

APPROVED
Town of New London
Budget Committee Meeting
May 18, 2009

Present: John Wilson, Chair, Bob Meck, Noel Weinstein, Frank Anzalone, Ann Bedard, Doug Baxter, Mark Kaplan, (Selectmen's Representative), Larry Ballin, (Selectman), Tina Helm, (Selectman), Celeste Cook, Connie Appel, Kathy Bianchi

Staff Present: Jessie Levine (Town Administrator), Carol Fraley (Finance Officer), Jay Lyon (Fire Chief)

Also Present: Gary Markoff, Peter Bianchi

John Wilson called the meeting to order at 7:00 PM. The first order of business was the election of the Chair. Doug Baxter nominated John Wilson to continue as Chair and Noel Weinstein seconded the motion. The motion was carried unanimously.

The Board welcomed the newest member, Kathy Bianchi.

The next order of business was the review of the minutes to the Public Hearing on February 9, 2009. With no corrections or additions made to the minutes, the minutes were accepted unanimously as submitted.

John Wilson then introduced the next item on the agenda which was his letter of April 28, 2009 and said that it was his way of trying to throw some things out there for consideration by the Committee for procedural changes, additions, or to keep things as they are.

The first recommendation was that the proposed Capital Improvement Program (CIP) should be available prior to the Budget Committee fall meeting schedule. He also stated in his recommendation that departments such as the Conservation Commission, Recreation Department, and the Health Department should be able to present their proposed CIPs early in the process since they seem less susceptible to late changes. Jessie interjected that she had prepared a draft schedule which she gave copies of to the Committee members. She stated that if the Committee has the bulk of their meetings between July 6 and August 15 then they should be able to give a draft to the Planning Board by September 8. John asked if anyone had any comments or questions and Noel Weinstein asked if they had the CIP by November 19 last year. Mark Kaplan responded that the reduction had taken two weeks, to which Jessie replied that that was just the budget part of it. What she had in the schedule (see attached) was the drafting of the CIP so that it could be presented to the Planning Board by September 8 in order for the Planning Board to review and adopt the CIP report by September 22. Noel Weinstein said that his question was that since they had made severe cuts last year, should they have some guidance now early on about those areas that they didn't use money for last year and making serious efforts to extend the Capital Budget because of the same economic concerns as last year. Jessie responded that yes, they could certainly meet in June while the department heads are still working on the plan to give them that guidance, but the Budget Committee wouldn't know what the make-up costs would be yet. As an example, she cited the Fire Department, which she and Jay Lyon had gone over that day and it doesn't look as bad as she thought it would. She felt that the schedule would still give the Committee time to do everything they needed to do, providing that the actual capital items don't come to the Committee until September.

In the second item of his letter, John Wilson stated that the Budget Committee needed to visit the various departments to inspect their projects, acquisitions, and physical facilities, and meet with department heads and employees. He asked which format the Committee wanted to pursue, having the entire Committee make these visits or having subcommittees (which some of the department heads indicated they had liked last year). Jay Lyon stated that he was open to either way, but saying that with the subcommittees, they really focused on each department. He also said that sometimes questions were being re-asked at each meeting that had already been addressed at previous meetings, but he thought it was good to revisit some of those questions. John Wilson asked the Committee what their desire was. Bob Meck responded that he

had been part of both concepts and he personally preferred subcommittees, one of the reasons being that, this year, looking at item #7, the moderator and one of the Selectmen thought it would be good to have the Budget Committee either join them on stage or be up front someplace (with two or three people designated to speak to questions raised from the floor, as had been done in the past). He said that it seemed to him to work better that way, to have two or three people who had established special expertise in those principal pieces of the budget. Connie Appel interjected that initially they had intended to have people rotate each year and by not rotating them, they ended up with very narrow fields of expertise without general knowledge and much depth. She was in favor of the subcommittee idea, but wanted at least one person to be rotated each year. Celeste Cook asked if the subcommittee did a tour of each department during their meetings and was answered in the affirmative by several voices.

Noel Weinstein said that he thought the Budget Committee could be generalists in responding to questions at Town Meeting and if they got in trouble, they could defer to the experts or the department heads. John Wilson stated that he didn't like that idea and would rather be prepared in advance (with responses) to the items that were specific to the Budget Committee. Jessie Levine interjected that the nice thing about the Town Meeting was that presentations were scripted and that the Budget Committee could have the same thing if they wanted to and either she or the department head(s) could answer any questions from the floor. The Budget Committee could say a few words about their particular experience. She thought the subcommittee format did work well because it got the Budget Committee members more involved, but it also left some committee members who were not as knowledgeable about each department and had questions, which meant that the department head had to meet with the Budget Committee as a whole in order to answer everyone's questions. Mark Kaplan commented that Jessie prepares the warrant articles with a notation that this is supported by the Selectmen and the Budget Committee with answers already in place. If there is a specific question (of an article) not already addressed in those answers, then it would be helpful to have a member(s) of the Budget Committee give support by answering it. John Wilson clarified that the Committee would only give supplementary comments and Mark agreed. Ann Bedard stated that it was very helpful for the Committee last year to go on tours of all the departments and suggested that they have people sign up to go in depth with each department. Connie Appel agreed that they should all tour each department and then have subcommittees. Doug Baxter asked to have a melding of both concepts. John responded that they could start off with a tour (with the whole Committee in attendance) and then have subcommittees to ask specific questions and go in depth with each department.

Jessie said that one of the things they tried to do during the tours last year was to have them when others were around so that there would be more contact between the Budget Committee members and people other than the department heads. This meant that generally they would have to be daytime tours and this was one thing to keep in mind. She also said they could do two tours, one daytime and one evening. Doug Baxter suggested that they plan the times so that everyone could put it on their calendars and they could do it in a more organized fashion than last year. Frank Anzalone stated that he liked the idea of subcommittees and that he thought it was incumbent upon them to be prepared to drill down with questions. He suggested that the subcommittees submit a report to the full Committee. John Wilson asked if they wanted one meeting with the departments and Connie Appel said that the subcommittee could meet with the departments throughout the year, that the initial meeting would be with the whole Committee and then there could be subsequent meetings with the subcommittees. Jessie Levine said that the timeline was an issue because the budget didn't actually start until September and the Town was just now coming into money to spend, but they didn't necessarily want to delay all the tours until then which would mean cramming everything together at once in the fall. By having the tours during the summer, they would have a little bit of knowledge for the budget in the fall.

John Wilson summarized the choices of the Committee:

1. A general tour(s) for the whole Budget Committee during the summer months
2. Subcommittees to form in the early fall
3. Specific dates on the Committee members calendars for the tours

Noel Weinstein agreed to organize the general tour(s) during the summer months. The Committee agreed to have the following meetings: a) one meeting for the general Committee in the late summer and; 2) two meetings for subcommittee(s) in the early fall. Jessie interjected that she will research where the

subcommittee members had left off from last year and make recommendations so that they could rotate new members to those positions.

John Wilson went forward with number 3 in his letter about returning to the December CPI so that the Budget Committee had a chance to consider pay raise amounts and have the opportunity to vote on that issue. Frank Anzalone suggested that they not put the pay raise percentage in the budget and John agreed, saying that it put a lot of awkward things in the way and that they should just wait until the Budget Committee arrives at a number and then go forward from there. There was no objection from the Committee members to that process. Doug Baxter asked if the line item on the budget for compensation could be changed (split for the Committee's reference) from the budget that was submitted to the State (in Concord) and Jessie responded that they didn't have the software for preparing two different budgets. However, she said that when they give the Committee the 2010 budget, it will have the 2009 salaries in the budget line. Doug asked if they wouldn't have to go to the administrative line and extrapolate from that too and Jessie said no, only if they were trying to figure out what happened in the 2009 budget. For the 2010 budget, it will have the change in the right department. She said that for 2009, 80% of the employees got a 1.2% raise and 20% got some sort of adjustment. John Wilson asked how the Selectmen liked having dealt with the raise issue the way they did it last year and Larry Ballin responded that the Selectmen did like having leeway within the body of employees because that allowed any inequities to be adjusted and they had made downward adjustments from the original budget recommendations in 2009 in order to save a little more money and the Selectmen would like to have that opportunity again. Jessie interjected that if the Budget Committee had gone with the October CPI, they had everything lined up to do it that way, but they were also giving the raises based on performance evaluation(s). There were so many iterations that led right up to the Publichearing, they really didn't have a choice to put it in any other way. If they had, it would have been inaccurate. She went on to say that if they know going into this year what the approach is going to be, then they will be able to develop a plan and put it in the budget appropriately. She said that is the advantage of using October, that they have that number sooner (meaning the percentage for a raise).

The next item was number 4 that asked the question of whether or not to change the fiscal year to July 1. Jessie stated that ultimately that was a Board of Selectmen decision, but that the Budget Committee could make a recommendation to the Board of Selectmen to look at that option. Mark Kaplan said that he would look forward to a recommendation to have a discussion about it. John Wilson said that a July 1 fiscal year would also include the snowbirds who would be in town at that time (a May Town Meeting) and that would potentially get a larger and more representative turnout. Frank Anzalone asked if one of the negatives was the cost and Jessie said that it wasn't necessarily expensive, other than the Town would have to have an 18 month budget and the bills would have to be orchestrated so that monies would be coming in at the right time(s). She went on to say that they would have to go to the Town Meeting this coming March to get approval to change the fiscal year and the following March they would have to present an 18 month budget that would be from January 1, 2011 to June 30, 2012. They would have three (tax) bills during that time; however, the third bill wouldn't get collected until the end of that six months. That would mean they needed to collect more money up front so that the bill on July 1, 2012 is actually a pre-bill for the next year, not collecting for the current year. Noel Weinstein stated that therein lies the problem and Jessie said yes, that was correct, it was a billing problem. Frank Anzalone asked if they had discussed borrowing money to get through the year and Jessie responded that when they discussed it, it was with regard to the Capital Improvement Plan, and she could bring it up again if they wanted, but that in order to spread out the hit, it would take around 7 years to put away the capital. John Wilson asked if there was a consensus that they could have Jessie present everything like she did before and they could have a discussion and review the information and Jessie said that she did have a folder with the information, but she asked that the whole budget not become bogged down by this one item. She said that maybe what she could do was to present it at one of the night meetings that the Selectmen have that could also be a joint meeting between the Selectmen and the Budget Committee.

Larry Ballin said that the Board of Selectmen should suggest that the Budget Committee review and update their information on this and get back to the Board of Selectmen with their recommendation(s). Ann Bedard asked if it was worth it (at the special town meeting) to take a straw vote and Larry Ballin responded no, it would not be because they wouldn't see a real cross-section of people at this meeting and

Ann agreed with that.

Frank Anzalone asked if he could back up with a quick question for Larry and Mark: the way they went about issuing the raises this year and presumably ongoing, was he correct in seeing that as a change in the way it was done two or three years ago where the department heads were given more latitude in terms of determining what the raises would be for the employees? Jessie interjected that the department heads never had a whole lot of latitude in the ten years that she has been involved with the budget, that just about each year has been handled differently. She said that two years ago the department heads gave her their evaluations (employee) and she made recommendations based on those evaluations. She tried to spread the money across fairly and the department heads would say that no, this person needs to come down a little bit and this person needs to go up a little bit, but they did not have complete discretion, that they were not just given a pool of money to allocate. She said that in developing the Selectmen's plan for this year, she looked at where employees were not only in relation to the range, but how far over the range some of the higher paid employees were compared to how long they had been employed. She stated that it didn't necessarily mean that adjustments needed to be made, it was just that the imbalance wasn't where some people thought it was. Ann Bedard asked for clarification on the percentage, did it include the merit and the COLA and Jessie responded yes, it did.

John Wilson then moved forward to reaffirm numbers 5 and 6: #5, continue to have a rolling tax rate with each of the budget packets, thus limiting last minute changes and; #6, give the administration and department heads the initial opportunity to make budget changes which would not preclude the Budget Committee from making further changes. Jessie commented that what she thought that encouraged was the departments rather than weed out ahead of time items that could wait a year, there is a little bit of an incentive to put it into the budget so they know it is on the horizon and then take it back out. She said that it was more transparent for them to do it that way so that the Budget Committee knows what the departments put in and there is a discussion about what to take out rather than the departments holding back something that they might actually need because it didn't pass last year and might not pass again this year.

Number 7 concerned the Town Meeting Moderator (and at least one of the Selectmen) had presented the idea of having the Budget Committee join them on the stage for the Town Meeting. Was this something the Budget Committee wanted to do? Tina Helm asked to clarify that she had not necessarily suggested sitting on the stage (for the Budget Committee), but thought that sitting together in the front row would be more appropriate rather than having them dotted all around the room. John Wilson stated that his feeling was that the Town Meeting was the Selectmen's show and that the Budget Committee was only a supplementary source of support and/or information for them. He asked what the Selectmen's thoughts were about it and Larry Ballin stated that he was ambivalent about it. He thought that they should be present to answer specific questions if necessary, but that they didn't necessarily need to be singled out or grouped together. Kathy Bianchi stated that she thought it was important to have at least one representative of the Budget Committee prepared to respond to issues that the Budget Committee did not support so that it was understood why the Budget Committee did not support an issue and to present the Budget Committee's view on the articles. John Wilson asked what the consensus was regarding this and Doug Baxter suggested waiting until next March to decide. The Committee agreed that it would wait until then to decide this issue.

Next on the list was the pay-for-trash disposal as a way to reduce the budget. Jessie stated that most people who do this are happy with it, but she thought that it was difficult for a town like New London because the beneficiaries will be the people on the lakes who are occasional users and the people with the highest value houses who are here the least and who will only pay for the trash they generate. Right now those same people subsidize 50% of the Town's tax base. With this program, it is a user's fee. Mark Kaplan stated that it would not be a dramatic plus for New London. Larry Ballin said that it is on the Selectmen's radar and they would be willing to revisit it for discussion. Noel Weinstein asked if there was much abuse by people who were not residents to use the recycling station and Jessie responded that they have very much cracked down at the Transfer Station. Noel asked if it would have a fixed fee and Jessie responded that there would be different fees for different size bags.

The last item on the list was the issue of speaking to the budgetary process and related issues, not to comments that speak to a person by committee members, town officials and attending interested parties as

these are irrelevant and should not be acceptable to the Committee. John Wilson said that it was inappropriate to speak to a personality instead of an issue.

He then stated that there was another topic not included in the letter that he wanted to address, meeting procedures and protocols. The first one was that the Selectmen, Jessie Levine, Carol Fraley, Camille Holmes, and the Budget Committee would be seated at the table. The second one was the discussion of a particular subject would be limited to those sitting at the table, appropriate department heads, and concerned citizens. All comments from concerned citizens would be limited to two minutes with only one comment per subject unless granted permission to do otherwise. After that, when a motion has been made and seconded, any further discussion shall be limited to the Budget Committee members and the Town Administrator. The last part of it was any further comments of items not on the agenda that any concerned citizens might want to bring up to the Budget Committee would be heard at the end of the meeting prior to adjournment. He said that it was nice to have protocol, but did not want it to be discriminatory or restrictive, but on the other hand, they did need to move forward. He then asked if anyone had any comments or suggestions to make. Frank Anzalone stated that he was in favor of more discussion rather than less. John Wilson responded that he wanted to keep the two minute limit because he thought it would make people more prepared and less likely to ramble on. If after everyone has spoken, a person still feels the need to comment again, it should be at the discretion of the Chairman to allow it. Kathy Bianchi asked if the agenda for the meetings could be published so that it would allow people to know what was going to be addressed at each meeting and help them to prepare their questions/comments better. Frank Anzalone asked if they had the option of having votes on articles (on the warrant) recorded in terms of how many yeas and how many nays. Jessie responded that the Town Meeting has to approve that first (in March). Connie Appel said that in reference to voting, she would like to see a show of hands rather than yeas or nays, which are so anonymous, whereas with a show of hands they would be accountable.

Connie Appel asked who was on the CIP committee and John Wilson responded that there were two Planning Board members, one Selectman, three Budget Committee members and that each of those Boards/Committees chose who would be on the CIP. Jessie asked if she should make recommendations for all four Committees or did they want to pick the CIP members tonight? Connie Appel stated that she thought the subcommittee members should be on different ones than the last time. Ann Bedard said that she thought the Chair should stay on the CIP committee. John Wilson asked Jessie to get the subcommittee lists to the Budget Committee so that they could assign meetings. Jessie said that it was a broad schedule: July 1 department heads would submit their plan information to her, July 6 to August 15, the CIP subcommittee would meet as needed, (probably 2 or 3 times in those 6 weeks), August 17 to 31 the CIP subcommittees review the draft and then the draft would be given to the Planning Board by September 8.

John Wilson asked to set the meeting schedule and said that the consensus at the last meeting was that they keep the same day of the week, Monday, and have a meeting every third week. Jessie then stated the dates of each meeting:

September 14
October 5
October 26
November 16
December 7
January 4
January 25
February 8 - Public Hearing
March 10 - Town Meeting

John Wilson asked for the Selectmen's update and in particular the sewer issue. Mark Kaplan said that the treatment plant costs have risen to an estimated \$8 million dollars. He said that the first thing they wanted to do was get together with Sunapee and the engineers and approach Concord to see if there are any funds available. Jessie interjected that the funding for the engineers had been allocated and the preliminary things have been done, but part of the meeting on Thursday night was planning the concept and she wasn't sure where that stood. Noel Weinstein asked if the money was consistent with where they were supposed

to be and Mark responded that it was, \$575,000.00 total, and New London's share was 70% of that, \$385,000. He promised to keep the Budget Committee updated. Jessie added that so far, it didn't appear that any Federal stimulus money would be coming and that was a big disappointment.

Mark also wanted to speak about the State budget which he noted was constrained. He said that the rooms and meals tax would be left in for two years (at this time), but that they couldn't be sure about it because the budget wouldn't be fixed until June 30. It didn't look good as far as the Town was concerned. The one thing they knew for sure was that 55% of the building aid to school systems will not be coming and that affected 29% of the Town's money. Larry Ballin stated that it was left out of the budget that was passed by the House and the Senate was going to take it up. He said it was expected that the Senate would try and put it back in and that the Governor wanted to bond \$84 million dollars.

Noel Weinstein asked how much the room and meals tax loss would be for New London and Jessie answered that it would be \$195,000, which was a huge revenue source for the Town. She also said that losing the court revenue (\$35,000 per year) plus an additional \$15,000 to \$20,000 for sending the Town police officers to the court in Franklin or Newport was small change in comparison to losing the room and meals tax monies. Another thing in the State budget was the reduction of the State's share of retirement obligations for police and fire employees from 35% to 30% this year and 25% next year, with it supposedly going back to the original 35% in two years.

Mark then spoke about the Rowing Club, stating that it was going elsewhere this year. He said there will be a special Town Meeting on June 8 to rescind the article that was passed in 1986 that prohibited any use of the beaches after 9 pm and before 10 am, and that this interfered with the children's summer programs (in the mornings). He stated that Jessie had put forward a complete procedure for this and they hoped to have it in place to take effect immediately after the demise of that rule.

He then went forward with the next item, the cable franchise, and said that the public access station will be going black. He said that it was suggested in the InterTown Record that this was a terrible thing, but the Selectmen had not received any calls from anybody saying that they were upset and thought it was not that important, so they let it lapse. It wasn't costing the Town anything and was on the air at someone else's expense. Some people thought that the Town should pick up the cost (\$20,000), but with the economy being the way it is, the Selectmen decided that this was not the time to be going into the television business.

He announced that there was a new committee, the Economic Development Committee, (and an advisory board to the development committee), which would meet once a month. He said that anyone interested in becoming a member of either one should contact Michael Doheny.

He said that the next night there would be a public meeting of the Board of Selectmen's meeting to hear and take the receipt of FEMA funds given by the Federal government as a result of the ice storm last December. Jessie said the amount was \$62,000 with \$30,000 earmarked for the Whipple Memorial basement.

Mark reported that the Whipple Memorial basement restoration was almost done. He stated that the punch list would be gone through next week and then they would be done, noting that it would be done on time and within budget. Ann Bedard asked how much was done by volunteers and Jessie responded that in the four weeks of construction (time), there were only a couple of days of actual use of volunteers (who did the framing and painting). She said that in the end it had saved labor costs, but that it wasn't even 50% of the project costs. Connie Appel commented that she thought it was important to recognize the volunteers and Mark agreed that they did owe a vote of thanks to them.

The next item he reported on was the cell tower lease, which the Selectmen had asked Jessie to research: where it would go, how long they would want it, and how much the Town would be paid for it. It was hoped that the revenue would be around \$10,000 per year, that the Town would be able to get the rights to attach to it for communication purposes, and have the lease include that the Town receive a portion of any sub-rental contracts.

Mark said the next item was that the clerk's office was now going to register the off-road recreational vehicles, such as snowmobiles and this would be a plus for the Town revenues. He also reported that there had been a meeting recently of the Scenic Byways and that Main Street, New London was going to be included as a scenic byway. Jessie interjected that it basically was Federal monies that were funneled to parts of the country to increase tourism and highlight the recreational, cultural, social, historical, and archaeological parts of towns. She said that Sunapee and Newbury had started in 1998, but that New London had declined at the time because the Scenic Byway was encouraging people to go over Burpee Hill. The consensus now was to have the byway include 103a to go all around the lake. She stated that there was a potential for grant money if there was an actual project, but they thought it might just be for marketing use (in New London).

The last item that Mark reported on was what he called rumor control. He was referring to what had occurred with the excavator that Richard Lee had traded in for \$15,000 toward the purchase of a new one and the fact that within two days a Town highway department employee had purchased it for \$3,500. Some people were upset and felt that it was wrong and saw nefarious things that weren't really true. Mark stated that he didn't find anything wrong with the employee having gotten a good deal, that the excavator had not been auctioned because it wouldn't have gotten as much as the trade-in had, and that the excavator had always been discussed and ok'd as a trade-in. Jessie interjected that if it had been sold at auction, that money would have to be put into the Capital Reserve fund and they couldn't just take the money and put in the Capital Reserve fund without having approval from the Town Meeting. She said that an auction was definitely more of a gamble and with the highway equipment, they always trade them in. With that having been said, Mark ended his report.

John Wilson asked if there was any new business or comments and Gary Markoff said that he had a point of view that he was aiming at the new Economic Development. He said that he had asked Carol Fraley for some assistance in gathering information about the tax rates from 1998, 2003, and 2008 and was shocked at the increases (9%) that were happening every year. He asked what the Budget Committee's capacity was to be represented at the county and State levels and how did they look at it? John Wilson responded that it had been brought up at a Selectmen's meeting where it was suggested that the Select Boards of the seven towns in the Kearsarge school district confer with each other. Larry Ballin interjected that they had set that meeting for June 11 in Sutton Town Hall at 6 PM. John Wilson said that it had also been suggested that the budget committees get together for a combined meeting with the selectmen.

Larry Ballin said that the final budget hearing in Concord for the Senate was set for June 3, but he didn't have a time for that. The final budget House /Senate joint hearing will be on June 23. Jessie said that the school administration had been invited to the New London Citizens Advisory Committee meeting on June 27.

With no further business, John Wilson asked for a motion to adjourn. Connie Appel made a motion to adjourn and Bob Meck seconded the motion. The motion passed unanimously.

The meeting adjourned at 9:05 p.m.

Respectfully submitted,

Camille Holmes
Secretary, Town of New London