

TOWN OF NEW LONDON  
BUDGET COMMITTEE  
MAY 16, 2007

PRESENT: Barry Wright (Chairman), Larry Ballin (Selectman), Pat Blanchard, Jack Diemar, Carol Fraley (Finance Officer), Mark Kaplan (Selectman), Jessie Levine (Town Administrator), Bob Meck, Noel Weinstein, Jim Wheeler, John Wilson.

ALSO: Peter Bianchi.

Barry Wright called the meeting to order at 7 p.m., and the Budget Committee addressed 13 areas of business during this meeting.

1. Election of Chairman 2007 – 2008—Barry Wright said he would not mind serving again as Chairman, but he referred to a general consensus in Town including that expressed at a recent CAC meeting regarding some desire for term limits for appointed positions. He added that though the Budget Committee positions are elected, and although he does not necessarily advocate term limits for them, he does feel that it is good to have some change of character, of leadership on the Board once in a while. To that end, he nominated John Wilson as Chairman of the Budget Committee. Bob Meck seconded. John Wilson accepted the nomination, and the motion was unanimously approved.

2. Minutes-February 7, 2007—Barry Wright moved to accept the minutes. Bob Meck seconded.

John Wilson made several amendments to these minutes:

- o He amended the first paragraph on page two to reflect that it was Tom Miller's suggestion, not John Wilson's, that the library acquire a more complete statement of fuel usage over a longer period of time.
- o He rewrote the third paragraph on that page to read: "An accurate detailed heat loss analysis of the library building should precede any changes to the heating system. Also, the heating zones (the understanding is that there are nine) and their related zone valves should be identified and made sure that they are working before changes are made to the system."
- o He changed the wording in paragraph five on page four to suggest that taxpayers be given the tax rate per \$100,000 valuation, not \$1000. Noel Weinstein asked if it is not more customary to state tax rates per \$1000. Budget Committee members felt the math would be easier for people if it is given per \$100,000. Pat Blanchard noted that when they state the impact on tax rate per \$1000, it may appear that they are trying to minimize that impact. John Wilson suggested it would be best to put both, but for the purpose of these minutes it will be tax rate per \$100,000.
- o He amended paragraph seven on page 5 to refer to the Personnel Subcommittee's task.

Motion was made, seconded and unanimously approved to accept the minutes as amended.

3. Subcommittees—After brief discussion, Budget Committee members agreed on a rotation arrangement for these subcommittees and that the senior Budget Committee member on any given subcommittee will Chair that subcommittee.

4. Budget Committee Representatives to the Capital Reserve Subcommittee Meetings—John Wilson suggested that this group of three should include a representative from each of the three Budget Committee subcommittees. Noel Weinstein, John Wilson and Jim Wheeler will serve in this capacity this year. Barry Wright suggested that a substitute from each subcommittee be appointed as well, in the event that one of those three cannot make a meeting.

5. Library—John Wilson said he feels that the Library should have line items in the regular budget. Mark Kaplan, Carol Fraley and Jessie Levine explained why that cannot be. The library pays its own bills; it is not part of the town's accounting system. However, they do provide monthly statements to the office and Carol can provide those to the Budget Committee if desired.

Noel Weinstein said that system did not reveal until too late any of the big problems that arose at the end of last year. Jessie Levine said those were capital items. The Budget Committee does not have the authority to administer the library's budget. It simply passes the lump sum. Noel Weinstein said then why doesn't the library raise its own funds? Jessie Levine said if the Budget Committee does not support the library budget it would go to Town meeting. However, once the budget passes, it becomes the purview of the Trustees to administer. The budget has to get approval at Town meeting.

Pat Blanchard said the Budget Committee does need to get more information. Noel Weinstein agreed, and said it should be provided in a more timely manner. There has to be a capital plan for future contingencies.

John Wilson asked how that differs from the fire department and fire wards. Mark Kaplan said the fire department members are on the town payroll. It is a department of the Town. There is difference between the fire wards and the library trustees. The fire wards are appointed for oversight purposes. The fire department is part of the town's accounting system.

Pat Blanchard said the Budget Committee has been told straight out to not question anything in the library budget. The library has never been forced to justify its expenditures. She said she thinks those should be discussed. Jessie Levine said the statute sets out the duties of the Trustees to administer the budget. She added that the library does have other sources of funding. The fire department also has its own funds, but those are in a separate 5013c. Carol Fraley reminded the Budget Committee that they do receive the annual budget for the library, and she can ask Shelby Blunt to put that in a format that is similar to other Town departments. Pat Blanchard reiterated that the library has never been questioned the way other departments are. Budget Committee members have been discouraged from asking too many questions about the library's budget, in the past.

Mark Kaplan said it is a philosophical issue. It is not that it can't be changed, but then it would become a political thing. John Wilson said the point is that the Budget Committee has the

ultimate oversight. He suggested they pursue this with the library, with the idea that the Budget Committee will receive monthly updates on the library's budget.

Library Trustees Bob Bowers, Charlie Dean and Lisa Ensign were present for this discussion.

Lisa Ensign wished to clarify that the roof needs that came to light at the end of last year, took the trustees by surprise too, and Bob Bowers added that because of that, the library trustees have set up a committee to get better control and to look at capital needs for the library. John Wilson expressed surprise that the trustees were not aware of the various problems at the library such as some areas of the building having no heat at all. Lisa Ensign confirmed that they did not know that until recently. Noel Weinstein said that any plant like the library needs to be thought about long term. Jack Diemar suggested the Budget Committee move forward from this point on.

Bob Bowers reported on his most recent meetings with Chris Lizotte, architect for the proposed renovations, and at this meeting, presented the current plans. He pointed out how the current roof design was not sufficient to meet the run off needs, and detailed the design for the new roof and drainage. He confirmed that drainage will not go toward the street. John Wilson asked about the downstream neighbors. Bob Bowers said the library will not be creating more drainage with this new design.

The new extended roof will mean they lose the second floor hall windows. Noel Weinstein asked to clarify that those are not necessary for emergency exits. Correct. That area will be used for storage and for a heat exchange unit. It will be accessible by a door.

The new roof will be an impermeable rubber material, glued together by heat. It will be one continuous piece all the way around. For esthetic purposes, there will be ridges (or standing seams) added. Bob Meck asked if the intention is to not take the old roof off, but to put the new one over it. Yes.

They will be putting this out for bids soon. They would like to have the specs detail the basic project with flexibility for additional needs. Bob Bowers noted that they are required to provide handicapped accessibility including an automatic door with button. That cost will be \$2500. Also, ADA requires that they redo the front walk so its slope is more manageable to wheel chairs. He said that they hope to get three bids, but are not required to go with the lowest bid.

He went on to discuss the proposed improvements to heating the building including the recommendation that they change from oil to propane—more for a savings in maintenance over the long run than anything else, that they reconfigure the existing pipes, and have two smaller furnaces rather than one large furnace. Benefits to this last suggestion include being able to use only one of the furnaces (i.e. half the amount of fuel) on days that are not frigid (and they would be computer timed so as to run alternately), to have both available on days that are frigid, to have a back up should one break down. Having two will not result in substantially greater cost as the existing hot water pipe system all goes to one focal point. The fuel tank will be buried in the same location as the current oil tank.

They will add another, official-sized handicapped parking space that will reduce the number of regular spaces before the front (Pleasant Street) entrance.

They will be required to have a bomb-proof book-drop (for those *truly explosive best sellers*).

Estimated bottom line as things look now: \$250,000. They will hold a public session on the proposed renovations before beginning.

Asked about the architect's contract, he said yes, they have one. It is for a flat fee...he believes \$22,000, to include the design, the plan, and oversight of the work. Chris Lizotte is local, and will be able to oversee this project more consistently than someone who comes in from out of town. Noel Weinstein cautioned them to be sure that he includes sufficient detail in their bid solicitations to get accurate bids.

Bob Meck asked if air conditioning will be fit into the numbers. Yes. Noel Weinstein asked about the mold situation. Bob Bowers said that the expert that they most recently had inspect the building has indicated that once the leaking and moisture problems are addressed with the new roof, the mold problem may disappear. They won't really know the whole story until they actually get in there and remove the ceiling. Jim Wheeler suggested that expert be asked to do a thorough inspection while things are exposed. Trustees agreed.

John Wilson said the CIP Committee is going to begin its work earlier this year, around June. Bob Bowers said that is on the agenda to discuss at the next Library Board of Trustees meeting, but he is not sure that they will have a library CIP prepared this year.

6. Budget Goals—Members revisited Jack Diemar's annual suggestion that a goal percentage of increase be considered – even if it is not formalized, but just to keep in everyone's mind. Suggestion was made that some budget guidelines should be established, and it would be better to do so earlier in the budget season. John Wilson asked for an informal hand vote on this idea. Jack Diemar, Noel Weinstein, and Jim Wheeler would be in favor of setting a budgetary goal; Barry Wright, Pat Blanchard and Bob Meck were not sure.

Jessie Levine pointed out that much of the departmental budgets are composed of non-controllable items as health care. Jack Diemar agreed that if a goal is set, it would have to be limited only to controllable expenses. Pat Blanchard pointed out that most of New London's department are so small that with the non-controllable items removed, setting a percentage increase that would be allowed for the controllable items—whatever percentage you pick, might actually result in departments *increasing* their operating budgets. Jack Diemar agreed that that is a possibility, but said that he feels that if everyone has some sort of guideline, they are more apt to analyze how well things are working.

Bob Meck suggested that departments could take a look at stretching things out. For example, perhaps a schedule of a set amount of road-work could be lengthened by a year. Jessie Levine said that to some extent, the Highway Department has already done that. By building the new garage, they have extended the life span of their equipment and are incurring a tremendous savings. Jack Diemar said the caution in stretching out schedules would be that the Town does

not want to put things off to its own detriment. Barry Wright agreed with both those thoughts, and added that the Committee really needs to look at the programs that departments have had for years, and decide if they should be continued or not. He agreed that some effort should be made to minimize increases. John Wilson suggested that each subcommittee go to its meetings with the departments with a number in the back of their minds. Jack Diemar agreed with that idea. It would be the subcommittee's and Budget Committee's task to look closely at things that go over a certain percentage increase.

Noel Weinstein asked about the possibility of increasing productivity with automation or computerization of some tasks. Jessie Levine pointed to the over \$50,000/year savings the Town will realize by streamlining the sewer department operations.

Jim Wheeler said he got mixed signals from Town meeting. On Tuesday, residents elected a new Selectman over the incumbent who was running. The next night, they approved every expense presented. What does the Town want—to lower taxes, or to keep the same level of services (or greater)? He asked if it is the Budget Committee's job to figure that out. John Wilson said he feels they should keep the budget as tight as it can be, and not add services until people convince us (the Budget Committee) that that service is needed. Pat Blanchard agreed about the conundrum that Jim Wheeler mentioned. People are complaining, but not in public. She said the Budget Committee is elected by residents, and should do what it thinks is right. Larry Ballin agreed that residents see the Budget Committee as a sort of fire wall, and they have the idea that any budget item that makes it past the Budget Committee is right for the Town. Members also noted that when the Budget Committee declines to recommend a particular item, that item often reappears at Town meeting in a petition.

John Wilson concluded this discussion by suggesting that the Budget Committee keep a number for an acceptable percentage of increase in mind, and that the Committee revisit this idea of having a goal at every meeting.

7. Review Current Expenses—Noel Weinstein suggested that the department's allocated budgets should be presented in a month by month spread sheet, so they can see where they are in respect to their anticipated expenditures at any given time of the year. Jessie Levine said, how about a percentage of the non-expended portion of the budget each month instead. Both she and Carol Fraley said they did not think the type of spread-sheet being suggested by Noel would be of any benefit to the Budget Committee in its work. Noel Weinstein said he feels it would be very important to see that data month by month. Larry Ballin asked if what he is really asking to see are unanticipated anomalies. Could those be highlighted each month? Noel Weinstein said no, he is talking about being able to track the original budget, and to know where a department is any given month in its budget. Jessie Levine said that the Budget Committee generates the budget, but the department heads manage their budgets. Noel Weinstein said the Budget Committee is charged with reviewing the budget. John Wilson suggested this be tried on a subcommittee basis.

Pat Blanchard referred to the over-expended accounts report that the Committee receives each month through the year, and asked why the over-expenditure in sick-leave buy-out was not on that report. Jessie Levine explained that that was an anomaly, a one-time occurrence, and they

covered it by drawing funds out of some under-expended accounts. Pat Blanchard asked if they do that for other over-expenditures. Are there over-expenditures that the Budget Committee is not seeing? Jessie Levine said no, that was unusual.

8. Consideration of a change in fiscal year—John Wilson referred to the advantages to changing to a July 1 fiscal year that are listed in his letter of May 1, as well as in the accompanying article by Barbara Reid. A lot of the things the Town now does retroactively, would be put in front of the budget process. Jessie Levine said a change in fiscal year would be a warrant article at Town Meeting. For the change over year, the Town would have to budget for eighteen months, and the question is how to address the additional six months of budget. She said that could be done with a bond, in which case the decision to change the fiscal year and the approval of the bond could be done at the same time. Or, it could be done by setting up a capital reserve in advance, in which case the vote to establish the reserve could be done one year, and the vote to actually change the fiscal year could be done in a later year. How about having another tax collection for that extra half year? Carol Fraley said the Town can't have another tax collection. Mark Kaplan asked if the half-year could come out of surplus. No, there's not nearly enough there for the purpose.

Noel Weinstein asked if there are any hidden disadvantages to changing the fiscal year. Jessie Levine said it may require some shifting of contracts. The Town's software should be okay. Mark Kaplan said the Town will still be passing a budget based on its expenses. There will be no dollar savings in changing the fiscal year. It would be purely a matter of convenience and knowledge (that is, knowing what you have to spend before you spend it). John Wilson disagreed with the first statement. He feels there would be some cost savings. Right now, the Town operates very inefficiently during the first quarter of the year. Mark Kaplan reiterated that changing the fiscal year would result in neither gain nor loss financially. Carol Fraley agreed, the Town will still have a cash flow problem at certain times, in spring for instance. John Wilson disagreed with Mark, and Jessie Levine agreed with John Wilson to an extent, saying that the Town really is hamstrung in the first quarter of the year.

Noel Weinstein asked if having the meeting later in the year would affect elections or propositions. Jessie Levine said that Town officials would probably still be elected in March, and the newly elected officials would take office right away. Budget Committee members expressed some consternation at this, and Barry Wright suggested having elected terms end with the budget cycle, so that new members are not working with someone else's budget.

Everyone observed that having a later Town meeting would allow greater attendance. The outstanding question is, how to pay for the change-over.

Noel Weinstein moved that the Budget Committee authorize Jessie Levine to further explore the idea of changing the fiscal year with the Administration subcommittee and with the Board of Selectmen. Pat Blanchard seconded. No further discussion. Motion unanimously approved.

9. Deadline for Budget Submissions—John Wilson suggested that until such time as a change in fiscal year is enacted, the Budget Committee require all budget submissions by the date of the Committee's last meeting in December. Jessie Levine referred to the second sentence in the

fourth paragraph of his May 1 letter, and said that they cannot have the Public Hearing on the budget before the start of the fiscal year. John Wilson agreed—that sentence was a carry over from his thoughts on the possible changed fiscal year.

Jim Wheeler moved that the Budget Committee stipulate a due date of the Budget Committee's last December meeting for submission of proposed department budgets. The motion was seconded and unanimously approved.

10. HSA's—Budget Committee members agreed that this should be studied by the Personnel Subcommittee. Jessie Levine said there are other options to be studied as well, other plans, increased deductibles, etc.

11. Recreation Department/Revolving Fund—John Wilson said he feels the Budget Committee should get a neat budget package under control before it considers expanding services. He questioned whether things like revolving funds should be overseen by the Budget Committee. Jessie Levine said that Town meeting established the revolving fund to be overseen by the Board of Selectmen, the department head and herself. There is oversight of the revolving fund.

Some discussion was opened regarding the proposed purchase of a Recreation Department van out of the revolving fund. Budget Committee members agreed that the question was raised during last year's meetings, but whether or not the Budget Committee favored purchasing the van out of the revolving fund was left as unfinished business. Bob Meck said some data was requested, but has not yet been received. Barry Wright asked if the on-going costs of an additional vehicle will be covered by the revolving fund as well.

John Wilson also asked about the tendency of the New London Recreation Department toward regionalization. Is that appropriate, and is the Town closing the door to the Outing Club? Jack Diemar said that having people from out of town participate in Recreation Department programs does benefit the Town economically.

John Wilson said he would like to see a job description and a direction paper for the Recreation Department. Where is it headed? What are they asking to do? He confirmed that the Administration subcommittee will meet with the Recreation Department.

12. Pay-as-you-throw Trash Disposal—Budget Committee members agreed to wait to see what the newly formed Solid Waste Subcommittee comes up with on this idea.

13. Schedule—The Committee scheduled meetings for June 13, July 18, August 15 and September 26, all at 7 p.m.

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The meeting adjourned at 9:30 p.m.

Respectfully submitted,

Sarah A. Denz

Recording Secretary