

**TOWN OF NEW LONDON  
BUDGET COMMITTEE  
NOVEMBER 30, 2005**

PRESENT: Barry Wright (Chairman), Connie Appel, Doug Baxter, Pat Blanchard, Carol Fraley (Finance Officer), Jessie Levine (Town Administrator), Doug Lyon (Selectman *ex officio*), Bob Meck, Jim Wheeler, John Wilson.

ALSO PRESENT: Bob and DJ Lavoie; Street Light Committee representatives Jack Harrod and Stefan Timbrell.

ABSENT: Jack Diemar, Clayton Shedd

Prior to this meeting, Budget Committee members received the following materials:

- October 26, 2005 Budget Committee meeting minutes in draft.
- November 17 revised Appropriations printout.
- November 22, 2005 revised Revenues printout.
- Changes to proposed 2006 budget since the October 26 meeting.
- As requested at the October 26 meeting, a spreadsheet showing 1997 through proposed 2006 operating budgets with capital reserve funding built into the department sections.
- The updated Capital Improvements Program prepared and signed by New London Planning Board.
- Final copy of Tracy Library's budget.
- Spreadsheet showing Veterans' Credit Impact on New London Tax Rate.
- First draft of *Budget Information Packet* for 2006.
- Copy of letter from J. Barry Morrissey to Jessie Levine and Barry Wright offering observations of the 2005 budget report and suggestions for 2006 budget preparations.
- Packet of information from Street Light Committee including list of objectives, guidelines, inventory of existing street lights in Town (with comments).
- Also, data showing costs and anticipated payback periods for the various options for converting to either the metal halide or high pressure sodium street lights.
- Copy of article from Summer 2005 *New England Fiscal Facts*.

Barry Wright called the meeting to order at 7 p.m. The Budget Committee addressed 12 items of business during this meeting.

1. Street Lighting:

Jessie Levine presented a report on behalf of the Street Lighting Committee, of which Jack Harrod and Stefan Timbrell are members. They explained that their study focused strictly on how the Town is lighting its streets, and did not include evaluation of any commercial or private lighting. The inventory found that the Town currently has 150 streetlights of different types, and the current cost of operating those is about \$22,000 annually. After review of objectives and guidelines (briefly, street lights should illuminate sharp corners, pedestrian ways, and intersections with some flexibility in those guidelines) and consultation with both the Road Agent and Police Chief, the Street Light Committee recommends that 44 of the existing street lights be removed. They did evaluate the town from the perspective of adding any streetlights, although one has been proposed at the intersection of Old Main Street and King Hill Road. The Study Committee has also met with PSNH, and will be presenting its findings to the Citizens' Advisory Committee on December 10. The Main Street Committee will also have input during the process.

PSNH offers plans for converting to two types of lights: the metal halide (MH) or high pressure sodium (HPS). At the Town's request, PSNH has put one of each of those types of lights up on Gould Road, although they have been installed without the "full cut-off fixture" that the Town will be purchasing (full cut-off fixtures focus all illumination downward and over the traveled way, rather than allowing light to spread outward and upward). As soon as PSNH puts on the full cut-off fixtures, residents will be invited to view those two sample lights and indicate a preference for either metal halide (white light) or high pressure sodium (yellow light). Also to be considered are the options for plain or decorative fixtures. Jessie Levine said that if the Town wishes to go to the more vintage decorative fixtures, those would have to be purchased from outside PSNH and would be quite a bit more expensive, about \$448 each. Jack Harrod added that if the Town purchases those decorative fixtures, the Town would then own them; that is, repair and maintenance of the fixtures (fixtures only, not the actual lights) would be New London's responsibility rather than PSNH's.

Currently the most favorable plan would include:

1. Removal of the 44 street lights deemed unnecessary;
2. Converting to either MH or HPS the 79 lights on streets other than Main Street; and
3. Ultimately converting the 27 lights on Main Street to include decorative fixtures.

Jessie Levine explained that in order to qualify for the lower rates, the conversion would have to be town-wide, but PSNH will allow Main Street to be converted later than others, as long as the entire conversion is completed within a year. Under that plan, the conversion to metal halide (including labor and materials) would cost \$42,910. The savings in annual operating costs would be \$11,222; thus the pay back period (time it will take to recover the cost of the conversion) would be 3.8 years. Conversion to high pressure sodium lights (including labor and materials) would cost \$35,114. The savings in annual operating costs for that type light would be \$12,747; thus the pay back period would be 2.8 years. Jack Harrod pointed out that even after the pay back period has been reached, the Town would continue to benefit from the reduced operating costs year after year. Jessie Levine added that PSNH does have a loan program for the capital cost of converting, but that would require that savings on operating costs go to pay back the loan for a number of years, lengthening the payback period. The Street Lighting Committee decided early in the process not to recommend the loan program if Town Meeting approved the capital expense.

Barry Wright asked if those figures showing the annual savings in operating costs pertain to all 106 lights which will eventually be converted, or just to the savings on the initial 79 converted lights, exclusive of the Main Street lights which will be changed later. After some discussion, it was determined that the annual savings in operating costs (\$11,222 for the metal halide, \$12,747 for the high pressure sodium) pertain to all 106 lights. Stefan Timbrell said that annual savings in operating costs of the initial 79 to be converted would be approximately \$9,500 for the metal halide and \$11,000 for the high pressure sodium. Jessie Levine pointed out that the recommended 2006 appropriation for Street Lighting in the Town budget includes the cost of conversion, plus some continued operating costs for the current lights, as they do not know how soon in the year PSNH will be doing the conversion. It also includes funds for converting Main Street in the event that happens in the same year.

Doug Lyon said that the choice between high pressure sodium, which casts a yellow light, and metal halide, which casts a white light, is one of aesthetics. Budget Committee members asked if the town wide conversion must be all to one or the other, or could New London have some metal halide and some high pressure sodium. That question will be presented to PSNH.

In response to comment from Bob Lavoie, Jessie Levine said that both the metal halide and high pressure sodium lights will provide more lumens than the current street lights. With the exception of Main Street, the lights will be spaced quite far apart. Even though the lights will be brighter, the full cutoff fixtures will direct the light downward, allowing less light dispersion and pollution than the current fixtures around town.

Ms. Levine said that the October 18 public meeting on the Street Lighting Committee's recommendations was poorly attended, and she plans to do more publicity prior to Town Meeting and prior to the removal of streetlights.

2. The October 26<sup>th</sup> Budget Committee minutes were approved as drafted.

### 3. Updated Proposal for 2006 Appropriations

Since the last Budget Committee meeting several changes were made to the recommended 2006 Town budget. The changes add \$64,665 to the proposed appropriation, for a total recommended appropriation of \$6,753,656.

The largest change is in the scope of work recommended for Town Building Maintenance, increasing that request from \$44,000 to \$60,000, and now including new chairs for Whipple Town Hall, new carpeting for the Police Department and Courthouse, and painting for the Town Office building (previously scheduled for 2005 but bumped to 2006 due to the work at Whipple Town Hall).

The second largest change is in the recommended leave policy. Jessie Levine and the Selectmen have met with employees and department managers, and have looked at leave policies in other Towns, in order to devise a leave policy that would reduce overuse of sick time and reward employees who do not use sick time and currently receive no benefit for that. The new policy would also allow better far range planning for both employees and managers by reducing the number of "last minute sick calls." Right now employees who have worked from 1-5 years are entitled to 15 sick days (1.25 days/month) and ten vacation days. After 5 years, the employee gets 15 vacation days and after 10 years, 20 vacation days. The new policy will reduce the number of annual sick days to seven, and increase leave time to 17 days (1-5 years), 22 days (6-10 years), and 27 days (after 10 years). Employees can accrue up to 30 sick days, and will then either get paid for 50% of unused sick time above 30 days or can convert three unused sick days to one leave day. Employees can also accrue up to 30, 45 or 60 leave days depending upon length of service, but will not be reimbursed for unused leave time, although the Town would buy out the accrued leave days when the employee resigns or retires.

Before instituting this new policy the Town would like to start everyone out evenly, so the Town will buy out accrued sick time over a certain number of days. That requires the creation of a new line in the budget, "Leave Time Buyout," with a requested appropriation of \$15,000. Ms. Levine said that figure would be refined once employees have expressed whether they want to receive cash or leave time for their accrued time. Bob Meck asked to clarify that under the new policy, an employee would not be able to accrue more than 30 sick days. Jessie Levine confirmed that, but added that the Town also has both short- and long-term disability insurance policies.

The recommendation for Employee Raises has been increased from \$80,000 to \$86,500, to include the 4.7% COLA and an average of 3% increase to allow for competitive adjustments in salaries and wages. Jessie Levine pointed out that 4.7% was the national average for COLA in September. In New England, the average COLA was 4.8%.

The request for "Unemployment Compensation" has been increased from \$1000 to \$2000. LGC allowed New London to purchase the insurance this year, and to use it to cover a current claim, and the Town would like to continue purchasing this insurance from that source. In the past the Town has been self-insured for unemployment and only paid out when there was a claim.

Other recent changes include:

- the \$206 increase in dues to the Upper Valley/Lake Sunapee Regional Planning Commission,
- the increase by \$1000 in the District Attorney's fees (for the Police Department),
- the reduction of \$1,500 in Police Department's General Equipment request (as the covert camera will be purchased out of another line),
- the \$9,000 increase in Dispatch wages, which is calculated separately in order to allow recovery of that from the towns served by New London Dispatch,
- an increase of \$7500 for the Main Street sidewalk extensions (from \$28,100 to \$35,600), part of which will be recovered from property owners who have agreed to pay for the curbing,
- a decrease of \$150 in the new quote for Landfill Monitoring,
- an increase of \$10,114 (from \$75,146 to \$85,260) for New London Hospital ambulance (to be discussed later in this meeting and on December 14).

#### 4. New London Ambulance

The hospital is requesting \$85,260 for full ambulance coverage in New London for 2006, an increase of \$10,114. They report that calls to New London increased from 387 in 2004 to 435 in 2005. John Wilson noted that while the number of calls to New London has increased, the number of calls to other towns decreased, and Jim Wheeler asked if the hospital has changed its criteria for ambulance calls. John Wilson also expressed concern about difficulties the ambulance has had in responding to a second call. Jessie Levine said that had been a problem in the past and that the Hospital was working hard to improve the backup response system. Jessie does not have current information on the backup ambulance but will check into it.

Budget Committee members agreed that the request based on number of calls rather than per capita is more fair to New London, and Barry Wright pointed out that the new request is still lower than the 2004 ambulance request. In conclusion, the Budget Committee asked to meet with the hospital at the next meeting on December 14 to get some clarification on these issues, particularly the nature of the calls that may explain the increase in number, and the process for sending out the second ambulance.

#### 5. Sewer Department

The Budget Committee will be meeting with Sewer Department representatives at that meeting as well. Question was raised at this meeting regarding how well the metering devices have been functioning, and Jessie Levine said that Department has had an engineering study done on those. Some calibrations were made, and she believes that the meters are working well now.

Jim Wheeler asked who would be responsible for fines if those are levied against the Sewer Department as a result of the April 2004 sewage spill. Jessie Levine said they may be incorporated into the sewer customers' bills, or, if the fines are very high, the Sewer Department may ask the whole Town to cover those. A Town vote would be required to make that a part of the Town budget. The consensus of the Budget Committee members is that it would be well worth the Town's while to hire a consultant to look

into the possibility and cost benefits to the Town in developing a Public Works Department that would include Sewer.

## 6. Revenues

The only significant change in anticipated revenues since the last meeting relates to the decision to create a revolving fund of \$5000 for Transfer Station Recycling. Having the revolving fund in that amount will allow that department to purchase necessities such as compost bins, educational materials, and *those very special Cricentis-style brown paper bags with handles* ☺. In order to start the revolving fund, the anticipated revenue for that line has been reduced from \$25,000 to \$12,000. Any balance over \$5000 at the end of the year will go into the General Fund.

Jim Wheeler asked about the decrease in anticipated revenues from the land use change tax. Jessie Levine said the Town is not anticipating any big developments this year which would result in a change of the land's status from current use to regular, and Carol Fraley added that the revenue numbers can change after September.

Jessie Levine reported that a purchase out of capital reserve for some recreation land is still under discussion. An oversight committee consisting of two representatives from the Community Center group, two from the Outing Club and two from the Town, has been formed and has drawn up a memorandum of understanding proposing that the three organizations work together to eliminate redundancy in the three groups' proposed projects and goals. On the table for consideration now is the possibility of the Town's contributing to (a) the purchase of the land behind the proposed community center, (b) the Recreation Director's time (he would continue to meet current regular duties), and (c) some seasonal maintenance (just labor costs, not materials). Still to be worked out are the details for fund raising, the land purchase, and the design of the building. The group is very close to holding a public hearing with the Board of Selectmen to discuss the proposal before bringing it to Town Meeting.

## 7. Correspondence from Barry Morrissey

Budget Committee members observed that the spreadsheet prepared by Carol Fraley which reflects totals of both operating and capital expenses for each department for the years 1997 through the 2006 proposals, may serve to address several of the concerns raised in Mr. Morrissey's letter.

Carol Fraley pointed out that in 1999, health insurance was taken out of the Personnel Administration and divided up into the individual departments. There was some discussion regarding the location of employee raises in the budget, and Doug Lyon and Jessie Levine pointed out once again that the history of employee raises can be seen reflected in the departmental budgets up to, but not including the current year under consideration (that would be 2006 now). It is not unusual to have a compensation pool until the individual raises have been determined. Jessie Levine said that if there is preference for reflecting raises within the individual departments, rather than in its own line item under Personnel Administration, she could do that starting next year. She sees benefits to both practices. Right now, they are still awaiting the completion of the Job Description, Wages and Salaries study.

After some discussion, Budget Committee members agreed to not include this new spread sheet in the Town's Annual Report, but rather to include it in the Budget Information Packet, either in the section titled "Major Expense Variations," or at the end. It would not replace any pages already in the packet, but would be an addition.

Also, between now and Town Meeting, the *Quick Link* can include information regarding capital expenditures by the individual departments, as well as address other “Frequently Asked Questions.” All Budget Committee members agreed that the most FAQ are: “Why does the Town budget more than it spends? Why does the Town not budget based on the previous year’s actuals?” The simple answer relates to cash flow and ability to meet emergencies during the year. Carol Fraley added that, by law, the School District and Library can (but never have) asked for its money early in the year, which would hurt the Town’s cash flow. Jessie Levine asked Budget Committee members to send her questions that could be included on an FAQ list.

#### 8. CIP

The question remains open regarding whether to return revenue generated from sale of used equipment to the capital reserve from which it came, or to continue the current policy of putting that revenue into the General Fund. Barry Wright pointed out that the argument now is that revenue gained from trading in a piece of equipment does in effect go into the reserve while revenue from a separate sale of used equipment does not. In order to have revenues generated by a sale go into a certain reserve, a warrant article would have to be voted on each time. It must include a dollar amount, but could be flexible, that is, worded, “an amount up to ... will be deposited into the (specific capital reserve).”

Pat Blanchard noted that the CIP falls under the auspices of the Planning Board. She suggested that there be more discussion between the Departments and the Budget Committee regarding their capital expenditures, and Jessie Levine said that there is some consideration being given now to hiring a joint Planner with Newbury, and that change could incorporate more interaction between the CIP committee and the Budget Committee.

#### 9. Veterans’ Credits

Jessie Levine noted that a petition had been filed asking Town Meeting to increase the Veteran’s Credit to \$500, which would be an 11-cent increase to the tax rate. The Selectmen will be recommending continuing the current \$200 Veteran’s Credit. Barry Wright asked to clarify that the Budget Committee is not required to take a position on either warrant article. Also, he confirmed that at Town Meeting, anyone can move to amend the warrant article to a number other than \$200 or \$500.

#### 10. The Ten-Wheeler

As requested by the Budget Committee, Richard Lee has submitted a summary of estimated savings which the ten-wheeler would generate, based on this summer’s largest jobs and including cost of labor, fuel, miscellaneous as oil, tires, insurance, as well as conserving the other trucks and extending their life spans.

John Wilson referred to the second to last paragraph that states that the estimated cost of the ten-wheeler will be \$95,000, whereas the six-wheeler cost around \$89,000; however he pointed out that that \$89,000 includes sander and plow. Jessie Levine agreed, but said those things would have to be replaced when the truck is replaced. Their condition deteriorates with use, and the models change from year to year.

Pat Blanchard questioned the estimated savings in employee time and insurance. Doug Lyon said that when amortized over the anticipated life span of 17 years, the ten-wheeler would actually take less out of the taxpayers’ pocket. Budget Committee members indicated that a number of questions remain, such as possible use of another tractor trailer, rotation schedule for the six-wheeler, but noted that the request for

purchase of the ten-wheeler is not scheduled until 2007. Jim Wheeler volunteered to meet with Richard Lee to gather some additional information for the Committee.

11. Library

John Wilson suggested that furnace repairs be separate from the fuel budget. He re-opened discussion of establishing a capital reserve for fuel, and asked if there would be any way to keep track of how much departments use. Carol Fraley said yes, through the delivery slips and the printouts she receives from the company periodically. Jessie Levine asked what the consensus is regarding the idea for creating a capital reserve just for fuel. Doug Lyon opined that fuel is really an operating expense. The Committee dropped the subject.

On a different topic, John Wilson asked if the appropriation that the Library requests from the Town is affected by its receipts (gifts). Jessie Levine said it cannot be, as Town Meeting approves the total appropriation. John Wilson questioned the inconsistency in that. Jessie Levine said that traditionally, the Library turns gifts around to purchase books.

12. Selectmen's Update

Doug Lyon said that a proposed joint meeting of Selectmen within the school district has been put on the back burner to allow the School Board and the group proposing keeping the middle school in New London (KARMA), some time to conduct negotiations. KARMA has endorsed an architect's design for upgrading the current New London school, but that plan has not been vetted by contractors. In response to a question, he said the plan does include two regulation sized playing fields.

John Wilson asked about the wetlands in that area that would be affected. Doug Lyon said it would be under 10,000 square feet of wetland. Jim Wheeler asked if that plan would require a variance. Doug Lyon said it would, though technically, the school board is exempt from having to apply for a variance. The issue of the wetlands would fall under State law. Jessie Levine pointed out that they are not exempt from having to comply with the Fire Codes.

There is some concern that having two proposals on the warrant will result in neither plan getting the required 60% of the vote. Doug Lyon said that the Selectmen feel that the school should go forward this year. Every year it is postponed adds to the construction cost.

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Meeting adjourned at 9:30 p.m.

Respectfully submitted,

S.A. Denz  
Recording Secretary