

TOWN OF NEW LONDON
BUDGET COMMITTEE
OCTOBER 18, 2006

PRESENT: Barry Wright (Chair), Connie Appel, Doug Baxter, Pat Blanchard, Jack Diemar, Carol Fraley (Finance Officer), Jessie Levine (Town Administrator), Bob Meck, Noel Weinstein, Jim Wheeler, John Wilson.
ALSO: D. J. Lavoie.
ABSENT: Mark Kaplan.

Prior to this meeting, Budget Committee members received copies of the year-to-date expenditures and proposed 2007 budget with attachments, a summary of over expended accounts in 2006, material relative to the Police Department's request for tazers, as well as an information packet from J. Barry Morrissey regarding same, *Connecticut Valley Spectator* article regarding biodiesel fuel, and a DRA newsletter article regarding change of fiscal year. During this meeting, members received a year to year comparison of surplus funds (1994-2005); New London Hospital's request for ambulance support to include both operating support of \$79,050 and, new this year: a contribution of \$7,863 for new ambulance; request for a contribution of \$1500 to the New Hampshire Association for the Blind; Treasurers' Report from the Community Garden Committee of Tracy Library and request that the Budget Committee reconsider its 2005 decision to reduce the town support of the garden by \$1000 each year.

Barry Wright opened the meeting at 7 p.m. The Budget Committee addressed ten areas of business during the meeting.

Minutes- September 20

Pat Blanchard moved to accept the minutes as drafted. Noel Weinstein seconded. There was no further discussion. Motion unanimously approved.

September 20th Discussions Cont'd

- o Noting that the Sewer Department's operating budget has been worked into the overall Town budget print out, Noel Weinstein asked if it would also be a good idea to show those in a separate section as well, in order to see the total influence of the Sewer Department's budget without having to flip through a lot of pages. Carol Fraley said the sewer department expenses will be differentiated from other line items by account numbers beginning with 02 rather than 01. In response to Barry Wright's question, she said she is not yet sure if the Sewer Department's capital expenses will also be shown that way.
- o In response to John Wilson's question, Jessie Levine said at this time, they have fully funded the mosquito control program for 2007 under Disease Prevention, for \$32,000. However, they have not yet been billed for the 2006 work. Any balance from the 2006 allocation can either be encumbered and applied to next year's budget for that item, or it can be put into General Surplus. She went on to say that this year, they did the testing and the larvaciding. No tests came back positive, so they did not proceed with any further treatment program. They did find presence of the particular species of mosquito that can carry the disease, hence the decision to go ahead and do the larvaciding. She pointed out that the heavy spring rains washed away the wetlands or wet areas where mosquitoes typically breed. On the other hand, the excessively wet weather created new wet areas and an additional breeding season. Noel Weinstein asked if surrounding towns are doing the same. Jessie Levine said no towns immediately surrounding New London are conducting mosquito control programs. However, this year, positive results were found in Derry and Salem.
- o John Wilson said there was some discussion of the Hazardous Waste Days at the Subcommittee's meeting with the Public Works Department. Jessie Levine said they have changed the name to Special Waste Days, and are considering a couple of other changes: having it be self-pay, and getting in on the State's spring time program for special waste disposal.

- o John Wilson asked if they have anticipated revenues for 2007 yet. Carol Fraley said those should be available at the next Budget Committee meeting.
- o John Wilson asked about the anticipated tax rate. Jessie Levine said the Selectmen have not yet determined how much of the surplus will be used to offset taxes. She has begun preparing a worksheet of calculations showing tax rates relative to the varying amounts of surplus that may be used to offset taxes.
- o John Wilson asked if the Budget Committee will receive the spread-sheet showing the operating budgets and capital expenses combined, as it did last year. Carol Fraley confirmed.
- o Barry Wright asked if there is any indication yet of how the school funding will work out. Jessie Levine said not yet, and there remains open the question of whether or not New London will return to being a donor town. She reminded everyone that, even when New London was taken off the donor town list, and even with the State wide property tax, when the State's payments to the school district were reduced, New London's school payments went up.

Budget & Finance Seminar September 26-Report

Connie Appel and Carol Fraley attended this. Connie noted that the overall review of the law and municipal budgeting was very helpful, and she suggested that attendance be a requirement for new Budget Committee members. Carol Fraley said that there was recommendation made at the seminar that each line item in the budget—even those for which nothing is budgeted in any given year, show at least a \$1 allocation, so that something can be spent out of it if necessary. Also, upon advice received at the seminar she will be including the two revolving funds (Recreation and Recycling) in the budget print-outs.

Health Savings Account Workshop October 10, 2006-Report

John Wilson said this seemed to be a vendor (Anthem) driven workshop, and he would be interested in seeing more experiential data from Towns and municipalities. An HSA would work similarly to an IRA. The balance can accrue, and it would be tax-free. It would not be a flex-account, though employees can have flex-accounts for other purposes as dental and vision care. The HSA does have a degree of portability. The benefit is, it allows individuals to follow what they have spent on health care. He feels it is an idea worth pursuing, but more material is needed on how it would work for a municipality. Noel Weinstein asked if this would be in lieu of regular medical plan. Can an employee invest in whatever he or she wants? How would a change to an HSA affect people, as retirees, already in a defined benefit plan? Jessie Levine and Carol Fraley said New London does not have a defined benefit plan for retirees. Most towns see HSAs as something to offer, not as a requirement in place of a regular health care plan. Barry Wright asked if a two-tiered system could be put into place, so that current employees could stay on the regular plan and be grand-fathered in, but new employees would be offered the HSA. Jessie Levine said she is not sure the Town could require that (even for new employees). No town in New Hampshire is requiring it.

Subcommittee Report: Administration/Recreation/Library

*Recreation Department

Pat Blanchard said that the Recreation Budget for 2007 will remain fairly level with three differences:

1. The Department is using new software now; it's a great time saver, and adds convenience, not only for the Department, but also for people who wish to do things like sign up for programs, but who cannot get in during the day—they can now sign up on line. Jessie Levine clarified that the Outing Club actually purchased the software, and the Recreation Department will pay an annual maintenance fee of \$3000.

2. Chad Denning would like to purchase a van in 2009, and the subcommittee agreed to recommend budgeting a \$12,000 deposit into a capital reserve for that this year, with the caveat that more information regarding projected use of the van, maintenance costs, etc, will be needed.

3. Pat Blanchard pointed out that \$5000 has been put into the 2007 operating budget for “Winter Programs.” Specifically, this will be a trial run of the Town’s subsidizing membership fees for New London residents who participate in one of the two local cross country ski programs. Pat reported that the subcommittee does have some reservations about the Town giving money to operating businesses, and wonders if the anticipated criticism of the program will outweigh the benefit. Also, the question has been raised, and is bound to come up again, Why not subsidize other types of recreations, such as residents’ membership to Hogan Center? In addition, Chad Denning proposes that by next year, the Department will have opened up and be maintaining for cross country skiing, New London’s own trails (on Knights Hill, for example, and at the Outing Club) which would put the Town into some competition with the other two cross country ski businesses.

Noel Weinstein said the question should be, does the activity have a broad based aspect. Do all ages participate, for example? He noted that many towns support jogging trails. On the other hand, he agreed that the Town should not be underwriting businesses.

Jack Diemar suggested that the town reimburse residents \$50 for any participation in a recreational activity. Jessie Levine said the idea behind this, is to get people outdoors in the winter, and to capitalize on New London’s natural resources. She noted that many programs, as the summer swimming program, already do quite well. Jack Diemar said it’s great for the Town to support people getting involved in anything that would have a health benefit, but he feels the reimbursement could be applied to any outdoor activity.

Jim Wheeler expressed some concern about the Town getting into this. He does not feel this would entice people who are not already interested in cross-country skiing, into participating. And if New London starts down this road, would it be endless; for example, wouldn’t people using Mt. Sunapee want a subsidy for their ticket? Jessie Levine pointed out that Mt. Sunapee is already a thriving business. The idea of this program is to get people outdoors, involved in a healthy activity, utilizing the Town’s natural resources. She said the Selectmen feel the benefits of this would outweigh the anticipated political flak, but they underscore that this year will be a trial only. Jim Wheeler asked if the Town does not subsidize users of the cross country ski programs, will those programs not open. Jessie Levine said she believes both organizations would try to go forward whether or not the Town subsidizes some of the member fees for residents.

Three options were offered for consideration:

1. Jessie Levine asked how the Budget Committee would feel if the cost for this subsidy were to come entirely out of a revolving fund.

2. Doug Baxter suggested that the Recreation Department organize several cross-country ski groups (instead of subsidizing individual membership fees).

3. Jim Wheeler suggested that, as Chad Denning is talking about upgrading and maintaining for cross-country skiing, those trails at Knights Hill and the Outing Club, why not devote money to that instead? Bob Meck asked who would do the grooming of those trails. Jessie Levine said that Chad Denning would. The Highway Department would plow the parking areas for them.

John Wilson said that he has received calls from people expressing concern about this. He suggested that before the Budget Committee makes a decision on this or the van, there should be a Recreation Department Master Plan. He asked if the Outing Club and Recreation Department are to work side by side, or is the idea that one will eventually take over the other. Jim Wheeler said he understands that the Outing Club is talking about hiring an Executive Director. Jessie Levine said a Master Plan is more the function of the Recreation Commission. Chad is putting together information regarding the van. She assured the Budget Committee that on a day-to-day basis, the

Recreation Department and the Outing Club work together, in a natural partnership, with one complementing the other. They have drafted a Memorandum of Understanding with the Outing Club.

Pat Blanchard said the subcommittee was impressed with Chad Denning's restraint in budgeting. He is thinking everything through, and staying on task. Jessie Levine said his original proposal regarding the cross-country ski program was that the cost would come out of the revolving fund. It was the subcommittee who proposed putting that in the budget, though that was before they realized that two organizations were involved. Otherwise, she said, Chad is using the revolving fund for the bulk of his programs. Next year, the revolving fund will have \$35,000. That represents a growth in programs that is self sustaining.

Barry Wright agreed that more facts regarding the van are needed. He summed up by saying that his sense is that the Budget Committee does not favor funding the cross-country ski program. Bob Meck clarified: not in this form, but perhaps in the form of supporting the community trails next year.

*Library

Pat Blanchard reported that the library has not yet obtained estimates for the air conditioning or furnace replacement. The furnace is leaking anti-freeze and that is corroding the pipes. Bob Meck said they have not heard from Library Trustee Charlie Dean yet. He said it is really the Trustees who should be worrying about this while Ginny Foose and Linda Miller run the library. Jessie Levine clarified that to an extent every department head is in charge of his or her own facility. In response to Noel Weinstein's question, Carol Fraley confirmed that \$28,000 has been put in the budget under Capital Outlay for Tracy Library—carpeting the main floor and stairway, reconfiguring circulation area, air conditioning and possibly a new furnace if necessary. Members noted that the library with its combination of old and new sections, will be a difficult building to air condition. John Wilson said he has spoken to Tom Miller who has indicated a willingness to go through the building and give a run down on what is needed. That would allow the library to put out some specs for bids. Jessie Levine will call Charlie Dean regarding this.

*Administration

Carol Fraley said the only big change is that they have been told by the water precinct that the cost of hydrant service for the 132 hydrants in Town may go up. Currently the cost is \$75 each, and \$9,900 is in the 2007 budget for that. Doug Baxter asked if anyone else can do that. Jessie Levine will look into that.

Subcommittee Report: Police Department

Bob Meck said that other than the tasers, there is nothing unusual in the budget. Increases are the usual, for things like computer licensing and personnel. He said the sense is that the taser issue is as much a policy issue as a budget one. Budget Committee members noted that the paperwork provided on this subject includes a quote for 8 tasers and all the accoutrements, for a total of \$12,000; however, Subcommittee members Bob Meck, Jack Diemar, and Jim Wheeler said it was their impression that Chief Seastrand wants 12 tasers—one for each officer including the part-time. It would be part of each officer's gear, and the understanding of the subcommittee is that the reason for each officer to have his or her own, is for accountability. The equipment records when it discharges. Each taser has its own serial number, camera and audio.

Budget Committee members expressed some concern regarding excessive force litigation. Jessie Levine said New London has never had any excessive force litigation. She said that Chief Seastrand feels that having the tasers will reduce the possibility of that. She clarified that though the informational paperwork on tasers indicates that there will be some cost savings on insurance, they have found that is not correct. On the other hand, the insurance will not increase as a result of having the tasers.

Subcommittee members noted that the Department has a precisely defined policy dictating when tasers can be used. Jim Wheeler agreed that the rules of engagement are clear. At the subcommittee meeting with the Police Department, they learned that the objective is keep distance between the officer and the subject. There has got to be

potential harm to the officer or someone else before that level of restraint can be used. Connie Appel asked if there may be some other option, such as training in tactical skills for avoiding physical contact between an officer and a subject.

Connie Appel asked where the philosophical discussion should take place. Jessie Levine agreed that that is the question. Should the philosophy of having tasers be discussed here among the nine Budget Committee members? Should the Selectmen hold a public meeting on the subject? Should the philosophical discussion of tasers be reserved for Town Meeting? Note made that there will be discussion of this at Town Meeting under any circumstance. Jack Diemar said the Budget Committee should really look at the question of whether or not New London Police Department needs to spend \$12,000 on another method of restraint. What type of restraint is up to the Board of Selectmen. He pointed out that the Police Department has batons, pepper spray and guns as three forms of restraint, and they are looking for some level of restraint between pepper spray and guns. He asked about the possibility that there would be alternatives to tasers, at that middle level. Jim Wheeler seconded his opinion that the question for the Budget Committee really is, should the Town spend \$12,000 to add another form of restraint. John Wilson suggested easing into a purchase of tasers for the Police Department, rather than buying all 12 at once. Budget Committee members noted that the instances requiring the officers to use restraint occur most frequently in domestic cases, on I-89, and the college. There was some suggestion that the college has its own security guards, but they call the New London police. Should the College help pay for the tasers?

In response to Connie Appel's question, Jessie Levine said the New London Police Department is going through the national accreditation process (COLEA) right now. Connie Appel said she would be more inclined to favor purchase of tasers for a Department of very high standards. There should be a high level of tactical skills in use of tasers, and how to prevent injuries, but she noted that that is all part of the philosophic discussion.

In conclusion, Budget Committee members agreed that the philosophic discussion will take place at Town Meeting. Prior to that date:

- o Dave Seastrand will be invited to meet with the whole Budget Committee, or with the Citizens' Advisory Committee.
- o It is the Budget Committee's understanding that State troopers have tasers, and their statistics on taser usage will be requested.
- o A record of injuries incurred by New London police officers in which the tasers would have been useful, will be requested.

Subcommittee Report: Public Works Department

John Wilson reported that costs of asphalt and shimming have gone up, so the amount of work that can be done has gone down. For example, the work done in Elkins this year cost \$170,000, almost the entire budget for paving and shimming services. The Subcommittee has asked Richard Lee to calculate how much should be budgeted to allow the Department to do as much work as it used to do. Jessie Levine noted that in the print out for this meeting, the 2007 proposal for shimming is double last year's allocation, but that number will be refined when Richard Lee's numbers come in. Also, she noted that they are budgeting nothing under Sidewalk Extension. The balance from last year will be encumbered for that, and they will not be able to do more than one sidewalk project in 2007.

John Wilson said the request for purchase of a ten-wheeler is financially reasonable. The ten-wheeler will go out 15 or 17 years. The Subcommittee has asked Richard Lee to consolidate all the information supporting that purchase.

Carol Fraley reported that they have gotten a quote for the biodiesel fuel, and are going ahead with that.

The Transfer Station will be purchasing a new trailer, but that cost will be covered within the year by the savings in tipping fees. Jessie Levine reported that they have nearly completed working out the arrangement with Meredith by which New London will haul its trash to that town, and contribute to the cost of having a private hauler take it from Meredith to a landfill in Berlin. She added that Casella has indicated the possibility of making its tipping fees more competitive, and they have requested a meeting to discuss New London hauling its trash to the Newport facility.

John Wilson reported that there is a request for a deposit of \$20,000 into a capital reserve for purchase of an electronic gate system for the Pleasant Lake Dam. The Town owns the dam. The total cost will be \$30,000 plus \$5,000 to \$8,000 to bring the utilities in to it. They would like to install that in 2008 when the lake level is brought down. Carol Fraley clarified that that cost is to install the electric utility; the Town will then pay for the electricity to run it, as it is used. Jim Wheeler asked why the spillway is not adequate. John Wilson said that is about 12-inches higher than the summer level of the lake. By the time the water reaches that level during a storm event, there may be flooding to properties around the lake. The current dam is constructed of logs that slide, and removing them is difficult and hazardous.

Non-Profit Requests

John Wilson said that Hugh Chapin would like to be present during discussion of COA's request. Barry Wright said that at this meeting, the Budget Committee will discuss the general issue of non-profits' requests for Town funds, rather than the individual requests themselves. He reminded everyone that in the past, the Town's philosophy has been to help out those organizations which provide services for residents. Note was made that though the ambulance request is technically for a non-profit (the hospital), some feel that is in a separate category.

The Budget Committee considered the question of whether or not the Town should be funding organizations, if other private resources are available. Also, should the Town be picking for the taxpayers, which charities to donate to. Bob Meck referred to some of the material from other Towns, and noted that it almost seems as though some Towns are soliciting requests for funding. Carol Fraley said that she has always sent a letter to those organizations to which the Town has donated in the past, asking them to submit requests by a certain date. It's a courtesy reminder. Jessie Levine asked if a form would be more useful than a letter.

Pat Blanchard pointed out that some organizations contribute services that would otherwise fall to the Town. For example, a crucial service provided by COA is transportation. That is all volunteer. Barry Wright agreed that without that, the Town would have to have some sort of public transportation system. Jack Diemar suggested some differentiation should be made between funding that goes to the service or benefit, and funding that goes to social activities within the building or facility. Pat Blanchard said that would be a tough line to draw. For example, the Town would not get all the volunteer drivers without COA. Barry Wright and Jack Diemar agreed, how does one put a value on things like administration of volunteers? Connie Appel added that the Community Center will include people who are not affiliated with COA. Perhaps, they too, will come to the Town for funding. Both benefit the Town in ways that are not now being met by Town governance.

The Budget Committee did note that in some cases, the Town loses some tax revenue, when a non-profit occupies a location in Town, and that fact should be reflected in the income portion of their (the non-profits') budgets.

Connie Appel pointed out that for the issue of non-profit funding, once again, the philosophical discussion may be larger than the budgetary one. Specifically, the question is, how much responsibility does the Town have toward non-profits that are picking up services not offered by the Town? Budget Committee members agreed that some non-profits provide services that are more crucial than others. And some have the potential to become more self-sustaining. Those would not fall apart if the Town did not give the requested donation. Bob Meck agreed, and said the questions are: What services should Town governance be providing? And what services should be private entity situations?

Jack Diemar suggested the possibility of setting a cap on annual increases in Town funding to non-profits, but that led to some concern that that may encourage some to rise to that cap whether they need to or not. Connie Appel suggested it would be better to look at each request individually, and make a determination of whether or not a particular increase is warranted.

Noel Weinstein suggested that a standard form should be used for these requests, and one criteria should be, is the benefit generalized or more focused. Several members said that those providing more focused services are actually

the ones most needed. Pat Blanchard asked what the Town's welfare requirements are. What does the Town have to cover by law? Jessie Levine said, any service that qualifies. Upon receiving a request for assistance, the Town's welfare director will first seek help for that applicant from outside services—churches or other organizations, but ultimately the Town is responsible for providing essential services in emergencies including payment of rent, electric, etc. The Town can put a lien on a resident's property when providing these services.

In conclusion to this discussion, Jessie Levine said that the non-profit organizations applying for Town funding deserve an audience, and Budget Committee members agreed. Note made that a first time request from a non-profit must appear as a warrant article at least for the first year. (This year, the Town received for the first time, a request for some funding from the New Hampshire Association for the Blind.) Budget Committee members agreed that instead or in accompaniment with the courtesy letter that is generally sent out to non-profits requesting Town funding, Carol Fraley should also send out a form to be completed, with the explanation that the Town is trying to standardize its process. The form will include an opportunity for the organization to discuss how it serves New London residents as a whole or what specific segment of the population it serves, amount of usage, how it improves quality of life in New London, what other Towns contribute funding, what other sources of revenue does it have. Non-profits will be asked to submit the completed forms in time for the Budget Committee's November meeting.

Over-Expended Accounts as of October 12

Noel Weinstein commented on the cost of \$1000 to film the March 06 Town Meeting. Jessie Levine said they have not budgeted for that this year, but they have gotten favorable comments from people on that filming.

Noel Weinstein asked about the over-expenditure for Workers' Compensation Insurance. Carol Fraley explained that is the result of an underestimation of the Town's 2005 payroll, as found in the audit. It is a one time over-expenditure.

Selectmen's Update

Jessie Levine and John Wilson reported that the Sewer Commission received the letters of concern from both the Budget Committee and the Board of Selectmen (as discussed at September 20th Budget Committee meeting), but to date, has not commented in response. Referring to concern expressed by Sewer Commissioner Gus Seamans at that September 20th Budget Committee meeting, regarding the 50% increase in sewer rates between 1997 and 2007, Noel Weinstein pointed out that that increase is actually only 3.5% or 4% annually, relative to increases in everything else. Jessie Levine reported that the Sewer Commission will be meeting prior to next month to set the 2006 users' rates, so those numbers will be available at the Budget Committee's next meeting. On December 7 at 3 p.m., the Sewer Commission will meet to finalize its 2007 budget.

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Meeting adjourned at 9:30 p.m.

Respectfully submitted,

Sarah A. Denz
Recording Secretary