

TOWN OF NEW LONDON
BUDGET COMMITTEE
NOVEMBER 29, 2006

PRESENT: Barry Wright (Chairman), Connie Appel, Pat Blanchard, Carol Fraley (Finance Officer), Mark Kaplan (Selectman *ex officio*), Bob Meck, Jim Wheeler, John Wilson.

ABSENT: Doug Baxter, Jack Diemar, Noel Weinstein, Jessie Levine (Town Administrator)

In response to requests for information subsequent to the last Budget Committee meeting, New London Hospital submitted additional data regarding ambulance costs, and LSRVNA submitted a letter explaining its objective for gains over losses—that is a capital reserve, and those items were distributed at this meeting. Also distributed were updated spread sheets showing year-to-date expenses and anticipated revenue for the Sewer Department and that Department's anticipated 2007 budget.

Barry Wright opened this meeting at 7 p.m., and the Budget Committee addressed nine areas of business.

1. Minutes-November 15, 2006

The Secretary amended paragraph five on page three, to delete “pepper spray in the second sentence, and substitute “batons,” to read: “Derek Brown said his Department no longer carries or trains on *batons*.”

She asked if the word “dry stun” in the last sentence of that paragraph is correct. In the written material handed out prior to the meeting, that is referred to as a “drive stun” or a “touch stun.”

Jim Wheeler moved to accept the minutes as amended. Bob Meck seconded. No further discussion. Motion unanimously approved.

2. Requests for Town contribution to non-profit organizations.

John Wilson expressed concern that the Town has gotten into a routine of giving to charities, and recommended that more caution be exercised in the future. For example, will the Community Center be requesting Town funds? Connie Appel pointed out that organizations like COA and the Community Center provide essential services. John Wilson said he agrees that COA does, but is not certain about the Community Center. Mark Kaplan said that many towns do have community centers, and some have more than one. He feels that people want the Town to have an indoor recreational facility. John Wilson suggested that they not assume that everything is a service that everyone wants.

*Ambulance

Budget Committee members agreed that, in order to remain consistent with their policy of looking into the fiscal responsibility of any requesting organization, they would still like to see an itemization of the actual costs for running the ambulance—gas, maintenance, etc.—though all agreed that it is unlikely that the ambulance could be run for less than it is now.

Budget Committee members noted that in her October 13, 2006 letter to the Board of Selectmen, Terry LeBlanc, Chief Clinical Officer of New London Hospital, explained that the 2007 request to New London for ambulance service is \$79,050—still based on the number of runs, and the additional request for \$7,863 is for New London's share of the area towns' annual contributions toward purchase of a new ambulance. This will be the first year of a five-year budget toward purchase of that new ambulance. Budget Committee members noted that the current ambulances are a 1997 and a 2000, and that the normal life expectancy for an ambulance is five years or 100,000 miles. Therefore, it is clear that this item will continue to be part of the hospital's annual request to the Town for ambulance support. Question was raised about whether or not this has been in the budget all along, and is being broken out now for added clarification, or if it is being shown as a separate item now due to the decline in number of runs—and consequent reduction in request for overall contribution from the town.

Barry Wright will draft a letter to be sent to the hospital stating that the Budget Committee will recommend the requested amounts for operating support and new ambulance support, but would like additional information regarding costs of running the ambulance and further clarification on the new line item for ambulance purchase.

In response to Connie Appel's and Bob Meck's question, Barry Wright explained that the non-billable runs shown in the ambulance data refers to those calls to which the ambulance responded, but for which they did not transport a patient.

* Lake Sunapee Region Visiting Nurse Association

Budget Committee members agreed that the November 21 letter from Andrea Steel adequately answers questions raised at the last Budget Committee meeting regarding the gains over losses line, and the surplus or capital reserve. In her letter, Ms. Steel indicates that, given the possibility of unexpected variances in reimbursement, the VNA's heavy dependence on State and federal funding, and its need to be able to respond to natural disasters, the goal is to have a minimum of three months of operating expenses in reserve. The Budget Committee noted that in the budget spread sheet provided, the VNA does not use starting balances; rather the print-out shows strictly each year's revenues and each year's expenditures—leaving a balance or a “gain over loss” each year. Budget Committee members added the balance from 2005 (\$408,645) to the anticipated balances for 2006 (\$242,922) and 2007 (\$285,036), and determined that by the end of 2007, the VNA will have a reserve of \$936,603; that is, close to a million dollars, or approximately one-fourth of average annual operating budget, though it was noted that salaries and benefits alone run \$300,000 per month, and would take \$900,000 of that three-months reserve.

The ensuing discussion revolved around these specific questions:

- o Is the operating budget realistic?

Members agreed that it is. The request to New London this year is \$11,672, nearly level with last year's allocation of \$11,664 and 2005's of \$11,495, and that the per capita charge of \$2.63 has remained level all along, and is level with the requests made to all the towns served by VNA.

- o Should the Town be funding a surplus for a non-profit? Or should the Town step back when a non-profit is making money and accumulating surplus (versus those non-profits which spend every penny they get)?

Pat Blanchard said it is a good idea for the VNA to have surplus given the difficulties inherent in budgeting for health care, and Connie Appel pointed out that in having a surplus, the VNA is really doing what the Town does. She added that there is no question that the VNA's work is critical to the Town. Barry Wright pointed out that the Town's policy is to keep a surplus of 7.5% of its operating budget on hand. In contrast, the anticipation is that by the end of 2007, the VNA would have a 25% surplus. Pat Blanchard pointed out that Town budgeting is much more predictable than health care budgeting. Jim Wheeler suggested that the opposite argument could also be made: short of having to cope with a pandemic of some sort, the VNA's expenses can be fairly predictable.

- o Is a million dollar surplus too large? Will the surplus of nearly a million in two years be the stopping point, or will they decide at that point, that they need a larger surplus? Should the amount of surplus that the Town funds be limited to a specific percentage of the operating budget? Can the Budget Committee recommend this appropriation with the stipulation that it is only for the current year and next year? Can we say this will not be open ended?

Connie Appel said that if that is the decision of the Budget Committee, it would be fair to give the VNA a heads-up. Mark Kaplan said there would be no problem to say to them that the expectation is that upon reaching their objective reserve, they should reduce the request to the Town. Connie Appel asked how that could be worded. Mark Kaplan said he would not make it a contingent, but just part of the discussion. He pointed out that the Budget Committee could say the same thing to every non-profit who is building a reserve. Jim Wheeler suggested the potential of a negative occurring when non-profits create a big reserve, in that it might release potential donors from feeling they should step in to help. He would be in favor of keeping

reserves to the minimum that they really need. That way, they still maintain their charity status and if they suffer an emergency they can still approach donors, or towns at that point. He would support the idea of letting the non-profit know that once it reaches the objective reserve, the Town expects its contribution to start being reduced.

In conclusion, Barry Wright will draft a letter to the Visiting Nurse Association letting them know that the Budget Committee will recommend this request. The letter will point out that the Budget Committee recognizes that the Town's contribution is not really going to the operating expenses, but is being used to build the surplus, and will advise the VNA that it should have a fixed amount of surplus, and upon reaching that, it may not need as large a contribution from the Towns. The Town will expect its contribution to drop as the reserve increases. Mark Kaplan expressed concern that the VNA receives funds from other Towns it serves. What would happen if as soon as New London's contribution goes to zero, the other Towns do the same thing? Where does that leave the organization? He said he would not mind discussing this with the VNA, but does not want to make it a hard and fast rule. Jim Wheeler asked, once the organization meets its objective surplus, why should it charge the Towns anything? Barry Wright clarified that he meant that, once the VNA meets its objective surplus, it could reduce the requested contributions from all the towns, not just New London—it could reduce the fee per capita. There was consensus among Budget Committee members that that is how the response to VNA's request should be worded.

* COA

Reference was made to the comment at the last Budget Committee meeting suggesting that COA canvas its membership regarding the idea of a nominal fee. At this meeting, Budget Committee members agreed that they should recommend that COA increase its own fundraising, but the Committee declined to tell them exactly how to do that. Bob Meck pointed out that 50% of COA's revenue already comes from its annual appeal. In contrast, 18% of VNA's revenue comes from fundraising. Members agreed, but pointed out that the VNA has a regular income from "patient service revenue."

Reference was made to paragraph one on page five of the November 15 minutes in which Hugh Chapin said that COA hopes this year's increase (to \$20,000) will take care of the situation for some time. It is the Budget Committee's understanding therefore, that the request of \$20,000 will not necessarily be reduced for 2008, but will remain level. Jim Wheeler asked if we are comfortable with that amount being requested annually.

In conclusion, it was agreed that Barry Wright will draft a letter to COA indicating that the Budget Committee is uncomfortable with deciding for the townspeople how their charitable dollars should be spent. The letter will state that the Budget Committee values COA's services, but feels that a non-profit organization should be self-sustaining, and should attempt to bring its revenues in line with its expenses.

* CAP

As discussed at the last meeting, the Budget Committee agreed to recommend the request of \$3800, and Barry Wright will draft a letter to that effect.

* NH Association for the Blind

As discussed at the last meeting, Barry Wright will draft a letter to this organization suggesting that its fundraising efforts should be directed to individuals in town, but also advising of the process for placing the request on the warrant by petition.

* Chamber of Commerce

Note made that the request of \$10,000 is level with last year's appropriation, and that this amount will go toward staffing the booth in New London. There was some question of whether or not the Chamber should ask the businesses to contribute more. Pat Blanchard pointed out that though the businesses in Town benefit from having the Chamber here, the Chamber also serves a function for the tourist segment of New London, that is so important to the life of this Town. Not all Towns have that tourist segment. The Budget Committee agreed to recommend this

appropriation. Again, John Wilson pointed out the difficulty in trying to back out of an arrangement like this, that the Town has had for years. He reiterated his recommendation that the Town take care before backing into other commitments like this.

3. Budget Information Packet

Noel Weinstein has forwarded some recommended changes, and at this meeting John Wilson asked if the percentage of the budget that comprises employee costs could be incorporated into the pie charts. His calculations show those costs to be around two and a half million dollars, and he pointed out that those are constant, and therefore the Budget Committee cannot really work with them as it can with other costs.

4. Sewer Department

Members noted that the Sewer Commission has raised its rates from \$7.50 per thousand gallons to \$12.50 per thousand gallons, but even with that increase they will not be able to fund the capital accounts this year. They will begin collecting for those again in 2007. Mark Kaplan pointed out that sewer bills went out a short time after the first of this month, so they will see a little more revenue this year than they anticipated with the former rates in place. He, John Wilson and Barry Wright will attend the Sewer Commission meeting on December 5.

5. Solid Waste

Mark Kaplan reminded the Committee that the contract with Wheelabrator in Claremont expires on June 30. At that time, the Towns in the coalition will vote on whether or not to dissolve the coalition. That will require a 2/3 vote.

New London has almost finalized its arrangement to haul its trash to Meredith, from where a private hauler will take it to Berlin. Today, he, Jessie Levine and Richard Lee traveled to Berlin to take a look at the landfill there, and talk to those people. That is a double-lined, municipal -- not private -- landfill, used by ten or twelve towns. New London can have a three-year contract, with option to renew after the three years. The total cost to New London, including the private hauler from Meredith will be \$65/ton. Given that Claremont's fee is currently \$91 per ton, and the likelihood that that will increase again, this new arrangement under consideration will mean a savings to the town of \$75,000 to \$80,000 per year. With this arrangement, New London will be independent of the coalition, and at a certain point will notify DES of its new arrangement.

6. Health Care

Note made that a single employee contributes 2.5% to this cost, and that a family contributes 10.5%. Everyone contributes 25% to his or her dental insurance. In response to question from the Committee, Carol Fraley said the Selectmen determine the amount of employee contribution. If an employee opts out of the Town's plan, the Town will pay a "buy out" in the amount of half the premium. John Wilson said that seems generous relative to what the other Towns are doing. Bob Meck asked if the Town paid less of employees' coverage, would it be more difficult to attract new employees. Is there competition? Mark Kaplan said yes, the unemployment rate in this area is very low, and the Town is not only competing to attract employees, but to retain them as well. He noted that recruiting and training new employees is very expensive. John Wilson, Carol Fraley and Jim Wheeler agreed to look into the idea of health savings accounts, next spring.

John Wilson said a similar situation exists with the pensions, that is, New London's contribution to the State retirement system. He said the Towns should not be passive about this, but should look into the question of whether they are doing the best they can to address this. The Local Government Center needs to be rallied with support from the municipalities. Mark Kaplan said he will speak to the Selectmen about this, and he noted that Jessie Levine is on the board at the Local Government Center and perhaps in a position to ask more about the problem and what they are doing about it.

7. Recreation

Chad Denning will attend the December 13 Budget Committee meeting. Carol Fraley clarified that at this point, the cost of the cross country ski program will come out of the Recreation Department's revolving fund.

Budget Committee members observed that the Town has two revolving funds now—one for Recreation and the other for Recycling. John Wilson asked who controls those. Carol Fraley said that the Department collects the fees and gives those to her. The Department head (Chad Denning or Richard Lee) and Jessie Levine approve expenditures out of the revolving funds.

8. Town Meeting Video

Mark Kaplan asked for the Budget Committee's feelings regarding spending \$1000 to video tape the Town Meeting. He has heard one positive comment regarding that, and Connie Appel said she has heard some positive feedback, but the consensus of the Budget Committee is NO.

9. Tasers

The Budget Committee agreed with the sentiment expressed by Chairman Barry Wright at the last meeting (page four of the minutes) that they feel comfortable recommending this expense to Town Meeting, pending input from the Citizens' Advisory Committee on December 9, and feedback at Town Meeting. Mark Kaplan said the Selectmen have received some positive feedback on this. Budget Committee members agreed that replacing the batons with tasers is a positive, and the only real concern remaining is the potential for liability. It is the Budget Committee's understanding that the company provides a ten-million dollar rider and sends out a team to assist should there be a lawsuit as a result of using the tasers. Note made that at the last Budget Committee meeting, Butch Burbank, Risk Management Representative from the Local Government Center, said that LGC recommends tasers if used by trained police officers adhering to policy. Budget Committee members understand that the projected cost does include the camera and recording equipment.

Also, Budget Committee members noted that the proposed \$12,000 will cover the cost of eight tasers. They agreed that if the Town recommends this purchase, it should be appropriate enough for all 12 officers to have them. Carol Fraley will check with David Seastrand for the amount.

—

Meeting adjourned at 8:50 p.m.

Respectfully submitted,

S.A. Denz
Recording Secretary