

**TOWN OF NEW LONDON
BUDGET COMMITTEE
OCTOBER 5, 2005**

Present: Doug Baxter, Jack Diemar, Carol Fraley (Finance Officer), Jessie Levine (Town Administrator), Doug Lyon (Selectman *ex officio*), Bob Meck, Jim Wheeler, John Wilson, Barry Wright (Chairman)

Absent: Connie Appel, Pat Blanchard, Clayton Shedd

This meeting was held at the New London Fire Station. Barry Wright called the meeting to order at 7 p.m.

General Review

Doug Baxter said that he did not see any red flags in the departments' reports. He suggested that although all the department heads do a good job, and he would not advise micro-managing them, it does behoove the Budget Committee to become better informed on the line items within each budget.

Barry Wright agreed that the Budget Committee must not only have answers to its own questions, but also to anticipate questions that may be forthcoming from residents.

Doug Baxter asked if Budget Committee members should become "specialists" on the individual line items in order to answer questions about those respective lines at Town meeting.

Jessie Levine agreed that the Budget Committee should be prepared for questions at Town Meeting, but pointed out that at Town Meeting, the operating budget line items are lumped together in one warrant article, but the capital items are listed separately so that people focus in on each of them. People are much more likely to raise questions about capital items, and she suggested the Budget Committee focus now on those, rather than on the operating budgets.

John Wilson said the Budget Committee is in a sense, the "gate keeper" for the budget, and agreed that the Committee ought to be prepared to answer questions. He brought up, as example, the Highway Department's projected purchase of a ten-wheeler truck. He said the reason for getting that makes sense, but the Budget Committee should be prepared to answer questions about why that would not replace one of the six-wheeler trucks. He said that if he understood Richard Lee's explanation, the reason is because of the way the Town's plow routes are divided. Jessie Levine said that actually, the Town does not have many roads on which they could use a ten-wheeler for plowing.

John Wilson pointed out that Kenny Clarke's ten-wheelers are used to plow several of the roads in New London. He asked if there needs to be a certain amount before the ten-wheeler is used for plowing. He added a suggestion that if the ten-wheeler were used for some plowing, the old six wheeler could be kept as a back up. Jessie Levine said that Kenny Clarke does the main routes in Town, specifically Main Street and Route 11. Doug Lyon said that if they look at the planned plow routes in Town, and isolated the very few roads which could take a ten-wheeler, they would find that it would require that the ten-wheeler be driven all over Town to get to those roads.

Jessie Levine reminded the Committee that this year, Richard Lee has simply transferred the ten-wheeler from his "wish list" to reality, by requesting a deposit be put into the reserve toward its purchase. The purchase itself is projected for 2007, not 2006.

Doug Baxter asked if it were correct that the primary use for the ten-wheeler will be hauling materials. Jessie Levine confirmed that, and added that Richard Lee has said that they may put a sander on it in winter.

Doug Baxter asked if they would consider purchasing a pre-owned ten-wheeler. Jessie Levine said that is the intention. It will still cost around \$100,000. Doug Lyon added that Richard Lee has indicated that purchase of the ten-wheeler may allow them to extend the lives of the six wheelers.

Returning to the discussion of preparedness for Town Meeting, he reminded the Budget Committee of how helpful it was to have Doug Baxter serve as an expert in presenting at Town Meeting two years ago, the rationale for purchase of the Police Department Expedition. That showed that the request had been carefully looked at and researched, and Jessie Levine added that it was good for people to see that someone other than (or in addition to) the Board of Selectmen do that.

Doug Baxter agreed that the Budget Committee should be prepared to discuss the capital items in particular, but added that those discussions may lead back to items in the operating budget.

John Wilson raised the issue of the large disparity between appropriations and actual expenditures in the Highway Department's budget. Looking at that, it would be difficult to say how the Budget Committee is watching the pennies. Doug Lyon said that Richard Lee would be able to explain those disparities for each year. For example, one year, he was able to get a much better price on asphalt than he'd anticipated simply because the State was doing work nearby. Other years, they budget for uniforms for all employees, and few want uniforms. As far as salaries and wages go, the Town always budgets in anticipation of full staffing, though there may be turn over during the year.

Jessie Levine will provide a list of encumbered items. Those amounts do not show up in the budget as having been spent, but they do not go into the surplus either.

Doug Baxter opened some discussion on covering costs of unexpected storm events or disasters that would result in Town expenditures, such as flood damage to drainage and culverts. Should a fund be established to cover?

Jessie Levine said right now the Emergency Management Committee is working on a detailed Hazard Mitigation Plan for the Town, basing that plan on past events. Richard Lee has indicated that he feels secure at this point that the worst (as far as roads, culverts, drainage, etc.) has happened, and they are well prepared to withstand storm events in the future. She added that now it is easier to get FEMA money when an emergency is declared.

Doug Lyon clarified that the Town may have to lay out funds at first, such as occurred in the ice storm of '98, then get reimbursed by FEMA. In other words, after a disaster, there would be a cash flow issue, but not a significant expenditure issue. He added that it might make some sense to look at such a fund as Doug Baxter suggested.

Jessie Levine asked John Wilson if he is looking at a particular under-expenditure. John Wilson said that the Town's expenses have increased 4.4% over all, but the Highway Department's have increased 9.1%. Because that department's increase is so different from others', it would be worth while to gain a good understanding of it. Jessie Levine pointed out that the Highway Department added a full-time position two years ago, and the Town has taken on several new roads.

Carol Fraley asked if Richard Lee should be asked to come back to another Budget Committee meeting. John Wilson suggested these questions could be addressed by the subcommittee.

Barry Wright suggested that the subcommittees look at issues of overall expansion in the operating budgets, plus the capital items. The Fire Department, Public Works or Highway Department and the Police Department have the major capital items in their budgets. He noted that the Fire Department is asking for another pick-up truck this year, and he feels that the expense has been fairly well justified. In addition, they have the on-going request for a deposit into the reserve for a ladder truck.

Jim Wheeler said he senses that there is in Town an uneasiness with budget creep. He pointed out that it is very difficult to quantify how much something is needed, particularly where safety may be concerned. How much is too much for any one department? Jessie Levine agreed, saying the budget could be reduced if people were willing to live with fewer services. The question is what services do people want more or less of? What can the Town live without?

Jack Diemar pointed out that a great deal of the recent budget increases are due to advancements in the technology. He asked how much of the budget is for technology that was not even around three years ago. Jessie Levine added that now, as people become more technologically advanced at home, they expect the Town's information systems to keep up. For instance, the Town has budgeted to add the GIP mapping program to the Vision assessing website. Doug Lyon agreed that technology is a big part of the budget increase, but added that there is also an increased expectation for professionalism in Town services.

John Wilson asked if it behooves the Budget Committee to understand this more. The Budget Committee really should know that a request is not "candy," that it is something that the department can really use. Barry Wright said that if the Budget Committee understands an expense, it could do a better job of explaining it, or perhaps in some cases, eliminating it. Jim Wheeler said a common question he hears is: Do we really need that (including personnel)? The Budget Committee should be able to answer that in an informed way.

Jessie Levine distributed copies of an article from the July/August 2005 issue of *New Hampshire Town & City*, titled "Transfers, Over-Expenditures, and When 'No' Really Means 'No'!" At the same time, she suggested that people in Town might benefit from seeing the relevant data for each department. Perhaps periodic updates on how the departments are spending their budgets, including for staffing, could be provided in a link. Barry Wright said the detailed files Richard Lee has begun keeping on each road would be helpful toward that end.

He opened some discussion on a combined Public Works department. Jessie Levine said the Public Works Study Fund is on hold right now, until the Sewer Department addresses the follow-up related to the sewer spill (\$10,000 opened that Fund last year, but there is no request for a deposit in 2006). At some point, there will be some discussion about merging the Sewer Department (which has an intermunicipal agreement with Sunapee) and the Highway Department. The Water Precinct, which is joined with Springfield, is another story.

Barry Wright asked if there is a process for incorporating a board like that into town government. Doug Lyon said yes, but it is complicated and political. They would have to figure out if it is do-able. There would be benefits. Barry Wright said there is a planning process in Town, and that process should incorporate planning for utilities. Doug Lyon agreed, and said that right now, the Town is cleaning up a lot of problems left over from years when they just got by.

Bob Meck asked about the possibility of consolidating the Town's computer and software purchases. Jessie Levine said the question comes up every year in the CIP. She said each department's hardware costs are relatively small expenses, spaced out every few years. A couple of years ago, large computer expenses were incurred by the Police Department which up to that point, had been using hand-me-downs, and by the library. As far as software goes, she said that each department uses programs geared to its own needs. For example, the Police Department uses Crimestar, and the Town office uses Munismart. There is little opportunity for a bulk purchase of software, though she is looking to do that for Microsoft Office 2003. Also, they are talking with Newbury and Sunapee about joint mapping software. Doug Lyon said the next big change will be to server farms. The technology changes often, and the CIP Committee is discussing the possibility of having just one fund for that purpose, rather than each department having its own reserve.

Jack Diemar asked if the Town has a technology coordinator or advisor. Jessie Levine said that each department has its own. Bob Meck suggested the possibility of a volunteer serving as a chief technician, or information systems

person. He said there needs to be compatibility among the public safety and emergency services both locally and with the surrounding area, with an overlay of State Police.

Jessie Levine reviewed some recommendations for safety improvements at the Town office.

Subcommittees

Barry Wright suggested that the areas of the budget which should be revisited are Highway Department, Police Department, and General Government, this last in order to gain better understanding regarding the joint assessor. The Sewer Department is not one over which the Budget Committee has any control. Jessie Levine added that is true of the library also, but both those departments will come to a Budget Committee meeting.

Jim Wheeler asked if the objective of the subcommittees would be to increase oversight. Barry Wright said not so much oversight, but a clearer understanding, so that the committee can better defend, or not, a given expenditure. Jim Wheeler added that in some cases, the Budget Committee may recommend more than the request.

The Budget Committee agreed to divide into the following subcommittees:

1. Doug Baxter, Pat Blanchard, and Connie Appel will address General Government (particularly the questions regarding the new assessor).
2. Jack Diemar, Bob Meck, Jim Wheeler will meet with the Police Department.
3. Clayton Shedd, John Wilson, Barry Wright will meet with the Highway Department.

Barry Wright suggested the subcommittee meetings occur, or that the process at least be started prior to the next meeting of the whole Budget Committee on October 26. Jessie Levine will coordinate scheduling. The Library will also be present at the October 26 meeting.

2006 Budget Update

There was brief discussion regarding the changes in the budget since September 15, specifically, the relocation of the \$12,000 for Liability insurance from the Police Department to the Insurance line item. Jessie Levine reported that, as suggested at the last Budget Committee meeting, David Seastrand has been able to reduce the requests for Computer Support and Services, General Equipment, and Computer Supplies. Carol Fraley added that several of the broad areas will be further itemized in the next print-out.

Meeting adjourned at 8:15 p.m.

Respectfully submitted,

S.A. Denz
Recording Secretary