

**Town of New London
Budget Committee Meeting
January 26, 2009**

Present: John Wilson (Chair), Doug Baxter, Jim Wheeler, Noel Weinstein, Bob Meck, Barry Wright, Connie Appel, Ann Bedard, Celeste Cook, Tina Helm (Selectmen's Representative), Larry Ballin (Selectman)

Staff Present: Jessie Levine (Town Administrator), Carolyn Fraley (Finance Officer), Jason Lyon (Fire Chief), Sandra Licks (Library Director), Chad Denning (Recreation Director), Linda Hardy (Town Clerk/Tax Collector), Richard Lee (Public Works Director), David Seastrand (Police Chief), Karen Ebel (Planning Board Chair)

Also Present: Dave Cook, Ben Barton, Bill Green, Peter Bianchi, Doug MacMichael, Robert Trabucchi, Joan Trabucchi, Bob Lavoie, DJ Lavoie, Erle Blanchard, Doug Homan, Jim Granger, Katherine Fischer, Laura Davis, Sue Clough

John Wilson called the meeting to order at 7:00 p.m. and stated the rules of protocol: 1) only Budget Committee members, the Town Administrator, the Town Finance Director, and the attending Selectmen are to be seated at the meeting table; 2) discussion of a particular subject will be limited to those sitting at the table, appropriate department heads, and concerned citizens; 3) all comments from concerned citizens will be limited to two minutes with only one comment per subject unless granted permission to do otherwise by the Chair; 4) after a motion has been made and seconded, any further discussion shall be limited to the Budget Committee members, the Town Finance Director, and the Town Administrator; 5) any further comments from concerned citizens will be accepted at the end of the meeting prior to adjournment.

The minutes from the meeting of January 8, 2009 were approved with the following corrections:

- Page 1: Paragraph Five: the first sentence should be amended to read "the Town had signed a contract with Underwood Engineering"
- Page 2: Paragraph Three: "the Selectmen" should be changed to "the Budget Committee"
- Page 7: Paragraph One: "and also had voted a number, which he said he thought could still be voted and disbursed by the Selectmen as they saw fit" should be deleted, and "He went on to say that the compensation number would be determined by what percent increase the Budget Committee was willing to support. This amount would be distributed as the Selectmen determined." should be written in.
- Page 4: Paragraph Five: insert "The Town Administrative offices are investigating fees for all building permitting, planning board applications, and health officer fees, in the hopes that by increasing those fees, it will help offset the added cost of the Zoning Administrator position" before Paragraph Six.

Sewer Project/Federal Stimulus Funds: Jessie Levine stated that she and Mark Kaplan attended the Sunapee Sewer Commission meeting with engineers on January 13, which included a tour of the Sunapee Treatment Plant. At that meeting, both towns reiterated that they wanted to go forward with the design only this year and be prepared to receive any federal stimulus funds that became available. Richard Lee and Jessie Levine attended a meeting at the State Department of Environmental Services in January to hear about the possibility of stimulus funds for wastewater projects. She went on to say that she was fairly hopeful that the towns could get a substantial portion of the sewer project offset with the stimulus package, but that the towns needed to have the design ready in order to take advantage of that. There is also the possibility that the funds will offset the design itself, so things are looking good in that regard,

although, the way the warrant article will be written, the Town will be seeking approval to borrow the money, whether in anticipation of grant funds or as a straight loan.

Noel Weinstein asked what the total amount would be and Jessie responded that for the design (for New London), it would be \$385,000, which is budgeting 70% of the design fee for the project. The design fees are not set in stone because they are a percentage of the estimated construction costs, and the engineers understand that the Town has to go to Town Meeting with some number (it would not exceed about \$540,000 total, including Sunapee's share). The \$7.6 million included the \$540,000 in design fees. She said that NHMA is trying to get the legislature to amend state law to allow a special Town Meeting, in the event the funds become available between now and next Town Meeting, which will allow the project to move ahead if that time limit becomes necessary. John Wilson asked if the plan now was to have the Selectmen put a warrant article on asking for the \$385,000 to be bonded, with the first payment not due until next year? Jessie responded that was correct.

Jessie went on to say that the Town has not talked any further about the allocation between taxpayers and sewer users and her recommendation would be that for the design fee, it should be the sewer users because it would be spread out in a bond and it wouldn't be payable until next year. This would leave the larger project to be allocated differently. Noel Weinstein asked if Sunapee was doing its part so that the Town(s) get to the total \$540,000 this year. Jessie responded that Sunapee has its money in a capital reserve fund; they have to appropriate the whole dollar amount and then authorize the acceptance of the offsetting reimbursement from New London.

Larry Ballin stated that he had attended a meeting today in Concord (with Paul Hodes and his staff). They are just now starting to get information about the stimulus package and where and how much money may be available. The total package nationwide is \$825 billion and the New Hampshire portion is about \$300 million, with 90% going to the State and 10% to municipalities. He went on to say that the Town had some good contacts within the federal offices and that the Town would be looking into some of its projects in hopes that they would merit a close look. The key message that the Town took to them today was that as much money as possible should be aimed directly to the municipalities rather than filtered through the state.

Employee Compensation: Chair John Wilson stated that this meeting was the night to make a decision regarding the subject of employee compensation. He quickly went through the facts that the December Northeast CPI was 0.7% and that last year at this time, it was 3.8% and at that figure, they had budgeted a 4.5% raise. Jessie clarified that the 2008 raises were distributed as a 3% COLA and an average merit raise of 1.5% (some employees received less than 4.5%, some received more).

John stated that this year, as he understood it, the Department Heads had said they preferred an across-the-board cost-of-living adjustment and Jessie confirmed that was their request, but that ultimately the Selectmen would end up making that decision. She went on to say that the Selectmen did talk about the subject again this morning and Tina Helm added that the Selectmen had, on a vote of 2-1, agreed on a raise of 2.5%. Larry Ballin stated that the Board of Selectmen would decide on distribution percentage and Noel Weinstein asked if that was the total including both COLA and merit, to which Larry responded that it was the Selectmen's recommendation to budget 2.5% of salaries for raises, and it was their jurisdiction to determine how it would be distributed.

Dave Cook asked if the Budget Committee had discussed the fact that the cost-of-living increase for Social Security was 5.8% this year. John Wilson responded that the Social Security increase had been set back in August and implemented in October; he went on to say this was happening with many businesses, citing the Hospital as an example of an organization that set a raise figure prior to the current economic climate.

Peter Bianchi commented that the Budget Committee was making progress, but reiterated that he was 100% in favor of a salary freeze. He had spent a lot of time going over the salaries provided by the Town Offices and although it was a 4.5% raise last year, about 6-7 employees had received over the last three to four years no less than 12%, some up to 40% raises. He stated that he thought it was the time to draw the line and level this line item.

Bob Lavoie commented that he had looked up the NH Local Government Center online (nhlgc.org) to find out the comparisons for towns with populations of 2,000 to 5,000, and the job descriptions for those towns and he found that New London was at the top of the salary ranges. He supported what Peter Bianchi was saying.

John Wilson asked if anyone else had any comments and then stated that he agreed with Peter and Bob. He went on to say that this year had no resemblance to any other year that they have known and they still have no idea of everything that is going on and how badly it will affect the Town. He stated that they weren't talking about layoffs such as Durgin and Crowell and Dartmouth, but they should be talking about pay freezes. One of his tenants has lost her job and cannot continue to keep her apartment. He said that our employees compared to peer groups of their choosing are comparing well in their compensation and he didn't feel that municipal employees should be insulated from economic realities. He went on to say that taxpayers' wealth has dropped immensely and the Town needed all the help it could get to get through this year until the worst has passed or until the Town can get a handle on just what it will be able to afford in the future. He said that for taxpayers struggling to pay taxes, to fund a pay raise makes no sense; a pay raise at this time is just plain insensitive.

Jessie Levine responded that she was offended by the statement "peer groups of their choosing," when the Department Heads and Personnel Subcommittee worked hard last year to address the salary issue in the hopes of leaving it behind. It was the Budget Committee that charged the Department Heads with picking the towns that they felt were most comparable and in some cases our salaries were higher and in some cases lower. She said that John Wilson's use of that term implies that the Department Heads had stacked the books. John responded that he didn't think so, he was just saying that they had chosen the comparable towns and Jessie interjected that it was at the Budget Committee's recommendation and with the Personnel Subcommittee's involvement. The Subcommittee reviewed all of the information and discussed the towns that were chosen, and she did not like the implication that somebody pulled the wool over the Budget Committee's eyes. John responded that there was no implication of that at all.

Jessie stated that just as she said at the last meeting, nobody is unaware of the economic situation. She thought the Selectmen's recommendation of 2.5% is fair because it leaves room for a COLA plus some recognition for merit. Some of our employees are among the many people who locked into fuel rates before the fuel prices came down, some of our employees are the tenants of rental properties in town, so we're not talking about people with multiple properties and vacation homes. These are the people who do the hard work in town. She does not think that the approach that because the economy is suffering, everybody should take a hit fits here, especially when the federal government is trying to make money available for local spending. She said that it is ironic; we are cutting back on local spending, which is the opposite of what is trying to happen nationwide. She went on to say that she was not arguing in favor of the 4%, but she does not agree that it should be zero. She does not think there should be no recognition of what the Town employees do or no recognition of how little some employees people make.

Jim Wheeler stated that they had discussed (last week) the goal of price/salary/wage increase, meaning not to harm the employees for 2009 but to keep them whole with the cost of inflation. It seemed to him that 2.5% was a little excessive for that goal and perhaps everyone should think about something in between zero and 2.5%.

Celeste Cook asked for clarification about what the tax rate would be if the 2.5% figure was used and Jessie stated that it would be a reduction of around 3.5 cents from the current budget. Celeste stated that she was not in favor of going below 2.5% because she felt that the employees worked very hard and the town was the way it is because of all the people who work here. It was not only the people who live here paying taxes, but the people who work in the offices, the fire department, the police department, that help to create the town. She actually was in favor of the 4% raise.

John Wilson asked if anyone wanted to make a motion and Jim Wheeler stated that he would like to hear more discussion. Noel Weinstein stated that he did not have a problem with 2.5%, that it was already significantly down from the original figure and it was not a big impact on taxes.

Bob Meck stated that he was torn: 1) we have a fabulous work force who does fabulous things, but he's concerned that even though it is a fairly rich town, there are still a fair number of people in the town that are going to find it extremely difficult to pay their taxes next year; and 2) he thinks there should be some recognition in remuneration for the staff. He reminded folks that last week he made a motion for 3% and withdrew it from the table, and after more consideration, he did not think that would have been the right number. He thought he could live with something in the 2-2.5% range.

Barry Wright stated that he mainly had one concern: that the Personnel Subcommittee last year had been concerned that a number of employees are above the maximum and their recommendation at that point was that they should worry more about increases for the people who were not above the maximum and there shouldn't be increases for the ones who were above the range, because the Town was getting out of kilter with the rest of the municipalities. He would go along with the 2-2.5% increase with the caveat that the Select Board and the Town Administrator see to it that more go to the people who need it most than those who are already above the cap.

Jim Wheeler asked Larry Ballin if that would be the case, despite the Department Heads' requests that they divide it evenly. Larry responded yes, in his opinion, the Selectmen should target certain employees. Jim asked who has the last say and Tina Helm responded that the Selectmen in total have the final say, but she wasn't sure that they had discussed it thoroughly enough to say yea or nay at this point. She went on to say that she thought what Barry Wright said seemed reasonable.

Noel Weinstein asked, as a point of information, if the low, mid, and high ranges change each year, and Jessie Levine responded that they are adjusted annually by the CPI. Noel asked if those in the higher rate were adjusted by that same December COLA or a different COLA, because that puts those people in balance. Jessie said that everybody moved at the same rate, although she could not remember what month she used the last time she adjusted it. Noel asked if the people whom Barry was talking about now would stay in the range and Barry replied that they would still be above by the same amount.

Jessie went on to say that if the Intertown reported fully on the meeting that the Selectmen had this morning, it would show that the discussion on raise allocation did start to come up. The dollar figure was the most important thing right now, but the Selectmen had started the discussion about how it would get allocated. Larry Ballin stated that part of what was discussed, and it was theoretical, was freezing Department heads' salaries for one year, letting those people who were not Department Heads benefit the most from it, taking the lead from our new White House, which froze senior staff salaries. That's just one idea, but as Barry had alluded to, Larry thinks the Board of Selectmen was willing to look at this as not just across the board.

Connie Appel reiterated that one of the reasons that some people were at the top of the range was because of longevity. She stated that she was content with 2.5%, although she would consider 2%, but that there

was a certain pessimism building with the economy and that she felt it was incumbent upon employers to look out for their employees.

Ann Bedard stated that while she had missed the last meeting, she did feel that the Town employees deserve some form of raise and if it needed to be offset, then they should postpone the request to increase a part-time position to full-time. John Wilson asked if Ann were proposing that they re-visit the Zoning Administrator position and Ann responded in the affirmative. She said that she does not want to slight the employee, but the part-time position should be held for one more year. She thinks that at this time when people are losing jobs, it is not fiscally responsible to be expanding or hiring more people. Jim Wheeler agreed, stating that while it might be appropriate to make it a full-time position, this is not the year to do so and he has not been satisfied that the position is needed. Jessie Levine asked to have a Budget Committee vote on whether or not to reopen the discussion and John asked if anybody was willing to make a motion.

Jim Wheeler moved to reopen the discussion about the Zoning Administrator position becoming full-time and Ann Bedard seconded the motion.

Connie Appel asked if they could vote by a show of hands. Bob Meck asked if the discussion should be put off until the Planner discussion was completed. John Wilson asked if this discussion would affect the Committee's position on compensation, and Jessie Levine expressed concern that each request should be considered on its own merit. She objected to "deal making," reminding the Committee that at the beginning of the budget season, the Committee had cut capital reserve deposits in an effort to avoid operating budget cuts, and then asked for further cuts to the operating budget and indicated it would be fair about employee raises, and now, after Department Heads made a concerted effort to respond to the Budget Committee's requests, the target is being moved again. She repeated that each request should be considered on its own merit. John responded that Mark Kaplan is the one who had stated that the Budget Committee should go easy on the operating budget and that Mark was not speaking on behalf of the Budget Committee.

John Wilson said that he was trying to come up with a sequence and there were a few subjects on top of one another right now. Barry Wright stated that at this point they should not re-open the discussion on the Zoning Administrator and later would be a more appropriate time. He thought they should stick with the employee compensation first and then go on to the Planner discussion and within that, they would come to the Zoning Administrator position. John asked Jim Wheeler to withdraw his motion, which he did, and John returned the meeting to the discussion about employee compensation.

Doug Baxter stated that he was in agreement with Bob Meck, and added that the municipal employees know that they have a job tomorrow and their position is not going away, and not everyone in the room could say that. Connie Appel noted that there were a lot of raises being given in the private sector as well, based on the results of the surveys conducted by John Wilson and Carol Fraley. Doug Homan asked how accurate the survey was, saying that Lake Sunapee Country Club had not been contacted. Jessie Levine said that she believes John Wilson had contacted LSCC, and read from the survey "25 employees, no pay increases, 3% membership fee increase." Doug Homan agreed that was accurate.

Jessie Levine stated that she had combined the two surveys and listed them in descending order, and of the 29 businesses polled, 19 were giving raises of some kind. Jessie Levine said that she had taken into account corrections made to the data from the Hospital, College, and School Districts, and still two-thirds of the businesses polled are giving raises of some kind. She went on to say that she was not trying to get in the way of the discussion, but just wanted to establish the facts.

Connie Appel asked for clarification of page 8 of the minutes from the last meeting regarding raises in the surrounding towns, which were still undecided. Jessie stated that the Newbury Selectmen had decided on 3.5%, Sunapee was going into their deliberative session with 6.5% (4% COLA plus 2.5% step), Lebanon was decided in December, Hanover has a May Town Meeting so that is still in the works, Grantham is at 3% subject to Town Meeting, Enfield has increased from 2% to 2.1%, and that for the Town of Hartford, she had reported what was in the paper, that 3.8% COLA raises would be in the budget. Larry Ballin said that Springfield had decided on 3% and Jim Wheeler disagreed, saying that Springfield had frozen salaries with the exception of some individual small pay raises. Larry stated that he had gotten his information from a Springfield selectman that morning and it had been decided at 3%.

John Wilson asked for a motion on a percent increase. Bob Meck moved for a 2.5% increase and Noel Weinstein seconded. The motion passed 9-1.

Planner Budget: John Wilson welcomed Planning Board Chair Karen Ebel. Jessie Levine reminded those present that at the last meeting, the Budget Committee had cut the Planner budget by \$5,000 and asked the Selectmen to meet with Karen and come back with a recommendation and a plan of action. She stated that one of the important things to keep in mind as they go forward is the Budget Committee has jurisdiction over the budget and the Selectmen have jurisdiction over the contract and with whom the Town contracts. So this discussion should be more about the budget than the individuals involved. After meeting with Karen Ebel and Tom Cottrill (vice chair of the Planning Board), the Selectmen recommended a budget of \$20,000 for the Planner contract, which is reflected on list of changes since the last meeting. She went on to say that the primary function eliminated from the Planner's contract would be the development of the Capital Improvements Plan, which would be done in-house. With respect to the discussion about tying in with the Zoning Administrator's functions, that had previously been reviewed and taken into account in reducing the Planner budget from \$35,000 to \$25,000 initially. She did not think that at this point the two positions should be weighed against one another.

Jim Wheeler asked if that \$5,000 was shown on top of the \$10,000 that had been taken out of the budget earlier. Jessie responded that yes, the reduction to \$25,000 had been in the budget all along, and this was an additional \$5,000 reduction. She added that Karen Ebel and Tom Cottrill had requested \$21,000, but the Selectmen did not agree. She said that she and Karen did discuss better publicity of the Master Plan to generate more public involvement, which is why they had significantly increased the Planning Board's advertising line item so that there can be regular ads in the local papers.

Karen Ebel stated that the \$5,000 reduction reflected about \$3,500 for the CIP, with another \$1,500 to reduce the number of hours that the Planner would work. She stated that they had hoped to be able to have \$21,000 for contingencies and the possibility of larger projects coming down the road. She cited the Granger project two years ago, which had taken up quite a bit of time, and this year they had a lot of zoning amendment drafting that had to be done. She went on to say the other part of the Master Plan outreach that Jessie had mentioned was that the Planning Board did not actually have a line item for advertising for the Master Plan and the couple of ads that were run for the survey came out of the Selectmen's budget. She stated that she wanted to address a comment in the minutes from the last Budget Committee meeting that quoted John Wilson as saying that he "didn't understand why they were hiring somebody when there was such great dissatisfaction." She clarified that the Planning Board was not dissatisfied with the Planner at all, they were very happy with his performance, he has worked with them for many, many years, and she sees no deterioration in his performance.

John Wilson asked for any comments from the Selectmen and Tina Helm responded that she was a little blown away by the increase in the request for advertising. She wanted to see how that was broken down. Jessie Levine stated that it broke down to: \$40 twice a month for the Intertown, and roughly \$90 once a month for the Shopper. Karen Ebel interjected that it did not have to be that high, but it was their attempt

to respond to the outreach issue. She stated that they had various mechanisms such as advertising, Jessie's Citizen's list, and they have the volunteer signup list. She agreed that the Shopper was expensive, but by the same token, it reaches more people. She is open to talking about it, adding that it was hard to do outreach without an advertising budget.

Carol Fraley noted that the Shopper was not a legal document and Karen responded that for the Master Plan, the Planning Board was not required to do public notification as a matter of law, but that they were doing it as an optional form of outreach. She stated that she was amenable to cutting the budget in half and was trying to respond to the outreach issue.

Jim Wheeler asked if the Town was still funding the Master Plan and Jessie responded in the affirmative and that the funds were appropriated in prior years. He asked about the status of the Master Plan and if the Town was not finding that it had enough funds and Karen Ebel responded as follows: they had a visioning workshop, they had done a lot of data collection, they had produced the community survey which is a pretty time consuming process, but they were able to save \$4,500 by doing the community survey online instead of by mail, the survey results are ready online and will be sent out next month, all the Master Plan maps have been produced, they have a Regional Context chapter, a Population chapter, Housing, Economic base, Historic Preservation chapters (with first or second drafts on all of those), first draft of the Transportation chapter, and they still have a ways to go. As far as participation is concerned, she would say they averaged ten people per meeting with the largest response from the Historic Preservation chapter. She didn't think they advertised Master Plan sessions per se, but they did place quite a few ads in the Shopper, and every single one of them said that the public was invited to attend the Master Plan meetings every second Tuesday of the month. Jessie does her Citizens' list distribution and we have our distribution list of those folks who get the chapter that we are reviewing and those notifications are sent a week or two ahead of time.

Jim Wheeler asked if the outreach budget was for getting people to attend the meetings that were left and Karen responded that was the idea. She added that there had been a complaint that there had not been enough outreach to the community, but besides letting the community know that the meetings are happening, she does not know how else to get people involved. They had an 8 or 9% response to the Master Plan survey. She stated that if there is a chapter that is of particular interest to a particular group, they have used other mechanisms to outreach to the public (like contacting Rob Bryant at the Chamber of Commerce) and targeting more groups like the Historical Society to let them know specifically that a meeting pertains to their group.

Celeste Cook stated that she is a member of the Planning Board. She stated that there aren't that many people who come to the meetings and to her it would make more sense to not spend so much on advertising, but to add the \$1,000 back into the Planner's position where it's more needed. She suggested that one ad be placed in the Intertown listing all of the meetings instead of every two weeks in the Shopper. Jessie responded that they could certainly advertise less frequently. They've talked about various ways to get people in the loop so they at least know that the meetings are happening. If they don't come, that's their choice and we've done what we can. What the Town doesn't like to hear is that people don't know the process is even going on and there's got to be some happy medium in there. Karen stated that she did think it would be folly to not have something in the advertising budget. Celeste stated that the Intertown had a community calendar that was free and could be used to advertise the meetings.

Karen Ebel stated that the Planning Board has a whole web page for the Master Plan with all the chapters there, drafts, etc. She said that part of the problem may be that email addresses could be wrong, but they had spent many hours going over the email list. The other thing is that only about 15 out of the 60 who signed up come to the chapter meetings.

Noel Weinstein asked when the next meeting was and how many more meetings were left. Karen responded that they had taken a hiatus because they had to work on zoning amendments due to the State passing three laws that the Board had to comply with this year that required a great deal of work. The Master Plan sessions start again in February and will be on the second Tuesday of every month. Noel suggested using the Town Meeting as a forum to do some serious advertising and Jessie agreed that there are plenty of other ways to advertise and if they wanted to cut the budget, they should keep in mind that they had no budget for Master Plan advertising at all. John Wilson suggested cutting \$600 (from the suggested amount of \$1,900) and asked if anyone wanted to make a motion to that effect. Noel Weinstein moved to cut \$600 from the original request of \$1,900 for Master Plan advertising and Doug Baxter seconded. John asked if there was any further discussion on this and there was not. The motion carried with 8-2.

Celeste Cook moved to increase the Planner's budget by \$600 to show a budget of \$20,600. Ann Bedard seconded.

John asked for a discussion and Connie Appel asked Karen Ebel if that was a helpful amount. Karen responded that they can't predict what the State will do at any given time and that she couldn't say how much time they had spent on the workforce housing, for example. She stated that they would have liked the \$1,000 (for a total of \$21,000), but if they were in favor of giving the \$600, she would take it.

John asked if there was any further discussion and there being none, he asked for a show of hands in favor for increasing the Planner budget to \$20,600. The motion carried 8-2.

John noted that there had been interest in re-opening the Zoning Administrator topic and asked if someone make a motion to that effect. Jim Wheeler moved to re-open for discussion of the Zoning Administrator position from part-time to full-time. Ann Bedard seconded.

Connie Appel voiced a concern about Budget Committee policy, and said that she does not think the Committee can move forward if after having finished discussion of an item it then re-visits it at subsequent meetings. John stated that there was not any parliamentary way to preclude that from happening. Connie stated that she understood but from a practical standpoint of getting things done, what this really showed was that maybe there had not been adequate discussion at the last meeting, and that she hoped the Committee did not make a regular practice of it.

Peter Bianchi asked if the Committee had already decided and voted on this or if it would be reviewed at the February 9 public hearing. John stated that the Committee had determined that their votes were binding and the Committee had already voted to fund the expanded hours of the Zoning Administrator. At the hearing, the line item that contains the three executive positions will be voted upon. Peter stated that no one knew the actual dollar amount for the Zoning Administrator position and Jessie responded that the Budget Committee did know. She said that traditionally at a budget hearing the Budget Committee does not go line-by-line through a 30-page budget and she doubted that was done when Peter was a Selectman. She referred to the breakdown of the budget shown in the Town Report and she thought that the procedure would be that a Budget Committee goes through the general categories one by one and talks about them if the Budget Committee wants further discussion.

Barry Wright opposed re-opening the discussion tonight because in order to have any meaningful discussion on it, the Town Administrator should have an opportunity to go back and prepare again what the Committee had heard back in December and again in January. Barry stated that he had heard nothing to convince him to re-open the discussion.

Bob Meck commented that if they looked at the work Jessie Levine had done for them back in December it showed the net increase for the Zoning Administrator position would be \$21,330 for a full-time position and that part of that would be a reduction of \$10,000 in the Planner's line item, which is now down to \$20,600.

Ann Bedard stated that her thought on re-opening the motion was that they had not made any decision yet on how much or what they were doing about pay raises and where else there might be an offset to help with pay raises.

John clarified that there was a motion on the floor to re-open this and he asked if there was any further discussion. There being none, he called for a vote. The motion failed by a vote of 7 nays, 2 yeas, with 1 abstention.

Selectmen's Update: Tina Helm gave a Selectmen's report:

- The Selectmen had a very good conversation with the Citizen's Advisory Committee on Saturday, January 24, regarding a number of things that had been discussed tonight. This morning, the Selectmen heard a proposal from the Lake Sunapee Rowing Club, which received the Selectmen's endorsement to proceed to investigate their wish to install a portable floating dock at Bucklin Beach for the rowing program. They have been working with the Recreation Department on this and it was recommended that they communicate with the neighbors as soon as possible.
- The Fish and Game Department has reinitiated their desire to install a boat access ramp at Wild Goose, in Newbury, and the New London Selectmen have approved supporting the LSPA and the Town of Newbury in opposing this installation by way of sending letters of opposition to our State officials.
- Larry and Jessie are the Town's representatives to the NHMA Municipal Advocacy Committee and they have been hearing discussions regarding the state legislature's attempt to find other sources of revenue for the State, the possibilities being an increase in the gas tax and addition of gambling, including the installation of slot machines at existing gambling venues. It is not clear to the Selectmen at this point how much revenue if any will filter down to the Town and that was one of the major concerns that they had discussed.
- The Selectmen approved a request by the Conservation Commission seeking an easement on the Clark Pond property, the purchase of which was approved at last year's Town Meeting.

Other Business: Jessie stated that she wanted to be sure that the Budget Committee had seen on the change worksheet an increase in the welfare line, which was adjusted to account for requests for assistance that the Town has already received this year. She is concerned that there will not be enough money available in the budget, and the Town is obligated to provide support where necessary. In previous years, there has been enough room elsewhere in the budget to offset overspending in the welfare line, but with the tightening of the budget this year she is concerned that there's not a lot of cushion in the rest of the budget.

Public Input: The Budget Committee's business having concluded, John Wilson opened the floor to public comments.

Peter Bianchi pointed out the difference between the 2007 budget and the 2007 actually spent, and from the handout he got from Carol Fraley, it looks like with 93% of the budget used, there will be an excess of

half a million dollars available for surplus. With all the budget talk about increase and decrease in budget line items, they can't be considered or thoroughly understood without understanding what the revenues are going to be and how much surplus will offset the tax rate and what the revenue situation will be. He wanted to know if the Budget Committee had any concerns or cares about that.

John Wilson stated that they do have a great deal of concern about dissipating revenues. Noel Weinstein stated that he had done a review of revenues that included 1990 and 2000, neither of which was a huge recession, but it wasn't very far off the predicted amount (within \$2,000) of the actual collected revenues and he didn't think the Town would have any major problems this year.

Dave Cook commented that there had been an announcement in Massachusetts that there were going to be significant cutbacks in state aid and he asked if that was something that would affect us here in New Hampshire. Jessie responded that was part of the work she and Larry were doing with the legislature here; the gas tax bill was linked to protecting the Town's share of the highway aid. The highway aid and meals and rooms tax are the biggest chunks of local aid that the Town will receive. Jessie Levine said that there is a potential to lose that revenue, but the municipalities will be fighting in the legislature every step of the way. Larry Ballin said that he would be joining other municipalities in Concord on Friday to discuss the proposal to increase the gas tax and preserve, if not increase, the revenue that comes to municipalities from that source.

Bill Green commented that the comments here tonight about people receiving increases in pay is vastly different from what he sees out in the community. He asked where the Town Budget Committee would address cost containment in the future, adding that the only way to fund the different costs going forward is by purely increasing the tax rate. He thinks the days are over of getting bailed out by being able to increase the assessment and keeping the tax rate steady. He stated that the Town rate went up about 16% last year and while there were good reasons for that, if that continued without rising property values, they would be hearing from more taxpayers when they see the rates go up substantially.

John Wilson responded that he thought Bill was right and that he thought Bill understood that the budget proposed this year did go down and that the Committee is doing everything possible right now to get through the year. They were trying to get a feel for things coming in the future and they will have to do a whole review of services and the Town's sources of revenues. Noel Weinstein stated that it wasn't the tax rate or the valuation that was important; it was about the total amount of money collected.

Erle Blanchard asked for clarification about the stated surplus of half a million dollars. Jessie responded that the Town always had a general fund surplus sitting in the bank for cash flow, so at the beginning of this year, that number was \$611,000 which is about 6.5% of the operating budget (the Town usually likes to have 7.5%, but they took a little bit more to offset the tax rate this year). She does not yet know what the surplus figure will be for the end of 2008 because they're still paying some bills and collecting revenue. In reference to what Peter Bianchi was referring to, page three of the draft handout shows the difference between the \$7.9 million appropriated and the \$7.4 million spent in 2008. A large portion of the unspent fund relates to projects that were not completed in 2008 and for which there are encumbered monies, such as paving gravel roads and all of the highway paving projects that were pushed off because of the high cost of asphalt in 2008. They are holding that money to be spent in 2009. It will not go into surplus, but it also does not show as being spent in 2008.

Carol Fraley stated that there was \$250,000 in unencumbered funds that would be going to surplus, but that the Town cannot spend this money; it can only be used to reduce the tax rate. John Wilson interjected that he thought Erle was talking about why they were spending so much time talking about minutia when there was this huge surplus. Jessie stated that the money would be spent on projects that had already been approved, but the remaining surplus (when they have it) is used to offset the tax rate, unless it's

encumbered for specific projects that were already approved. In other words, whether it's budgeted ahead of time or returned afterwards to offset the tax rate, the money is given back to voters. It is more advantageous to the Town to have a little cushion built in to avoid a deficit. Erle asked if it's not spent, and not encumbered, is it then a slush fund? Jessie stated that it is not a slush fund, as the Town cannot spend this money without a vote or unless it's held over for a specific project. Once it goes into the general fund, the only way it can be spent by the Selectmen is to use it to offset the tax rate.

Peter Bianchi stated that last year \$100,000 of surplus was used to offset the tax rate, and this year there wouldn't be that much the way things were going. Larry agreed that they had cut things really close. Peter went on to say that as of December, there appeared to be \$262,465 – or 93% of the budget – unspent, and he suggested that amount should be added to the surplus we have. Peter suggested that it all be put toward the tax rate and Jessie responded that if they did that, they would have to borrow money (with interest) between December and June to operate the government because they would not have cash until taxes were paid in June.

Noel Weinstein commented that he wanted to take issue with a statement that was made earlier about the rate of growth in the Town budget running rampant. He was looking at page 6 and said that if you looked at the total package, the State, school, and county, he didn't think he had any problem with it for the last ten years, but if you looked at the Town budget, on average it has gone up 5% from \$5.6 million back in 1998 to \$7.9 million while the overall has gone from 7%-16% while the Town has stayed at 5% and that's with growth. If you subtract out the per capita part, you're probably going to get down to the 3% or 4%, so he didn't see anything rampant. Doug Homan asked if that was accurate and Jessie responded that if you looked at page 10, and looked at those expenditures before capital, it's 6.6% going back to 2000. Doug stated that he had used the information from the Town's website and did the math and came up with completely different figures; that it had gone from \$2.1 million in 2001 to \$4.0 million in 2007, so there's got to be something wrong there.

Peter Bianchi said that if you go department by department, the executive department in the last five years from 2005 to 2009, has increased 58.6%, vital statistics, 23.9%, the finance, 27.4%, the assessments, 243%. Jessie asked where he was reading from and Peter said those were the figures to date from the 2005 expenditures compared to what is proposed in 2009. He also said that the Police Department went up 34% in the last five years, the Fire Department went up 61%, so to say that the Town was going at a miniscule rate of growth is simply not true. Noel Weinstein interjected that the whole page was radically wrong including his own personal taxes, because when he came to New London his taxes were at \$3,800 and now they're close to \$6,000 and that was ten years ago, so that is about a 50% growth in about ten years.

Jessie Levine clarified that Peter was comparing actual expenditures from 2005 to budgeted proposals for 2009, which is not apples to apples.

John Wilson asked if there were any other comments and being none, it was the consensus to adjourn at 8:45 p.m.

Respectfully submitted,

Camille Holmes
Secretary, Town of New London