

APPROVED

Town of New London  
Budget Committee  
Meeting Minutes  
October 24, 2011

**MEMBERS PRESENT:** Jim Wheeler, John Wilson, Connie Appel, Ben Cushing, Kathy Bianchi, Bill Green, Ann Bedard, Doug Homan, Mark Kaplan (Board of Selectmen Representative)

**OTHERS PRESENT:**

Kimberly Hallquist -Town Administrator, Wendy Johnson- Finance Officer, Linda Hardy- Town Clerk & Tax Collector, Linda Jackman- Town Administrator's Assistant, Richard Lee- Director of Public Works, Peter Stanley- Planning & Zoning Administrator, Sandra Licks – Tracy Library Director, Jay Lyon – Fire Chief, Chad Denning – Recreation Director, Joe Cardillo, Bill Helm, Doug MacMichael, Steve Ensign, Bryan Jones, Bruce Hudson.

**Approval of Minutes:** Chair Wheeler opened the meeting at 7:05pm, announcing the meeting as the second meeting of the current budget process. He noted that he expected the meeting to be a short, organizational, meeting. The January 16, 2012 meeting will mark the start of the actual budget preparation.

The Committee reviewed the Minutes of May 19, 2011. Chair Wheeler noted a correction to page 2 where Connie Appel is listed as voting twice, the second voter was actually Ann Bedard. Mr. Homan moved to approve the Minutes as amended and Mr. Kaplan seconded the motion. All were in favor, the Minutes were approved as amended.

**Filling of vacancy:** Chair Wheeler noted that Committee Member Brian Prescott has resigned his position on the Committee. Chair Wheeler expressed his appreciation for Mr. Prescott's participation on the Budget Committee in the past, and wished him the very best of luck and health. Chair Wheeler asked if there were nominations to fill the open seat. Mr. Kaplan moved to nominate Bryan Jones and Connie Appel seconded the motion. Mr. Cushing moved to nominate Joe Cardillo and Mr. Homan seconded the motion.

Ann Bedard noted that both candidates are well-qualified for the position and both have run for positions in town government. She pointed out that flipping a coin has been used in the past in these kinds of situations.

In support of his nomination, Mr. Kaplan noted he has worked with Bryan Jones on a solid waste committee in the past and found Mr. Jones to be a hard worker and very capable. Mr. Kaplan noted that Mr. Jones ran for the budget committee and received the second highest number of votes. Mr. Kaplan noted that while Joe Cardillo is also very capable, he did not run for the budget committee as Mr. Jones did, so he felt that Mr. Jones should be selected to fill the open seat on the committee.

In support of his nomination, Mr. Cushing noted that Joe Cardillo is well known in town and is very in tune with the town and its issues. He pointed out that Mr. Cardillo owned a local business for twenty years and he has run for public office, the office of selectman. Mr. Cushing concluded by noting that Mr. Cardillo is very level-headed and will do very well for this town as a member of the Budget Committee.

Chair Wheeler clarified a point made by Mr. Kaplan with regard to running for office by noting that while Mr. Jones did run for a position on the budget committee, Mr. Cardillo did run for the office of selectman and lost by only seven votes.

Chair Wheeler called for a vote on the nomination of Joe Cardillo: voting in the affirmative: Chair Wheeler, Mr. Wilson, Mr. Cushing, Ms. Bianchi, Mr. Green, Ms. Bedard, Mr. Homan. Voting in the negative: Mr. Kaplan and Ms. Appel.

Chair Wheeler called for a vote on the nomination of Bryan Jones: voting in the affirmative: Mr. Kaplan and Ms. Appel. Voting in the negative: Chair Wheeler, Mr. Wilson, Mr. Cushing, Ms. Bianchi, Mr. Green, Ms. Bedard, Mr. Homan.

The Chair thanked both Mr. Jones and Mr. Cardillo for their interest in serving on the Budget Committee, and declared Mr. Cardillo as the person to fill the vacancy created by the resignation of Mr. Prescott.

Chair Wheeler called for the sub-committee reports:

**Safety Services subcommittee:** Mr. Cushing reported that the subcommittee met with Fire Chief Jay Lyon and were informed that level funding is expected for the coming year, with the exception of the new fire truck that will be purchased. Funds for the purchase are available in the capital reserve fund established for that purpose. He noted that he asked Chief Lyon if the Fire Department would be asking for any unusual expenditures and Chief Lyon responded that they would not. Mr. Cushing notes that in his tour of the facility he noticed that while the fire trucks look great, an inspection underneath will show what rust does to a vehicle. Mr. Cushing concluded by commending the fire department for its work. Ms. Bianchi noted that her understanding is that there may be a small increase in the tools and equipment line item.

Mr. Cushing addressed the police department by noting that time got away from the subcommittee and they did not meet as a committee at the police department, however, he did speak with Chief Seastrand and asked about the department's budget needs for the coming budget cycle. Chief Seastrand reported to him that he would likely be requesting one laptop for a police cruiser at a cost of approximately \$4,000. Mr. Cushing noted that Chief Seastrand intends to keep the budget level funded if at all possible.

**CIP subcommittee:** Mr. Wilson explained that the Capital Improvements Program (CIP) was done a little differently this year with two Budget Committee members serving as non-voting members and three from the Planning Board. He explained that the bottom line is that the CIP is up approximately \$44,750, excluding wastewater expenses with some areas seeing increases and some seeing decreases. The CIP recommends capital reserve funding in the amount of \$463,000 which is down from \$600,000 last year. Mr. Wilson noted that he was very pleased with the Conservation Commission's decision not to seek any funding from the CIP this year.

**Public Works subcommittee:** Mr. Homan reported that the public works includes highway, sewer and the transfer station. Mr. Homan noted that he has recently visited and is familiar with the public works facilities with the exception of the transfer station and the pumping station at Georges Mills. Mr. Homan reports that the facilities are clean and well maintained – spotless. Director of DPW Richard Lee is on top of the issues related to the sewer system and the things that must be done to properly run that facility. With regard to the transfer station, Mr. Homan reported that although he does not go to the transfer station often, he found it to be clean and neat, and knows that it is “a work in progress.” Mr. Homan noted that Mr. Lee was very cooperative and willing to “think outside the box” and doing things in new ways to increase efficiencies and save money using current staffing levels. Mr. Homan noted that the biggest

staffing piece of the highway department is for plowing snow. He noted that the town has fairly high paid people doing things that we wouldn't normally have to pay that much. As examples Mr. Homan pointed to lawn mowing and weed whacking and questioned whether outsourcing of these tasks would be a way to save money. With regard to highway equipment Mr. Homan pointed out that the replacement schedules for trucks and equipment used to be 10 years and now it is 12 years and maybe even further. He concluded by noting such efforts represent a good beginning.

**Recreation subcommittee:** Chair Wheeler reported that Chad Denning, Recreation Director, did a great job submitting a comprehensive report that he prepared on his department, including participation levels of all of the programs. The gist of the findings is that 67% of participants are New London residents and 41% are 15 years old or younger. New parking regulations by the town resulted in an increase in the use of the Elkins Beach and a decrease in use of the Bucklin Beach. The recreation department purchased four new sunfish sailboats for \$8,000. Chair Wheeler noted that the rec program participation is up 25% and the van that was gifted to the town worked wonderfully and did not require any repairs. Chair Wheeler concluded by observing that the recreation department is on target and the recreation revolving fund is stable.

**Library subcommittee:** Ms. Bedard reported that the Library is interesting in that it has its own governing Board, the town does not run it, but the Library Board does come to the town for funding. She summarized her report by noting that she did come away with the impression that level funding would be attained. She noted that the library is initiating a CIP plan but it hasn't been brought to the CIP yet and there was a discussion on the need to have regular maintenance line item within the operating budget. She noted that it might be helpful to have a loose-leaf binder with details of where the money goes and where it will go, which may address some of the "money pit" comments that are heard from time to time. Ms. Bedard noted that the Library received a grant from Mascoma Bank to cover the cost of work done to address the entrance way and to make it handicapped accessible. She noted that the Trustees had to prioritize items as the \$370,000 bond was not enough to do all of the work necessary. The Trustees are dealing with some challenging HVAC system issues and she feels pretty comfortable that that they will come up with solutions for those issues. Finally, she noted that there was no discussion of decreasing hours and again noted that it did not sound like the library budget would be level funded this year.

Mr. Wilson, pointing to the comment on the CIP, noted that there would be no CIP funding for the library for one year. Mr. Homan asked if the library construction work went out to bid and Ms. Bedard noted that she did not know. Ms. Licks, Director, noted that the General Contractor was Bruss and that did not go out to bid, but all of the subcontractor work did go out to bid.

**Administration subcommittee:** Chair Wheeler reported that the subcommittee discussed a maintenance program for town buildings and how such a program could be most effectively employed going forward. He pointed out that the Selectmen are considering such a program. All agree that it would be better not to hire a new town employee and to have a short list of local people who may be called when work of a more specialized nature is needed. He summarized the plan as suggesting that the town employee to be utilized for the new position will likely be a current DPW employee. He continued that initiating the system may include having all town buildings inspected by a professional to create a baseline of each building.

Chair Wheeler observed that New London enjoys a high level of service, five days per week. It is a higher level of service than might be expected of a town this size, but our town residents want this service at this time.

Chair Wheeler addressed the Joint Assessing Board (the Towns of New London, Newbury and Sunapee share assessing services) by noting that the expense for assessing went up by four fold when the town went to a joint effort. He stressed that presumably the town realizes savings through lower legal and superior court costs due to fewer abatements and increased piece of mind on the part of taxpayers who have easier access to the assessors. Chair Wheeler noted that the town has confidence in Norm Bernaiche. There are currently 5 court cases and 2 BTLA cases so they will be monitored to see how successful the joint assessing effort is.

Chair Wheeler reported that he, Mr. Homan, Mr. Green and Ms. Johnson attended the recent Local Government Center (LGC) Budget seminar. He was particularly interested in hearing what the predictions were for State revenues to the towns. The good news is that the rooms and meals tax and the highway block grants to the towns will remain essentially unchanged for the current state budget. Another area of concern is the state retirement and the retreat by the state from contributing to the town's expenses of police and fire retirement costs. Employees are contributing more and the state is contributing less. In FY 2014 the state will contribute zero.

**Review of 6 month budget:** Chair Wheeler asked Wendy Johnson, Finance Officer, to review the first 6 months of the budget – January 1 – June 30, 2011. Ms. Johnson reported that revenues were slightly up from estimates and the expenses were pretty close to budgeted. She noted that there was nothing extraordinary to report on either revenues or expenses.

**Next budget meeting:** Will be held on Monday, January 16<sup>th</sup>, Martin Luther King Day. Chair Wheeler noted that while the town offices will be closed to observe the holiday, the Budget Committee will have access to town staff to enable them to meet.

**Fiscal year 2013 budget goals:** Chair Wheeler noted that the Board of Selectmen recently voted 2-1 to establish a goal of level funding for the upcoming budget. Mr. Homan expressed surprise upon meeting with Richard Lee and learning that the department heads do not look at 50% of their budgets. This is because the selectmen instruct them to only look at their operating expenses, with the exception of salary and benefits. Mr. Homan questioned this strategy, noting that department heads don't get involved in "looking at the bigger picture." Mr. Kaplan agreed that the department heads are instructed to only look at their operating expenses, not including salary and benefits, and explained that this process is followed because the selectmen feel that since the department heads have no control over salary or benefits, it is not appropriate to have them attempt to budget those expenses.

Mr. Homan explained that he understands that department heads do not have control over what the selectmen ultimately decide on salaries and benefits but stressed that in his opinion department heads should be involved in finding savings in other areas, or contribute to insurances expenses, if salaries and benefits are to be increased. Mr. Kaplan noted that he did not think such a scenario was fair to the employees. Mr. Homan responded by noting that they must be concerned with "what the market will bear" and all must understand that there are taxpayers who can't afford their taxes. He noted that he felt the process should begin at what the taxpayers will pay. Mr. Kaplan stressed that the town can't control the school and county bills and if those bills increase by one million dollars, the town can't just say "fine, we'll cut one million dollars." He noted that such thinking is not realistic. Mr. Kaplan noted that a recent attempt by the State to take one million dollars of New London tax monies to spend on school districts in the southern part of the state was reversed after the new legislature repealed the law. He noted that he and Selectman Helm testified against the bill that was ultimately repealed. He noted that this was a success, but generally speaking, the town has no control over the school and county bills that make up the vast majority of the town tax rate. Mr. Kaplan asked if those bills increased by one million dollars, where

would Mr. Homan suggest that one million be taken from the town budget? Mr. Homan did not argue the point.

Chair Wheeler noted that the department heads will submit their budget requests at level funding. The Board of Selectmen will review the requests and make cuts if necessary. He agreed with Mr. Kaplan that the Selectmen are in a better position than the department heads to discuss issues related to salary and benefits. Once those decisions are made the budgets go to the Budget Committee where, as with the Selectmen, additional cuts may be made.

Mr. Green observed that this is the fourth year of the greatest recession that anyone here has ever experienced. He asked if everyone is sure that we are getting the most out of all departments. He noted that salaries account for 50% of the budget. Considering efficiencies, he noted that homeowners have already made cuts and efficiencies and asked if we (town officials) have done so as well. He noted that efficiencies will include staffing and stressed that in his opinion, the staffing of the town is very generous. He noted that he didn't think anyone would say we are understaffed. He asked if the town could be leaner, and noted that if we could, it would be better for the employees and for the town. Mr. Green concluded that he has not seen the town thinking in these terms and he thinks it's a necessity to consider it.

Mr. Kaplan responded by pointing out that the town tax rate was \$4.41 3 years ago, last year it was \$3.99 and this year will be lower than that. He stressed that there is no way to continually provide the level of services of four years ago when the amount dedicated to town services is continually cut. He noted that the \$900,000 surplus would not be possible without employees working their tails off and he disagreed that lowering salaries or cutting staff would result in any efficiencies.

Mr. Homan noted that he would like well paid, well cared for, and well motivated staff, but he doesn't want to continually cut things around salary, noting that such a strategy doesn't "shrink the size of the machine (government)" and the size of the government hasn't shrunk since the full-time planning and zoning position was created. Mr. Homan observed that while the population of the town has shrunk, 50% of the government (salary) has not decreased. Chair Wheeler noted that the population has remained relatively level, and he doesn't see subdivisions increasing, concluding that these facts should be looked at in the future.

Ms. Appel suggested that we need to keep this in the context of the area in which we live. She pointed out that in comparing with other towns in our school district, New London is in the middle. She observed that New London is a town that wants its services – noting that we have not seen a taxpayer revolt. Noting that she herself is a local business owner, and as such, she keeps these issues in the context of the bigger picture. She noted that from the previous discussions, it sounds like the committee is saying we need to cut jobs. She noted that if she was a town employee, that is what she would be thinking right now.

Mr. Homan stressed that he is not saying that he is looking for job cuts, but is saying the same thing Peter Bianchi suggested two years ago which is that when positions become open by people leaving, those positions should not be re-filled. He noted that recently there were two positions open and both were filled when they should not have been filled. He noted, to be clear, he is not advocating any layoffs – he is advocating for a hiring freeze and reductions in staffing by attrition.

Ms. Appel noted that she did not want people to come away from the meeting with the feeling that there will be staff cuts and noted that the town's salaries are not higher than similar positions in the surrounding towns. Mr. Homan noted that there are several positions that are currently being paid at the top of the salary range, and these are good and experienced employees, but they keep getting raises even though they are already at the top of the salary ranges. There was some disagreement from members of the

audience. Ms. Appel observed that the committee should value the longevity and expertise of employees and such employees should be rewarded accordingly.

Linda Hardy, Town Clerk – Tax Collector asked if there was a certain reduction in the level of services the committee felt would be acceptable to the citizens. The committee had no suggestions.

**Use of surplus to reduce town tax rate:** Chair Wheeler asked Mr. Kaplan if he had any thoughts on how much surplus the Board of Selectmen would use to offset the town tax rate. Mr. Kaplan noted that there is currently about \$990,000 in surplus. Chair Wheeler noted that LGC recommends retaining 5%-15% of operating revenues. Mr. Wilson suggested that this would mean retaining about \$400,000 - \$450,000 in surplus. Mr. Wheeler asked Mr. Kaplan if he was more inclined to bringing down the level of the surplus now that the town is operating on the fiscal year July – June. Mr. Kaplan noted that he would feel more comfortable bringing the surplus down more aggressively after a year of experience with the fiscal year.

Ms. Appel pointed out that she has heard hugely positive responses to the new quarterly payment system. Ms. Hardy agreed and noted about 95% of the comments she has received are positive while 5% are those who don't like to write four checks. Ms. Hardy noted that she always points out that people are able to pay in advance, so if they would rather continue to write two checks, they may pay two quarterly payments at once.

Chair Wheeler reminded those present that the next Budget Committee meeting would be on Monday, January 16<sup>th</sup> at 7:00PM.

IT WAS MOVED (Doug Homan) AND SECONDED (Bill Green) to adjourn the meeting. THE MOTION WAS APPROVED UNANIMOUSLY.

The meeting adjourned at 8:31pm.

Respectfully Submitted,



Kimberly Hallquist, Town Administrator  
Town of New London