



TOWN OF NEW LONDON, NEW HAMPSHIRE

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BUDGET COMMITTEE DECEMBER 4, 2008

PRESENT: John Wilson (Chair), Connie Appel, Doug Baxter, Ann Bedard, Barry Wright, Bob Meck, Noel Weinstein, Jim Wheeler, Jessie Levine (Town Administrator), Carol Fraley (Finance Officer), Larry Ballin (Selectman), Mark Kaplan (Selectman)

ALSO: Les Norman (Conservation Commission), Terry Dancy (Conservation Commission), Ruth White (Conservation Commission), Shelby Blunt (Library Trustee), Charlene Baxter (Library Trustee), Erle Blanchard (COA), Gary Markoff

John Wilson called the meeting to order at 7 p.m. with a first order of business being the clarification of the last meeting minutes. Jessie Levine stated that 1) the minutes should reflect that Erle Blanchard, and not Earl Chandler, was present at that meeting; and 2) the section that addressed the Library Capital Reserves was not clear in stating that the reduction was to \$75,000. The section says \$150,000, however, the committee had settled on a reduction to \$75,000. The revision(s) were motioned and accepted by unanimous vote.

Conservation Commission: John Wilson introduced Les Norman, who gave an accounting from the Conservation Commission, stating that the monies in the CIP Plan had been authorized since 1994 at the discretion of the Town for the purchase of land conservation and that it had been established with the Town to increase the amount to \$500,000, with contributions of \$50,000 to be set aside each year for this purpose. The purpose of the Commission is to ensure an earnest attempt to put aside monies specifically to buy land(s) when and where available for conservation. He stated that the acceptable percentage for land conservation is 25% and that New London was at 15%. He also stated that the State does not control open land for conservation; the Town has to do that itself. He believes that the Town should make the effort to purchase any open land as it becomes available, since once the open land is bought by others, it is gone forever. He urged the Committee to reinstate the \$50,000 proposed in the CIP budget as originally submitted.

Barry Wright asked if the current 15% included land in the conservation zones and Jessie Levine stated that zoned conservation land was not included in that figure. Barry wanted clarified what lands were included as conserved areas and what that figure was. Mark Kaplan stated that at present there are 13,000 acres in the town with 4,000 acres built upon or in use and 9,000 acres that are not developed and are either privately owned or open land areas, making the Town land areas 1/3 developed and 2/3 undeveloped. John Wilson reminded the Committee that with the current economic situation, they needed to focus on the immediate future and the tax bill and in doing so, to keep in mind that other line items were also cut in an effort to make it feasible for taxpayers to remain in the Town. He reminded the Committee that these cuts were for one year only in order for the Town to get some financial relief and would be revisited next year and, if the financial crisis had abated somewhat, the Town could then reinstate the line items that had been previously cut. John then added that all the departments had in fact come forward to offer their support in deciding where to reduce costs that would effectively help the Town's taxpayers this year and asked that the Conservation Commission cooperate with the one-year reduction in monies being included in the budget.

Les responded that he understood everything John had stated, but still requested that the Committee leave the line item in the warrant for the Conservation Commission. After much discussion, John asked if any

of the Budget Committee members would like to change the decision from the last meeting to have this line be cut from the budget and consensus was that it would remain as decided in the last Budget Committee meeting.

Administrative Budget: John Wilson brought forward the next item on the agenda, which was the Administrative Budget. Jessie Levine stated for the record that there had already been a reduction in the overall administrative costs of 1.3% in the budget from last year and wanted to highlight three areas in which those reductions occurred: 1) cleaning costs - with the retirement of Ray Heath, there was a savings of \$46,000; 2) benefits - health insurance and cost of living raises - \$8,900 lower than 2008 budget, a result of the selectmen changing the prescription benefit which is more costly to employees but reduces the overall premium cost and the 4% cost of living allowance raises which is comparable to the 4.5% raises from last year; 3) the proposal to increase the zoning administrator's time to 35 hours per week (full time), with the current cost being \$35,500 and increasing to \$56,800, with a net increase of \$21,300. However, combining the overall impact to the budget, there is a net decrease because of those major changes.

Doug Baxter asked why the increase to the full-time zoning administrator position was needed and Jessie referred to her memo and said that building permit activity has not decreased and has become more complicated due to state regulations. It takes approximately 8-10 hours per application to follow through on the number of building permits for shore land projects (the number of new homes has increased since last year), and that noted that the increased fees for building permits in 2008 almost exactly match the budget for 2008, and she hopes that an increase in fees in 2009 could cover the additional hours. She recommended that the Selectmen reexamine the fee schedule to see about raising them to a more equitable amount for the Town.

Larry Ballin interjected that the discussion the selectmen were having about this was that if the zoning administrator were to be brought on board full time, then moving forward, more and more responsibilities could be taken over by that position and that in-house staff could take on some of the responsibilities that the Town is currently paying the Planner. The \$10,000 savings that is being shown would be seen within the first year, with the hopes for additional savings in future years.

Noel Weinstein asked if the Town would be receiving less service in the overall custodial proposal. Jessie responded that Bob Morse of Sodexo had budgeted four hours per building per day and that basically they are employing one and a half people, the half being a person that is also on half-time at the college and by having the Town buildings still under contract at this year's prices, she believes Sodexo justifies keeping that person on staff. She had received a proposal from Frank Anzalone, architect, for some facility reviews that she did not put in the budget this year because of the budget efforts. She stated that Peter Stanley is willing to convene the building committee going forward, but that there hasn't been time to do that as hoped this year.

Jim Wheeler asked about the handout from the proposal submitted in previous meetings where the salary was \$31,100 and \$22,000 was designated for dental. Jessie clarified that was for the custodial position; a vacant position is budgeted for family benefits because it is unknown who will apply. The Zoning Administrator position is budgeted as a two-person plan and is an exempt position.

John Wilson then asked about the COLA budget of \$72,347 and wanted to know which departments were included in that. Jessie responded that all departments were included in that line item. Normally the Fire Department and the Library were budgeted separately because they are governed by separate boards, but for this instance, they calculated the total 4% COLA as a whole to reflect the cost across the entire budget. She clarified that the \$72,347 was spread out over all departments and reflects the impact of the raises for the 2008 and 2009 fiscal years. She reminded the Budget Committee that per their request,

salaries are now shown by each department in the budget year, which is why each department salaries appear to have increased by 8-9%, when in fact they are actually 4.5% (2008) and 4% (2009).

Gary Markoff asked about the cost of Town employees' health and dental and what competitive comparison(s), if any, had been made. Mark Kaplan responded that the Town reviewed the benefits every year and, being under a town government as well as being in New Hampshire, did not allow for the same type of opportunities that larger businesses were afforded in choosing from a lot of insurance companies. Jessie Levine explained that there are currently two public health insurance programs offered in New Hampshire: the Local Government Center (with Anthem) and Primex (with Harvard Pilgrim). The Town receives its Anthem Blue Cross three-tier health plan through the LGC, and receives a package rate because the coverage includes all Town liability, health, and dental under one umbrella, which makes it more competitive pricing. It is not cost effective for the Town to go outside of the public health pool insurance programs. She said that in the last eight years, the Town has increased the employee share of the premium as well as the employee co-pay, and this year has increased the employee share of prescription costs, which lowered the premium to the Town and the employee.

Wastewater System: John Wilson then moved on to the next agenda item of the town sewers and any changes that were under consideration. Mark Kaplan stated that the Sunapee Wastewater Treatment Plant was outdated and needed to be overhauled. Mark said the costs were \$2.6 million and that he was challenging those figures. Another question was who should pay for the overhaul, everybody, just users of the sewer system or some type of combination? He was bringing it forward in order for it to be discussed because the State was not going to be able to help with costs as originally thought and it is a very expensive item under consideration. The wastewater plant is under permit and part of the condition of the permit to operate is that these updates be made.

Richard Lee stated that the upgrade would extend the operating capacity another 20-25 years. He added that if the new permit requirements are not met, the EPA could potentially impose fines amounting to \$30,000 per day. Connie Appel asked what the process was to have the bond become active. Jessie responded that the Town would have to vote on the bond, but the allocation of payment would have to be recommended by the selectmen, and inevitably the issue would come up at the Town Meeting. The selectmen would have to have an answer by the time of the town meeting and she didn't think they wanted to decide this issue in a vacuum. Larry Ballin suggested that transparency is the best policy. Jessie continued on to say that by putting it on the tax rate means it won't be so heavy on the sewer users, but non-profits won't be paying then and the College will only be paying in portions. Putting it on the sewer users means waterfront property owners won't be paying because they don't have sewer access. Mark Kaplan stated that everyone does however benefit from the sewer system in one way or another.

Jessie went on to state that Larry Ballin suggested looking at the past "power rate" the former commissioners had looked at that graduates the cost based on use and has the higher users pay more of the sewer costs. Larry Ballin commented that he didn't want the town to be in the same emergency state that it found itself in 30 years ago and hopefully by facing the issue now, the town could put some kind of plan in place before the State takes over receivership and tells the town what it has to do. The \$3.5 million would pale in comparison if the State determines what has to be done.

John Wilson asked when would there be more information available and Larry responded that the selectmen were still collecting information and holding sessions to determine options.

Jessie Levine added that the New London and Sunapee Commission had selected an engineer this past summer and their report had not been issued until November 20, with a follow-up report due on December 18. This phase contains part of the costs for the headworks, the grit removal, and sludge dewatering. It will be a major capital plan for the plant with both towns contributing. Mark Kaplan stated

that the issue would be brought before the Citizens Advisory Committee meeting on Saturday, December 6.

Larry Ballin added that there will not be any attempt to get a bond or municipal funding for the Community Center in 2009, but that the group would still be trying to obtain private funding with great revision and downscaling and John Wilson stated that was in keeping with the overall attempt to be fiscally responsible in light of the current financial crisis.

John Wilson then moved on to the different department budgeting and asked if any department heads had any comments. Doug Baxter asked about the energy costs for propane to which Jessie responded that the Town was locked in at \$2.435 per gallon.

John Wilson reiterated that the current issues to be considered were: 1) should there be a selectmen's discretionary fund; 2) should there be monies put into an education reimbursement fund?; and 3) should the paving/highway department costs be put off for one year? He also stated that a goal the Town could have in mind might be approximately 3% reduction in costs. John stated that the Budget Committee had agreed that the department heads should have first choice in the selection and reduction of priority items. Larry Ballin commented that if anyone had specific questions they could submit them in memo form to the Board of Selectmen and the Board would respond appropriately. Because tax rates could be manipulated, Jessie stated that it would be better and more realistic to stay focused on the budget rather than go into discussions about tax rates at this particular meeting.

Barry Wright asked Jessie Levine to explain the tax overlay, to which she responded that the overlay was money set aside for abatement, which the Town would like to keep at a low figure. There was more discussion concerning revenue intake and Jessie stated that the Town always underestimates revenue because it is better to have more come in than the Town anticipated. She stated that the current budget had cuts already in it across the board and that was part of what should be put on the table. John Wilson stated that any pay package discussions should be deferred to the January 8th meeting.

Larry Ballin cautioned those at the meeting about discussing these items outside of the meeting, citing RSA 91-a:2a regarding communications outside of meetings and/or public hearings. He wanted everyone to be very cautious about discussing or e-mailing things between themselves as that would violate the statute.

John Wilson stated that the next Budget Committee meeting would be January 8.

Meeting adjourned at 9:33 p.m.

Respectfully submitted,

Camille Holmes
Recording Secretary