when the grand list will be available. Jessie Levine said that they will have that on September 1. This year, there are no town wide adjustments to the assessments.
- o She reported that the Selectmen are going to form a subcommittee to look at how the beach stickers are administered. Noel Weinstein asked if both beaches are seeing a problem with overcrowding. Jessie Levine said

yes. She reminded the Committee that the Town agreed to regulate parking with the stickers, but that does not regulate who is actually on the beach.

- o They are also looking for a subcommittee to look at use of the Town Common, specifically how vehicles get onto it.
- o The Planning Board will be meeting with non-profit organizations in town to discuss signage at events. Pat Blanchard asked what the problem is. Jessie Levine said the current ordinance may not be realistic. The Town allows tent sales four times per year, with permits, but several businesses put merchandise out all year without a permit. Connie Appel noted that in some cases as kayaks, for example, that may be appropriate. She suggested distinguishing merchandise that is naturally outdoors. She said it is important the Town be open and flexible. Jessie Levine agreed, but said they must also be consistent.
- o Next Monday, the Selectmen will hold the second non-residents meeting for the year.
- o Barbara Vaughn has been hired as the Highway Department secretary.
- o Several members will attend the upcoming Budget Workshop in Bedford this month.
- o There will be a workshop on Health Care Savings Accounts at the Local Government Center on October 10. Jessie Levine will send out the brochure for this.

Scheduling

Department budget proposals for 2007 are due to Carol Fraley on September 6. The budget packet incorporating those figures will be discussed by the whole Budget Committee at its meeting on September 20. Then subcommittees will meet again with their departments, and bring input from those meetings to the Budget Committee on October 18. Jessie Levine cautioned that if the Budget Committee discusses eliminating anything from a department's proposed budget, that department should be invited to meet with the whole Budget Committee.

Barry Wright reported receiving a request from Hugh Chapin of COA to meet with the Budget Committee. At this meeting, Barry distributed informational packets from COA, delineating its continued services (largely volunteer) to the community despite increasing operating expenses as fuel and electricity. Thus, COA is increasing its request from \$9600 to \$20,000.

Other

Carol Fraley distributed a hand-out showing the projected increase in employer contribution to the NH Retirement System. She said that right now the Town pays about \$10,000 a month into the system. That will increase by 28%.

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Meeting adjourned at 9 a.m.

Respectfully submitted,

S.A. Denz
Recording Secretary