

**Town of New London
Citizens Advisory Committee
May 2, 2009**

PRESENT:

Larry Ballin, Chair; Selectman; Mark Kaplan, Selectman; Jessie Levine, Town Administrator; and Senator Bob Odell

Also Present: Rick Anderson, Peter Bianchi, Barbara Brown, Bill Clough, Rip Cross, Michael Doheny, David Dunning, Ray Ettenborough, Jack Harrod, David Harrison, Karen Hoglund, Marilyn Kidder, Ann Loeffler, Bob MacMichael, Gary Markoff, Joe McCarthy, Dan Wolf

Chair Ballin called the meeting to order by introducing Senator Bob Odell, guest speaker, along with Dan Wolf, Chair of the School Board, and stating that the two State Representatives, Randy Foose and Dave Kidder, had been asked to join the meeting as well, but who were unable to attend.

Senator Odell stated that he was there to listen to any concerns and answer questions. He stated that he was deeply involved in the budget, that he chairs the Ways and Means Committee, and that the budget would be voted on in the Senate on June 3, and in both Houses on June 25. He also said that the budget would show constraint and that anyone who thought that just getting through the next two years would make things better was misguided. He said that there was an imbalance between revenues and spending in the State of New Hampshire and there were a lot of challenges ahead.

Larry Ballin asked what Senator Odell's thoughts were concerning gambling and other sources of revenue. Senator Odell responded that he thought there was some appeal for gambling as source of revenue because they are desperate for revenue, but that some people thought it would bring a lot of problems with it, as well as the competition with Massachusetts casinos and there was also the issue of why would the State enable one group of people and make them hugely wealthy and not have it done on a fair basis. Why should the real estate investors of Rockingham Park be the anointed people to hold the franchise in perpetuity in the State of New Hampshire? If the State were to grant the licensing, New Hampshire would have the highest density of slot machines in the United States other than New Jersey and Nevada, so this is a serious level of gambling. On the other side of that, it would only provide a level of funding of about \$100-500 million dollars to offset the disparity between revenue and spending.

Mark Kaplan commented that when the State of New Hampshire gets into a bind, it often shrugs expenses to municipalities, with the (real estate) taxpayer ending up paying the bill and asked, in the long term, would there be any change in the way revenue is raised at the State level? Senator Odell responded that he did not see it changing dramatically; the budget started with departments putting in their recommendations, the Governor presented his recommendations in February, and the House of Representatives added a capital gains tax, along with some other revenue enhancements, but he didn't think those would be sustained in the Senate. He went on to say that they should go back to look at what the benchmarks were, i.e. the school budget, where the State had to fund adequate education to every student without regard to the wealth of the community in which the child lives; he felt, as did the Governor, that he didn't want to disrupt the process in terms of the funding and this went back to the fundamental question of whether or not it was appropriate to fund every student (without regard to the community they are in) with the same amount of money; he went on to say that what that does is distort the distribution, sending money to communities that don't need it and by keeping the process uninterrupted, it created a hole in other places resulting in cost shifting.

Gary Markoff asked if there was any dialogue on what could be done to run the State more efficiently so that it could stop shifting costs around and actually change the way things are being processed

administratively. Senator Odell responded that the dialogue comes around from the competence and talent of the people who run the departments. He cited the prison system as one that is working on changing its processes to get the least likely to offend again prisoners back out in society and become successful citizens. He cited the State liquor system as one department that needs a complete system update in order to process sales more efficiently. He stated that they are fundamentally patching things together as they go along and he is working with the Commissioner to get funding put back into the budget so they can do the upgrading.

Peter Bianchi asked if it was true that 55% of the State aid was in jeopardy and Senator Odell said yes, it was true for school building aid; that what happened was the Governor had bonded one year of the building aid (\$40 million in the Capital budget) which meant bonding the bond, but the House took the money out and now the State needs to get the money put back into the budget as there are some who may vote against the budget if that money is not in it. Dan Wolf interjected that if the voters could start lobbying the Senate, it would be helpful because the Kearsarge receives building aid funds of about \$1,200,000 per year (4% of their budget) and with the legislature taking those funds away in June, the District would be running a deficit budget because there isn't anywhere else to take money from to fill that hole. Jessie Levine commented that New London is responsible for about 29% of the District's budget, so about \$400,000 of the school building aid loss comes to the Town of New London. Larry Ballin stated that New London will plan on lobbying and hoped that other towns in the district would also.

Ann Loeffler asked how much stimulus money was filling in and Senator Odell responded that there would be \$30 million in discretionary monies and there would be an increase in matching monies for Medicaid from 50% to 56.2%, but these were one-time monies and the question was where to find money to fill these gaps.

Mark Kaplan asked what the largest revenue source for the State was and Senator Odell said a combination of business enterprises and property taxes, and he cited a variety of examples such as the rooms and meals tax, the lottery, liquor sales.

Bill Clough asked where the State of New Hampshire was in the trend toward welfare support. Senator Odell responded that New Hampshire has a smaller percentage of people who are on Medicaid or disability. He stated that the fastest growing area in Medicaid funding is at the nursing home or home care level. He went on to say that one of the goals of the State is to shift people from nursing home care to staying in their own homes as long as they can. However, when funding is cut to agencies like VNA, then they can't provide the necessary services for home care. He said that nursing homes are at capacity and that the State has to shift costs to taxpayers, especially because the rate of reimbursement from Medicaid is very low. He also said that Medicaid is very different from Medicare in terms of rate of reimbursement (being very low) and that Medicare is working while Medicaid is not, in his opinion.

Gary Markoff asked what the effect would be should the country go into a national system and Senator Odell responded that he thought that Medicaid could be brought into a national system, but not Medicare. Medicaid really puts a burden on the rest of the health care system, i.e. for every Medicaid patient treated, the cost gets shifted to private insurance, which then causes the employers to pay a higher amount of money for their employees and that in turn makes us less competitive in the world market. He stated that if it all went to Medicare, it would be a benefit. He said that something has to be done about the cost shifting between those unable to pay and the people who are paying for private insurance because it is unsustainable long term.

Dan Wolf interjected that currently there is a situation where the Federal government is supposed to pay 50% of costs for special education, but are now down to about 17%. He said that \$800,000 has shifted

back to the community because the Federal government has not picked up its portion. He asked again that people lobby the State and also go after Washington. Michael Doheny asked if it was true that if the town accepted the money from the Federal government, then it would be required to adhere to the guidelines, but if the town doesn't accept any money from the Federal government, then it wasn't required to adhere to the guidelines. Dan Wolf responded that the town didn't have a choice on that and Michael asked if he was sure about that. Dan said that he would look into it. Senator Odell interjected that there are ways to divert students from being coded as special education and that it was necessary to reduce the number of students getting special education services. He said that the earlier the problems are addressed, the less chance that child will need special education services in middle school or high school.

Michael Doheny asked if there was the potential for the town to raise the percentage of real estate transfer taxes so that it could generate revenue that would go back to its own municipality. Senator Odell responded that he didn't know the specific answer to that; the State had a prohibition on local options for revenue generation. Michael Doheny asked him to look into enhancing the rule and he agreed he would.

Barbara Brown asked for clarification regarding the distribution of monies from the State lottery. Senator Odell said that the largest share went to prizes, then administrative costs, and the balance went directly to an education trust fund, which he said was fungible, and if the money was not in the account, then the State transfers money from the General Fund to make it whole. He went on to say that the lottery is down 10% in terms of sales and that 70% of sales were the scratch cards. He said that lotteries across the country were in terrible shape.

Jessie Levine commented that the newspaper had reported a \$50 million shortfall on business property taxes and income and dividends taxes. She asked if there was anything else that would be a deal breaker for the Senator in supporting the budget and he said that some of the arbitrary addition of taxes, such as the Capital Gains tax, was troublesome. He would be concerned if they went ahead and bonded operating costs because he thought that would be the road to disaster for the State.

Gary Markoff asked if the Educational trust fund monies carried forward every year or funded itself every year and Senator Odell said that every year in the Spring, they will or will not appropriate a certain amount of money to make it whole according to the status of the school districts.

Rick Anderson asked what the options were for avoiding financial disaster in two years after the stimulus monies are spent. Senator Odell said that they need to address the revenue issue and he was one who felt that they needed to invest money in rebuilding Hampton Beach because it was a huge revenue generator. He said that the State of New Hampshire Park System says that they can only spend the amount of money that they take in and if they don't have Hampton Beach up and running to attract visitors, then there will be less parking meter revenues, etc. Rick Anderson asked what the Senator saw as being the primary revenue and he said that at some point they were going to have to address a new revenue system and he didn't see gambling as doing that. David Dunning commented that it sounded like at some point they would be forced into an income tax and a property tax. Senator Odell said that he thought they had maxed out on how much they could ask the business community to provide.

Bill Clough asked if the Senator had heard anything about the aggregating Fish and Game (garbled) and Senator Odell responded that that conversation had ended. He said that it was the most poorly handled and mismanaged process in creating a study committee that he had seen in all his years in the legislature. A senator had introduced an amendment and people had not paid attention to it and it passed on a voice vote and so now it can't be discussed.

Rip Cross asked what the Senator's view was on privatization of Mount Sunapee and the model that could be used for other businesses and activities in the State. Senator Odell said that because that was back in

court, he wouldn't get into the details of it, but that he would say that the model of having a contractual arrangement with somebody who operated a facility has worked well for that mountain. He said it wouldn't work as well for Cannon, which is a ski resort embedded in a state park. He said that the food vendor should be an outside party and the ski lift operation should be open for discussion. He also stated that there is value in having other people involved in the process and the recommendation from the study that he is involved with is that the State should be looking for partners for funding, management organization, and volunteer committees as allies in business.

Gary Markoff asked what the State had as a plan for managing its energy costs and Senator Odell said that it had created an oversight commission and was doing building by building assessments for improvements. He said that it was one of the highest priorities of Governor Lynch and that some of the stimulus money would be used to make state buildings more energy efficient. He also said that there will be community action and a huge infusion of money for use in weatherizing homes of lower income families throughout the State. Gary asked what the State energy costs were and Senator Odell said he would get that information to him.

Larry Ballin thanked Senator Odell and Dan Wolf for coming to the meeting and they left.

Michael Doheny presented a petition to the Selectmen to hold a special town meeting to repeal Article 38 of the 1986 law that prohibited use of beach areas from 9:00 p.m. until 10:00 a.m. He stated that the repeal would give the Selectmen the power to set the hours of the town beaches so that the townspeople could have their outdoors programs, such as the swimming club. Jack Harrod asked how did the town not know about this law and Jessie Levine responded that she knew there was a 1986 warrant article, but she had not looked at it until Judge DiClerico had asked to see it (with regard to the Rowing Club request). She went on to say that Chad Denning had looked at every town report since 1986 the subject was never addressed again and never enforced. She said that it was one of the very few times that Town Meeting had regulated town property use; that is generally the Board of Selectmen's role.

Peter Bianchi suggested that it may be a good idea for the Selectmen to go through some of the town ordinances and bylaws and policies and have them listed somewhere for everyone to see. Jessie Levine agreed and said that she would put together all of the codes in one document and then take it to Town Meeting or have the Selectmen adopt it as a whole rather than piecemeal. Larry Ballin said that he would like to have it done electronically and that it was on their radar to do it. He then directed the meeting back to Michael Doheny's petition.

Peter Bianchi said that there should be a process to change these laws and that would be a better solution than to deal with just one thing which would be an added expense of a special Town Meeting. Michael agreed that it would be an added expense but that they didn't want to wait until the next Town Meeting because the summer months were coming and this affected the summer activities. He said that he felt the benefits of a special Town Meeting outweighed the costs. Jessie Levine interjected that the costs would be very minor because it was not a budgetary item and the Town didn't have advertising costs to pay or have to heighten press coverage.

Jack Harrod asked why "repeal," why not "revise" the 1986 article and Michael Doheny explained that by repealing the article it would give the power back to the Selectmen to set the hours. Larry Ballin interjected that if it got repealed then the Board of Selectmen would take it up as a discussion and set what he thought would be more reasonable hours. The other part of it was that they didn't have the capacity to enforce these rules unless the Town wanted to put a cruiser in Elkins and in Bucklin Beach from whatever time it starts to warm up in the morning until 10:00 AM. He went on to say that he applauded Michael on his initiative on this issue.

David Harrison wanted clarification on exactly what Article 38 stated and Mark Kaplan responded that it was two features: 1) the beaches are restricted to use for New London residents and their guests; 2) there is no bathing between 9:00 PM and 10:00 AM. Jessie Levine interjected that there were two more features: 3) prohibited camp fires except in designated grills in Elkins; 4) there is a \$10 fine for violation of these rules. In 1991, the Selectmen passed an ordinance allowing a \$25 fine, although it has never been enforced. David asked if the article was repealed, would the Selectmen be prepared to put on the table the content of the policy to replace it prior to people voting? Jessie responded that that was her recommendation that the Selectmen have the proposal in hand to show good faith that they were not trying to undo everything and ignore the will of the voters, but that they were just trying to retake the authority regarding this issue.

Some other concerns expressed were the use of the town's beaches by non-residents, more leniency in allowing various uses of the beaches, using the beaches for the rowing club, and having the correct wording in place for the new proposal. Larry Ballin stated that their intent (the Board of Selectmen) was to change the hours, but with the ordinance as it is; they can not do that now. Jessie Levine stated that the only way to enforce the ordinance at this time was through parking stickers; the Town did not have the staff to go through the beaches and ask people where they live, especially at Elkins, where there is no complete enclosure to the property the way there is at Bucklin beach.

Peter Bianchi commented that it was a dangerous precedent to set by eliminating an ordinance that the townspeople had voted in. Larry Ballin responded that the ordinance had never been enforced and had been put in a warrant article for specific reasons, namely to keep busloads of kids from other towns out of the beaches at early hours. Jessie Levine stated that she objected to the ordinance being in place through the Town Meeting for these reasons: 1) the State authorizes the Selectmen to oversee State and public property; 2) if the public does want the article enforced more, then they need to give the Town the budget to do that by having monitors at every beach; 3) by not returning to Town Meeting every time, it is more efficient and flexible.

David Harrison asked to move on to another issue and hear from Gary Markoff regarding the shopping plaza owners and their business plan. Gary stated that he had made several calls to several people and was expecting to have information to bring to the meeting, but did not hear back from them and hopefully for the next meeting he would have the information. He said that he had a conversation with the tenant who owned Radio Shack and told him he had been a tenant at will for \$10/square foot, but that he had received a letter recently raising his rent to \$18/square foot. Gary felt that by Kimco raising the rent in today's economic distress, they had some type of intention, but they wouldn't know what it was until there was a conversation with them. He had probes in to have a friendly dialogue to help plan for the future. Joe McCarthy added that he had gotten a name of someone to have a friendly conversation with regarding this issue as well and would be back down to New York the coming weekend and would follow up on it while he was there.

Rip Cross asked about the signage for the scenic byway that let people know they were entering New London and Jessie responded that the Chamber of Commerce has not replaced the signs. She said that it was possible that they might be able to get a grant to have the signs put back up through the Byways project. She said that she had gotten a call from the Regional Planning Commission two weeks ago that Congressman Hodes had called them specifically to ask for two projects that could be funded outside the Federal stimulus money, and the RPC has applied for those funds to go towards a Main Street rebuild.

The meeting adjourned at 9:00 AM.

Respectfully submitted,

Camille Holmes
Recording Secretary