

Citizens Advisory Committee Meeting
September 26, 2009
7:30am

Meeting Attendees:

Larry Ballin (Chair), Mark Kaplan (Selectman), Tina Helm (Selectman), Chad Denning (Recreation Director), Jessie Levine (Town Administrator), Peter Messer, Peter Bianchi, Bob MacMichael, David Harrison, Robert Lavoie, Jack Harrod, Hardy Hasenfuss, Rip Cross, Paul Gorman, Marilyn Kidder, Howard Hoke, David Payne, Anne Loeffler, Barbara Brown, Michael Doheny, Karen Hogle, Dave Payne, Rich Anderson, Cindy Adie

Chair Ballin called the meeting to order at 7:33 AM.

Chair Ballin welcomed Chad Denning, Recreation Director, to the meeting. Mr. Denning was there to give an overview of what had gone on this past summer and what is projected for the Fall. He said that he has some demographic reports from the Recreation Department so they could get an idea of who they serve. Mr. Denning said that later that day there would be a bike rodeo and a "touch a truck" event behind the old Middle School. All New London town departments would be participating, and Dartmouth-Hitchcock Medical Center is going to bring their helicopter. He added that some Colby-Sawyer students would be coming to help with the rodeo.

Mr. Denning noted that the summer was successful even though the economy was bad. They were 10-15% down this year on numbers, but he admitted that it was not as bad as he projected. Staffing numbers stayed the same so they did take a hit this year. Mr. Denning said that the swimming program and the sail boat and kayak rentals were as popular as last year. The day camp, however, was where they saw lower numbers. The camp generally brings in about \$25,000 to the department, which is run through a revolving account and not from their budget. Mr. Denning remarked that they pay out a lot of money for staff and so they really do not end up with much of a profit at the end of the summer.

Mr. Denning shared that something new this year will be that the School District will be charging the Town to use their facilities. Since the day camp takes place within the elementary school, this will definitely impact those paying for their kids to attend. He said that a \$35/hour fee to use the building will have to be passed on to the user and he is worried that families may not be able to afford the increase in day camp tuition. He fears that they may have to stop running the day camp next year due to this rise in expenses.

Mr. Denning wanted to make some remarks about the new septic system at Bucklin Beach. He said that the new system was working beautifully except that it is a closed system and has to be fully pumped about every two weeks. It is a 2000 gallon tank and costs \$560 to pump. This summer, even though it was slow, it had to be pumped a total of eight times. Mr. Denning believes that the Town has saved a lot of money by putting in the new system even though it has incurred these pumping fees. Next year they will put in the budget for 8-10 pumping visits, assuming that the weather will be better than this year.

Mr. MacMichael said that figure of \$560 to pump the tank upsets him because he recently had his 1,000 gallon septic tank pumped for \$185. Mr. Denning said that the Town uses Stearns Septic and that he and Richard Lee had been talking about ways to reduce the costs. He said that he still has to budget for the fees at the rates he has been given, in case they can't get it any lower. Mr. MacMichael, Peter Bianchi and Peter Messer all voiced their opinion that \$560 was not a good price and that they could definitely get a lower price from another company. Ms. Levine said that she did not realize there was such a discrepancy and she and Chad Denning would put the pumping out to bid this fall.

Mr. Denning went on to share that there were seven saves this summer at the Town's two beaches, including two children who actually needed to have water pumped out of them. He remarked that that is more saves than he has witnessed since he has been working for the Town. Mr. Denning said that this record of successful saves shows the quality of their staff. While it is a young staff, they take their jobs seriously and are very good lifeguards. Mr. Denning went on to explain that there are a lot of families who bring four or five children to the beach who are not able to keep track of them all, and there are other parents who come to the beach to read books and don't pay close attention while their children are swimming.

Mr. Denning mentioned that because of their license at the day camp, they can accept state assistance for children who want to attend the camp but who cannot afford it. This year, the camp took in seven children who needed 80-90% of the tuition paid for by state funding. He said that if the Recreation Department's day camp were to close, there is only one other camp in town and they are not licensed to accept state aid.

As far as demographics for those using the day camp program, 40% of the participants were residents and 60% were non-residents (which may include grandchildren and visitors of residents). The overall numbers for all programs were: 57% of participants were from New London and Elkins. Including Wilmot, the total was 66%.

Mr. Bianchi asked why the Recreation Department was offering recreation programs to other towns. He wanted to know if that was the goal or mission of the Recreation Department. Mr. Denning responded that their mission was to offer lifelong learning skills for children and their families; the mission does not specify that the programs are only available to New London residents. He shared that if they did not allow the surrounding towns to participate, most of the programs wouldn't happen. Ms. Levine said that the recreation programs are not closed to non-residents. She said that the summer camp is a regional program and the Town has been open to the fact that it is open to anyone in the area. She added that the Recreation Department sometimes does things in conjunction with the Sunapee or Newport Recreation Departments. She also noted that programs are usually fee-based and that non-residents have to pay more than residents for some things, but that recreation programs also bring people into New London to support our local economy, so there is a benefit to offering regional programs, as New London is a regional hub.

Mr. Bianchi said that the beaches are supposed to be for New London residents only but it seems like anyone who wants to pay the money can use the beaches. Ms. Levine said that the parents who pay for swim lessons get a parking sticker that is good only for the time of the lesson. Day camp kids go to the beach for the day with the camp but not with their entire family. Hardy Hasenfuss suggested that if New London was providing recreational services to other towns, they could be asked to give New London a portion of their funds to help pay for the services. Chair Ballin said that it could be discussed. Chair Ballin said that the people who send their kids to the day camp are often Town, hospital or college employees who need someplace for their kids to go during the day in the summertime. Although they may not reside in New London, they may work here.

Karen Hوجلund said that the beaches are being used more and more by people from other towns, which certainly adds to the septic tank fees and lifeguard saves, etc. She thought that the beaches should be only for the Town. She shared that she has heard people say they don't go to the beach because they are crowded with people from other towns. She suggested that instead of inviting other towns to use our beaches, we should try to enforce keeping people from other towns out. Mr. Denning said that there is an enforcement of the parking spaces, but that the lifeguards cannot enforce anything beyond that. Ms. Hوجلund said that other towns have beaches and enforce who can go there depending on where they live. Ms. Levine said that this discussion has come up before; New London residents and guests can go to the

beach and the Town has not drawn a line. Ms. Hoglund said that if a resident wanted to bring a guest that was fine, but she didn't think that people should be able to come for the whole day just because their kids were there for lessons. Ms. Levine reiterated that swim lesson families receive a pass to park only during the lesson times. Ms. Hoglund answered that all they have to do is move their car across the street where parking is free and open to the public and then they could stay for as long as they wanted.

Chair Ballin said that the Selectmen have discussed this issue before and concluded that the beach use issue is a problem only six or seven weeks out of the year. If the Town chooses to enforce who can and cannot visit the beach, it will have to pay for people to staff the checkpoint. He also remarked that many people would have a problem with the enforcement because they could be taxpayers and not residents. He believed that parking reserved for residents did a fairly effective job of discouraging the masses. If the beaches become too exclusionary it would be cost prohibitive for the town.

Dave Payne asked what the net cost of the Recreation Department was. Ms. Levine said that it was about \$140,000 per year on the Town budget, and there was not offsetting revenue because all of the program costs and revenue go through the revolving account. She said that \$140,000 includes Mr. Denning's salary and benefits, lifeguard salaries, as well as some of the costs attributed to the maintenance of the beaches. Chair Ballin said that in addition there is an anticipated capital improvements deposit of \$25,000 this year. He added that about \$40,000 of the budget relates to lifeguard salaries.

Mr. Denning said that this fall they plan to host the finale of the Western NH Trail Running Series. There are seven towns involved, with one race in each town. New London gets to be the last one. He said that people from Boston and the surrounding areas come to the Town to race. The lowest point of the trail would be at Pleasant Lake and would continue to the top of Morgan Hill. The race has been dubbed "A Pleasant Climb."

Mr. Denning also shared that last fall they held something called Haunted Woods, of which 750 people attended. The Colby-Sawyer drama club helps staff the event, which begins at the boardwalk behind the old middle school. This year, Halloween is on a Saturday so they are planning for between 1000 – 1200 people this year, since last year there were 750 people. Mr. Denning remarked that Springledge Farm would participate again and this year will have tractor rides taking the participants to the farm stand and trick or treating after they walk through the woods. He added that Colonial Pharmacy would be helping with donations of candy this year.

Mr. Denning was pleased to announce that their progressive ski dinner has morphed into four events in four different towns and in New London has sold out the last four years. They will also be doing something with Whaleback and Sunapee ski areas called "Winter Wild," which will consist of races to get up the mountains without a motorized vehicle. The skating rink was a huge success this past winter and they were able to enlarge it and add a warming hut. Mr. Denning said that the cross country ski system was used a lot last winter and that Village Sports sent a lot of people that way after purchasing equipment.

Mr. Denning shared that right now, they have some popular programs going on. One involves climbing classes for toddlers and youths. They had such a great response that they had to add two more classes to the schedule. They also have something called "Tot Time" at Colby-Sawyer College for young children to play indoors with other young children and their parents/caregivers. They also have a program called "Old School PE" which is only for adults and includes games like Dodge Ball and 4-Square. Mr. Denning remarked that New London is a facility-rich environment and so he is fortunate to be able to hold various activities throughout the town, making use of the facilities available.

Barbara Brown asked that when he got the letter from the school district announcing the new fees to use their facilities, if he knew that they could apply for a waiver. Mr. Denning said that he did apply for a waiver this summer and it was approved. However, he was told the waiver would not be granted next year. Ms. Brown said that their fee structure may change so that they won't have to pay to use the facilities next year. Ms. Levine remarked that the use of the buildings have been done in the past so it had already been in the budget. She added that she did not think that any nominal fees the School District would bring in from things like the day camp would not off-set their budget to any noticeable degree.

Chad Denning departed the meeting at approximately 8:00 AM.

Other Business:

Chair Ballin said that the Board of Selectmen and the Budget Committee have had discussions about changing the fiscal year. The Board of Selectmen has approved moving forward with the idea and it was approved unanimously. The Budget Committee did the same. He said that there was a lot of upside for the town from a cash flow/money management standpoint and believed that it would benefit the taxpayers as well. Chair Ballin gave the floor to Ms. Levine who was prepared with a presentation on the optional fiscal year transition.

Ms. Levine noted that the presentation she was about to make was a modified version of the one she gave to the Board of Selectmen and Budget Committee on August 24. She thought this version would be a little more educational. The goal was to talk about changing the budget period from the traditional calendar timeframe of January to December, to a fiscal year running from July to June. Ms. Levine said that she has reviewed the options and has looked at both the impacts and the benefits of making the change.

Currently the Town is on a calendar year. The budget is prepared in September, brought to Town Meeting in March and both accounting and spending begins on January 1, 2.5 months before the budget is actually approved. Ms. Levine explained that tax bills are being sent and collected in arrears, which is not an ideal situation to be in. She stated the advantages of the calendar year plan, included that 1.) It works; and 2.) The Town Report in March is complete. Ms. Levine found many disadvantages with this method, including 1.) Spending money before having the budget approved. During this time, no major changes are made in how departments are run, but they are continuing to spend as they did the previous year. From January to May they live off of the fund balance. The fund balance includes any money left from the previous year. The closer they get to June the more at risk they are of running out of money. In the past, they have had to push off school district payments and delay projects because there was no money left to pay for these things. 2.) Budget preparation goes from September to March, which overlaps with the Holiday season. 3.) The School District and the State are on the fiscal year so the Town is not on the same timeline with them. 4.) They are closing out the books for one year and preparing for the next year all at the same time. Ms. Levine said that they haven't had to borrow money yet and have been able to live off of the fund balance. As the budgets are so close and the fact that the Town tries to return surplus to tax payers, they are getting closer to having to borrow money to make it through until the taxes are collected in June.

Ms. Levine shared that State laws give the towns the option to change their fiscal year to begin on July 1st. This switch would involve an 18 month accounting period to go from January 1st to June 30th. That is the biggest challenge with this idea. Ms. Levine said that the budget would be developed Jan 1 through the spring. It would be approved in May (if voters change Town Meeting to a May date instead of keeping it in March), and then the fiscal year would begin July 1st. Tax bills would be sent out in June and September and the money would come in before it is spent; not afterwards. Ms. Levine said that the

money in the bank is also collecting interest, which offsets the tax rate. Another pro to the fiscal year is that winter costs could be kept all in one year. Ms. Levine admitted that there were some disadvantages to the fiscal year as well. These include: 1.) confusion of the tax payer. There needs to be a great amount of education available to help the taxpayers understand the change and why it is important. 2.) It has to be decided how best to pay for the transition. 3.) Reporting that is traditionally due in March/April would now be due in September. Ms. Levine opined that the transition will be challenging for internal and external functions of the Town.

Ms. Levine explained that they will have to cover 18 months of the budget in one year. Adjustments to computer system downstairs will have to be made, which will not be an added cost. The State gives options on how to collect the money needed for the transition: 1.) Collect in one lump sum (tax bill). The June bill would be based on the previous bill. October would include a big hit. 2.) Quarterly billing, which is what Concord does, costs taxpayers less. 3.) Borrowing through Bond. 4.) Capital reserve account, which would take years to raise enough to make it through the transition. 5.) Fund balance, which Ms. Levine remarked, was not likely to happen.

Rip Cross said that he thought this was a bad time to do this because the taxpayers were already hurting. Mr. Kaplan said that the taxpayer was not going to pay any more money in the end. Ms. Levine said that they are planning this for 2011 going into 2012 so there will be a lot of public discussion between now and then. She said the purpose of giving the presentation this morning was to see how the conversation would go to those who were not already aware of the discussion. The purpose of her timeline slide was to show that quarterly billing would cost less than semi-annual billing. She reminded the meeting attendees that the only portions that would be affected on the tax bill would be for Town, County and School.

Ms. Levine noted that if they made the 18-month transition and did traditional billing, the big jump in a bill would be in December. She said that switching to a fiscal year was important to help how the town spends money without adding a cost to the taxpayer. The change requires a Town Meeting vote to begin quarterly billing, and the change to a May Town Meeting could be voted on as well. Ideally they could just make the change but not have to worry about the vote. She remarked that they will really need to educate people.

Mr. Hasenfuss pointed out that if the Town was ending up with money that they could collect interest on, in some way the taxpayer was not going to have that money available for their own cash flow. Ms. Levine offered that the interest generated from the income offsets the tax rate. She added that the Town would collect more interest on millions of dollars than the property owners would on \$1,500 and that ultimately, they'll see the money come back to them.

Mr. Doheny asked if there was a chance of running out of money, causing the Town to have to borrow. Ms. Levine said that in the nine years that she had been with the Town, they haven't had to borrow but have come close. Mr. Kaplan noted that the Town has had to borrow money before. Many years ago, he shared that the Town decided that it wasn't the best way to get through the time before taxes were collected because it ended up costing more to the Town in interest. To get out of this cycle of borrowing and paying back, with interest, they built up the surplus to get them through until June. He said that they told the departments not to spend until June when the tax money came in. The department heads didn't like how it was set up because they felt that they couldn't run their departments as well without the funds to purchase items they needed.

Mr. Doheny suggested tweaking Ms. Levine's argument about the fear of having to borrow since it hasn't had to be done in 10 years or so. Chair Ballin said the point to emphasize is that the school district payments that have been held back due to the Town being short on funds. He said that certainly, the

school district could demand their payments. Chair Ballin felt that going to a quarterly billing would be a benefit to the Town, mainly from a cash flow basis. He explained that quarterly billing is not an option unless the Town was working within the fiscal year timeline. He noted that Linda Hardy, Town Clerk/Tax Collector, has had some interest from taxpayers to have quarterly billings to help spread out their yearly tax obligation to the Town.

Mr. Doheny asked if the quarterly billings would be used just during the transition period. Ms. Levine answered that they would remain within the quarterly billing schedule unless it is voted out at Town Meeting. He asked what the cost to the Town was to bill taxpayers four times each year as opposed to only twice. Ms. Levine said that it would be the same, as only two bills would be sent to taxpayers, but each notice would include a voucher to be sent in for the next payment. She added that this was how Concord handles their quarterly billing.

Mr. Harrod said that if they emphasized having a May Town Meeting, as opposed to the meeting being held in March, and the benefits of quarterly billing, that they would find public support for the fiscal year transition.

Joe McCarthy commented that in the past eight years that he has been a resident of New London, he has found that it was always the same group of people who attend Town Meeting, and if the Town wants this change to take place, they will need to do a lot of education. He wasn't sure of how to do this, and mentioned that some of his clients didn't even know there was a Town website. Ms. Levine said that she has samples of educational materials from other towns that helped to educate their taxpayers. She also mentioned that different towns in the state have had different results with the May vs. March Town Meeting. Some find that they have the same number of people attending, and some find that there are more. Mr. McCarthy shared that most of his clients coming in from Bermuda for the summer would be interested in coming to the Town Meeting and listening in to what was going on in the Town.

Mr. Bianchi said that he had been to a couple of meetings where Ms. Levine had given her fiscal year presentation, and he thought that she had done a good job of improving the presentation. Someone from the general public would benefit from seeing her refined presentation. He added that the bottom line is that if they went to quarterly billing, the taxpayer's bill would change, as would how they would need to budget for it. The reasons for changing to fiscal year have been researched and well-defined, but the fact that it will cost them more up front will make people nervous. Mr. Kaplan said that the more the payments are spread out, the more "doable" they should be. He added that they understand that it is a new tax schedule and that the public is not used to it but that they will get used to it after time. Mr. Bianchi said that Ms. Levine's facts are great but it clouds the issue when the taxpayer is thinking of how it will affect them financially.

Mr. Lavoie said that the people need to be told that there may be a cash flow problem for them but that they just have to come up with \$1,500 earlier than they may have planned. Mr. Doheny thought the Town should look again at the twice/year billings sent out with the vouchers. He was concerned that people would lose the second voucher and would need to have the Town send a replacement voucher. Ms. Levine said that the cost that this would only entail the cost of mailing the bills four times per year instead of two.

Paul Gorman said that he understood what Ms. Levine was saying and that it made sense, but he didn't feel that the reasons for making the transition were compelling. He was not sure that the average person in the street would totally understand why it was being done. He said that they need to come up with more compelling reasons that would hit home with the taxpayers and help them understand. Ms. Levine said that on the State fiscal year, the budget gets decided in February and is voted on in March. Last year

the Town had to absorb \$85,000 to pay for the state's portion of the budget after the Town budget was already set. Those towns in a fiscal year had time to adjust their budgets to cover the revenue loss. Marilyn Kidder thought examples like this one or others that had happened in the past to other towns would help the cause a bit.

Rip Cross said that it would be helpful to do a study of area towns of the same size and what they are doing about the fiscal year vs. the calendar year. He also noted that he didn't see a compelling reason to make the transition, although he understood the concept. Ms. Levine said that about 23 out of 234 towns in the state are currently on the fiscal year and that it was not a majority. Bob MacMichael said that when he was a selectmen for New London over 20 years ago, dealing with the state and having to make up money for their budget downfalls was a problem even back then, and it is still a problem today. Marilyn Kidder asked why more towns haven't switched to fiscal year. Ms. Levine answered that it was mostly because of the transition period and being able to come up with the funds needed to get them through the 18-month period within a 12-month tax year. She added that without quarterly billing, municipalities have to put money aside over several years to raise enough funds for the period. Ms. Levine also noted that a town's financial staff has to be very good at forecasting a budget, and they have to prepare for contingencies.

Ms. Kidder commented that Ms. Levine's presentation made it sound like the Town had incorporated a surplus to allow it to continue functioning until they collect taxes. Ms. Levine answered that this was not the case. She said that they usually have about \$500,000 - \$600,000 of cash on hand at the end of the year, which is used for cash flow between billings. Every year at the end of September they know what was unspent or over-collected. This surplus is returned to the taxpayer. Mr. Hasenfuss suggested calling this money "operating funds" instead of "surplus." Ms. Levine agreed and repeated that they never build surplus into the budget; it is simply an outcome of money that was not spent or revenue that exceeded expectations. She gave an example of one place where budgeted money was unspent was at the transfer station. This year, trash collection was way down resulting in fewer trips to the landfill. This decrease in trash has been attributed to the present economy; not as much is being purchased, so not as much trash is being thrown out.

Jessie pointed out the hidden good news in her slide. The projected tax rate for 2009 is \$15.31, which is a 1% increase over last year, which is pretty good. She reminded those at the meeting that last year's increase was 13%. Ms. Levine noted that for most taxpayers the second bill coming in November will be less than their first tax bill of this year, and it will reverse next year so the first bill will be lower. She hoped this would lend itself to a little relief for the taxpayer.

Chair Ballin said that there were some other issues he wanted to bring to light. He noted that the Tax Collector would soon be allowed to accept credit cards for taxpayer fees. Costs for the use of the credit card system would not be the responsibility of the town, but of the user. He explained that people don't use cash or checkbooks much anymore and seem surprised that they cannot use "plastic" to pay for their taxes and fees. Mr. Harrod said that the person will have to pay a fee to use this service. Mr. Ballin agreed and said that this information would be announced up front before they choose to pay via credit or debit card.

Along those same lines, people will now be able to write just one check to the Town for vehicle registrations (instead of one check to the Town and one to the state).

Chair Ballin shared with the meeting attendees some upcoming meetings:

Board of Selectmen Meeting on October 5, 2009 at 9 AM: Executive Council Representative John Shea

will join them and it will be his first time here. He was elected in 2008. Chair Ballin said that the primary issue they will have for Mr. Shea is the condition of Main Street and Route 114.

October 9, 2009: All three selectmen from New London will be attending a meeting in Concord with the Portsmouth Coalition to dispute becoming a donor town again. The Governor agreed to meet with them. Chair Ballin said that they would report on this meeting at the October 24 meeting. Currently, there are 24 donor towns in New Hampshire currently, but that number will go up and down depending on economic circumstances.

Chair Ballin noted that an application has been submitted for a grant for improvements in the Elkins area. The grant covers a lot of transportation issues, including transportation waterfront, sidewalk, intersection, as well as historic buildings. They are hopeful to do something with the Mesa building so that they can work with the dam behind it to fix the Mill Pond. Chair Ballin added that some trails would be constructed with this money. Dave Payne asked how much was being asked for from the grant. Ms. Levine said that it was an \$875,000 grant and it was under the Federal Transportation Enhancement grant, which was the same fund that helped New London build the sidewalks and roundabout on Newport Road. Ms. Levine noted that they have had to reallocate funds and ask to postpone the Pleasant Street sidewalk project because of the historic Job Seamans house on Pleasant Street. The presence of this house would mean that extensive engineering costs are necessary for it to comply with the grant.

Mr. Bianchi asked if there was a good chance of getting the Elkins grant. Ms. Levine said that there was a very good chance. She noted that there were three other applications for the grant submitted in the region. After reviewing the other applications, she felt that their application fit the grant's guidelines the best and that they have a very good chance.

Bob MacMichael said that he hopes they get the grant because Elkins is in great need for the upgrades the money could afford it. He remarked that the Mesa building is starting to look bad. Ms. Levine said that the grant money includes \$100,000 to purchase the Mesa building and that Mr. Miller and Mr. Lapham have verbally agreed to contribute the rest of the purchase price to the Town. Howard Hoke asked when they expect to hear about the grant winners. Ms. Levine said that she should have a better idea sometime in October, but that they would have to wait until July to use the money.

Ballin noted that the application was very well done and that Ms. Levine did a very good job and thanked her for putting in the time to get it done. Anne Loeffler asked what would happen around the boat launch in Elkins. She thought that the boat traffic was worse than ever this year. Ms. Levine said that they plan to remove the sidewalk that is on the lake side and build a sidewalk on the MacMichael side from Marshall's Garage to the intersection. They would make it a 3-way stop and the engineering would still need to address the boat traffic. She added that part of the grant was regarding boat access to the lake but that it was intended for non-vehicular improvements. Due to this fact, they couldn't add parking into the grant. Mr. MacMichael said that they should thank the Masonic Hall for letting people put their boats there because it is not a public area.

Chair Ballin asked if there were any other topics of discussion. There being none, he adjourned the meeting at 8:50 AM.

Respectfully Submitted,

Kristy Heath, Recording Secretary
New London Planning Board