

TOWN OF NEW LONDON
BUDGET COMMITTEE
DECEMBER 13, 2006

PRESENT: Barry Wright (Chairman), Connie Appel, Doug Baxter, Pat Blanchard, Chad Denning (New London Recreation Director), Jack Diemar, Carol Fraley (Finance Officer), Mark Kaplan (Selectman *ex officio*), Bob Lavoie, D.J. Lavoie, Jessie Levine (Town Administrator), Bob Meck, Jim Wheeler, John Wilson.

Barry Wright opened the meeting at 7 p.m.

Recreation Department

Chad Denning distributed packets of information including:

- o The Recreation Department's annual report for inclusion in the Town's Annual Report for 2006. The report summarizes the Department's accomplishments this year, including collaboration with other agencies as the Outing Club, COA, and Colby Sawyer College. They have added a number of new programs, and that has been facilitated by the participation of three interns from the Sports Management Department at Colby Sawyer College.
- o Statistics which the Department is now able to maintain thanks to the purchase of Rec-Trac software. They have also acquired Web-Trac software that allows participants to register for programs on-line. In response to question from the Budget Committee, he explained that the Recreation Department and the Outing Club both use the software. The Outing Club purchased it, and the Recreation Department will pay the annual licensing fees. (\$3000 is budgeted in the Recreation Department's operating budget for Computer Support.)
- o Summary research he has done on recreation programs, implementation, needs, impact, benefits, in other areas of the country, and Canada. He noted the trend toward more non-traditional recreation activities, and the need for a successful Recreation Department to "move beyond the walls." This segued into his discussion of transportation needs for the Recreation Department and his request for a Department vehicle.
- o Summary sheet of the Department's transportation costs for 2006, totaling \$4849.59. He said that as they did not have the Adventure Camp for 2006, he used the transportation numbers for 2005 for this spread sheet. They will have the Adventure Camp in 2007.
- o Specs for the Dodge Sprinter passenger van, currently priced at \$34,999. This is a 144-inch, 13-passenger van, with sliding door. He chose this model for several reasons including its high safety recommendations. The van has side sliding doors, and room inside to move to the back (that is, people would not have to climb over front and middle seats to get to the rear seats). His budget proposal includes a request for a capital reserve to be opened with a deposit of \$12,000. He feels that owning a vehicle would make running the programs easier, reduce costs of the programs, and those reduced costs could be passed on to participants. He included figures for renting the same van for two months for \$6000, or leasing the van (three year lease required) at \$650/month. For trips to the Red Sox etc, they charter a bus, and the cost for that is built into the ticket.

Discussion:

Jim Wheeler asked if he feels a 13-passenger van that would allow ten kids and two or three chaperones, is large enough. Chad Denning agreed that there is a potential for there to be more program participants than the van can carry. He tries to structure programs keeping transportation in mind. There is the possibility of filling the van, plus having chaperones drive their own vehicles as well. He noted that a 15-passenger van would substantially increase the Town's liability insurance costs, and a 15-passenger van can only be driven by someone with a CDL, whereas the smaller van can be driven by people with regular operators' licenses, i.e., the counselors and interns could drive it. For those programs with 30 or 40 participants, the Department can use a First Student school bus. The base price for a large or small school bus is \$1.19 per mile, and the cost of a licensed school bus driver is \$19 per hour. Those

costs would be built into the program fees. However, he himself has acquired a CDL; that is, he is a licensed school bus driver, so there is some savings there.

Pat Blanchard asked about the anticipated life span of the van. Chad Denning said a minimum of ten years, pointing out that it would pay for itself after six years, and suggesting that maintenance costs could come out of program fees and the revolving fund.

Asked about uses of the van, Chad Denning referred to his hand out. Anticipated uses include Summer Camp, Adventure Camp, Kearsarge Outdoor Adventure Camp, Jump Start Summer Program, Winter Ski Club, Conferences. He proposed that if the Recreation Department owned it, it could be shared among other Town agencies, Community Center, COA, and the school, and there is the possibility of generating income by renting it. Question was raised about whether or not it could be rented to individuals. Jessie Levine said she would look into the insurance liability of that; it might be a possibility. She said she would not be in favor of shared ownership of the van, but would be in favor of renting it out, if the times do not conflict with Recreation programs.

Bob Meck asked what Chad would anticipate for annual mileage on the van, noting that if the Town were to lease the same van, it would cost \$650 per month. Barry Wright added that right now, according to Chad's hand out, they are spending about \$5000 per year on transportation, but that does not include cost of maintenance. Chad Denning estimated 15,000 miles per year, but said he would get more specific figures. Later in the meeting, Connie Appel asked about average annual mileage, and Chad Denning said he would guess about 12,000. He will provide more exact figures.

John Wilson asked if, before the Town gets into this major capital investment, should it know where the Recreation Department is going, and what the relationship with the Outing Club will be? Chad Denning referred to the Recreation Department and Outing Club collaborating on the software, and said he feels confident that they are establishing a good working relationship with the Outing Club. Jessie Levine said the Board of Selectmen has sent a letter to Dan Snyder, President of the Outing Club, proposing six specific areas in which the Town's Recreation Director could provide administrative assistance to the Outing Club, and listing four areas of potential collaboration between Town and Outing Club which need further discussion. They are working toward establishing a tangible plan for collaboration.

John Wilson asked Chad Denning how he sees the budget in future years. Chad Denning said he believes the adult programs should be self-sustaining, and the kids' programs should be breaking even. He noted that the summer camp staff salaries all come out of the revolving fund. Jessie Levine said the only on-going expenses should be for the beaches, and for Chad's time. Barry Wright pointed out that with the Outing Club, everything comes out of user fees. Chad Denning said they are able to offer scholarships to its programs out of donated money, and Doug Baxter added that some years ago, the Outing Club began building up a kitty for its infrastructure improvements.

John Wilson referred to the statistics indicating that 45% of program participants are from other Towns. He said if the programs really are really self-sustaining, he has no argument with that. He pointed out that the program director is paid for by New London taxes. Chad Denning said he does charge a larger fee for non-residents. In addition, he gives a month advance sign up time just for New London residents. He said he really does focus on residents.

He went on to say that it is not true that the Recreation Department should strictly serve New London residents, while the Outing Club is more regional. Since he has been on the job, he has formed the Kearsarge Regional Recreation Association to help other towns develop their Recreation Departments, so that there will be greater options for all. Jack Diemar pointed out that there may be a comparison with New London maintaining its roads, and New London's emergency services responding to accidents on the roads or interstate—those roads and services are used by non-residents as well. Connie Appel reminded everyone that New London is part of a regional school district. John Wilson agreed that non-resident participation in Recreation Department programs is fair as long as it does not increase New London residents' taxes. Chad Denning referred to a diagram from Texas A&M that showed that money spent on recreation comes back to a community in terms of consumer dollars spent.

He asked if Chad can initiate any program he wants using the revolving fund. Jessie Levine said she must co-sign anything that comes out of the revolving fund. There is flexibility built into that fund. Pat Blanchard asked what funds the revolving fund. Chad Denning said it had \$30,000 when he started, and continues to be funded by program fees. He has passed \$47,000 in and out of the fund since April.

Chad Denning said his philosophy is that the Recreation Department should not be making a lot of money. Rather, that money should go back into the community. Jack Diemar pointed out the possibility that allowing non-residents to participate in the programs (for a slightly higher fee) may actually help keep costs down. John Wilson cautioned against making statistical assumptions. He asked how many non-residents attend the summer camp. Chad Denning said about 70% of summer camp attendees are non-residents.

Mark Kaplan directed the discussion back to the proposed van purchase, and suggested they look at the anticipated cost of that versus what the department is spending on transportation now. If the anticipated purchase price is \$34,999, and it has a ten-year life span, that would be \$3500 per year. According to Chad's figures, they are spending about \$5000 per year on transportation now. Barry Wright pointed out that that figure \$4849, includes fuel and maintenance costs. When fuel and maintenance costs are added in to the purchase price, they may break even. Asked where the van would be kept, Chad Denning said here in the summer (behind the Town Office). He said Richard Lee has indicated that in the winter, it could be kept at the Public Works. Mark Kaplan questioned whether there would be room inside the new garage.

Jim Wheeler asked where the after school program will be once the new middle school is built in Sutton. Chad Denning said they will keep the programs for elementary-aged kids here, and he anticipates that those programs for middle-school-aged kids will be in Sutton. He noted that the programs are not all on the same day of the week, so staffing and other needs like transportation, etc., would not conflict. At this point, Jessie Levine said it is not out of the question that at some point in the future, the Department will ask for another vehicle. She does not want to make a deal to stay with one vehicle if a second is needed in the future. Barry Wright said if the programs cover the expense, he does not have a problem with that, but is not anxious to see the Town add an additional vehicle to its expenses.

John Wilson asked if Chad sees the increase in number of programs as a sign of success. He asked if they keep adding programs, are they diluting other programs? Chad says he sees the increase in number of programs as progress, and some programs do not get off the ground and have no community response.

John Wilson asked about the role of the Recreation Commission. Chad Denning said they provide support and guidance. Barry Wright confirmed that that is a volunteer board. Jessie Levine pointed out that one of the things the Outing Club is struggling with now is burn-out of its entirely volunteer force. They are without any full time staff. That is one of the ways the Outing Club and Recreation Department may be able to work together. While Chad can provide some staffing and administrative assistance, he can also draw on some of their volunteer support.

Pat Blanchard asked about the status of the \$5000 that was put into the budget for "Winter Programs" (the cross country ski idea). Answer: The Budget Committee had previously agreed to leave that money in the budget for trail development.

Barry Wright reviewed the on-going expenses for the Town: the director's salary, the waterfront staff at the beaches, dock repairs and other maintenance at the beaches, and now trail development. He asked if we would also have to pay for ongoing trail maintenance and Jessie Levine said cost there is mostly for Chad's time.

Back to the van ... John Wilson suggested they need a more detailed mileage analysis. Barry Wright agreed that they need to know what the current mileage is both for the private vehicles and the buses. He would like to compare the current transportation costs using volunteer drivers with private vehicles and some school buses, with the anticipated costs of owning the van. He pointed out that the annual cost of owning a van, including insurance, maintenance, mileage in the field, will be more than one-tenth of \$35,000. He does see it as adding on to the expenses.

Bob Lavoie asked if the cost of the vehicle could be worked into the cost of the activity. Chad said that may be able to be put into the per diem.

The Budget Committee members thanked Chad Denning for meeting with them.

Continued discussion:

Jim Wheeler asked what happens if they have more than ten participants in a program. Jack Diemar said then they could use the bus. Jim Wheeler asked, then why have the van?

John Wilson asked Jessie Levine where she sees the Recreation Department and Outing Club going. Jessie Levine reiterated that the Town has given the Outing Club a written proposal for how they could use Chad's time (and subsequent to this meeting, Budget Committee members received copies by email of that December 8 letter to Dan Snyder). The Outing Club has indicated it is willing to work with the Town. The Town would provide some assistance for running the building, and managing staff, including the interns. Barry Wright asked if the Town would get a fee. Jessie Levine said there has been no discussion of that. It is possible that the exchange would be for the Town's use of the building.

Pat Blanchard asked about the status of that building. Jessie Levine said the school district has approved leasing the old central part to the Community Center. The gym portion will continue to be used by the elementary school during the day; then, from 2 p.m. to 10 p.m., the gym will be used by the Outing Club. That is where Chad's assistance with staffing and administration will come in. That will not result in additional expense to the Town. Pat Blanchard asked how the Outing Club is paying for the lease. Jessie Levine said she is not sure there will be a charge to the Outing Club for its afternoon and evening use of the old gym. She said that Dan Snyder has formed a working committee on the Outing Club specifically to address how the building will be used.

Bob Meck asked how the summer interns are paid. Jessie Levine said they are paid stipends out of the revolving fund.

Returning to discussion of the vehicle, with an anticipated purchase in 2009, Barry Wright asked to confirm that the proposal is that this year's deposit will be for one-third the price, that is, for \$12,000, and he asked if the Recreation Department will still be paying for this year's transportation out of the revolving fund. Carol Fraley clarified that the cost of the school buses comes out of the revolving fund. Chad's mileage comes out of the operating budget.

Barry Wright said, the question for the Budget Committee is, should that \$12,000 be kept in this year's budget? (Does the Budget Committee recommend setting aside money for purchase of a Recreation Department van?) Jessie Levine said opening a capital reserve for the vehicle would have to appear at the first Town Meeting as a separate warrant article, and the annual deposit would have to be approved one year at a time. In other words, Town Meeting would have three opportunities to cut it, plus Town Meeting would vote on the actual purchase in three years time.

Jim Wheeler said he feels the department needs to purchase or start leasing it now. Connie Appel agreed, saying that if they don't do something, it (transportation costs) will be a huge drain. She said it seems obvious that they need to provide transportation, and she doesn't see the wisdom of waiting three years. She noted that already this summer, they have had 1100 participants.

John Wilson disagreed, saying that he does not feel the Town should jump into this. He suggested continuing to use the buses. He reminded everyone that the Budget Committee must be able to defend a recommendation at Town Meeting. He pointed to the data required of Richard Lee before the Budget Committee agreed to recommend purchase of the ten-wheeler. He said the Recreation Department does not have everything in place to warrant the Town making this commitment right now. He asked about the possibility that with a van, they will be using the Recreation Director more and more because of all the driving. Jessie Levine said driving would be shared by summer staff and the paid interns.

Barry Wright said he, too, would have a hard time adding another vehicle. He asked about the possibility of using some of Colby Sawyer's vans. Jessie Levine said it would be difficult to work that out, as those vans are almost always in use as it is.

Pat Blanchard agreed that she doesn't feel they are ready to go out and buy the van this year. There are already new costs in the budget, such as the \$3000 per year for the Rec-Trac and Web-Trac licensing.

Mark Kaplan asked what will happen in the future. The Department is going to continue growing and increasing its mileage. John Wilson said that's subjective. He feels the Budget Committee needs to see something more objective. Jessie Levine said that Chad Denning can compile more precise mileage along with wear and tear figures.

John Wilson said he is also troubled that the Recreation Commission is not more involved with the revolving fund.

Bob Lavoie asked about the Town making a "car loan." Jessie Levine said that might not be a bad idea, ear-marking a portion of every fee to go into the general fund. Barry Wright said they'd have to get back costs for maintenance and fuel, as well.

Jessie Levine offered another suggestion: Instead of depositing \$12,000 into a reserve for purchase of a van in three years, perhaps they could lease the same van for three years at \$7800 per year, and put the balance each year (\$4000) into the reserve. That would give them a trial run with this type of van to see how much use it gets. That idea would still have to be passed at Town Meeting.

Doug Baxter asked if the lease could be paid out of the revolving fund, noting that with a lease, they would not incur maintenance costs. There is some flexibility in a lease program; they would not be locked into owning it. Jack Diemar pointed out that if the cost of the lease comes out of the revolving fund that would not affect the tax rate.

In conclusion to discussion of the van, Barry Wright asked if the Budget Committee wants to recommend that that \$12,000 be taken out of the CIP this year. John Wilson said he does not feel it should be in there in the first place. The Budget Committee decided to leave the funds in the budget at this time pending further information from Chad Denning and further discussion.

Minutes-November 29, 2006

Barry Wright amended the discussion under Non-Profits to indicate that he would draft only those letters to the VNA and COA.

The letter to the VNA will indicate that the Budget Committee has agreed to support its 2007 request for \$11,672, and will include a paragraph referring to the VNA's goal to build up a surplus tantamount to three months of operating expenses. The letter will suggest the possibility that when they reach that goal, their request for financial support from local governments may be reduced.

The letter to COA will indicate that the New London Budget Committee has agreed to recommend an increase in the Town's contribution from \$9600 in 2006 to \$20,000 in 2007. It will express appreciation of the valuable services provided by COA. The letter will suggest that some efforts could be made to obtain more voluntary funds through fees, membership or more aggressive fund raising drives (though Bob Meck pointed out again that COA already gets 50% of its revenue through its fundraising efforts).

Connie Appel asked if the letter to COA should state that in anticipation of next year's request, the Budget Committee will hope to see demonstrated more aggressive fund raising. On the other hand, she pointed out that Pat Blanchard's email made some excellent points about the potential negative impact (of COA charging fees). John Wilson asked if they could start a revolving fund, or charge a \$20 membership fee.

John Wilson pointed out that the minutes do not make clear that the Budget Committee does agree to support COA's \$20,000 request for 2007. Doug Baxter moved that the Budget Committee recommend increasing the Town's

contribution to COA from \$9600 to \$20,000. Bob Meck seconded. No further discussion. Motion unanimously approved.

Jessie Levine referred to the question raised on page 4 about the retirement system, and said NHMA is part of a working committee on that right now. John Wilson said he would like to see what other opportunities are out there for the Town to back out of the retirement system.

Pat Blanchard moved to accept the minutes as amended. Bob Meck seconded. No further discussion. Motion unanimously approved.

The letters will be ready for signature and mailing tomorrow.

2007 Budget

Jessie Levine pointed out that Carol Fraley has put the cost of the health insurance within the relevant departments throughout the budget. Also, they have anticipated the 2007 pay raises based on the pay study. They are still refining numbers to present to the Town for the potential purchase of an easement on the green between this building and the New London Inn, for the potential purchase of the Mesa building in Elkins, and for a reverse 911 communication system. She said that if they decide to go forward with presenting the ideas of the easement and the Mesa building at Town Meeting, the Selectmen will probably recommend a bond for those.

Bob Meck said he feels that purchase of the Rocky Point property adjacent to the Elkins beach would be better for the Town than the Mesa building. Connie Appel agreed, saying she feels that if the Town gets into that, it would be better to put the money into purchasing Rocky Point. Jessie Levine said she has received at least one phone call from a resident saying the same thing.

Bob Lavoie asked if the dam at the Mesa property requires some repairs. Jessie Levine said the Town does not own the dam. At one point in time, there was some possibility of the Town accepting the dam as a gift, but as part of the building sits on the dam, the advice from Town Counsel was that owning the one and not the other would result in complications. She added that so far, the State has not said the dam must be repaired. Probably, that will have to be looked at, at some point.

Connie Appel asked what the philosophy of the Town would be, in owning that building. Jessie Levine said, Control. When Mesa leaves it, anything could happen there—it's all in the commercial zone. She agreed that the Town should not get into the real estate business, but it should be in the planning and preservation business. Mark Kaplan pointed out that the Town is already in the real estate business. It rents the building where the Elkins post office is now.

Jessie Levine reminded everyone that this is the last scythe shop in Elkins. She said they could separate it from the dam. There are lots of ideas being floated now, including the possibility of moving the post office back into that building (it was there at the turn of the last century). Question was raised about how much it would cost to renovate the building for the post office. Mark Kaplan said the postal service would work with the Town on costs, as it did on the current building. Jessie Levine said that the engineer who is working with the Town on the round-about, has agreed to conduct a charrette on this subject. The current asking price is \$295,000, but the owner is willing to work with the Town.

Barry Wright said he is not really excited about the idea. John Wilson pointed out that as it is, the building is not historically accurate. Jack Diemar said he would support the idea if the historical society wants the building. Otherwise, he would suggest razing the building and expanding the park there. He said he feels the Town should not try to preserve buildings but should try to protect green space.

Ambulance

Pat Blanchard opened this discussion by pointing out that the capital expense and depreciation should not be shown at the same time.

John Wilson said he has spoken with Tina Naimie, and learned that they have just started to save for the new ambulance this year. New London's share of that cost will be \$39,315. He said he learned that the hospital will staff two trucks, and have one as back up. The last truck was purchased with donations. Each truck has a five to eight year life span. He said they anticipate requesting contributions from the Towns for ambulance replacement "for eternity."

Jim Wheeler asked about the possibility of getting donations for another ambulance. Several Budget Committee members pointed out that currently the hospital is directing its capital campaign for building.

Note was made that the 2007 payroll for ambulance is \$521,724, and question was raised about the line for Other (education/mgmt./payroll) in the amount of \$145,240. Jessie Levine pointed out that if they are going to staff two trucks 24/7, the payroll line item will probably go up. Question was raised about what is meant by staff. The Budget Committee's understanding is that they do use the paramedics for some things in the emergency room.

Sewer

Barry Wright reported that he and John Wilson attended the Sewer Commission meeting on December 5. The Commission agreed to raise its rates next year to \$13.75 per thousand gallons, though Bob Lavoie said that is still speculative.

Barry Wright went on to say that there are still some questions regarding the long-term expenses. The Sewer Commission has moved its \$150,000 capital reserve into a reserve for contingencies, rather than for capital items. It will raise its deposit into the reserve from \$87,000 to \$96,000. Jessie Levine said that the numbers in Ken McWilliams' CIP will be reworked to more accurately reflect that. Barry Wright said that the concern is that if a capital need comes up earlier, they are left with nothing for that. Jessie Levine agreed that they need to know what items are beyond their life expectancies now.

John Wilson said there are items for the Sewer Department in the CIP that are not typically called capital items; some should be considered maintenance. Barry Wright said that their spare parts inventory is low, and they are considering the rebuild up of that as a capital item.

D.J. Lavoie asked who controls the Sewer Department budget. Jessie Levine explained that the Budget Committee oversees all the budget proposals for the following year, but the Sewer Department oversees the approved budget in the current year. That could change after March.

Planner

Pat Blanchard asked if the \$46,000 for Town Planner includes work on the ten-year master plan. Carol Fraley said no, there is a separate \$15,000 budgeted for Master Plan Update under capital outlay.

Schedule

The next Budget Committee meeting will be January 17, 2007. The Public Hearing will be scheduled for February 7.

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Meeting adjourned at 9:30 p.m.

Respectfully submitted,

S.A. Denz
Recording Secretary