



# TOWN OF NEW LONDON, NEW HAMPSHIRE

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## **Budget Committee Meeting Meeting Minutes February 6, 2013**

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

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

**OTHERS PRESENT:** Bruce Hudson & Renate Kannler, Tina Helm and Janet Kidder (Selectmen), Jay Lyon (Fire Chief), Dave Seastrand (Police Chief), Ed Andersen (Sergeant), Phyllis Piotrow, Richard Lee (Public Works Director), Jack Sheehan, Merry Armentrout (*InterTown Record*), Donna Larrow

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

### Review of Minutes from January 23, 2013

Ms. Bedard asked that the Minutes include the budget code for the "building maintenance part-time position" in the second to last paragraph.

**IT WAS MOVED (Joe Cardillo) AND SECONDED (Bill Green) to approve the minutes of January 23, 2013, as amended. THE MOTION WAS APPROVED UNANIMOUSLY.**

Chair Wheeler abstained from the vote as he was absent from the meeting.

### Revised 3-Year Projection of Probable Non-Discretionary Unbudgeted Town Expenses

Chair Wheeler said that he and John Wilson have worked on coming up with figures of where they are headed with the budget in the coming years regarding yet to be budgeted probable non-discretionary expenditures. The numbers have been revised after discussing the cost estimates with the Selectmen at their last meeting. He has also spoken with Richard Lee and Wendy Johnson to try to get the best information available. It was noted that funding for the Conservation Commission's Land Acquisition Fund may need to be increased over the next few years as they are most likely going to find some land to purchase within this time. Chair Bianchi noted that the Conservation Commission is currently working to acquire an easement on a piece of property, but at this time they do not anticipate an impact on the budget this year (FY2014).

Referring to the 3-year projection, Chair Wheeler said that if the estimates are close to being accurate, unbudgeted items will total close to \$2 million dollars over the next three years. This assumes that revenues, CIP and the grand list stay as is. The overall tax rate would increase from \$15.03 to \$16.90; about a 4% increase each year. Chair Wheeler said he was not making a statement that these numbers were too high or too low, he was merely presenting the information for everyone to take into consideration.

Mr. Prohl asked if they had included the employee retirement plan at 23% per year, as it was supposed to go up another 23% next year. Chair Wheeler said that Ms. Johnson indicated that the State increase in retirement will remain fixed (23%) over the next two years.

Mr. Prohl wondered if competition among health insurance companies would help decrease costs. He asked if the Selectmen had looked into this. Mr. Bianchi said that they would look into options that would

best serve the needs of the Town. Ms. Hallquist added that the Selectmen decided to keep the same health insurance policies this year, as recommended by the employee committee, but they would look at it for next year.

Dr. Wilson added that they were being optimistic in thinking that the tax rate would decline as they are always finding things that need to be done. Ms. Bedard wondered if all the Town's insurances were bundled together to get the best deal. Ms. Hallquist noted that they get all their insurances from LGC, resulting in a better deal.

Mr. Green commented that he had done a study on the size of other town governments. He worked with someone from the State of NH Labor Board to look at "like" towns. New London's budget is within the top 5% of the very top of all the towns they looked at. In the last 10 years there has not been any growth in the Town; it has remained flat. New Hampshire has become much older and the median age is 50. It is difficult for New London to attract younger families due to the limited number of available jobs and the cost of housing. In the mid-80's and early 90's people were coming to New London to retire but they are now seeing a reduction of retirees in the Town. He wondered if they could become as attractive as they were in the past. Mr. Green noted that he recently read a real estate article which suggested that in the coming years there may be a greater supply of homes than buyers because it is a challenge to attract the younger buyers – younger buyers are critical to the health of the housing market. Owners are looking at the total cost of ownership, including taxes. He added that school costs are continuing to rise while the school population is declining. In looking at some of these trends, the Budget Committee has to look at where they are going.

Mr. Green noted that the largest costs to the Town are employee costs, as they represent more than 50% of the budget. This topic has not been discussed much when preparing the budget. He stressed that they can do something about the number of employees even if they cannot do anything about the costs associated with them, such as retirement and healthcare. He suggested that they should do some things they have not done in the past. He thought that if an employee leaves, the Town should try not replacing the employee.

Mr. Homan said he looked at towns with 3,100 residents (which equals the number of tax payers in town, omitting the college kids). When doing this, New London's budget is higher than the top 5%.

Mr. Cardillo said that employee payroll was a difficult thing to address when it is over 50% of the budget. In his personal business, they used a different model where they worked on being more efficient and the employees were compensated better for their work. It isn't that they feel the employees do not deserve benefits or being well compensated, but with more technology and changing times, perhaps they could look hard at the possibilities of saving money through attrition.

Mr. Cardillo said that the Town has found some ways to manage the staff better but he thought they could do better. Chair Wheeler agreed with Mr. Cardillo and noted that they had been growing at a rate of 7% each year several years ago. This was sustainable growth at that time due to the fact that the economy was growing as well. He wished to keep the Town from entering into a time of unsustainable tax increases.

Mr. Homan thought it critically important for the Budget Committee to set a goal; without a goal, it was a recipe for failure. They should limit growth to the CPI on a yearly basis or to the grand list on a percentage basis. In the long run, this will limit the size of Town government. Instead of adding to the budget, they should shift funds in the budget. When a group comes in seeking more funds, they should be asked to identify where in the budget it will come from. This would be a new way to budget in New London. He understood that the community needed to grow but he thought they should treat it as a

shifting of funds; not an add-on. He also suggested to the Board of Selectmen that they instill a hiring freeze until they have decreased their labor budget by 10%. Without some hard decisions, they have no chance of achieving level funding in the future.

Chair Wheeler said the increase in the Board of Selectmen's budget is for employee benefits only.

Mr. Bianchi noted that although the Selectmen have not instituted a hiring freeze, they have not hired any new full-time employees during his three years on the board. The total number of full-time employees has remained constant. He pointed out that the new employee being requested this year is a part-time employee due to a recommendation from several sources (the facilities manager position). Some of the costs they do not have control over, but they have made an attempt to try and control these things anyway. For example, all new employees have to pay more for their health insurance. This does not make a big dent in the budget they are looking at now, but that one item alone will have a cumulative effect to offset some of the cost of the premium. He wanted the Budget Committee to know that these costs are also the concern of the Board of Selectmen. Mr. Bianchi said that they have not replaced individuals in the past, as Mr. Green had suggested doing. He noted that Mr. Lee did not hire a full-time employee when one left. There was also an attempt to reduce the Police Department by one fulltime employee but that decision was over-turned at Town Meeting. Mr. Green thought it should be a policy across the board to not re-hire automatically. Then, if a position is not filled and it does not work out, they can revert back and hire someone. If we do not try it, we will never know if it will work. Mr. Bianchi said he understood the suggestion about having a policy in place although they do not have one currently. It was something they could discuss as a board. He wanted to convey that the Selectmen have tried to work towards the same goals as the Budget Committee.

Mr. Prohl added that if the voters at Town Meeting feel compromised with lower-staffed police or fire department services in any way, they would overturn that decision at Town Meeting.

Ms. Armentrout wondered if Mr. Homan and Mr. Green were suggesting that the Recreation Director position that is currently open, should not be filled. Mr. Homan said that they had to analyze the positions and decide if they are necessary. Everything should be looked at. Mr. Prohl added that they should look into whether or not they can get a job done with a part-time person or by adding positions together instead of hiring new full-time employees.

Dr. Wilson wondered how the extra pay period enters into any goal they make. Chair Wheeler felt the extra pay period was extraneous and it should be cut out of their thinking. He asked Ms. Johnson to put the extra pay period in another line item so it does not look like the salary budget goes up and down drastically. Mr. Cardillo asked Dr. Wilson if he wanted to look at the budget without the extra pay period and then keep the increase to the CPI, which was 1.7%.

Ms. Johnson said that she learned that some towns didn't budget for this extra pay period and got stuck in their budgeting for the year. Hearing about this at a class prompted her to look into the issue for the New London budget in the coming fiscal year.

Dr. Wilson asked what the School Board's budget increase was this year. It was thought to be between .5% - 1%. He thought it behooved the Town to stay close to the amount of increase of the school's budget. Mr. Prohl said that in a school they can let some teachers go when the amount of students decline, which helps their costs go down. New London cannot do that as a town.

Mr. Cardillo said that the Resource Officer position (in the School District Budget) was voted down for several years. This year the Municipal Budget Committee (MBC) presented a budget that is \$32,000 less

than the School Board budget. A motion was made at the deliberative session to add \$50,000 into the budget of the MBC for the Resource Officer position. Mr. Cardillo said that the sentiment of the voters change as local and national events occur and people have discussions about the events. His feeling was that he did not believe what happened last year at Town Meeting was representative of what the Town felt. He wanted to revisit that discussion with Chief Seastrand at some point, as to whether they could operate the department with one less full-time person. It is difficult to separate emotion from logic but that is what we need to do. He did not think the voters represented the entire town last year; there was a group of people who presented it in an emotional way, due to tragic events that occurred around that time, to get the vote.

#### Police Department – Chief Seastrand

Chief Seastrand said the 7% increase to the Police Department budget was a change of \$58,834. Of that 7%, 5% (\$40,246) reflects retirement, FICA and increased health insurance. Of the remaining 2% (\$18,588), \$6,656 is associated with increase in fuel costs (which is an estimate) and the corrected line item for the new employee expenses that was missed last year. He did not disagree with everyone that employees are the most expensive part of the budget. He noted that 2% of his budget is accounted for by the County Attorney's line item, which is an increase of \$180.

Chief Seastrand said that there was \$150 in his budget for firearm repair and replacement. He thought this was a reasonable amount to include for repair of aging firearms. The Detective's van had an added expense of \$1,000 to deal with rust so they could maintain and keep the vehicle for as long as they can. There were reductions as well: Conference and Training went down by \$3,000 as he intends to utilize more online and free classes. They reduced the line item for detective's memberships and other costs by \$400 and reduced the photo lab cost by \$300.

Chief Seastrand said he had previously asked for a \$3,000 increase for Taser replacement, which was taken out by the Selectmen. He has recently learned that the repair costs were much less than anticipated (\$1,400) and they will be able to find this amount somewhere in their budget. He felt that the Tasers are extremely important pieces of equipment and they should be maintained.

Chief Seastrand said the fuel savings proposal he brought to the Selectmen is to take advantage of the State's rate, which is a flat fee and they can budget better that way. The closest pump is in Sunapee. A decision has not been made by the Selectmen as they have to analyze the savings potential, taking into account how much time it would take to go out of town to get gas, mileage to the pump and vehicle wear and tear. Mr. Homan asked if they would think about putting a fuel tank at the highway department. Chief Seastrand said that the Police Department would use this source if it became available but that it was not his decision whether or not tanks would be put in at the Town Garage.

Chief Seastrand said that ammunition is included in the training budget as they are required to train using ammunition. Right now the cost of ammo is high and they are not buying it. If they find a time or place that has a good price, they will buy a lot at once.

Ms. Bedard asked if all Police Departments have to keep training no matter where they work. Chief Seastrand said they did. Ms. Bedard commented that the private industry commonly subcontracts people who have to be trained and are expensive to keep trained. This way, they do not have to pay for training the people themselves. She wondered if that was something the police department could or would try. Chief Seastrand said he was not aware of any current subcontracting firms available to help in this way. Ms. Bedard said this was just an idea of what they could look towards in the future.

Mr. Homan asked how much they have to shoot each year for training purposes. Chief Seastrand said that the better the shooter, the fewer rounds of ammo they have to use. They have to be proficient in shooting in low light and at moving targets, among other things. They typically train twice per year.

Mr. Green wondered why Holiday Pay went down 25% from last year. Ms. Johnson said that last year she put in Holiday Pay for everyone in the police department for every holiday. It is really only for police who work the holiday, so it has been decreased this year to more accurately reflect what would actually be spent.

Mr. Green wondered what the average gas price was that Chief Seastrand experienced this past fiscal year. Chief Seastrand said that it is difficult to get an average because it has fluctuated so much. Other things come into factor because of the use of bikes in the summer, etc.

With regard to personnel, Chief Seastrand said that at Town Meeting, the proposal to continue with one less employee was addressed by him. He offered that the Town could continue to maintain safety without the eighth officer, but it was the investigations department where the town would suffer with one less fulltime person. It was suggested that the DARE program might need to be eliminated. This information was not used as a scare tactic and he did not "stack the deck" with people at the meeting in favor of hiring another employee. Those were the people who came to the meeting and those were the ones who voted.

Chief Seastrand said that they are a 24-hour department and the level of service they give can take a toll on the employees. It is often conveyed that the Town's employees are their best resource and commodity in town and in the next breath the employees are held up for discussion when cuts are deemed necessary. He wants to provide the best service they can in New London.

Chief Seastrand said that out of 240 scheduled patrol shifts, Officer Chris Currier worked 162 of them. Chris Currier worked 55 out of possible 235 patrol shifts to keep the 24-hour patrol on. That comes to 217 shifts that needed to be covered. He added that being down one or two officers has a significant effect on their morale and on the employees' family lives. 131 times officers had less than an 8-hour turnaround in their shifts. One of their officers had to leave because she could not work nights any longer. She even took a pay cut so she could work a 9-5 job. Mr. Homan wondered if they could go back to on-call service. Chief Seastrand said that this was not safe in his eyes. The surrounding towns are on-call, but in New London they have alarms going off, college kids up late, accidents on I-89, etc. He stated that there are as many calls at night as there are in the daytime. Other towns call their detectives Captains or Lieutenants and pay them at a higher rate than New London does, and their officers are doing the same work.

Chief Lyon commented that the New London Fire Department is able to operate the way they do because they have a 24-hour police force. Less than 1/3 of their calls involve the entire fire department. When there is a fire alarm activation at night, the police can be there in minutes. Having that ability is important and if it is changed the Fire Department would have to reconsider how it does business.

Mr. Green wondered if there were any shifts that have just one officer on. Chief Seastrand said there is only one shift like this during the day because the Sergeant is in Newport in court. Dr. Wilson wondered what percentage of calls are college-related during the school year. Chief Lyon said he is waiting on those numbers as he had also wanted to know. Chief Seastrand said this week at the college, drugs and paraphernalia were found but there were no suspects. They still have to confiscate it and comply with statutes. Dr. Wilson wondered at what point the college would be asked to take on more responsibility for their own police service. It was noted that the college's population is growing and more and more students are moving into the community, becoming more the issue for the town than the college.

Plymouth Police Department hires campus safety for Plymouth State University. The Town of Durham has their own Police Department, as does the University of New Hampshire.

With regard to part-time officers, Chief Seastrand said that they spent within dollars of their budget for part-time help last year. Due to being overworked, the part-time officers did not want to work anymore and consistently said “no thank you.” They are not required to work, as full-time officers are, and cannot be demanded to work. They try to find the right part-time officers that fit the community and use them without burning them out. Many have 40-hour per week jobs already and cannot do any more or can choose not to work if it does not fit their schedule. It is a constant juggling of staff and over time has a dramatic effect on their health, morale, and outlook. Every year they talk about reductions in staff or paying more for insurance and it makes it hard for people to want to be a police officer.

Mr. Homan agreed with Chief Seastrand on one aspect of the employee conundrum. He said the more they can reduce the number of employees they have, the better they can take care of them. If they can reduce non-essential services, they can make appropriate reductions. They have gone from five full-time officers to eight in the last 27 years. Chief Seastrand said that he and Sergeant Ed Andersen switch on and off with patrol or doing administrative work. They get grants from the State Highway Agency to work speed enforcement details. They put officers in the grocery stores looking for people who are illegally purchasing alcohol. Many times the officers have no interaction with each other; they don’t all work together as they are all on separate shifts, so this adds to the stress they must work under. He said he was trying to keep morale up and creatively scheduling their officers so they will stay. This is a challenge that not everyone can see.

Ms. Piotrow said the people she knows at Hilltop Place have a need for police service and for being protected by a responsive police force. When the police pull in, they think it is a good thing and they feel protected. They depend on the New London Police Department. She thought their competent police force made New London a more attractive town to people who might want to move to town. They do want lower taxes but they also want to be well-protected by a good police force.

Chair Wheeler said they do not want to compromise safety with any adjustments.

Mr. Dufault noted that the Board of Selectmen eliminated the \$3,000 for the three new Tasers. He wondered if the Board of Selectmen did not want the Police Department to have Tasers. Mr. Bianchi said it was more a matter of how many Tasers the Police Department needed and if they could be shared. Did they need new ones or could the ones they have be fixed. That is what they were concerned with. Chief Seastrand said he actually found that there were departments that share Tasers although he initially thought this was not done. He said that if they need to, they will share Tasers and he would find out how the other departments manage this.

Chief Seastrand shared that last week they had to Tase someone who was well over 300 lbs. Four officers were there struggling with him and one of the part-time officers had a Taser and deployed it. It was found that the person was a fugitive from justice from Vermont and had a firearm in the home. The use of the Taser convinced the criminal that he would comply with police in the future.

Chief Seastrand said that they were quoted a higher price to repair the three Tasers that were broken but when he found the actual cost to be lower, he took the \$3,000 request out of his budget and would find the funding to repair the Tasers from somewhere in his budget.

Mr. Homan said that he spoke with Chief Seastrand and discussed that while he was down an officer for about 8 months, they were still able to protect the public. It may have been hard on the employees but it

worked. Chief Seastrand said that his staff is probably going to look for other places to go if they continue the way they are as they are getting beat up from the inside. He did not want their department to become a revolving door with new employees all the time. This was not a threat, but was what he was seeing.

Mr. Green asked what the average number of people responding for open positions when they are advertised for an open position. Chief Seastrand said that about a dozen reply but the number of qualified people among those is one or two. It is increasingly difficult to find qualified people to do the job. Not every type of officer would fit into the community of New London. Mr. Green asked if it was the hours they are working or the schedule they are keeping that is distressing to the officers. Chief Seastrand said that they are working their 40 hours but have to work 8 on, 8 off, etc... and it is stressful to do this.

#### Dispatch – Chief Seastrand

Chief Seastrand said that only two line items adjusted. The increase is due to increases in insurance, retirement and training.

Mr. Homan said he knew that there was some work being done with the dispatch service and how the other towns compensate for their participation in the service. He felt there was a lot of inequity in the sums the towns are paying. A study would be done analyzing the of the dispatch service as it currently exists.

#### Fire Department – Chief Lyon

Chief Lyon said that with the increases for retirement, Cost of Living Adjustment and the extra pay period, his budget is up about 1.5%. The Board of Firewards, a five panel group, has overseen the fire department and when they have turnover, evaluates it. They have full-time people so that it makes it easier for the volunteer call members to work. They do have an aging population and have more calls for service than other communities of their size. Likewise, Colby-Sawyer College does expand the service due to alarm activations (due to cooking) and pull stations. Their growth has caused renovations to older buildings, the need for new buildings and a dining hall to be built. Enrollment is around 1,400 currently and is expected to grow.

Chief Lyon said he has done a study of comparable towns' fire departments and found New London Fire Department had the lowest budget out of all of them. They continually keep up with services and try to get grants for things they already have budgeted (air filling station, air packs) and they are open to suggestions for better ways of doing things. One major increase in his budget is \$250 for Equipment Repair and Maintenance.

Mr. Prohl asked what they charge for a false alarm. Chief Lyon said they do not charge until the third false alarm is set off. They then use a sliding scale to configure the charge. They do not generally have reoccurring calls at most places. There are about 70 false alarm calls each year on average.

Mr. Homan asked why there was a drop in the healthcare line. Chief Lyon said that their new full-time employee did not have a family and so the plan cost less, and then he opted for the buy-out.

Chief Lyon said the ladder truck should be fairly complete in the next two weeks. It will be sent to the dealership in Maine for lettering and be delivered in the middle of March. He indicated that they will be trading in the ladder truck, which will lower the price of the new piece. They will not use that trade in money for tools and equipment. He anticipated getting \$36,000 for the used truck. Selling it would open themselves up to a bidding process, which could bring in less. He tried to sell it to other area departments but there are some concerns with it as far as putting money into it. A local company came with their mechanic and decided the cost to repair it would be exorbitant. He noted that Lebanon has the same year

ladder and just put \$350,000 into it to keep it around; they have the same problem with their station size not being able to fit a larger ladder.

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

The meeting adjourned 9:23pm.

Respectfully submitted,

Kristy Heath, Recording Secretary  
Town of New London