

DRAFT
Town of New London
Budget Committee Meeting
December 14, 2009

Present: John Wilson (Chair), Bob Meck, Jim Wheeler, Celeste Cook, Kathy Bianchi, Jack Sheehan, Connie Appel, Ann Bedard, Mark Kaplan (Selectmen's Representative), Larry Ballin (Selectman), Tina Helm (Selectman)

Absent: Doug Baxter

Staff Present: Jessie Levine (Town Administrator), Carol Fraley (Finance Officer), Jay Lyon (Fire Chief), Sandra Licks (Library Director), Chad Denning (Recreation Director), Dave Seastrand (Police Chief), Richard Lee (Public Works Director), Linda Hardy (Town Clerk/Tax Collector), Linda Jackman, Joe McCarthy, Karl Bjorklund, Meghan Clark McDaniel, Tom Durling

Public Present: Tom Cottrill (Planning Board Chair), Michael Doheny (Planning Board), Karen Ebel (Planning Board), Bob Bowers (Library Trustee), Steve Ensign (Board of Firewards), Doug and Brenda Homan, Bob and Emma Crane (Planning Board/Conservation Commission), Peter Bianchi, Erle Blanchard, Joe Cardillo, Ben Cushing, Bob and DJ Lavoie, Nancy Friese (Council on Aging)

Chairman John Wilson called the meeting to order at 7:00 PM.

Planning Board: Tom Cottrill, chair of the Planning Board, began his presentation by noting he was there to speak on behalf of the budgetary needs for the Planning Board for 2010. He said that there were three categories included in the budget that he would like to discuss: 1) the budget for the Planner; funds for engineering consultants; and funds for advertising. He noted that it was up to the Planning Board to select the Town Planner. The Board also uses a secretary and Town Counsel as needed. Mr. Cottrill explained that they also make use of the Zoning Administrator, Finance Officer and Town Administrator's time. He shared that the purpose of having a Town Planner was to assist the Planning Board with applicant processing, assistance, and being up-to-date on local zoning regulations and amendments, state regulations and more. The members of the Planning Board are in agreement that it is best and most helpful to have a non-resident carry out the duties of the Town Planner. Mr. Cottrill stated that they have been careful and efficient with their budget. He went on to say that the number of applications before the Planning Board has been on a decline and that 2009 represented the lowest amount of applicants in several years. He believed that in 2010 there would be more activity, which may or may not cause expenses to go up.

Mr. Cottrill reminded those at the meeting that in 2009 the Planning Board had produced just under \$10,000 in revenue but that it was not very visible because it goes back into the general fund. He said that the Planning Board has recently increased its fees to better reflect the amount of work that goes in to each applicant's time before the board. They will see the results of this fee increase next year, once they have had an entire year to collect them.

Mr. Cottrill shared that last year they agreed that the Planning Board would redirect tasks to others already employed by the Town (primarily the Zoning Administrator), which reduced the Planner's budget and helped to fund the budget for the Zoning Administrator. Upon reviewing the budget from 2007, it showed that the Planning Board budgeted \$46,000 and used \$38,500. In 2008 it budgeted \$35,000 and used \$26,000. The 2009 budget was at \$20,600 and they will just reach that number at year-end.

Mr. Cottrill explained that the Planning Board meets approximately 22 times per year and that their budget is determined by how much work they get from applicants in the Town. In 2007 they worked on the New London Hospital expansion, rewrote the subdivision regulations, and had many other projects that kept them busy. In the last three years there have been some substantial and complicated proposals including many major and contested subdivisions. He noted that all applications take much time and at times there are some "hot" meetings where a non-resident planner can keep a sense of balance about the issues. He can simply state the laws and keep personality out of it. Mr. Cottrill said the planner keeps abreast of the issues and applications going on in town so that the volunteers on the Planning Board do not have to keep thoroughly involved in the matters on a day-to-day basis. He added that New London is what it is because of careful planning, among other things. He offered that the Budget Committee has done a good job to tighten the budget, but that they have to recognize that they have trimmed the budget to the bone and all that was left was bone. He added that the Planning Board secretary was hired to work for the Planning Board but then was asked to share work with other committees including the Board of Selectmen, Zoning Board, Energy Committee, and Budget Committee. She is maxed out for time and they are finding they don't have enough time to complete some tasks that have to be done. The Zoning Administrator's hours that were assigned to the Planning Board have been maxed out as well.

Mr. Cottrill said that the Board is spending less time going to the Planner for information and are being charged for less. He commented that communication between the Zoning Administrator and Planner was great and allowed for efficiencies. He shared that the Town Administrator has continued to agree to take on more responsibilities and work and he wondered if a 40-hour workweek was really possible any more. The Selectmen agreed that more work has been put on the staff and Mr. Cottrill wondered how much they could take. At some point they have to draw the line and stop maxing people out.

Mr. Cottrill asked how many hours were allocated to the Planning Board each week by the Town Administrator, Zoning Administrator and secretary to run the business of the Planning Board. He explained that they rely on members of the Town and staff to do the work behind the scenes. He proposed for next year to not reduce the Planner budget proposed by the Planning Board. He felt that more activity would come about and would like to actually increase the budget by \$1900. He said that this was what they believe they needed to effectively run the Planning Board for 2010.

Mr. Cottrill explained that the Planning Board is charged with hiring a planner. He opined that maybe they haven't had a good process for this in the past but that it has always worked out. Due to the recent activity of the Budget Committee and the Board of Selectmen they have decided that from here on out, they will start a bid process for the Town Planner, starting mid-summer. The current Planner will help create a job description and they will put it out to see what they get for a response. They want to do this well in advance to help the current planner make other arrangements or to continue with his work.

Mr. Cottrill pointed out that the Budget Committee had considered some information that was incorrect during the last budget meeting. He said that Ms. Levine gave a number for the Regional Planning Commission as \$45/hour but later found out that it would increase to \$48/hour in 2010. He said that if they exceed their budget with more applications, they can either stop processing the complicated applications (which he noted was not possible) or get funding from another Planning Board fund (which there was not much available), or they could get money from General Fund to keep things going. He noted that the Planning Board had cancelled the December 8 meeting to make the budget come in as planned for this year.

Going forward, Mr. Cottrill said, the Planning Board felt it was important to be involved in a scheduled forum such as this to discuss the budget needs to the Budget Committee in a manner similar to the CIP committee that is currently in place. He admitted to feeling blind-sided by not having a say in these cuts

from last month's meeting. He said that now the Planning Board has had their time to present their budget and hopes that the Budget Committee will have this taken care of ahead of time in the future.

Mr. Cottrill added that the engineering fund that Ms. Levine proposed was to allocate \$5000 over three years. He felt that it was hard to say what they will need along those lines. Some applications are complicated but they never know what is going to come in. The advertising portion of the budget is there to pay for something that is required by the State and they have to do it. Mr. Cottrill said that he has had complaints from some in the Town who feel there is not enough advertising done. He said that they had \$800 in the budget and it was cut down. Ms. Levine noted that they had increased this fund previously for Master Plan advertising.

Mr. Cottrill brought up again the fact that year-to-date, the Planning Board had generated \$9,500 in revenue. He stated that more activity equals more revenue. That being said, he asked the Budget Committee to reinstate the Planning Board budget.

Chair Wilson responded that from looking at the last Board of Selectmen minutes, he learned that they voted to support reinstating the budget for the Planning Board, but not to exceed \$20,000. He also remarked that in the minutes of the last Budget Committee meeting, one of the selectmen supported the idea of cutting the Planning Board budget back to \$15,000. He asked to have one of the selectmen speak on behalf of these decisions. Mr. Kaplan said that he was not in favor of cutting the Planner budget below \$20,000. He said that at the last Board of Selectmen meeting they discussed the issue and agreed to approve the budget for up to \$20,000. He noted that some of his colleagues said that they would like to cut it down to \$15,000.

Mr. Wheeler asked Mr. Cottrill what percentage of the Planning Board budget was allocated to the planner budget, and of the engineering budget, how much went towards subdivision applications and developers vs. home builders and individuals. He was curious what the Planning Board anticipated going forward for the next year. Mr. Cottrill said that he has been on the Planning Board since 1996 but hadn't kept track of the breakdown between the types of applications. He said that they have had some busy years with subcommittees but during this past year, it has been offset by the Master Plan. Mr. Cottrill said that what they end up having at meetings are a variety of major subdivisions, site plan reviews, and tree-cutting requests. He shared that the relationship between the Zoning Administrator, the Planner and the Planning Board was very good. They get the public to call on the Zoning Administrator first with questions. If it gets complicated, they are referred to the Planner. Also, if something goes to the Planner that could be handled by the Zoning Administrator, he is quick to refer them directly to the Zoning Administrator. When the projects get to a certain level, they go back to the Planner. Mr. Cottrill said that there is quite a bit of activity that goes back and forth on those types of issues. He said that they have thought of telling some applicants that they could only have five hours with the Planner, but this notion hasn't worked out very well. He remarked that the Zoning Administrator is very helpful, saves time, and massages the applicants into the right position with their applications. He said that he couldn't really break the projects down into percentages, as it is varied at each meeting. With the economy the way it is, things have started to pick up and they anticipate more activity. Mr. Cottrill likened the Planning Board's anticipation of work to Richard Lee, Public Works Director, trying to predict snow storms.

Jack Sheehan said that he had three points to make: 1) He thought that the Planning Board does a good job and commended them for what they have done. Whatever issues he has, he didn't want the Planning Board to feel it was anything personal. 2) In 2008 or 2009, they agreed to reduce the budget for the Planner and to increase the position of the Zoning Administrator. Now they are asking to increase their budget. He said that he didn't want to go into the details of the salary of the Zoning Administrator, but suggested that they were spending more on the Zoning Administrator's salary and didn't feel there had been a real savings. Mr. Sheehan said that a year or two ago, he felt that the Planning Board was

committed to using more of the Zoning Administrator's time and to not continue to add costs for a Planner. He explained that this was a personal observation. 3) In their proposed budget of \$22,500, how many Planner hours or person hours it entailed and, if the Planning Board didn't use the current Planner but instead went to the Upper Valley-Lake Sunapee Regional Planning Commission (UVLSRPC) for the same number of hours, what would the cost be?

Mr. Cottrill began by responding to the second question asked. He said that the budgeted amount for 2008 was \$35,000 of which \$26,198 was used. The budget for 2008 went down 24% and the budget for 2009 went down 41%. From the actual amount used in 2008, that being \$26,198, it went down \$6,000 in actual use. Of the actual budget, it went down \$15,000. Out of the Zoning Administrator's salary, he wasn't sure how many hours were allocated to Planning Board activity but he felt that they could directly correlate hours taken from the Planner's salary with hours spent by the Zoning Administrator.

Ms. Levine, after having done some calculations, reported that at \$48 per hour, the same number of hours with the Regional Planning Commission instead of the Planner would amount to \$20,570. Michael Doheny said that the Zoning Administrator position was voted in at Town Meeting. It was expressed at Town Meeting that the increase in the Zoning Administrator's salary wouldn't be solely for the Planning Board, but that the difference would be supported by increased fees. Mr. Sheehan agreed that this fact was very well-defined at Town Meeting.

Ms. Levine said that the Zoning Administrator had been budgeted for 35 hours per week, up from just 30 hours per week. She noted that he is currently exceeding these hours by working more than 40 hours per week, but he was a salaried employee so was not being paid for the extra hours. Mr. Wheeler asked how many hours were allocated to Planning Board by the Zoning Administrator. Ms. Levine said they haven't done that breakdown but that he was spending an average of at least one day per week on Planning Board activities. He also takes on the bulk of drafting zoning amendments and a large portion of the site plans are also done by the Zoning Administrator. She figured that he spent at least 25% of his time working for the Planning Board.

Mr. Doheny shared that this was a revenue-generating budget item. They were not asking for the amount of \$22,500 out of the budget but that they generate revenue against their budget. Ms. Levine added that the Planning Board increased some of its fees this fall so hopefully that will offset the budget as well.

Mr. Wheeler asked if selectmen proposed going to \$20,000. Mr. Ballin answered in the affirmative. He said that they reduced the number from \$22,500 to \$20,000. He also noted that they have made an agreement with the Planning Board to put in place a plan to negotiate their planning services by this time next year so they look at multiple vendors instead of just the current one.

IT WAS MOVED (Mark Kaplan) AND SECONDED (Connie Appel) to increase the budget for the Planner to \$20,000.

Celeste Cook asked Mr. Cottrill about the Master Plan and if this was part of the payment for it. Mr. Cottrill said the Master Plan was a totally different line item. This line item was for the advice and assistance of the Planner to the Planning Board.

Ms. Bianchi said she would like to stay with reduction voted on at the last meeting.

Mr. Sheehan commented that the request was not unreasonable. The problem was that the budget package they have is looking at something in the neighborhood of an 8% tax increase to the Town of New London. He said that it was a reasonable budget and that most things were justifiable. What was sticking in his mind was whether they have enough money in the Town to afford this 8% increase, considering these economic times and conditions. He reiterated that the Planning Board does a good job but he was

leaning towards keeping the Planning Board planner budget at \$15,000 or perhaps a little more, until times were better. He felt it would make more sense to keep it at \$15,000 and then reevaluate it next year.

Mr. Kaplan said that he looks at the issue from a longer point of view than one year. They have gone from \$35,000 to \$20,000, which is a \$15,000 drop. He opined that everyone expects the Planning Board to do exactly what they have been doing right along with less funding. Their budget is being cut by 50% and they expect them to meet twice per month and take care of all the people in Town who want to build and for them to get involved with all the details. He said that he was surprised that the Budget Committee was not making the cuts very judiciously.

Mr. Wheeler said that he thought it was understood that the beginning number of \$35,000 was considered outrageous and shouldn't have been that high in the first place. That is why they have been cutting the Planner budget over the years. He said that if the Planning Board needed the Planner for more than they have budgeted, they can use money from the General Fund and then the following year could make adjustments. Ms. Levine said that they can't spend money that hasn't been budgeted out of the general fund. It would have to come out of another budgeted item. She said they haven't had that kind of budget in quite a long time, where a lot of money would just be left over. Mr. Kaplan said that the Planning Board budget was supposed to be cut down when the Zoning Administrator was made full-time, and that did happen.

Ms. Levine said that before Mr. Sheehan's comment about the 8% lingers as the budget increase, the reality was that we were looking at a 1% increase over 2008. Ms. Levine said that it was inappropriate to compare the 2010 budget to the 2009 budget without context, since the 2009 budget contained a 5% decrease that everyone knew would have to be made up in a future year. She thought it was disingenuous to talk about an 8% increase without taking into account that 2009 was an unusual year.

Ms. Cook said that the Planning Board has raised \$10,000 in revenue for the Town, which should be taken into account. Ms. Cook said that the budget was really only \$10,000 if they kept it \$20,000 in the budget and she thought that was a sensible number. Ms. Cook shared that she has been on the Planning Board and knew the work that was done and knows the Town is the way it is because of how things start at the planning level.

Chair Wilson asked if there was any further discussion. There being none, he called for a vote on the motion. **By a show of hands, THE MOTION DID NOT PASS; 6 were opposed, 3 were in favor.**

There was a question from the audience regarding the rules of the meeting and who could speak and when it was allowed. Chair Wilson stated the rules: the only people who were allowed sit at the table in the front of the room were the Budget Committee members, the Board of Selectmen, the Town Administrator and the Finance Officer. They will take comment from the audience for two minutes per person on one subject. They can only revisit the subject at the will of the chairman. Once there is a motion and is seconded on the floor, conversing is limited to the committee.

Review of the Minutes from the November 16, 2009 Budget Committee Meeting: Chair Wilson asked for any additions or corrections from the minutes. On page 3, Mr. Sheehan noted that the word "expense" should not appear twice in one sentence. In the same paragraph, the word should be "overexpended," not overextended." On page 2, (paragraph 4) the hospital had 1500 calls per year, not 15,000. On page 15, (paragraph 2, line 1) it should say "Pleasant Lake Dam" and not just "Pleasant Lake." On page 13, Mr. Sheehan noted that the words "tax rate" should end the sentence that currently ended with "8% increase in the..." **IT WAS MOVED (Celeste Cook) AND SECONDED (Jim Wheeler) to accept the minutes from the November 16, 2009 Budget Committee Meeting, as amended. THE MOTION WAS APPROVED UNANIMOUSLY.**

2010 Personnel Budget: Ms. Levine said that the memo included in the packet for the night's meeting, along with the Selectmen's minutes from the November 30 meeting, summarize the Selectmen's proposal for 2010 salaries and health benefits. To give some background, Ms. Levine shared that they were notified of by the LGC of a 16.4% increase in their health insurance benefit going into 2010. She noted that this increase was one of the lower increases that some of the surrounding towns were seeing from LGC.

Ms. Levine said that this information prompted her to begin reviewing other health plan options. She indicated that she had also met with the employees a number of times and even had them take a detailed survey to get a feel for what they wanted and needed in their plans. In the end, she decided to propose a middle-of-the-road change. This change is not one that would make either the Budget Committee or the employees happy.

Ms. Levine proposed to change the Town's health insurance from the Blue Cross 3-tier plan to a Blue Cross 2-tier plan with increased co-pay and Emergency Room co-pay, and create an option for a less expensive HMO plan with incentives for the employees to choose it. Ms. Levine reported that she looked at increase the employees' share of the current plan and of choosing a less costly plan, but both options would have had a significant financial impact on employees and would yield only a small savings to the Town. Coupled with these two choices, Ms. Levine was proposing to increase salaries by 1.5% to help keep up with what is going on with other towns that are also giving raises and are having healthcare increases of this magnitude. She noted that Sunapee was now adopting the prescription plan that New London adopted last year in order to defray their costs of healthcare. She said that by doing this, they are able to offset their 16%+ healthcare increase this year, whereas New London saw that savings a year ago.

Ms. Levine shared that the Board of Selectmen had reviewed her proposal and gave their support. She added that this would be a net increase in the budget of \$105,000. Ms. Levine added that one of the primary points she would like to get across is that the employees are taking on more of the cost of health insurance each year and that it was appropriate to give them a modest raise in this situation. Their out-of-pocket prescription requirement has increased, their co-pay will double this year, and their savings on even the less expensive plan will not make up for the increase in the co-pay.

Mr. Meck asked if there were any other options available for health coverage for the Town's employees. Ms. Levine said that they have looked at 10-12 plans from LGC and from Primex. She explained that while Primex offers less expensive programs, they would lose their existing discount from LGC for having multiple policies with them, including property liability, workers' compensation, etc. Ms. Levine also shared that the employees felt that they were getting good service from LGC in other respects than just health insurance and they indicated that they would like to stay with LGC. She explained that they narrowed down the plans and looked at the impact each would have on the Town and to the employee. She noted that there was only one plan proposed that would save the Town money, and it had a very high employee deductible. If this option were chosen, they would surely need to make adjustments for salary because it would impact not only the employee, but their entire family. She explained that all of the health plans represented some level of increase to the Town.

Mr. Wheeler asked why the increase in the Executive budget went up 21% while the other departments went up only 9-13%. Ms. Levine explained that this would be the first full year of the Zoning Administrator's full-time salary and benefits (2009 contained only nine months at the full-time salary). She said that there was also an increase to the Town's contributions to the NH Retirement System that was reflected in the change sheet.

Mr. Sheehan had two questions for Ms. Levine: 1) he asked for confirmation that the increase in salary impact was about \$35,000, and Ms. Levine agreed; and 2) he asked if the 1.5% raise would be equal across the board or if it would be performance-related. Ms. Levine said it would be across the board to

help keep up with neighboring communities and healthcare costs. Mr. Sheehan said that he liked Mr. Ballin's suggestion raised at the last meeting, which was to give this raise as a bonus and only for certain individuals who were at the top of the range or over the top of the range. He felt that giving the money as a bonus or an add-on would help to keep it under control and to reward decent performance. He said that he would like to see people get something, but the state budget was frozen, people were being laid off, and that the State of Vermont announced a 3% decrease.

Mr. Ballin opined that this really was, as far as he could see, a wash for their employees; 1.5% across the board was not a tremendous number and would help with employee morale. Ms. Levine said that the intention of the raise was to keep up with what was going on in neighboring towns. A one-time bonus is not cumulative and she thinks salaries should accumulate so that employees not to lose ground.

Ms. Levine referred to the spreadsheet showing what other towns are giving for raises in their 2010 budget, and said that the Town of Newport got back to her too late to include in the spreadsheet, but Newport is planning to increase all employees' salaries by 3% in 2010. The Town Manager in Newport said that even in these hard economic times, Newport has not seen a noticeable increase in welfare or delinquent tax bills.

Mr. Sheehan said it was discouraging to see that the \$103,000+/- reduced at the November 16 meeting seems to have been put it right back in again with these additional costs. Ms. Levine agreed, but reminded him that the Budget Committee knew that she would be returning with personnel-related costs, and that they have to deal with priorities in this instance. Mr. Ballin reminded those at the meeting that some of the costs they are being forced to pay are those being pushed back on them by the State of NH. He recommended that people talk to their representatives if they have problems with this situation.

Mr. Bianchi opined that it was difficult in a small town to speak about employees' salaries and benefits. He said he had no problem with the work force in Town but that it was inexcusable in these economic times to feel obliged to give raises when there are people losing their jobs and others are cutting personnel. He commented that he didn't know where the Board of Selectmen or the Town Administrator were living, but that it just didn't seem necessary. He said it was not that the people didn't deserve it, but he was astounded at the idea of increasing the budget, giving raises and keeping the health benefits. He felt the leaders of the Town should not go through with the recommended raises and should increase the percentage of employee participation in the health plans.

Mr. Wheeler asked if the salaries in the other towns Ms. Levine had looked at with regards to raises and healthcare costs were similar to New London. She said that the surrounding towns use each other as benchmarks. She said there had not been a complete wage survey done this year, but the Budget Committee's personnel subcommittee did one in 2006 and asked to have one every five years, so she plans to do one in 2010 for the 2011 budget. Ms. Levine indicated that they are looking at each other's salaries constantly. New London is slightly higher for most positions but they have different responsibilities here. She commented that their Police Department salary ranges start at a lower rate than the Sunapee Police Department.

Chair Wilson said that this gets confusing and complicated because in the past they have agreed that they'd wait until the end of the year to adjust employees' salaries by the CPI, and he felt they should keep their agreement. He was not ready to vote yes or no at this time on the healthcare costs or the merit raises. Ms. Levine said she was not asking for a cost-of-living-adjustment based on the CPI. She reiterated that this was a merit increase to keep up with the increases to the health insurance. The employees were not wild about the proposal because it was a reduction of health services. Ms. Levine noted that if they kept the current three-tier plan and did not give a raise, the employees would be hit even harder.

Ms. Levine pointed out that even though the healthcare increase would be 12% with the change in health plans, it would actually be only a 3.5% increase over two years due to the change in prescription plan in 2009. Mr. Wheeler said that looking it over as a 10-year period gave a better representation of healthcare costs. Ms. Levine said that a 10-year period shows fluctuations of over 20%, and pointed out that every time there was a spike in health insurance, the employees took part of it on with increased co-pays or increased share of the premium. She said that this was still a 12% increase, but that the employees were doubling their ER and office visit co-pay as well as taking on the prescription costs beginning in 2009.

Mr. Sheehan said that he felt happier characterizing the 1.5% increase in salary as a performance-related salary increase. He said that he doubted there were any other general citizens at the meeting who haven't taken a hit on their own healthcare costs. He felt that people have to understand that these costs are rising and everyone has to bear the increase. He'd prefer to link any increases in salary with performance reviews rather than just a general cost increase. Mr. Wheeler asked Ms. Levine if the 1.5% increase would help employees with taking the hit from the rising healthcare costs and would it be an even trade. Ms. Levine said it would be an even trade if they don't have to go to the doctor a lot and pay their increased co-pay. The more medical care they need, the more they will have to pay.

Mr. Homan asked if the Budget Committee could just ask Ms. Levine to take 8% off at her discretion, rather than going through the budget line by line. Chair Wilson said that if they were in a situation where they needed to reduce the budget presented to them, they'd give it to the Town Administrator to have the first crack at reducing it as she saw fit. They had also reserved the right to do a line item review afterwards if they were not satisfied with the results. Chair Wilson said that this hasn't been discussed this year other than at their procedural meeting.

Mr. Sheehan felt it was difficult to focus on the budget item by item because by doing so, they were not looking at the budget as a whole. He opined that they should decide what the reasonable number that the Town could afford was, and then the Town Administrator and Department Heads could go through and pick out what they think they could to stay within that framework.

Mr. Homan said it has been an easy year for the Town and now they want to give an overall percentage increase. He said it didn't look like a lot of heavy lifting. He said they've had to make cuts at the Country Club by 20% but none of that sort of thing happens here. He couldn't believe that they were talking about an 8% increase given the present economy.

Dave Cook said he thought Ms. Levine said earlier that there had been no increase in defaults of taxes in the Town. That type of information struck him as to whether or not this number was appropriate for the tax level of the Town. If they had a lot of people coming in late with their mortgage payments or defaulting on their taxes, it would show that the rate would be too high. He opined that if there weren't significant hardships showing up in critical numbers that they are not at the breaking point that certain people are talking about.

Mr. Sheehan said he challenged this thinking as a metric to determine whether people can or cannot afford a tax increase. He measures the mood of the community. Ms. Appel said that last year it had been helpful to look at a comparison of the tax rates of the different towns. She remembers New London being in the lower half of the tax rates of the surrounding areas. By no means was she arguing for higher taxes, but she said it was not 1930 and when they talk about what they can afford for taxes, it is true that the surrounding towns are paying more. She gave Claremont as an example. They are paying \$30.40 per thousand, which is more than twice what they pay in New London. She felt that they needed to be fair to the employees and they needed to run the Town the way it needed to be run. It bothered her that they have cut so much from the Planning Board budget. She summarized her position by reminding them that New London is on the low end of the tax rate for this area.

Ms. Levine distributed a printout of the tax rates in the state and pointed out that New London is in the bottom 20% of the State. Sunapee and Newbury were just a bit lower than New London. Most of those in the top 40% of the tax rates do not have the services that New London offers. The ones that do offer the same services are the lake towns such as Lincoln and Wolfeboro. She reiterated that most of the communities that have a lower rate offer fewer services. On an equalized basis, New London has one of the lowest tax rates in the State. Mr. Wheeler said this equalizes the tax rate but doesn't show what people pay to buy a house in one of those towns, and that was a cost that he felt had to be considered. Ms. Levine said that New London is still selling property at 10% higher than its assessed value; people are making a choice to pay more to live here to take advantage of the services they offer.

Mr. Lavoie said this discussion forces people to look at priorities by looking at the whole picture instead of a line by line review. Mr. Homan said if you go to each department and ask them to cut their own budgets by 8% they could probably do it without much pain. He said there had to be some fat. They need to come up with a leaner machine that gets the job done and he thought the Town could do it.

Ms. Levine said the Police Department was about to overspend their vehicle maintenance budget because the cruiser they put off replacing last year now needs a new transmission. The Fire Department also had to spend \$10,000 on their ladder truck but was luckily able to spend FEMA money that they received as a result of the ice storm last year. She said that they cut the budget by 5% this year and they have to make it up now because the Town's vehicles need repair and other items cannot continue to be put off. She said that the extra 8% was just not there to cut out. Mr. Homan asked if the majority of cuts this year was from capital outlay, and Ms. Levine said that it was. Mr. Homan asked if the operational budget and the size of the Town's staff grew. Ms. Levine said the staff grew by a portion of one position but operational cuts were present too. She said that there had been \$30,000 in cuts from the health insurance in 2009, and noted that the Department Heads have spent hours cutting operational costs and now they are falling behind in terms of what they are being asked to do. Mr. Homan opined that money could be saved in many places. One place in particular was in the paving of Tracy Road, which he felt did not need to be done. Ms. Levine disagreed. Mr. Homan said that they were talking about standards and making compromises, and given the growth in recent years, 8% is too much.

Chair Wilson said that he has thought a lot about this budget and he understood the efforts of each department to improve the level of service they are providing and also the Town Administrator's desire to compensate the employees. He said that he can't and won't support a budget that was an increase of over 2%. He said that the New Hampshire unemployment was up 6.8% and the CPI has increased .2%, and as a committed member of the Budget Committee he must consider and maintain a balance between the Town budget and the economy. He felt that this was a responsible decision to make. Chair Wilson said that he would support a motion to limit the budget increase for 2010 to 2% and give the budgets back to the Department Heads to have the first opportunity to make further cuts.

Ms. Levine said that if this is done, they won't be able to comply with mandates set by the State. They may not be able to match the Elkins grant and would not be able to afford the dam engineering work that was needed. Those were expenses that come up that they, as a community, should vote on. She said that she has not been to a Town Meeting where the voters vote down the budget that the committee has presented. The will of the people shows up at Town Meeting. She said that they have done a good job to get a responsible budget. People want their roads paved and maintained.

Ms. Bianchi said that at Town Meeting the voters have been very generous over the past few years in approving anything requested. She felt that it could be a function of the economic conditions they were in. She truly believes that she is on the committee to get the Town to stop spending and thinks they are at a point now that they have a marvelous town. They don't want to change it. It is a town that over the last ten years has become a very expensive town in terms of running it because they have so many services.

She said that it is one thing to need something but it is another thing to want it. They were at a time now where the citizens are saying "do we really need this?" There are many people in this Town who are struggling financially. This committee has to speak for those people. She can truly appreciate the frustration because for the past ten years Ms. Levine has been given a completely different message. They have to start rethinking things in light of where they are in the economy and what people can afford.

Ms. Appel said that historically the Budget Committee has done a pretty tight job financing the Town. They rank 40th out of 230 towns in terms of tax rate. In last meeting they went through the budget line by line and took out \$104,000. They got it down as tight as they could get it. She felt the Town was well-run. She doesn't feel there were any more projects that should be cut. The departments have been extremely responsive in keeping their budgets tight. She wanted to be a cautionary voice to say that they need to continue doing the job they can, making the tightest possible budget based on needs of the Town.

Chair Wilson said the needs of Town were also the needs of some of the particular people who were living in the Town and they need to be very considerate of that. He said there are people on his street who are hanging on by their teeth. They need to consider a better balance between the budget and the economy. Right now they are in a crisis period where there are a number of people who they owe it to tighten the budget up. They may need to cut or diminish a service for the time being. If he wasn't on the Budget Committee, he'd be angry when getting his tax bill. Chair Wilson said that a lot of people he was representing were in that position. He never likes diminishing services or the aura of living in New London, but he felt they have a very special situation and have to address it carefully and fairly.

Ms. Appel said they are faced with a reality of the State's decision to fund the property tax, which is inherently unequal. The fact is that it falls more heavily with people who own better homes. It is not something that this Budget Committee could do anything about. She said they are constantly faced with mandates from the State and that they were only going to have more in the coming years. The State is financing itself on the backs of local property taxpayers. Regarding the personnel budget, Ms. Appel said that it seems right to her to keep the personnel equitable with the monetary burden. If they are making them pay more for health care, it behooves the Town to make up for it in this way.

Ms. Cook said the things they are looking at they have no control over, including healthcare costs and the courthouse closing, causing the Town to have to pay more to send officers to Newport for hearings. She felt that Ms. Levine had worked very hard on the health insurance. She didn't feel it was right to deny this 1.5% increase to the people who work to keep the Town as well as they do. The bottom line was that they have a good town, wonderful people who work at it, and the things they are looking at are out of their control.

Ms. Bedard said that she was not going to sit here and make a decision about what employees do or do not deserve. She said that she deals with employees every day. The most important part of the equation for employees is whether or not they can get health insurance through their jobs. If they can't, they'll leave. She opined that Ms. Levine was right in saying that healthcare was a priority. One of the reasons they are #40 is because they are selling property at 10% higher than the assessed value. They are paying lower taxes every year. She also agreed with Mr. Wheeler that she wouldn't like to take away the benefits from employees. She felt that the Department Heads could find a place to make cuts and that she would be supportive of a maximum 2% increase in the budget.

Jim Wheeler said that this was evolving into a philosophical discussion. Regarding the notion that Town Meeting votes to support the budget, he felt that the trend was shifting. There were some close votes last year, and his circle of friends and constituents were overwhelmingly saying they don't want to pay more taxes. He submitted that at Town Meeting they ought to be given choices. They are the ones who make the final vote. It is incumbent upon them to provide choices wherever they can. He would also support a 2% maximum increase in budget if they can reach it. Ms. Levine said that a 2% increase over last year,

which was \$90,000, was equal to the entire health insurance increase. She added that the requirement from State for an increased share of the retirement was \$20,000. The loss of the court equals to \$35,000 in revenue. She said that when they talk about a 5% reduction from last year, the 2% does not even begin to make that up and cover mandated costs.

Ben Cushing stood and remarked that there were very few natives in the room; he was a native and used to be a police officer in Town. He felt that Ms. Bedard was right when she commented that the employees were the Town's treasures. If he was still a police officer, he'd go work in Sunapee and start out at a higher wage. Why would he work for New London? Mr. Cushing stated that they work here because they love this Town, and he chooses to live in New London and that if people don't like the taxes and don't want to live in New London, they can move somewhere else. He said that he pays his taxes and feels the Budget Committee does a good job. Mr. Cushing went on to say that if they make a budget that is just 2% more than last year, they will vote at Town Meeting to approve more and more things and it will end up being above the 2%. Mr. Cushing said that an 8% rise in the tax rate is crazy. He has had to get rid of staff in his own business. He opined that a higher percentage of people in the Town are going to go to Town Meeting this year. Whatever they want they'll get because it is their town. Mr. Cushing explained that in his realty business, he sells "New London." People want this Town, and he asked the committee to take that into consideration. He ended his comments by adding that he'll pay his taxes even if they go up 10%.

Mr. Sheehan said there was a proposed budget of 8% and asked if it was practical to adjust it and change it to the 2% number that Chair Wilson suggested, knowing what has got to be included in it. He wondered if they should give the opportunity to the community to see what was being cut out. Ms. Levine said the Budget Committee went line-by-line at the last meeting. Mr. Sheehan said that if they continue to be the responsible Town they are, they will need to see what they can cut out to get to \$7.2 million. Ms. Levine said that she thought the Budget Committee had already made that decision, but that she will do what the Budget Committee wants her to do. Mr. Sheehan said that they had debated the budget already when it didn't include the healthcare increases or the salary increases. He thought they should look at the budget to see where else they could take things out and get to a reasonable budget. He said that a 2% increase would be a total of \$7,200,000. Ms. Levine said that the actual budget in 2008 was \$8,200,000. Ms. Levine said that they need to recognize that the \$200,000 veteran's credit could not be adjusted without a vote at Town Meeting.

There was some confusion as to what the 2% figure meant. Ms. Levine asked if it was on the tax rate or on the budget. Ms. Levine said that \$4.51 was the rate in 2008 before the use of surplus, and 2% of that figure was a little over \$.09, or about \$90,000 on the budget. Chair Wilson said that he didn't want the tax rate to go up more than \$.09. Ms. Levine asked Chair Wilson again where the 2% figure came from. Mr. Kaplan said that if 2% equals .09 then it was equal to \$90,000. Mr. Sheehan asked if the 2010 budget could be \$84,000 higher than 2009 budget.

Ms. Bianchi asked what Mr. Sheehan was proposing. Last year the tax rate was \$4.23 and a 2% increase would bring it to \$4.31. That was his proposal. The difference was \$.08. Mr. Kaplan said that \$80,000 would be the increase in revenue or appropriation. Mr. Cook asked how much that represented in the budget. Ms. Levine said it would be on the order of about \$240,000 that they were proposing to cut from the existing budget.

IT WAS MOVED (Kathy Bianchi) AND SECONDED (Ann Bedard) that the Administration, Selectmen, and Department Heads go back and look at the current budget to see where they can reduce the budget in the amount of \$240,000. A show of hands showed 6 members in favor and 3 opposed. THE MOTION WAS APPROVED.

Chair Wilson asked if the CIP could pinpoint potential places in the Town to make cuts or to hold off on capital improvements. He asked if it was something they want to go through now or if they should give them a chance to adjust the figures and talk about it at the January Budget Committee meeting. Mr. Ballin asked if they came up with a decision on the personnel budget or if they were waiting for the next meeting in January to discuss it. It was agreed to move both discussions forward to the next meeting.

Mr. Wheeler asked Carol Fraley if they were confident on the revenue for the end of the year. He said it looked like \$20-\$30,000 of what they were hoping for. She felt good about the amounts.

Agenda for the Next Meeting: Chair Wilson suggested that they have the new budget in time to review it before the next meeting. He asked the Budget Committee members to be prepared at that meeting to look at it line by line if they felt they had to. Ms. Appel said that it being a week and a half until the holidays and the fact that the departments were trying to get some time off, this might be hard to achieve. She said that this has already been done and they had cut all they could. She wondered why they were asking them again to do this. They're going to have to spend a lot of time honing their budgets and didn't think they should ask this of them. Ms. Levine said that they can get it to the Budget Committee by the Wednesday before the Monday meeting, as they usually do. Chair Wilson said that would be fine.

Selectmen's Update: Mr. Kaplan said that they have been reviewing some information with the Energy Committee who has been pursuing energy savings for the Town and the school buildings. It involved a program that will reduce the operating costs in both the school and Town buildings. The school will wrap it up in a warrant article spending considerably more money because they have more buildings.

Regarding the sewer project in Sunapee, Mr. Kaplan said that they met with the Sunapee Sewer Commission on the previous Thursday night and voted to go forward with an article at the 2010 Town Meeting for \$8,000,000 for which \$5.2 million would be the responsibility of New London. They are working to include language to make it clear that the project would only go forward contingent on 35% grant funding from the USRDA. The other 65% would be loaned. Although it is a lot of money, the boards concluded that going for the project now while stimulus money is available is better than waiting to fund it all locally. Mr. Kaplan explained that they have their work cut out to publicize it and understand what they are trying to do. He noted that the wastewater treatment plant was 35 years old and when was established, had 20 years of longevity.

Mr. Kaplan also explained that they are considering both Single-Stream Recycling and a "Pay As You Throw" program. They are continuing to analyze these programs and will have more discussion on them at their December 21 meeting.

Ms. Levine said that she had hoped they would have had more time to talk about the sewer problem at the meeting that night. She explained that it was a \$5,200,000 warrant article they will seek to bond. They have been so bogged down in the budget process that they haven't been able to talk about what is hanging over their heads. This project HAS to be done. She said she would like more time at the next Budget Meeting to talk about it.

Mr. Kaplan said that they are faced with New London being responsible for \$5,200,000 for a 30-year period. He opined that this was a lot of money in principal and interest for a lot of years but that they have no choice. They believe that there is going to be a dichotomy on how people think about the funding for the project. Some may feel that it is only those who are on the sewer system who should pay for it. Others will recognize that the entire Town should pay because it is the infrastructure of the Town. Mr. Kaplan opined that it wouldn't be fair for just the sewer users to pay for it all. The reason it is important to the entire Town is because they have a school and a hospital. They can't do without these kinds of things. New London is New London and it is time to step up to the plate. Mr. Kaplan said that the federal regulations require this to be done. If they don't, the regulations will get tighter and tighter and the cost

will go up dramatically. Stimulus money is on the table and now is the time to move forward. Mr. Kaplan added that if the federal government isn't going to pay the 35%, he doesn't want to do it.

Chair Wilson asked if they get the 35% funding, will that be for the entire \$5,000,000. Ms. Levine said that it would be 35% of their \$5.2 million, so they would have to bond \$3.5 million. Mr. Ballin said that the Town had never put away money for this project, whereas Sunapee has saved for it for a long time and is in good shape. Mr. Kaplan said that the wastewater treatment plant was still in compliance but they have said something must be done. They need to do this and they will have to borrow the money for it.

Mr. Wheeler asked if Sunapee funds their CIP with sewer users or everyone in the town. Ms. Levine said it was only funded by the sewer users. Mr. Wheeler asked if when they try to sell this idea to the Town, would there be a variety of ways suggested that the money would be funded. Mr. Ballin said there would be a variety of sources to choose from. He said that the sewer users were the main beneficiary of the project. If they didn't have the repairs done the condition of the surrounding lakes could be impacted and this, in turn, would kill some of the value of the Town.

Chair Wilson asked what the annual estimated cost to the Town would be. Ms. Levine said that assuming 35% would be granted, this would give a balance of \$3.2 million dollars. The interest rate would still need to be worked out but she said it would be roughly \$200,000 per year to the Town. They haven't figured out how they'll split that between sewer users and the other tax payers.

Ms. Levine noted that Sunapee has to have the full value of the article on their warrant. New London will repay Sunapee, as Sunapee is the town that qualifies for the 35% grant based on median income. New London qualifies for no grant money on its own. She said that the RDA is allowing Sunapee to be the applicant. Ms. Levine added that the New London Selectmen and the Sunapee Sewer Commission have met numerous times and decided that it made more sense to go for the project now in this economy than to wait until there was no stimulus money available.

Mr. Ballin said he'd like the Budget Committee to weigh in on the Single Stream Recycling and "Pay As You Throw" programs. He felt that it would help to increase the recycling rates and make trash disposal a user fee based program. If they want to cut tax rate, managing the waste coming out of the homes would be the way to do it. Mr. Ballin said that the next meeting of the Board of Selectmen would be Monday, December 21 at 6:00 PM and that they are welcome to come and share their opinions.

Ms. Levine said that in the last meeting she was asked for summary of the Assessing Department budget and the cost-benefit analysis done in 2005. She passed out a copy of the summary to those in attendance and pointed out that the savings exceed the 2005 projection.

Before closing the meeting, Chair Wilson thanked recording secretary, Kristy Heath, for a job well-done composing the minutes from the last Budget Committee meeting, which totaled 18 pages.

IT WAS MOVED (Kathy Bianchi) AND SECONDED (Celeste Cook) to adjourn the Budget Committee Meeting of December 14, 2009. THE MOTION WAS APPROVED UNANIMOUSLY.

The meeting adjourned at 9:20 PM.

Respectfully submitted,

Kristy Heath, Recording Secretary