



TOWN OF NEW LONDON, NEW HAMPSHIRE

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Budget Committee Meeting Meeting Minutes December 3, 2014

BUDGET COMMITTEE MEMBERS PRESENT: Rob Prohl (Chair), John Wilson, Larry Dufault, Bill Green, Phyllis Piotrow, Joe Cardillo, Bruce Hudson, Nancy Rollins (Board of Selectmen's Representative)

MEMBERS ABSENT: Christopher Lorio, Suzanne Jesseman

STAFF PRESENT: Kimberly Hallquist, Town Administrator, Wendy Johnson, Finance Officer

OTHERS PRESENT:

Ed Andersen, Police Chief
Peter Bianchi, Selectman
Linda Hardy, Town Clerk/Tax Collector
Sandra Licks, Library Director
Richard Lee, Public Works Director
Jason Lyon, Fire Chief
Scott Blewitt, Recreation Director

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

Minutes of October 29, 2014

IT WAS MOVED (Phyllis Piotrow) AND SECONDED (Joe Cardillo) to approve the minutes of October 29, 2014, as amended. THE MOTION WAS APPROVED UNANIMOUSLY.

Selectmen's Report

Selectman Rollins said they received the final report from the Single Stream Recycling Committee at a recent meeting. The committee recommended not adopting Single Stream Recycling (SSR) at this time because the costs of the program would be prohibitive. The committee made some recommendations:

- Conduct recycling education programs in town to increase recycling
- Form a solid waste management committee
- Increase the number of plastics that can be recycled
- Look at the operation and the design of the transfer station to see how it can be improved

Selectman Rollins said six towns have received their bills for dispatching for 2015. The formula they used was the same as has been used the last several years and as of now, New London is only asking the towns to make a commitment for the 2015 year.

Selectman Rollins indicated that the DRA set the tax rate for 2014 and the Town has issued the third and fourth tax bill. With regards to the bandstand, Selectman Rollins noted that Richard Lee (Public Works Director) spent two weeks advertising for a contractor to come make recommendations on how best to repair it. Only one contractor responded and the Board of Selectmen felt the project was underbid. They voted to re-bid again in hopes of getting some competition. It was noted that there is quite a bit of rot in

the bandstand. Mr. Lee is doing an extensive review of all the town buildings and repairs needed and will put those things into his budget.

When asked, Ms. Hallquist said the Selectmen haven't discussed the usage of the Mendelson Trust (a trust created by the late Steve Mendelson to bring music to New London) to pay for repairs to the bandstand, although it was a possibility. She feels discussing where the money is to come from is premature as they don't even have a quote yet. It would be up to the Selectmen to decide if they want to request the trust funds or to use town funds.

Mr. Cardillo said it seems as though the Selectmen don't know what the funds in the Steve Mendelson Trust can be used for. Ms. Hallquist noted that the question about the trust has not been what the funds can be used for, it is about who can authorize the expenditure of funds. The trusts states that the monies must be used "to bring music to New London" which encompasses a wide range of things, such as renting the Outing Club to have indoor concerts in the winter, paying to advertise concerts, purchasing music, etc. The part about the trust that is unclear is who it is that can ask for the money. Is it just the bandstand committee or must the Selectmen approve too, or can the Selectmen request the funds without the Bandstand Committee. Ms. Hallquist concluded by noting that the Selectmen are aware that some feel that the trust funds should be used to repair the bandstand and the issue will likely be discussed by the Selectmen during their budget preparation process.

Mr. Green asked if a study was going on with regards to the needs of all the town buildings. He wondered if there was a comprehensive plan on how to handle all the needs. Ms. Rollins said they have talked about what things could be done in-house first before hiring someone else to do the work. Mr. Green wondered if there was a plan to address the significant needs of Whipple Hall. Ms. Hallquist said the Town started looking into the needs of town-owned buildings by forming the Buildings Committee (Bruce Parsons, Jim Wheeler, and Frank Anzalone) who came up with a list of what needed to be done. The Selectmen are currently having a review of Whipple by an architectural firm from Manchester for a more complete picture of what is needed there. That report should be done prior to the end of the year. Additionally, the Board is working on getting estimates for work to the Academy building and estimates for needed repairs to the bandstand. They will then need to prioritize what they should do first.

Planning Board Chair Report

Bill Helm, Planning Board Chair, was at the meeting to present the CIP to the Budget Committee. He explained that the Planning Board has changed the CIP process back to the one that was used years ago and focuses more on planning and not so much on numbers. To be included in the CIP, expenditures must cost at least \$75,000 and be needed within the next six years.

Mr. Helm said the Planning Board identified three priorities in the CIP:

1. Equipment and vehicles critical to public safety are the Planning Board's highest priority for capital investment at this time. There are four large pieces of equipment in the \$100,000+ range that need to be taken care of and funded for safety reasons.
2. Time to get on with the tax maps (GIS) and it is about half-funded. They are the only town with lakefront property that hasn't done this.
3. The third is a recommendation to modernize and improve the dispatch center subject to final determination as to the future status of the dispatching function in New London, as this has been identified as a safety issue for the Town. If it does not stay within New London, this would be removed from the list.

Mr. Helm said one issue brought up by the Public Works Department, the Police Department, and Administration is storage and space needs. The Planning Board feels that a common solution should be created to address this on a town-wide basis instead of department by department. They plan to make a subcommittee to discuss the need for space.

Mr. Helm noted that there were also some issues having to do with infrastructure brought up by several departments such as parking. He thought there should also be a subcommittee to look at these concerns and needs.

Mr. Helm explained that several things are not on the CIP and it is because they have not been thought through yet on a town-wide basis and still need some discussion. He added that there would not be a request coming in this year from the Conservation Commission because they don't have any projects coming up and the projects they thought they had going through did not. Mr. Helm noted that the library is in good shape after the bond was taken out a few years ago to address some large issues with the building. They will continue with their requests for funding for regular maintenance.

Mr. Helm said the lagoons closure has come up but if there is no urgent need to tend to them, they wouldn't be put on the plan. He added that the Fire Chief anticipated a breathing apparatus expense in 2020 which was too far out for them to plan for right now.

Mr. Helm hoped the Budget Committee would take into consideration the three suggestions the Planning Board made within the CIP. He reminded the Budget Committee that the Planning Board's focus wasn't on the precision of the numbers but rather the need and expectation to plan for items with a cost higher than \$75,000.

Chair Prohl wondered about the costs for the building repairs in town. Mr. Helm said that they hoped work to be done to the Academy Building and the Bandstand would be funded by the building maintenance fund and the Steve Mendelson trust. Chair Prohl wondered if the Town should stop funding the library maintenance line since it isn't on the CIP. Mr. Helm said that wasn't what he was saying; they haven't included anything that costs less than \$75,000 on the CIP.

Subcommittee Reports

Phyllis Piotrow – Fire Department, Police Department, and Dispatch

Fire Department

Ms. Piotrow shared that in 2013 the Fire Department responded to 682 calls; a slight increase over the previous year. Chief Lyon was requesting three increases:

- \$6,000 increase for vehicle repair and maintenance
- \$3,700 increase to train new volunteers
- \$15,000 for Fire Station maintenance and repair (to refurbish the bay floors)

Chief Lyon is asking for a new capital reserve account of \$15,000 for repairs to communication equipment that will be needed over the years, which will be coordinated with dispatch. The major challenge in the Fire Department is retention of volunteers. The 1995 Town Meeting approved one full-time position which was never filled. While they are not looking to fill the position right now, it was noted that it is getting harder to find part time volunteers to meet their needs. There was no discussion of pay increases for the fire wards or the volunteers at this time.

Police Department

Ms. Piotrow said that in 2014, the Police Department reported a 23% increase in 911 calls. The largest increase in calls were because of stolen property, sexual assault and stalking, and criminal mischief. There are increasing problems with drug use and off-campus student parties. The force is fully staffed with nine full-time employees (8 officers, 1 administrative assistant). They would like an additional part-time position at a cost of \$10,000. There was a period of time when the department was short one officer and making up his shifts proved to be very stressful for the others. It was noted that there are four new officers in the department. Ms. Piotrow said she didn't realize that so many records have to be kept for every incident, which takes a lot of time to complete. She added that training is crucial for everyone; all officers have a mandatory training requirement of 40 hours/year. Chief Andersen would like a new line item for in the amount of \$25,580 for training wages to pay the officers while they are being trained.

It was noted that the Ford Expedition is on a six year capital reserve cycle but Chief Andersen would prefer a 3-year cycle and would like to replace the vehicle in 2015 with a pick-up instead of a SUV. The detective van has operated for 10 years and is rusting out and will need to be replaced a year ahead of time. There are currently not sufficient funds for both of these expenses but there will be enough in 2015/16 if money is put into the capital reserve.

Ms. Piotrow agreed that an overall issue is the need for space. 2014 was a transition year for the department and there are continuing needs for maintenance agreements, an improved computer systems hub with an environmentally controlled space, car radio systems, recording systems, etc. There is a need for storage, computers, conference space, and space for the dispatch service. There is discussion on what would be best: to renovate the current space, add to the current building, relocate the Recreation Department, and what to do to find additional space and when that should happen.

Mr. Dufault wondered what the percentage increase the Police Department was asking for. Ms. Piotrow said this hasn't been calculated because they hadn't discussed salaries yet.

Dispatch

Ms. Piotrow said dispatch has been reincorporated into the Police Department instead of being on their own. They cover six towns and part-time for Grantham. Towns have been billed for calendar year 2015 based on the existing service call formula. No capital costs were included in the last bill. There are currently four full-time and four part-time employees.

Ms. Piotrow noted that 40 hours of continuing education is needed for each employee at a cost of \$5,800/year which is an increase from \$800 last year. They would like either a capital reserve fund or a line item of \$30,000 for training. Training continues to be essential, as is the retention of employees.

Ms. Piotrow reported that a second dispatching console is needed. If New London Dispatch continues, a repeater is needed on the top of Mount Sunapee. It was suggested the possibility of setting up a \$30,000 capital reserve fund for this.

Ms. Piotrow noted that a better chair is needed for the dispatchers. She opined that they need more work space in dispatch. There is no capital reserve fund for dispatch equipment but the Planning Board recommended the purchase of needed equipment. The line item for \$1,500 has been over-expended. Lastly, it has been suggested that the member towns be billed by population and not by the number of calls. Additionally, they should be responsible to pay for some of the capital costs.

Chief Andersen said they have the money ready for a 50/50 grant to enable the Town to purchase two consoles. If they can't get the grant they would be able buy one console. He said for dispatch they would

be looking for \$5,000 for training, not \$30,000, which would be sufficient to send the dispatchers to trainings throughout the year.

Chief Andersen said after they get dispatch in good operating order with the equipment, they could come up with a formula where all towns contribute towards capital costs. There should not be a charge to the member towns for capital costs for the repeater being put up on Kearsarge. Ms. Piotrow shared that the fire dispatch service in Merrimack charged their service towns for capital improvements and some of the towns had amortized the costs over time. She didn't know how large or expensive the project was, but they did bill the towns over time for the costs.

Mr. Green wondered if they could get a summary of the equipment needed, and the cost and location for the entire dispatch system. Chief Andersen said Ossipee Mountain Electronics came the previous day and will provide them with a full quote, as would Beltronics.

Mr. Green thought this was a piecemeal approach and that it was a ridiculous way to view a project. Chief Andersen said the reason it is this way is because of grants. If the grantors see the Town is putting their service together piece by piece, they are more apt to get grants. Chief Lyon called it a "phased-in approach." Mr. Green asked if the other towns would be charged for the most recent capital costs. It was noted that the towns were not being charged for the costs yet and the Board of Selectmen hadn't decided what they would do moving forward. Chief Anderson said the piece that was recently put on Mt. Kearsarge would still be needed regardless of whether dispatch stayed in New London or not.

Mr. Cardillo said he heard that some of New London's staff felt the other towns should share in capital expenditures. He said when the towns all met in October, one of the options was to get all the equipment at once and share the cost between all the towns. Then the other towns could decide how to pay for it. They could add a line item on their taxes, take out a bond, etc. He thought it important the Selectmen make a decision. He didn't know when the next time the towns would meet again but thought they should.

Chief Andersen agreed with the selectmen regarding charging the member towns for capital costs in the future. Until New London gets the service back to where it should be, the burden of the capital improvements should be put on the town. Now that they are improving their service, the other towns should be included in paying to maintain it. Mr. Green wondered why the other towns have stayed with New London dispatch if they felt they were overpaying for the service. Chief Andersen said there were several factors, but towns are inclined to stay with New London because of mutual aid, the use of their booking facilities, and the personnel.

Chair Prohl said the Selectmen don't have a concrete plan moving forward right now which is confusing for people. Mr. Green thought the plan included subsidizing the costs of dispatch to the other towns.

Ms. Piotrow said for calendar year 2015 it is clear what they will provide to the other towns. The New London select board and the other towns need to discuss and decide how they will continue with the service.

Dr. Wilson said he has heard the phrase "if they keep dispatch in town" and has heard doubt about whether they will be able to keep the other towns on board, and he has heard doubt from vendors other than Beltronics about giving quotes for service because they don't feel the Town is serious about making that kind of a change. He felt it was time for the Board of Selectmen to stand up and decide if they are going to keep dispatch in New London or not. Selectman Rollins agreed.

Bill Green – Highway Department

Mr. Green said the only capital expenditure is the replacement of a one-ton truck. The old one will go to be used at the transfer station. Mr. Lee (Public Works Director) hasn't completed his budget yet but it is estimated that the increase will be less than the rate of inflation which he thought was between 1.75 and 2%. Mr. Lee feels additional paving is necessary to maintain the condition of the roads. The expenditure for salt increased due to an increase in the cost per ton. Fuel will be kept at the same amount as last year (\$60,000) due to the unknowns of the prices of fuel.

With regards to staffing and employees, it was noted that all positions are full. Mr. Lee is considering replacing the full-time position that he let go two years ago, which he tried to fill with part-time help.

There were no big changes at the transfer station and the volume of refuse remains about the same as it has been the last several years.

The sewer operation fees will increase substantially to Sunapee because New London is responsible for 65% of the cost of the treatment plant. They didn't pose enough of an increase last year so the expenses will go up between \$30,000 and \$40,000. They don't know the exact amount of the increase yet.

Recreation, Planning & Zoning, Library – Larry Dufault

Recreation

Mr. Dufault said Mr. Blewitt's budget has modest increases for office supplies, special events, lifeguard and swimming supplies, and Bucklin Beach maintenance. This is an increase of 1.85% over last year. He isn't adding any additional personnel.

Planning & Zoning

Mr. Dufault said Ms. St. John (Planning & Zoning Administrator) talked about the possibility of having a code enforcement officer in the town. There were some additional requests for training for new Planning and Zoning Board members. Storage space seems to be Ms. St. John's primary concern. There is little space to file. When attorneys come to ask for specific information, it is difficult to find plans and files. It would make her job easier if she had some way to better file all the reports and meeting materials. Ms. St. John mentioned a need for some part-time help.

Library

Mr. Dufault said there were no capital expenditures over \$75,000 but they do have a capital reserve fund of \$35,000 per year for maintenance. They have hired a part time person who works 5-6 hours/month to refine and automate their budget system. Additionally, they have added new internet lines, AC, an irrigation system, and they plan to hire someone to maintain these systems. This work was done using funds provided by someone who used to work for the library.

Mr. Dufault noted that parking was also an issue. There are safety concerns with people walking from the parking lot, down the bank, and across Pleasant Street to get to the library.

Town Buildings, Town Clerk/Tax Collector, Executive/Finance – Bruce Hudson & Joe Cardillo

Mr. Hudson said he and Mr. Cardillo met with Kim Hallquist (Town Administrator), Wendy Johnson (Finance Officer), Richard Lee (Public Works Director) and Linda Hardy (Town Clerk/Tax Payer) on November 21st. Norm Bernaiche (Chief Assessor) was not there.

Town Buildings

The key theme that keeps coming up is the town buildings. Mr. Lee is concerned with the buildings. He may ask to increase his staffing levels by one employee. Matt Grimes, the new Facilities Manager, has

done a great job since coming on part-time. The priority right now is the Mary Haddad Memorial Bandstand. Mr. Grimes had suggested an appropriate cost to do this work which was higher than what the bid that came in. The roof, constructed by this same bidder, was under budgeted and they'd like to avoid having to spend more money than anticipated again.

Mr. Hudson noted that the Town Office building (Academy Building) had been painted in 2008 for \$28,000 and just two years later it was in serious need of another paint job. The estimate to replace the clapboards and trim is \$150,000 which did not include money set aside for unforeseen problems that may be discovered when the clapboards are removed. He thought this should be considered.

The Elkins Post Office needs a minimal amount of work, so has been moved down on the priority list.

With regards to Whipple Hall, they need to wait until the Buildings Committee and engineers come up with a firm quote for the work that needs to be done.

Town Clerk/Tax Collector

Ms. Hardy (Town Clerk/Tax Collector) would like to increase the part time hours from 25 to 32 hours per week. A small amount of money has been put aside for ergonomics, training and certification.

Assessing

Mr. Bernaiche (Chief Assessor) wasn't present but expects a 3% increase in the tri-town budget, which will be divided between the three towns. They would like to add \$8,000 to their budget for a part time individual to help with field work.

Executive/Finance

It was noted that the cost of health insurance will be decreased by roughly \$62,000 but after property and liability insurance and labor costs increase, the decrease is about \$20,000. The capital reserve increases include funds for the lagoon closure, maintenance costs, dirt roads and the Pleasant Lake Dam.

Linda Hardy clarified that there was an additional election scheduled for 2016. Ms. Hallquist noted that the tri-town assessing budget was up 5% not 3%, this is proportioned between the three towns by number of parcels.

Chair Prohl said that department heads were asked to look at personnel, leasing vs. buying, etc. to compile as much information as possible and come up with preliminary recommendations to go to the Board of Selectmen.

Other Business

Chair Prohl asked if there were any further questions. Dr. Wilson asked when they would hear from Nobis Engineering on the sewer lagoon project. Ms. Hallquist said they submitted an estimate for the engineering study for \$25,000. Completion of the engineering study is needed to estimate the cost of closure of the lagoons. The Selectmen did not want to move forward with the engineering study at this point but they have not taken a formal vote. Ms. Hallquist did not agree with the position that the lagoons are not a priority; she feels that the lagoons should be addressed as soon as possible.

Mr. Hudson asked where money not spent in the budget goes at the end of the year. Ms. Hallquist said it goes into the general fund and is commonly referred to as surplus.

Mr. Wilson asked what the updated grand list was. It was noted the amount was \$1,102,000,000.

Mr. Cardillo thought dispatch needed to be firmed up similar to the sewer agreement and the school district. They need a formula and an agreement to run the service. He didn't think they should build it and pay for it themselves and then charge the other towns in the future for capital costs. He thought the other towns needed to be invested in the process not just verbally but financially. He noted that this discussion keeps coming up and they were talking about the same thing last year at this time.

Ms. Rollins said she agreed and said the Selectmen are not in agreement in the process. The fact that they have issued bills that include administration and operating costs is a good first step. This may be a good indicator whether the towns will want to stay with them or not. Mr. Cardillo said he felt every town was in support of paying for capital improvements except for perhaps Wilmot. He heard every other town say they would pay more going forward. He thought they need to stop providing financial aid to the other towns. Questions were posed s. Hallquist said at this time, New London is committed through calendar year 2015.

Setting a Budget Target

Chair Prohl wondered if the Budget Committee wanted to set a budget target. Dr. Wilson said the CPI was 1.7% nationally and 1.4% in the northeast.

Chair Prohl wondered if anything was excluded in the target. Ms. Johnson said that was up to the Budget Committee. Dr. Wilson said last year it only included the operating budget.

Ms. Piotrow thought it was premature to try and set a target at this point, so early on in the process. She felt the percentage limit set now would be arbitrary, regardless of what the CPI was doing in New England or anywhere else. Mr. Green said in their experience over the last couple years, if the Board of Selectmen is not in the same camp as what the Budget Committee establishes, it is not a good process. He didn't think it was a good process last year to bring 8-10 items to the voters. He thought the voters elected people to find out about the topics as it was more than they could learn by attending one town meeting.

Chief Lyon observed that in a small budget (operating) percentages will go up substantially even when small amounts are added to it.

Mr. Green said over the last 20-30 years the demographics have changed in New London. They just had the reassessment and the town didn't change much on the grand list. He felt New London was subdued with regards to the level of economic activity it is seeing. Selectman Rollins said this is true of the entire state. New London not only has to address those issues, but the state has a very difficult budget they have to control. The Town needs to be vigilant to make sure additional costs are not passed down from the State. Mr. Cardillo said it didn't appear there was that much going on with building in town that would warrant adding more personnel.

Ms. Piotrow said the older people coming into town are more dependent on town services than younger families. The cost of equipment is not going down and if they need it they need to get it for what it costs. The number of volunteers to take on jobs is declining. As this declines, it puts additional pressure on the professional staff.

IT WAS MOVED (Bill Green) AND SECONDED (Bruce Hudson) to table the budget target until the Board of Selectmen provides their budget.

Mr. Dufault asked if the Selectmen were considering setting a limit increase. Selectman Rollins said they hadn't discussed that yet. Mr. Dufault thought it would send a message to the departments by asking them to maintain a limit. Mr. Cardillo agreed that setting a limit sends a message, however it isn't productive

for the Selectmen not to have a limit and the Budget Committee to set one. It is a waste of time. The department heads will come in with what they need. He thought they should put this at bay until the Board of Selectmen come in with their budget. He recalled that in the past the Town Administrator didn't want to recommend setting budget limits.

Ms. Hallquist said the budgets would be coming into her from the department heads on Friday, December 5th. The Selectmen would meet on December 12th to receive the budget requests and begin the budget process. They hope to turn over their budget to Budget Committee by February 4th but if not, they will aim for February 11th.

Mr. Green asked about the process the Board of Selectmen uses to discuss the budget. Ms. Hallquist said the Selectmen get a binder with the information in it, just like the Budget Committee does. They will hear from the department heads and the Selectmen will decide on any changes they feel are appropriate. The department heads understand prioritizing and making choices. Things may change as more information comes in. The Selectmen must make decisions based on less information as far as prior years expenditures goes because of having to budget sooner in the year. She reminded everyone that the FY2016 they are working on covers expenditures starting on July 1, 2015 and ending on June 30, 2016.

Mr. Green wondered if the committee reports will have any impact on how they will feel about a regional dispatch system. Ms. Hallquist said the Board of Selectmen is looking at dispatch closely. A big piece of the puzzle is a commitment from the other towns. If they don't know what the other towns are going to do, it is difficult to plan. The Selectmen could make a commitment to have dispatch whether or not any other towns join. She doesn't know how they will decide. It isn't an easy decision.

Dr. Wilson said there are numbers out there being processed by vendors that could give a better picture to this scenario. He wondered if the Board of Selectmen was ambivalent at this point or pushing one way or another. He agreed with what Ms. Hallquist was saying; they need the commitment first. He felt this was an extremely slow process. Ms. Hallquist said all involved have worked hard on this issue and it isn't an easy decision. People realize the importance of New London Dispatch. She disagreed with those who would say that New London's lack of investment of dispatching equipment over the years meant the towns paid for services they never got as New London has always done a great job for the towns and towns were not billed for equipment that was not purchased.

Mr. Cardillo thought a one year commitment wasn't enough. They need to know what it would cost to operate dispatch for the next seven years. Then approach the other towns and tell them an alliance needs to be formed for the timeframe and give them the numbers. If they can't form the alliance the town will need to decide how to proceed. Ms. Hallquist said the Selectmen didn't think a multi-year contract was a good idea as it forces the Town into doing something they may not want to do. Chair Prohl said the Board of Selectmen hasn't agreed on a process yet.

Chair Prohl called for a vote on the motion:

THE MOTION WAS APPROVED UNANIMOUSLY

Upcoming Meetings

Chair Prohl noted the upcoming meetings for the remainder of the budgeting season. He said the January 21st date was currently reserved if they needed it.

Dr. Wilson suggested getting the Capital Reserves done and out of the way early because it is mostly set. He didn't think it should be left until the end and thought knowing it in advance would help with the rest of the budget.

It was decided that the meeting on February 4th not be "preliminary" with regards to the Capital Reserve Fund expenditures. They would deal with the expenditures that night.

**IT WAS MOVED (Joe Cardillo) AND SECONDED (Bruce Hudson) to adjourn.
THE MOTION WAS APPROVED UNANIMOUSLY.**

The meeting adjourned at 9:03pm.

Respectfully submitted,

Kristy Heath, Recording Secretary
Town of New London