



TOWN OF NEW LONDON, NEW HAMPSHIRE

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Budget Committee Meeting Meeting Minutes May 11, 2016

BUDGET COMMITTEE MEMBERS PRESENT: Rob Prohl (Chair), Joe Cardillo (Vice-Chair), Phyllis Piotrow, Bruce Hudson, Chris Lorio, Lyndsay Lund, Colin Campbell, Nancy Rollins (Board of Selectmen's Representative)

BUDGET COMMITTEE MEMBERS ABSENT:

Tyler Beck, Suzanne Jesseman

STAFF PRESENT:

Kimberly Hallquist, Town Administrator
Wendy Johnson, Finance Officer

OTHERS PRESENT:

Ed Andersen, Police Chief
Donna Larrow, Police Department Administrative Assistant
Richard Lee, Public Works Director
Steve Ensign, Board of Firewards
Bill Helm, Selectman Chair

Chair Prohl called the meeting to order at 7:00pm.

Approval of Minutes

IT WAS MOVED (Chris Lorio) AND SECONDED (Colin Campbell) to approve the minutes of February 2, 2016, as amended. THE MOTION WAS APPROVED UNANIMOUSLY.

Review and Discussion of Chart of Capital Projects and their Details

Chair Prohl said the costs will likely be known for Whipple Hall in the fall. Ms. Hallquist said there have been two engineering studies, with cost estimates, conducted on the building in 2014. These studies are being used by the Selectmen to determine priorities for work to be done; final decisions have not yet been made nor has funding been identified.

Chair Prohl noted the sewer lagoons on the list. Ms. Hallquist said work has started and the first phase (one lagoon) should be done in the next six weeks.

When asked, Ms. Hallquist explained that the Brookside Drive culvert replacement project has gone out to bid and they will know on May 18th (when the bids are due) what the cost will be.

It was noted that there was a need for more insulation in the attic at the Academy Building. The AC/air handling units also need to be encapsulated or moved. Ms. Hallquist said at this point in time, the Selectmen have not decided how to move forward with this project.

With regards to Gravel Roads, Chair Prohl said that Bill Helm (Selectman Chair) has suggested in the past that borrowing money to get all of the gravel roads paved at one time might be prudent as the cost for

pavement is lower now than if they wait when costs are likely to go back up. On a related note, there is the question of whether they should put more funds into the capital reserve accounts as planned, or should they borrow more money to get some things done immediately.

Chair Prohl said besides projects that are half way done and need to be completed, there are new projects coming down the line, such as the Transfer Station, Recreation Building, and Police Department. He hopes they can look ahead and plan for the future. He noted that when the school, county and town taxes are combined, the burden on the taxpayer grows.

Selectman Rollins said part of the discussion they have had is to be as prudent as possible and to determine what makes the most sense with regards to bonding vs. putting more money into the capital reserve to be ready for budgeting.

Ms. Piotrow said she thinks they should save each year for maintenance in the capital reserves. She feels they should also identify the value-added items for the town and bond for items of this nature. She feels paving the gravel roads fall under this category because it costs less to maintain pavement than gravel.

Ms. Piotrow feels the Budget Committee should consider setting a percentage of the budget that will go into savings in the capital reserve, as this is an important figure. She envisions an ideal goal of 15% savings, but understands that is a high figure at this point. Taxpayers can understand the idea of saving for things needed in the future although she is against loading up the next generation with debt as they are coming out of college with debt, and the federal government keeps adding to debt as well.

Chair Prohl asked Ms. Piotrow what projects on the list they should borrowed funds for. Ms. Piotrow said gravel roads and insulation in the Academy Building. Other things like the Brookside Drive culvert and the Pleasant Lake Dam are not adding value, but she recognizes they need to be done.

Mr. Lorio agrees with Ms. Piotrow with regards to saving funds. He wonders what the other projects are coming down the line in the future; this list they have looks like a short-term list. Overall, he feels saving more is best to keep debt down. He understands the desire to have a low tax rate, but the Budget Committee should try to use funds to save for projects rather than just to lower the tax rate. Mr. Lorio added that he prefers the 10-year loans than the 20-year loans, and feels they are prudent for certain projects.

Ms. Johnson said there are capital reserves for some of the large projects coming up in the short term. The \$460,000 that was bonded most recently was to take care of some projects this year, without putting large amounts into the budget.

Mr. Cardillo said he agrees with saving funds in the capital reserves by percentage, but they are always two ways to deal with the budget, or a blend of ways to deal with budgeting issues. He likes the idea of getting all the gravel roads done at once. In hindsight, he doesn't think they should have funded the Brookside Drive culverts as there may be other ways to deal with/replace them.

Chair Prohl asked Mr. Lee, Public Works Director, about safety liability with regards to the sidewalks in town. Mr. Lee said the sidewalks from the school to Homan's Corner and from Seamans Road past Colby-Sawyer do not comply with ADA regulations and should be repaired and upgraded. He noted that he does get complaints about the condition of some of the town's sidewalks. Mr. Lee observed that he estimated the cost to repair these sidewalks about 10 years ago, but the cost has risen over that time in part due to all the regulations that now must be followed.

Ms. Lund asked how under-funded Mr. Lee feels the town's maintenance budget is. Mr. Lee said he feels that the Public Work Department (PWD), his department, is holding its own with maintenance in the operating budget, it is not significantly underfunded although with paving, they are falling behind with shimming. The PWD is falling behind on the capital reserve funding. He observed that putting \$5,000 to \$10,000 a year into the bridge repair fund is not enough when you consider one bridge replacement can cost \$200,000. They also have the Pingree Road bridge coming up for repair right after the Brookside Drive culverts are repaired. He feels this area is underfunded by about 200%. Many other bridges in town will need replacements. There is no bridge-aid money available from the State, as it has been used up by other towns/projects far into the future.

Ms. Lund remarked that she asked Mr. Lee this question because she wants to make sure the departments are properly funded to do the work they need to do. The way they are getting the funds (loan/saving) is one part of the question, but getting the projects done is the goal.

Mr. Ensign said the town has gotten to this point because the short-term needs they have now were once long-term needs that were not addressed. They are coming to terms with the things they didn't do and they are now short-term needs.

Ms. Lund said the department heads aren't asking for money they don't generally need and the Budget Committee tends to pick apart and second-guess their decisions. Their role as Budget Committee members is to fund the needs. Ms. Piotrow said their role is also to determine what they can fund by saving, borrowing, etc. They should work with the Select Board and Planning Board on getting these projects done together, understanding why and how.

Ms. Piotrow noted that last year they put less into the capital reserves than they did the year prior. Mr. Lorio observed that he doesn't want to pay a lot for taxes but he does want value-added things done in the town, noting that they can't get more for less.

Ms. Piotrow said the town had an election and the results were not in support for stingy budgeting; it was in more support of spending needed funds and looking forward. She feels this is something to consider. Mr. Cardillo didn't believe the election made a statement. He feels they should define their role as a Budget Committee because at times they have been forced to step into roles they should not be responsible for. He doesn't think it is their role to just find out how to fund things; they are charged by the taxpayers to ask questions and make sure they are doing things in the most efficient way.

Mr. Cardillo said they need to ask a lot of questions of the Department Heads and they have to try and make the costs palatable for the taxpayers. Mr. Lorio said if it is a matter of finding the actual cost of a project, he agrees that many questions must be asked. But he thinks when Mr. Cardillo said they need to "make it palatable" it sounds like perhaps the Budget Committee has already decided that it is too much and must look for ways to cut even before discussions are held. Mr. Cardillo noted that that was not his intention and perhaps "Palatable" was not the correct word to use, noting that he thinks the taxpayers are ready and prepared for an increase. He wants to feel that he has done all he can to answer the questions for the people who are paying the taxes. He feels that taxpayers have one opportunity to cast their votes: town meeting. He feels a lot of people rely on the Budget Committee to make the right and responsible decisions.

Mr. Ensign said the process begins with the Selectmen and so the budget is already vetted through them. He feels the budgeting should be collaborative and questioned how all concerned could improve the process. Selectman Rollins feels the role of the Selectmen should also include input and collaboration with the Planning Board. She said this is helpful sometimes when during the budget process new

information comes up, such as the recreation van. This is an evolving process where more information came forth throughout the process. The more the Selectmen and Budget Committee can inform people the better; they need to be informed about all the projects going on so that when citizens come up to them and ask, the right information can be shared.

Ms. Piotrow noted that in the materials presented for the meeting it states that the only time the budget committee members can discuss issues is at meetings. She didn't feel this was helpful. Ms. Hallquist noted that the Right to Know Law requires that the Budget Committee deliberate and discuss things as a board, in a public meeting that has been properly noticed, so that members of the public can observe the proceedings and/or read the minutes of the proceedings. Ms. Piotrow suggests she could write a column in the paper and get responses from individuals and this could be a violation of this law. She said she did not plan to do so, but it was possible. Ms. Hallquist said it is not improper to write articles or letters to the editor, or to speak with other board members, but discussions held among a quorum of members must be done in a public setting as the public has a "right to know" what is being done by their officials. She also cautioned against the use of email for anything other than scheduling meeting times or dispensing materials to be discussed at a meeting.

Mr. Hudson said very seldom does the public come to the meetings even though it is a very long process and there are many opportunities to get involved. When people come to Town Meeting, the citizens put their faith in the Board of Selectmen and Budget Committee to make the right decisions for them. He would really like to see more citizens at the meetings to give their input. He wonders how they can make the budget healthy by prioritizing the items for the short term and the long term.

Ms. Piotrow said if they want to reach the people, they need to use the media. Mr. Lorio said the people don't attend meetings unless there is a hot topic or there is something happening that directly impacts them, which is the norm when it comes to politics.

Review and Discussion of the Budget – Kim Hallquist and Wendy Johnson

Ms. Hallquist said expenditures are printed and distributed to the Department Heads and Board of Selectmen each month. She explained how expenditures are made for Department Heads and how funds are transferred and recorded. She didn't think that New London has ever over-expended their budget. The unexpended appropriations and revenues, figured by the auditors, is the amount of unassigned fund balance that the Selectmen can use to offset taxes in October. Town meeting voters can also vote to specify a certain amount of unassigned fund balance to reduce the amount to be raised by taxes.

Ms. Hallquist said there is no ability to "pad" their budgets to be able to increase the unassigned fund balance. Department Heads are very careful with their budgets and oftentimes do not spend all they have. If funds are not used as appropriated in the operating budget, the appropriation lapses and goes into the fund balance; it's not money in the bank that the Selectmen can spend on whatever they want. The auditors review expenditures, revenues, and uncollected taxes and come to the amount considered to be the unassigned fund balance, which may be used by the Selectmen to reduce the tax rate. Ms. Johnson said currently, they have \$850,000 fund balance which has been helpful for cash flow at this point in the budget cycle.

Selectman Rollins wonders if there are any fees charged by the town that could be raised to help make more money. Ms. Hallquist observed that the biggest source of revenue is car registrations and those fees are set by the state; the fees that are set by the town could be increased but since the amounts are so small, increases would negligible.

Challenges of the 2018 Budget

Selectman Rollins said they don't have hard numbers on anything yet, but reported the following:

1. The employee salary study has come back and may have implications for the long-term.
2. The ambulance service is looming.
3. They have discussed getting dispatch up and running, the effort they made to move equipment to the top of Mt. Kearsarge, etc. They need to figure out how much administrative overhead they can add to the bills of the towns that receive service from New London Dispatch. Selectman Rollins noted that questions to be addressed in the coming months include whether dispatching is where it needs to be at this point and what is still left to be done.

Chief Andersen said there is a phase III of the project that he is looking for a grant for. The cost to the town would be about \$36,000, and the grant would pay the other \$36,000. The other towns would help with this cost. The other cost they need to consider is that to upgrade the ergonomics of the dispatch desks. This brings them to the discussion of whether they stay or move dispatch. He is confident that the equipment they have in dispatch is good for the next ten years and they are in the best shape in dispatch since he has worked for the town.

It was asked what the timeline was for the Selectmen to determine what action they will take with regards to the attic insulation at the Academy Building. Selectman Helm said they anticipated making that decision this summer.

Ms. Hallquist said the ad hoc subcommittee from the Kearsarge Regional School District (1941 Building) have been meeting with Mark Kaplan and Doug Lyon to discuss the town's options regarding the 1941 building. June 6th is the deadline for the town to state its interest or not, and on June 16th there will be a discussion of the full, school board on this issue. She noted that the ad hoc committee has already voted to recommend ceasing discussions with the town and to raze the building; the school board voted to give the town time to present its case to the full board before deciding on the recommendation of the ad hoc committee.

Selectman Helm said the minutes of the school board's meetings are on the school's website. The next meeting of the Selectmen will be the following Monday where they will discuss this 1941 Building issue. It was noted that the school board wishes to demo the building and since they are a municipal body, must come to the Planning Board only to seek advice on their demo plans; they do not need to get permission from the Town to go forward.

Ms. Piotrow asked Mr. Lee his opinion about the estimates provided by the two different companies for the cupola repair at Whipple Hall. Mr. Lee said there is a difference between restoration and renovation, which is, what he feels, the difference in price. To renovate the cupola is \$39,000 and to restore it is \$11,000. He wasn't sure which route was the right one.

Mr. Cardillo said communication is key in the town. It would be helpful to have a committee made up of people in the trades who can advise the Town on projects, such as the dam. He noted that resident and dam expert, Jud Doneghy has been consulting with the Town on the engineering plans for the dam.

Mr. Hudson wonders what the take-away from that night's meeting is and where do they go from there?

Chair Prohl said the Budget Committee could certainly have another meeting if there is new information to be shared. He is open to collaboration with the Selectmen. It is difficult to get people together during the summer. They have a meeting scheduled with the Selectmen in the fall to set budget goals but he is open to other ideas the Selectmen have to make this a better process.

Mr. Lorio asked if the Department Heads budget out for just the next year or for several years ahead. Mr. Lee said in the operating budget it is just for the next year. For the large expenditures, he plans many years ahead. Mr. Lorio said it would be helpful to know what the years ahead could be shown for the CIP to help them anticipate future expenditures. Ms. Hallquist said the CIP plan goes out to 2025.

Ms. Lund asked if they might want to assign the small groups to the departments earlier to give more time to get familiar with them. Chair Prohl said they could do this if that's what they want. Mr. Lorio feels it makes the Budget Committee member an advocate for the department they visit. He appreciates the opportunity to get educated about the departments but doesn't feel it has a high value for the department staff. Chair Prohl noted that at the end of the budget season last year he suggested that members of the Budget Committee could go meet with the Department Heads if they wanted to but would not be assigned to do so. Mr. Cardillo said it is helpful for the members to meet with the Department Heads and report back to the Budget Committee, but the Committee will still ask questions of the Department Heads.

**IT WAS MOVED (Bruce Hudson) AND SECONDED (Colin Campbell) to adjourn the meeting.
THE MOTION WAS APPROVED UNANIMOUSLY.**

The meeting adjourned at 9:01pm.

Respectfully submitted,

Kristy Heath, Recording Secretary
Town of New London