



TOWN OF NEW LONDON, NEW HAMPSHIRE

375 MAIN STREET • NEW LONDON, NH 03257 • WWW.NL-NH.COM

Budget Committee Meeting Meeting Minutes April 3, 2013

BUDGET COMMITTEE MEMBERS PRESENT: Jim Wheeler (Chair), John Wilson, Ben Cushing, Doug Homan, Larry Dufault, Joe Cardillo, Rob Prohl, Bill Green, Ann Bedard, Peter Bianchi (Board of Selectmen's Representative)

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

OTHERS PRESENT:

Jay Lyon, Fire Chief

Dave Seastrand, Police Chief

Ed Andersen, Sergeant

Dave Zuger, Corporal

Richard Lee, Public Works Director

Linda Hardy, Town Clerk/Tax Collector

Sandra Licks, Library Director

Bob Bowers, Library Trustee

Scott Blewitt, Interim Part-Time Recreation Director

Citizens: Bruce Hudson, Renate Kannler, Cicely Markoff, Casey Biuso, Bill & Tina Helm, Doug MacMichael, Pete Lauridson, Craig Howe, Phyllis Piotrow, Jennifer Schad, Laura Lorio, Paul & Linda Messer, Becca Reeve, Linda Jackman, Janet Kidder, Erle Blanchard, David Landers, Joan Pankhurst, Amy Rankins.

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

Minutes of February 27, 2013

IT WAS MOVED (Doug Homan) AND SECONDED (Bill Green) to approve the minutes of February 27, 2013, as amended. THE MOTION WAS APPROVED UNANIMOUSLY.

Selectmen's Update

Mr. Bianchi said there were a few updates from the Selectmen since the last meeting. The first thing was that the Board of Selectmen voted in favor of hiring a full-time Recreation Director after the interim period is over. He noted that this decision did not change the budget as approved by the Selectmen as the position was already included in the FY2014 budget. He expects that the position will be advertised, probably in June, for the full-time, permanent position.

The second item Mr. Bianchi wanted to note was that the Selectmen voted to recommend a warrant article for \$10,000 for an option to enter into a lease with the School Board for the possible long-term lease of the 1941 Building. This amount will be in a warrant article, to appropriate the money to keep the building off the market until Town Meeting, 2014. An agreement has been forwarded to the Town from the School Board and legal counsel from both

sides is now reviewing it. Mr. Bianchi said that they have not started negotiating the actual lease as of yet. It was asked if the \$10,000 would be applied against the lease, should the Town enter into a lease in 2014. Mr. Bianchi said that it would not be applied against the lease. He said the School Board can use the \$10,000 for whatever they wanted and said it was non-refundable.

Chair Wheeler wondered if there was evidence from the feasibility study (in progress) that there would be enough private funding available to move forward with the purchase. Mr. Bianchi looked to Ms. Biuso, member of the 1941 Committee, to explain further. Ms. Biuso noted that the 1941 Committee has only been working on this issue for about four months, which was not enough time to get the entire study done. They do have private funds to get started. She felt the 1941 Building Committee was clear and more focused going forward with this project than others had been in the past. Mr. Homan wondered what the goals of the 1941 Committee were. Ms. Biuso said once they get the building, they would like to pay for programming through private funding, as well as the maintenance and re-build of the building. They would look to the Town to help pay for the maintenance of the building. Mr. Bianchi said that the Selectmen will be getting reports from the 1941 Building Committee on a regular basis to provide milestones and updates. This will begin after the building has been secured with the \$10,000 option. Ms. Markoff said that they have some great prospects for private funding, which cannot be solidified until the building has been secured.

Mr. Cardillo wondered if there was some way to make the \$10,000 applicable to the eventual purchase of the building, should they decide to move forward in that direction, or perhaps other expenses the Town will be asked to fund. Ms. Markoff reminded Mr. Cardillo that the School District is still paying \$54,000 this year to maintain the building. He agreed and noted that New London pays part of those expenses too.

Thirdly, Mr. Bianchi said that the Select Board supported a new request by Linda Hardy (Town Clerk/Tax Collector) regarding the Invoice Cloud software support line item. This expense was voted down at the last Budget meeting, but Ms. Hardy had some updates to share. The Selectmen are requesting that the Budget Committee add \$1,420 to the Computer Support line item (01-4150-100-342) and Ms. Hardy would explain this further when they got to that point in the meeting.

The last item Mr. Bianchi wanted to share was the news that Chief Dave Seastrand informed the Selectmen that he has decided to retire. He said that the Board of Selectmen reluctantly accepted his resignation. He has been with the Town for the past 27 years and has been Chief since 1995. His last day will be April 30th.

Surplus Discussion

Mr. Homan wondered if they could talk about the surplus and how much they might have available to put towards the tax rate. They are looking at a 15% increase this year and he wondered how this might play out. Ms. Johnson said she cannot give a solid number yet, but at the rate they are going there will be very little surplus added to what they currently have, which is \$968,089.

Mr. Homan reminded those at the meeting that surplus is not money sitting in the bank; it is like retained earnings on a balance sheet. They have to determine how much they can take out and use without affecting cash flow. Ms. Johnson said the lowest balance in the Town's checkbook was about \$200,000. Mr. Homan said they wouldn't want to go any lower than this and to him, it sounded as though they would have \$0 surplus to apply to the tax rate and they would be looking at a 15% increase.

Erle Blanchard thought when they went to quarterly billing and the fiscal change they would not need to keep as much in surplus. He thought these changes would take care of their problems of paying in arrears. Chair Wheeler said that the quarterly billing was put in place to ease the transition to the new fiscal year, and it was his thought that semi-annual billing would be more helpful for cash flow at this point in time.

Mr. Bianchi said that with tighter budgeting they have less of a surplus to work with. If they had \$400,000 to put towards surplus like they did last year, the 15% increase mentioned by Mr. Homan would go down to about 6%. This would make things more manageable but it just is not there this year. Mr. Bianchi indicated that the Selectmen were not happy about the 15% increase. Chair Wheeler said one huge component of the increase is the NH Retirement System.

Ms. Bedard wondered when the new assessed values would come in. Ms. Hallquist said it would be sometime in the summer. She did not think the values would increase very much, if at all. They cannot set the tax rate until that information is in.

Dr. Wilson said between the increase in retirement and the extra pay period that adds about 1.5% to the tax rate.

Review of the Budget

Chair Wheeler asked the Budget Committee to refer to their budget sheets noting that they would now review the entire budget. He observed that he did not think there were a whole lot of places to cut the budget any further.

Chair Wheeler invited Ms. Hardy to update the Budget Committee on her new request. Ms. Hardy specified that the request is for support of the Invoice Cloud software. She found the money to buy the software in this year's budget and was able to negotiate the cost down to \$2000 from \$2,800. Mr. Prohl said that if the Select Board found this a worthy purchase, he thought they would support it. Ms. Hardy said the \$1,200 is for support of the Invoice Cloud software.

Ms. Hardy specified that the remaining \$220 is for computer support for the motor vehicle module they currently have in place that will be upgraded to enable the Town to process boat registrations. Currently they have a separate system where they have to do double-entries and double-reporting at the end of every day.

It was noted that \$100/month will support the Invoice Cloud software the Board of Selectmen approved. She explained she found the money to purchase the software in this year's budget. The money is available this year because there were no zoning amendments, so the ballot will be less

expensive. This amounts to about \$2,000 in her budget. Ms. Hardy gave a summary of what the program does and how it helps taxpayers find answers to common questions. The program also sends reminders about when bills are due, and sends copies of bills to people. Mr. Homan asked if this would create an off-set for labor hours in Ms. Hardy's department. Ms. Hardy said that she does not know yet. They do not have the software and they will need to see how much time and effort it will actually save. Mr. Prohl said his problem was that the money she found is not going towards the surplus, but if her supervisors have approved it, he does not have an issue with it.

Mr. Homan said that the Budget Committee does not have to fund this expense and he believed it was a bait and switch and the expense for support would only become higher each year.

Chair Wheeler wondered if Ms. Hardy planned to go to electronic billing. Ms. Hardy said it would be several years before they would offer electronic billing. The fee to bill electronically, however, is less than what it costs to send paper bills.

Mr. Cardillo objected to this program because it seemed to be catering to a few and not the majority. He thought that considering the staffing level in her department, they should be able to handle the requests that come in from taxpayers for information. Ms. Hardy assured the Budget Committee that she is not trying to just spend money. She said every department head spends their budgets the way they feel is appropriate once it is voted by Town Meeting. She wished to do the same.

IT WAS MOVED (Doug Homan) AND SECONDED (Bill Green) not to approve the request to add \$1,420 for Computer Support for FY 2014. THE MOTION PASSED. 7:3

Ms. Hardy asked if they would consider funding the \$220 for the boat registration support. Mr. Homan suggested said she could find this amount within her budget.

Dr. Wilson asked about the \$17,500 listed for the dam Maintenance and Repair (014194-825-430). Mr. Lee said \$14,000 is to repair the cracks in the dam. Ms. Hallquist explained that the other \$3,000 in the line is for gate repairs noting that when the gate malfunctioned, there was no specific line item for repairs. This amount, which was added in FY2013, is there so they will be prepared in the event they need to fix the gate again.

Turning to the Police Department budget, Mr. Homan said he would like to reduce the part-time wages to \$10,000 (01-4210-540-120), overtime wages to \$20,000 (01-4210-540-140) and special detail wages to \$5,000 (01-4210-540-190). He felt the Police Department was overstaffed and that the Chief has been reluctant to recognize this. He felt this was an area they could save the Town some money. Mr. Homan did not think a town of 3,000 needed the equivalent of nine and a half officers.

Chief Seastrand said that this year they will be working with two new officers. One will be at the academy for 16 weeks (June 10 – September 15) to attend the full certification course and one will be there for three weeks, to get his NH Certification (he is already certified in Maine), which will put them down two officers this summer. With his position open, that will put them in

need of even more help for a few months. They will be using part-time personnel to fill these hours. Overtime pay is used when they cannot find part-time officers to cover the hours. Special detail is a number the Town puts in as a best guess for what they will receive in special detail charges received by the town and also grants. It is a wash – the money expended comes in as revenue. Chief Seastrand concluded that if the cuts are made, the department could go from staff-appropriate to having a hard time having anyone out on the street.

Mr. Homan wondered if anyone had analyzed the salaries of the new people coming into the department in comparison with those who were leaving. It was likely that their salaries would be lower than those who have left. Ms. Hallquist pointed out that they just learned that the Chief is leaving, so she has no opinion on whether there will be savings in his salary line. She noted that with regard to the other departures in the department, the salary level overall has remained the same. While there were departures of experienced people with higher salaries, due to promotions of existing staff and salary increases, the totals stayed about the same. There is no net savings; they basically have the same payroll.

Mr. Prohl said the whole budget for the Police Department is \$890,000 and they have spent \$575,000 as of the end of March. It seemed that there would be money left over in that account at the rate they were going. Ms. Johnson said that this could be the case because they were down employees in that department for a while and salaries were not paid for several weeks. Chief Seastrand added that another full-time officer will be having surgery and will be out for about four weeks. They will need to hire part-time help to cover his hours as well.

Referring to the Town's Salary Pay Range, Mr. Bianchi said that the salary range for the Police Chief's position is: Low - \$66,819, the mid is \$74,242 and the high is \$80,065 for FY2014.

Mr. Homan felt the retirement benefits and healthcare costs were out of control. Mr. Green said there is no denying that the increases to the budget are labor-related. He conducted a random comparison of towns similar-sized to New London and found that they have some of the highest overall staffing levels in the State. This fact is what drives the taxes up because of the retirement and healthcare costs that go with high staffing levels. They will continue to see the tax rate rise if they continue on the path they are on. Many of the towns he looked at use a lot of part-time help to avoid paying retirement and benefits.

Ms. Piotrow commented that while people are complaining about paying a 15% increase, no one had complained about the stock market going up 11% or that New London is one of the richest towns in New Hampshire, or that it is inhabited by some very educated individuals. She said that the Select Board is elected, as is the Town Clerk and they receive more votes than any of the members of the Budget Committee. Ms. Piotrow urged the Budget Committee to step back a little bit. They should expect that services will cost more and people will have to pay for them. She thought it was so strange that so many of the Town's top employees were suddenly resigning. They cannot stop costs from going up any more than they can stop the world from revolving or people from dying.

Mr. Green said that there are many people in the community who are interested in keeping taxes low and those people also voted for the Budget Committee members.

It was asked how much the Facilities Manager Position (01-4311-600-120) would be paid. Ms. Hallquist said it is budgeted for \$21,000 per year. Chair Wheeler said he, Bruce Parsons and Frank Anzalone are working on putting together a list of projects that should be addressed among the town's buildings. It will be late spring/early summer before they will have the list together. The thinking now is that large repairs will be contracted out; smaller projects will be done by this Facilities Manager.

Mr. Homan worried that this position could grow into a full-time job, adding more cost for retirement and benefits. Mr. Bianchi said the intent is to hire someone who will do smaller, maintenance projects but larger projects would be subcontracted. This person would manage the list of projects to be done and monitor the buildings and their needs.

Mr. Lee explained that last week the compactor at the transfer station malfunctioned. It was inspected the other day and it has been determined that it will need a serious rebuild. The compactor will be out of commission for 2 or 3 days and will cost about \$17,000 to fix. He still has to meet with the Selectmen to see where they can find this money. One account he knows of has \$5,000 in it meant for Equipment Maintenance, and some money is in a Capital Reserve Fund for Transfer Station Upgrades. He just got the estimate that day and has not yet discussed it with the Selectmen or looked throughout his budget to see where money could come from to pay for it. He prefers to get this done in the next month or two before the summer people come.

With regard to the CIP funding (Transfers to capital Reserved), Mr. Homan said he'd like to make a motion.

IT WAS MOVED (Doug Homan) AND SECONDED (Bill Green) to decrease the Fire Vehicle Refurbishment and Maintenance Fund (01-4915-100-906) to \$0.

Chief Lyon said he agreed with Mr. Homan to the extent that maintenance items shouldn't be included in the Capital Reserve Fund (CFR) . This was set up for unforeseen expenditures and refurbishment of apparatus. He noted that there are already plans to use this fund for some major repairs so the \$16,500 should be put into the fund as planned, but he does agree to begin planning to move away from the CFR method of handling these types of expenses. He noted that with careful budgeting, if there is a catastrophic pump failure or other instance that is costly, they should be able to pay for these things out of their own budget and not tap into other departments' funds.

Mr. Homan withdrew his motion.

IT WAS MOVED (Doug Homan) AND SECONDED (Rob Prohl) to reduce the Conservation Land Purchase Fund (01-4915-100-923) from \$12,500 to \$0.

Mr. Homan said the fund has almost half a million dollars in it and the Conservation Commission has no plan to spend it. They have conserved about 22% of the land in town, not counting Town-owned land. The State Forest Society recommends conserving only 25% of property within a town. Ausbon Sargent is conserving as well and he anticipated they will reach 30% conserved land before long. Mr. Cardillo agreed that there is ample amount in the fund right now. If they were to make a large purchase it would come up at Town Meeting and the funds could be raised through bond or fundraising. There was a question about whether the Conservation Commission originally requested the \$12,500 or agreed to the amount. Ms. Hallquist summarized that initially they requested \$25,000 both within their budget request and at the CIP meetings. The Planning Board, through the CIP process, recommended \$12,500. The Selectmen went with the CIP recommendation of \$12,500 and passed that amount along to the Budget Committee. She noted that Conservation Commission Chair Bob Brown has been consistent in saying that they are not happy with the \$12,500 as recommended in the CIP.

Chair Wheeler called for a vote. **THE MOTION PASSED 9:1.**

Mr. Bianchi suggested that if this line item is zeroed out, there could be no motion from the floor to increase it; they would need to put in a petition warrant article. If they leave \$1 in the line item, it could be motioned to increase it from the floor. Chair Wheeler said he would like this to be a discussion had at Town Meeting and so leaving \$1 in the line item would be a good idea and allow the Conservation Commission to avoid having to submit a petition.

IT WAS MOVED (Jim Wheeler) AND SECONDED (Rob Prohl) to change the Conservation Land Purchase Fund from \$0 to \$1. THE MOTION WAS APPROVED UNANIMOUSLY.

Ms. Bedard asked Mr. Lee if they needed to put \$10,000 into the fund to take care of cleaning up the lagoons (01-4915-650-420). Mr. Lee said that the State has said the Town must hire an engineer to come up with a plan to deal with them. A plan has to be certified by DES before it is carried through. Chair Wheeler said this fund just started last year. Mr. Lee said if the lagoons happen to breach, they will be in a bad situation with the neighbors, which would not be good. Mr. Lee said they were told it would cost between \$15,000 and \$20,000 to do the engineering, and \$20,000 - \$25,000 to close them. Chair Wheeler felt delaying this project only aggravates the potential for risk. Dr. Wilson suggested doing the engineering soon to find out what an estimate would be to close the lagoons. Mr. Bianchi said the Selectmen should be agents to expend this account, if they are not already, so this engineering could be done.

Chair Wheeler said they would consider their recommendations of all the warrant articles at the next meeting on April 9th.

The Public Hearing on the budget will be held on April 9th at 7:00PM at Whipple Memorial Town Hall.

With no other business, Chair Wheeler called for a motion to adjourn.

**IT WAS MOVED (Rob Prohl) AND SECONDED (Bill Green) to adjourn.
THE MOTION WAS APPROVED UNANIMOUSLY.**

The meeting adjourned at 9:08pm.

Respectfully submitted,

Kristy Heath, Recording Secretary
Town of New London