



# TOWN OF NEW LONDON, NEW HAMPSHIRE

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## **BUDGET COMMITTEE MAY 14, 2008**

**PRESENT:** John Wilson (Chairman), Doug Baxter, Jessie Levine (Town Administrator), Carol Fraley (Finance Officer), Larry Ballin (Selectman), Bob Meck, Jim Wheeler, Connie Appel, Celeste Cook, Jason Lyon (Fire Department Chief), Noel Weinstein.

John Wilson called the meeting to order at 7 p.m., and the Budget Committee addressed 12 areas of business during the meeting.

### **Election of Chair for 2007-2008 Budget Season**

Doug Baxter nominated John Wilson as Chairman. Bob Meck seconded. No further discussion. Motion unanimously approved.

### **Minutes- February 11, 1008**

Paragraph three on page five referring to the conservation land purchase was amended to reflect that the Budget Committee voted unanimously to leave that article in the warrant, but in a separate vote of six (Doug Baxter, Bob Meck, Noel Weinstein, Pat Blanchard, Mark Kaplan, Jim Wheeler) to one (John Wilson) agreed to add a note to the warrant article stating that the Budget Committee would not recommend its passage.

Bob Meck voted to accept the minutes as amended. Doug Baxter seconded. No further discussion. Motion unanimously approved.

### **Procedural Issues**

Prior to the meeting, Budget Committee members received a letter from the Chairman referring back to several procedural issues that had arisen during the course of last year's discussions, and that members had agreed to resolve at the first meeting of this new budget season:

### **Email Communications**

Jessie Levine said that three years ago, a legislative committee was formed to update the right-to-know law to address how technologically advanced communication may fit into the New Hampshire law. Now, the legislation that committee has proposed will amend RSA 91-A:2 §I and II (that defines a "meeting" and states requirements for notice and minutes of the meeting), so that it prohibits a quorum of members from communicating by any means including but not limited to "sequential electronic communication" in order to "circumvent the law." In other words, a quorum of members may not use email to conduct business, arrive at decisions or vote on any matter over which it has supervision, control, jurisdiction or advisory power. Only procedural matters such as scheduling, format, etc., may be discussed by a quorum over email. The reason is that functions affecting any or all citizens of the Town are considered public proceedings and must remain open to the public. The new amendment does however allow postings for meetings to be placed on a web site, and does allow a member who cannot be physically present at the meeting to participate in the meeting by email or phone.

At this meeting, Budget Committee members agreed with the spirit of that amendment—to keep all public business accessible, but also concurred that what the Committee has done in the past by email, has not circumvented the law. Jessie Levine clarified that members can talk to one another about Budget Committee matters over email, but there can not be “sequential communication” that is, back and forth discussion among a quorum of members about a matter over which the Budget Committee has supervision, control, jurisdiction, or advisory power. Doug Baxter asked to confirm that this law applies to all boards, not just to the Budget Committee.

#### The Raises Line Item under Personnel Administration

Bob Meck agreed with John Wilson’s letter that having this number broken out among respective departments would allow a better understanding of the total cost of that department. Budget Committee members concurred, and also concurred with Jessie Levine who pointed out that it will be necessary to keep the lump sum figure available as well, in order to facilitate discussion regarding the Town’s pay raises. Carol Fraley said they can begin showing that line broken out among departments with the 2009 budget.

#### Budget Committee’s Method of Recommending Dollar Amount for Employee Compensation

John Wilson recalled some discussion last year of the Budget Committee recommending a total dollar amount for employee merit pay, perhaps not even using the CPI as a reference. Jessie Levine said that last year, the Budget Committee recommended a total of 4.5% increases to be allocated as Selectmen and Department heads saw fit. Consequently, the Board of Selectmen voted to give an across the board cost of living increase of 3%, and allow 1.5% to be distributed as merit increases. She noted that the December CPI really was 3.8%.

Jim Wheeler said he, too, recalled some discussion about setting the raise amount and using that entirely as merit pay. Both Connie Appel and Jessie Levine said there was much discussion last year over this, and in the end, the Committee agreed that it has purview only over the amount budgeted and not how it’s actually distributed. It budgets for the raise, and all other decisions—such as how that is distributed, are up to the Board of Selectmen.

Noel Weinstein said the problem is that even if someone is performing below par, they still get the 3% increase. Jessie Levine said that the 3% figure represents cost-of-living, which all employees should receive to keep up with expenses. That said, New London does not have any employees performing below par because employees who do not perform are usually asked to leave. Larry Ballin agreed, the Town has no “lagers.” Noel Weinstein said then on the other hand, this formula arrived at by Selectmen constricts how well the Town can award really high performers. John Wilson suggested there should be some dollar amount recommended for stellar performers. Jessie Levine said the Town’s goal is to keep up with cost of living. She said it does not want to fall behind in that for some employees in order to reward stellar performers.

At any rate, it was agreed that this year, an earlier CPI number—from October—will be used for purposes of discussion.

### Rolling Tax Rate

John Wilson suggested that having a rolling tax rate included in each Budget Committee's meeting packet would be helpful. Jessie Levine and Carol Fraley agreed to start providing this number as soon as revenue projections are available.

### Changes during Budget Process

In his letter, John Wilson asked if the Budget Committee becomes alarmed at the number shown for that rolling tax rate, should it offer Department Heads the initial opportunity to make changes, not precluding the Committee making its own changes. Budget Committee members agreed with that etiquette, and Jessie Levine said that she has asked Department Heads to attend as many Budget Committee meetings as they can in order to be part of the process.

Jim Wheeler asked if, in addition to seeing a rolling tax rate (that would be the number before anything from surplus is applied to offset it), could the Committee also get an idea of how much surplus there will be. He asked if it would be within the purview of the Budget Committee to use those numbers to give guidance to the Department Heads.

He went on to say that it is his sense that the Town is running out of surplus. Jessie Levine agreed. They are definitely working in a tighter budget climate now. She pointed out that in most departments there is now no cushion (for example, they don't even have enough budget remaining to cover one week's worth of overtime in Public Works), no surplus, and for the first time in years, the Town is about to borrow on its line of credit due to low cash flow before the first bills go out.

John Wilson and Jim Wheeler agreed that it would at least be helpful to compare the rolling tax rate (before surplus) with last year's tax rate (before surplus).

### Subcommittees

Jessie Levine observed that the discussions and questions that the subcommittees raise generally end up before the entire Budget Committee anyway. She said using the subcommittee system allows a few members to know their departments really well, but it doesn't really replace having the same discussion among the entire Budget Committee. Connie Appel said the subcommittee system allowed her to get to know individuals as well as issues within the department. She said she feels it is important to know every employee by name.

Several Budget Committee members recalled the days of the *Grand Tours*, and suggested going back to those. Jessie Levine agreed that on the tour, employees as well as department heads were often present. But, John Wilson pointed out, on the tour, Budget Committee members did not ask the same types of questions they would during the budget process. Jessie Levine suggested that was because the tour had always been held earlier in the season. Perhaps the tour could be scheduled later, after budget discussions are underway.

Bob Meck asked for Jason Lyon's opinion. Jason Lyon suggested the two functions could be combined. He said it was beneficial to him to have the tour come through his department, and it was also important to know people's specific questions ahead of time. He suggested this be a two-phased approach: a tour and then a sit down discussion.

Chief Lyon went on to point out that safety services are people-oriented, and the department is always looking for ways to share with people how the department operates, and always looking for feedback. He said it is difficult to get through the process thinking everyone is on board with a specific budget item only to learn at the end that the same questions are still being asked. He said as department head, he would like to know what those kinds of weaknesses are ahead of time.

Noel Weinstein said he liked the subcommittee system. Doug Baxter said that the subcommittees delved into each line item. The questions were more pointed and detailed. He said that while he agrees that the entire Budget Committee should visit each department, he would still like to have the subcommittee structure.

Jim Wheeler said he disagreed with that to some extent. He said he would support the idea of having department heads present their requests and issues, then scheduling a tour. That would give everyone on the Budget Committee some exposure to departments, and it would avoid having questions asked twice. He pointed out that in New London, the departments are not so big that they require specialists to know their budgets. Connie Appel agreed that they already have a lot of meetings, and she said with the subcommittee system, she missed gaining the familiarity with the other departments.

John Wilson said that originally his idea in recommending the subcommittee structure was that he felt it would be impossible for every Budget Committee to become intimately familiar with each line item in the budget. He has since changed his opinion noting that at the January 2 meeting, everyone was so well prepared ahead of time. He would agree to eliminate the subcommittees, with the caveat that the Budget Committee must do its duty in familiarizing itself with the entire budget. Noel Weinstein said, but that will mean really long Budget Committee meetings. Connie Appel said not if everyone does his homework ahead of time.

Bob Meck said he has no objection to eliminating subcommittees, but pointed out that there will still be specific issues that affect all departments, and that should be addressed by a special committee. The pay raise issue was an example. Jessie Levine agreed with that, but pointed out that even with all the research and preparation that subcommittee did, there were at least two times that it (the subcommittee) thought it had put the issue to bed only to have the entire Budget Committee send it back to the drawing board.

Larry Ballin suggested that preparation may mean that individual Budget Committee members call department heads with questions, and he asked Jessie Levine to let department heads know that.

John Wilson confirmed that departments must submit their 2009 budget requests by September. The Budget Committee will receive those, schedule two or three tours, then meet with departments. There was some back and forth discussion about whether the tours should be before the Committee receives the 2009 requests, or after the department requests are submitted. Question was raised about whether or not departments could get their numbers in earlier than September. Jessie Levine said they do not really begin spending this year's allocation in earnest until June when big projects begin, and there is not enough data or time to prepare next year's budget at that point. She did suggest that a request from the Budget Committee that Department Heads get their budgets in promptly on the specified date in September, may be more efficacious than a request from the Finance Officer.

Members agreed to schedule tours of the departments during the summer, then begin scheduling the meetings. Jim Wheeler suggested there be at least one regular Budget Committee meeting between the tour and the in-depth meetings with department heads. Budget Committee members agreed. Jessie Levine will draw up a draft schedule. She reminded everyone that the CIP meetings will be mixed into this time frame as well.

### Physical Inspections

John Wilson said that when large expenditures are projected—such as the purchase of land like the Shultz property, or changes to a building such as are planned for Bucklin Beach or Tracy Library, it behooves the Budget Committee to go out and view those. Budget Committee members agreed that in the future there should be physical inspection, multiple bids and in the case of a projected land purchase—at least two appraisals. Carol Fraley said that raises the question of who will pay for the appraisals. Jessie Levine said that (the who) would not be a Budget Committee decision. The Selectmen have agreed that in the future at least two appraisals will be required—one from an appraiser chosen by the Conservation Commission and paid for by the Town, and one from an appraiser chosen by the seller and paid for by that person.

Larry Ballin said everyone including the Conservation Commission agrees that the Shultz land purchase could have been handled better, and that there should have been a more transparent process from the beginning, that Selectmen and Budget Committee must be brought into the process earlier, and that there should be multiple appraisals. John Wilson asked if that agreement is memorialized somewhere. Larry Ballin said that is reflected in meeting minutes and the Selectmen can issue a memorandum on that.

Connie Appel asked if, in the instances when projected purchases are to come out of capital reserves, it is really within the purview of the Budget Committee to determine if a purchase is appropriate or not. She asked if the Budget Committee would really just be giving the Conservation Commission (or other agency) access to the funds it has already saved. John Wilson said the Budget Committee's job is to protect the funding of the Town, including assuring that the Town gets best value for its money. Connie Appel asked what kind of value judgments the Budget Committee is in a position to make. Jessie Levine said the Budget Committee can decide whether or not to recommend a purchase—such as the Shultz land. Connie Appel asked if the Budget Committee could have voted that article out of the warrant altogether. Could the committee have said no, it is not going to release the funds? Jessie Levine said yes, the Budget Committee could have done that. Then the Conservation Commission (or other interested parties) could have submitted it vis-à-vis a petition warrant article. Another possibility would have been to have had two different budgets—if, for example, the Selectmen voted to keep the article in the budget, and the Budget Committee did not.

Noel Weinstein expressed concern that at Town Meeting, upon seeing that neither Selectmen nor Budget Committee recommended the purchase, people expressed a lack of faith in those boards, and assumed both boards are opposed to conservation. He said that is not necessarily the case. Members agreed, the decision to not recommend purchase of that particular parcel did not indicate a disinterest in conservation. Jessie Levine pointed out that the Conservation Commission did not attend the public hearing when the decision to not recommend was made.

Larry Ballin concluded by saying that going forward, Selectmen will be involved earlier in the process, and there must be the same set of rules applied to everything, to make sure the correct cost is found. He cautioned that sometimes that may be at their peril (if, for example, a second appraisal comes in higher).

### Capital Improvements Program

John Wilson volunteered to draft a letter to the Planner asking if the CIP meetings could be more consolidated. Larry Ballin agreed that it would be a good idea to let him know that the Budget Committee is interested in expediting these discussions. Jessie Levine added that the most important parts of the process are the meetings with Department Heads to get some idea of the projected capital changes. The

CIP subcommittee appointees from the Budget Committee will be John Wilson, Bob Meck, and Noel Weinstein.

### Charitable Requests

John Wilson said he feels the Town cannot just decide to support an organization. There has to be a specific purpose targeted. He said the Town should have either a written or implied contractual relationship with the organization, or, if not that, then the purpose should be spelled out in the warrant article. Jessie Levine said the organization must have a public purpose, but the allocation does not have to target one specific service, such as transportation.

Larry Ballin suggested the Budget Committee could ask for an accounting of how the allocation is spent. Budget Committee members said they do receive that at the time the annual request is made. John Wilson said the Budget Committee has an obligation to assure the Town is getting what it understood it would. Jessie Levine said the Town could have a contract, but that is not required.

Noel Weinstein pointed to the increase in COA's requests – a doubling in three years, and said he felt the Town is paying for the new building. The services have not doubled.

John Wilson suggested that if a request is received from an organization to which the Town has not contributed in the past, they could require that be submitted by petition. Jessie Levine said she does not recommend just saying no without a conversation with the applicant. Connie Appel said she does not feel the Committee can have a one-size-fits-all policy, but that it must discuss each request on its own merits.

### Selectmen's Update

- Larry Ballin briefed the Committee on some recent damage to the police station. They have received one quote for repairs from Bruss Construction, in the amount of \$33,000, and are waiting for a second quote now. If the Town's insurance does not cover this damage, the Town will seek restitution from the person who caused it. If the insurer does cover the damage, it—the insurance company—will seek the restitution.
- He reported that the roundabout project is progressing well.
- Upgrades and improvements to the Georges Mills pump station have been completed, and the Town has ordered a back-up pump. Also, they have replaced the generator at the High Pines Lane pump station, but have learned that to redo the antiquated fittings there would be over \$60,000.
- The College has appealed its assessment, and its tax bill remains partially unpaid. He and Jessie Levine clarified that even if the entire bill were paid, that would not preclude the Town's having to borrow in this tight budget year.
- The Town will pay its school bill a month late.
- Selectmen and Safety Services departments are looking at two (uninhabited) buildings in Town that have structural and other issues, and may end up being condemned.
- The Master Plan update process continues, albeit slowly. There is some concern that the work is going over its allocated budget.

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- The Community Garden at Tracy Library issue has been resolved. The group of individuals has organized a 501(c)(3) organization. The Town will continue its annual declining contribution as agreed.
- The Town has applied for a \$100,000 sidewalk grant to construct sidewalks on Pleasant Street and Parkside. This is the State's "Safe Routes to School" program.
- He and Jessie Levine reported that the legislation that would have amended how the retirement system works was eviscerated by the House, and the Senate has supported the House's watered-down version. Failure of the proposed bill means that the system's shortfall of \$2.7 billion must be covered by employers. It has now gone to Conference Committee. The version of the bill that did not pass would have meant a difference of between \$50,000 (with the proposed legislation that failed) or \$250,000 (under the current system) as New London's annual contribution.
- SB 539 passed and that holds off any major changes in education funding for a few years, while study continues. The donor town question remains open. The constitutional amendment failed. Jessie Levine said that Randy Foose did vote for it, but Dave Kidder did not as he felt it would simply serve to delay discussion of other funding sources for education (other than property taxes).

Meeting adjourned at 9 p.m.

Respectfully submitted,

Sarah A. Denz  
Recording Secretary