

TOWN OF NEW LONDON
CITIZENS' ADVISORY COMMITTEE
FEBRUARY 26, 2005

PRESENT: Cindy Adie, Connie Appel, Larry Ballin, Peter Bianchi, Barbara Brown, Sue Clough (Selectman), Celeste Cook, Paul Gorman, Peggy Holliday, Mark Kaplan (Selectman), Janet Kidder, Jessie Levine (Town Administrator), Sue Little, Doug Lyon (Selectman), Bob MacMichael, Lois Marshall, Donald McGuinness, Noel Weinstein, Stephanie Wheeler, Barry Wright.

Also: Bob Lavoie, D.J. Lavoie.

Distributed prior to meeting: Budget Information Packet-2005, Proposed Zoning Amendments for 2005, 2005 Town Warrant.

Sue Clough called the meeting to order at 7:30 a.m., and opened discussion on the proposed 2005 Town budget.

Doug Lyon explained that every line item in the proposed budget has received extensive review by the Department Managers, the elected nine-person Budget Committee, the Finance Officer, the Town Administrator, and the Board of Selectmen. 88% of the Town's budget items are items required by law or for public safety.

A frequently asked question is: Why doesn't the Town build its budget from the actual expenditures of the previous year? Doug Lyon said that each line item has been reviewed for over- and under-expenditures, and in each case, there is a reason for the under (or over)-expenditure which occurred that particular year. For example, a department may have an open position for part or all of the year. Another example is the uniform budget. Some Highway Department employees decline to wear the uniform, but Richard Lee budgets for uniforms for all, should a new employee choose to take one.

There are the anticipated increases in health insurances and salaries, but, overall, the proposed 2005 budget is 15% lower than the 2004 budget. They have been able to eliminate much of the legal and assessing fees associated with the revaluation process. The proposal is to hire a Joint Assessor with the towns of Newbury and Sunapee, beginning September 1, and to hire a part-time employee for the Selectmen's Office, allowing that office to remain open during the lunch hour, and allowing Amy Rankins to assist the new assessor, and provide more assistance to the Zoning Administrator.

The proposed Transfers to Capital Reserves show an increase of 5.4% or \$35,000. Eliminated are the deposits to the Kezar Lake Watershed Reserve, Revaluation and Sewer Equipment Fund. Decreased deposits are proposed for the reserves for Buildings, Dams, Bridges and Beaches (as the Fire Station and Highway Garage are now complete), and for Sidewalks/Streets. The proposed budget includes the cost of having an engineering design done, and some public information sessions conducted, relevant to addressing the Newport Road/County Road intersection.

Also, the Budget Committee, Selectmen and CIP Committee (consisting of members from the Planning Board, Select Board and Budget Committee), recommend an increase in this year's deposit to the Conservation Land Capital Reserve, to bring that balance up, should a parcel become available in the near future. Doug Lyon reminded this Committee that the reserve is simply a savings account. There is as yet no proposal for its use. Spending money out of that account would require a public hearing.

On the Revenues side, the Town will recover the \$89,610 from the Kezar Lake Watershed Capital Reserve which was established in 2001 for the purpose of mitigating pollution in Kezar Lake should that have been determined to have come from New London's old sewer system. As it has turned out, the results of the regular water monitoring by volunteers have determined that those mitigation efforts will not be required, and the stipulated time period has expired. In Article 29 in the warrant, voters will be asked to transfer those funds plus accumulated interest to the date of withdrawal, into the general fund.

He went on to say that if the budget proposed in today's packet is approved by voters on March 9, the unsubsidized tax rate for 2005 will be \$4.03, down from 2004's unsubsidized tax rate of \$4.13. In fall, the Selectmen will decide how much of the surplus to use to offset the tax rate.

He went on to review the Budget Information Packet, page by page. (Packets are available prior to, and at Town Meeting.)

Page 1 offers an overall Budget summary, and shows that the monthly cost of all Town services to the average tax payer will be (with this proposed budget) \$103.67.

Page 2 shows a Revenues Detail.

Page 3 shows the Expense Detail including the two substantial decreases in Reassessment and Legal lines. Per requests made at previous public hearings, this page shows not only the percent of increases (or decreases) between the 2004 budgeted amounts and the proposed 2005 budgeted amounts, but also what percent each line item represents of the total budget.

Page 4 explains the major Expense Variations.

Page 5 details the Capital Reserves, showing both proposed 2005 deposits and current balances in each, and also the proposed 2005 expenditures out of capital reserves.

Page 6 offers a History of New London's tax rate, and page 7 shows a comparison of thirteen Towns' valuations, town, school, county and total tax rates.

Page 8 gives an eleven-year history of the Surplus Funds, and how much has been used each year to offset the tax rate. Doug Lyon explained that the Selectmen's general rule is to keep on hand a surplus of 7.5% of the total budget, so that the town may avoid having to borrow during the year. The amount of surplus over and above 7.5% is returned to the taxpayers.

Why might the Town have to borrow during the year? New London must make substantial payments to the school system, and the schedule for those payments does not always coincide with the receipt of property tax income. Surplus is also used in emergencies, as the ice storm. In response to question, he explained that in an emergency, Selectmen can shift funds within the budget, but cannot overspend the bottom line without permission from the State.

Page 9 shows the Proposed 2005 Tax Rate, and the scenarios using amounts of surplus ranging from \$100,000 to \$400,000.

Doug Lyon pointed out that in Article 31 of the Warrant, the Selectmen are recommending an increase in the optional Veterans' Credit from the current \$100 to \$200. If the proposed 2005 budget passes, this increase in the Veteran's Credit would increase the unsubsidized tax rate to \$4.03 (it would be \$3.99 with the current \$100 credit).

Article 32 has been submitted by petition, and asks voters to increase the Veterans' Credit to \$500, the full amount allowed by the State. That would increase the tax rate to \$4.15.

Page 10 shows a five-year Expenditure History.

Noel Weinstein asked, why not use the actuals for this rather than the budgeted amounts.

Doug Lyon said they that they can provide that history as well, to anyone who wishes to see it. It would, however, show some unusual jumps in some years where there have been large capital projects.

In response to Peter Bianchi's question, Doug Lyon confirmed that if voters approve the budget recommended by the Board of Selectmen and Budget Committee, the unsubsidized tax rate will drop to \$4.03 (from last year's \$4.13), and that in fall, they will do the 7.5% calculation, and use the balance (anticipated to be more than \$400,000; last year's was \$575,000) to offset taxes. They anticipate a drop of 10-cents in the subsidized tax rate.

Mark Kaplan said that \$450,000 represents 50-cents on the tax rate.

Don McGuinness asked if the large surplus indicates that the Town has over-budgeted.

Doug Lyon reminded the Committee that the Town can only go to the taxpayers once a year, so they budget conservatively; that is, they may over-estimate expenditures, and under-estimate revenues, to make sure that they do not get caught short. Departments do budget for a full staff. There has never been a concern in New London that if a department is over-budgeted, it will feel compelled to spend all of its budget. Rather, managers spend only what they need, and return the balance to tax payers. He noted also, that flexibility in the budget does allow some creativity which often results in decreased costs to the taxpayers, and increased productivity, in the long run. It does not serve the taxpayers to cut the budget to the bare bone.

Mark Kaplan pointed out that, in the event that a department or the Selectmen wanted to spend over the total which has been budgeted—even just for uniforms, a special Town Meeting would be required.

Barry Wright pointed out that health insurance is another variable. Some employees opt to not take it, but if they should leave and be replaced with employees who do take the health insurance, or if a single employee marries and changes to the two-person plan, the Town must be prepared to cover that increase.

Don McGuinness asked if, considering this conservative budgeting process, is it therefore unlikely that any line item will ever be overspent?

Doug Lyon said occasionally some do. For example, weather may require an over-expenditure for sand and salt on the roads, as well as overtime for the Highway Department. The Budget Committee does review all over expenditures.

Peter Bianchi asked if surplus funds can be spent on anything, and who determines that?

Jessie Levine said the Selectmen are authorized to use the surplus to offset taxes. Any other use of surplus funds must be approved by Town Meeting. Surplus can be used for emergencies with State approval, and the Selectmen are allowed to shift funds among line items within the budget, but can't go over the bottom line without approval from the State.

Mark Kaplan pointed out that both the Fire Station and Highway Garage came in under-budget and on schedule.

Barbara Brown reminded the Committee that the high school addition also came in \$70,000 under budget.

Noel Weinstein suggested adding a column to page 6: Tax Rate History, showing the percentages of town, county local and state school taxes of the total taxes collected.

Don McGuinness asked if they are certain of the amount for the State wide school property tax.

Jessie Levine said at this time, they do not know what it will be in 2005.

In response to Peter Bianchi's question, Jessie Levine explained that some capital amounts are counted twice, as the town must vote to appropriate something out of a capital reserve before spending it. The 2005 budget proposes purchasing a bucket loader for \$107,000.

CAC members also noted the jump in the deposits into capital reserves between 2000 and 2001. Jessie Levine reminded members that that was the year that two new reserves were opened—one for the Conservation Land, and the other for the Recreation Department Land. Any proposal for a new capital reserve is subject to the CIP Committee's review process, before being presented to voters.

Paul Gorman referred to the reduction in Legal Expenses, and asked about the status of those cases.

Doug Lyon said that less than 1% of the revaluations were appealed; those were largely waterfront properties. The properties whose cases went to court, represented \$30-million in value. The Town has given back \$4-million, that is less than 10%. He pointed out that there is always an element of subjectivity when a Town does a mass appraisal. A mass appraisal does not deal with unusual aspects of individual properties. Some houses (with high assessments) were borderline high-end housing, and those owners settled when the market analysis was taken off the assessment. He added that recent sales have tended to support the valuation.

A few cases from 2003 remain open. Eleven cases went to the BTLA. Of those, four remain to go to trial. The others dropped their cases or settled.

Jessie Levine said that the Town's attorney recommended budgeting \$10,000 per case to go through trial. Of the \$250,000 budgeted for legal expense related to the reval, the Town has spent \$195,000. A number of cases were settled but not until the very eve of trial, thus the Town incurred all the legal costs for those, up to, but not including the cost of the trial itself.

Celeste Cook asked about other Town's reassessment schedules, and about possible discrepancies.

Jessie Levine that by 2005, the seven towns in the school district must be re-certified. The State does equalization before it calculates the school tax.

In response to Don McGuinness's question, she said right now the Town's assessment is at 84% of market. Immediately after the revaluation process, that is, in April of 2003, it was at 99%, and by the end of that year it was at 94%. There is always going to be some gap as sales data change from week to week.

Doug Lyon reminded that the 84% is the average for the whole Town. Problems occur when there is disproportionality from neighborhood to neighborhood.

Sue Clough opened discussion of the Town Warrant, beginning with Article 3, noting that the proposed budget for General Government Operations is increased 3.2%, and will include the new part time employee discussed above, and increases in insurance. She noted that some improvements will be made to the Elkins Post Office, but cost of those will be recovered through the Post Office's rent. In addition, the Town plans to put in a new well at the Elkins beach to assure safety of the drinking water. Also, the cost for cleaning and maintenance of buildings has increased.

Peter Bianchi asked which salaries are covered in the different lines for Executive, Finance and Personnel Administration.

Jessie Levine said that Executive includes salaries for The Town Administrator, the Administrative Assistant, the Zoning Administrator, and the proposed new part-time employee. Finance includes salaries for the Finance Officer, the Tax Collector and Deputy Tax Collector, as well as some part-time clerical help. The Town Clerk's portion of her salary is shown within the Town Clerk's budget. Personnel Administration includes insurances and benefits as well as the total of proposed salary increases (in other words, current salaries are shown within each respective Department, but the total of the proposed salary increases is reflected in this line). She pointed out that one exception to that is Dispatch. She includes the increases in salaries for Dispatch within that Department's budget, so that the Town can recover an appropriate amount from the towns which are served by the New London Dispatch. Library, Sewer and Fire Department salaries with proposed increases are shown in those Departments' budgets.

Don McGuinness asked what the percentage of proposed salary increases is.

Jessie Levine said that the town wide average is 8%. She went on to discuss the contract with the Local Government Center for a formal wage classification study, which will include a comparison with similar towns and development of a step system for New London's positions.

Sue Clough reminded the Committee that the Town has done comparison studies in previous years to assure competitiveness, but this will now go beyond that parameter.

She went on to open discussion of Article 5, which asks if voters will appropriate \$1,120,738 for Public Safety. She and Jessie Levine pointed out that 2005 will be the first full year of the Police Department's having the second detective. Also, it was noted that New London recovers from other towns about a third of the cost for the Dispatch.

Jessie Levine explained that the new Federal Labor Standards Act changes the way employers handle exempt and non-exempt positions. The Fire Department Chief and the Captain are now hourly positions, and the Captain gets time and a half when on calls. The chief is paid the hourly wage whether on a call or not.

Mark Kaplan opened discussion of Article 6, asking if the Town will approve a budget of \$1,071,759 for Highways and Streets, noting that the 5.9% or approximately \$60,000 increase over 2004's budget is largely due to the increase in cost of materials, which in turn is largely weather-related. Jessie Levine added that the proposed budget includes necessary increase in overtime for that purpose as well.

Don McGuinness asked about Street Lighting.

Celeste Cook said the Street Light Committee has looked at every street light in Town, and noted that the Town is charged for a light whether or not it is working. The Committee will recommend removing some of the current street lights.

Don McGuinness asked if that is for cost reduction.

Sue Clough said the issue of light pollution has been raised.

Jessie Levine said that converting to the new, energy-efficient lights would be fairly expensive, though because those shed more light, there would be a savings to the Town over time. In 2001, however, it was decided that the pay out period was too long, and the cost of conversion too high. The subject was revisited last year, and Mark Vernon is in discussion with PSNH now, and will be making some recommendations about the possibility of converting – perhaps just every other light, to the newer more efficient types.

Don McGuinness asked where one would go, if one wants a new street light.

Jessie Levine suggested he make that recommendation to the Board of Selectmen. That Board, in turn, would seek input from the Police Department and the Road Agent. The question will be: Is there a public benefit? She noted that the lights at Highland Ridge and Great Pines are paid for by those residents.

Celeste Cook said that PSNH recommends street lights at intersections, bends in roads and where there are sidewalks.

Noel Weinstein opened discussion about traffic lights.

Jessie Levine pointed out that, as mentioned earlier, Article 22 of the Warrant asks if voters will approve appropriation of \$22,000 for a conceptual engineering and design, as well as some planning and public discussion for the intersection and sidewalks at Newport and County Roads. There will be grant money for carrying out that project, available in 2006.

Peter Bianchi asked about Article 27 which asks if voters will establish a capital reserve for replacement of the detective or other police vehicle and to raise and appropriate \$10,000 to be deposited into that reserve in 2005.

Jessie Levine reminded the Committee that two years ago, the Town agreed to keep the old Explorer mainly for use by the detective. Now the Police Department would like to begin planning for its replacement. This will be a three year fund, and the Budget Committee is lobbying for purchase of a used vehicle or a less expensive four wheel drive.

In response to question from the Committee, she said they have not yet decided whether this vehicle will be entered into the regular vehicle replacement budget cycle or not. She noted that it should last longer than the regular police cruisers.

In response to a question about Article 28 which asks if voters will establish a capital reserve fund for replacement of the Police Department photocopier, and raise and appropriate \$4,000 to be deposited into that reserve in 2005, she said they did not put that into the operating budget because of the high cost of copiers these days. This will be four year fund. Yes, it will be a replacement copier, (not an additional copier).

Don McGuinness opened discussion of the proposed amendments to the Zoning Ordinance (Warrant Article 1-B).

Jessie Levine said her office has received some questions about Amendment 8 which redefines "Manufactured House" to be consistent with the State's definition, and replaces the term "Mobile Home" with "Manufactured House" throughout the ordinance. This amendment will also add a definition for "Pre-site Built Housing." Simply put, a "Mobile Home" is built to HUD standards, and "Pre-Site Built Housing" must be constructed to more stringent standards. The amendment clarifies that "Pre-site Built Housing" is allowed in the R-1 zone, but "Manufactured Housing" is not allowed in the R1 or Commercial zones. (That is not a change to the current restriction.) Also, the amendment will include recreational vehicles in the definitions for "Trailer" and "Travel Trailer."

Referring to Warrant Article 29, which asks if voters will discontinue the Kezar Lake Watershed Capital Reserve which was created in 2001, and transfer those funds plus accumulated interest to the date of withdrawal to the general fund, Mark Kaplan said the Town owes a lot to the volunteer monitors. The results of the water testing have now satisfied both the State and the Town of Sutton, and New London will not be required to do the contemplated remediation.

There was brief discussion regarding Article 30 which asks voters to approve the sale to the Morgan Hill Bookstore of a small parcel of land adjacent to that store for \$7,350.

There was brief discussion regarding Article 35 which asks if voters will approve gifting to the Kearsarge Lake Sunapee Community Center the .57 acre parcel of land discussed at the last CAC meeting, and which lists the conditions of that gift. Members noted that the Community Center does have a long ways to go with planning and financing.

Noel Weinstein said he would have preferred to see this parcel go to the Community Center by means of a trade, that is, an adjustment of the line somewhere else, between the residential and commercial zones.

Jessie Levine said the current plans are flexible; the buffer is still being worked out. The Planning Board would have to change the line between two zones.

Noel Weinstein asked if there had been any discussion of an exchange such as allowing free use of the gym to Town residents. He said that gifting the .57-acre parcel seems a little one-sided.

Jessie Levine said the .57 acre parcel will be mostly for the pond, and she and Lois Marshall reminded the Committee that at the last meeting, the Community Center planners did indicate that that pond will be available to the public for skating. The Recreation Department will not be continuing the pond on Main Street once the new pond is available.

Sue Clough referred to Article 36 which asks voters to authorize the Planning Board to require a preliminary review of Major Subdivisions, and said that that is recommended now, and most applicants do, but the Planning Board would like to see it made a requirement.

Celeste Cook asked about the election for school committee member.

Sue Clough said that will be a separate ballot, and that ballot will also include the issue of the middle school funding.

There was no further discussion at this time, and the meeting adjourned at 9:15 a.m.

Respectfully submitted,

S.A. Denz
Recording Secretary