



TOWN OF
NEW LONDON, NEW HAMPSHIRE

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DRAFT
Budget Committee Meeting
Meeting Minutes
October 9, 2013

BUDGET COMMITTEE MEMBERS PRESENT: John Wilson, Ben Cushing, Doug Homan, Larry Dufault, Joe Cardillo, Pat Blanchard, Bill Green, Phyllis Piotrow, Janet Kidder (Board of Selectmen's Representative)

ABSENT: Rob Prohl

OTHERS PRESENT:

Tina Helm, Selectman Chair
Peter Bianchi, Selectman
Kim Hallquist, Town Administrator
Wendy Johnson, Finance Officer
Jason Lyon, Fire Chief
Scott Blewitt, Recreation Director
Bruce Hudson, New London Resident

Dr. Wilson called the meeting to order at 7:04pm. He began the meeting by calling for nominations for the position of Budget Committee Chair.

IT WAS MOVED (Doug Homan) AND SECONDED (Larry Dufault) to nominate John Wilson as Chairman of the New London Budget Committee.
THE MOTION WAS APPROVED UNANIMOUSLY.

Review of Minutes from April 9, 2013

On page 2, "is" should be changed to "are" under the "funding issues" section.

IT WAS MOVED (Joe Cardillo) AND SECONDED (Ben Cushing) to accept the minutes of April 9, 2013, as amended. THE MOTION WAS APPROVED UNANIMOUSLY.

Agenda

Chair Wilson asked Ms. Kidder, Selectmen's Representative, when the Select Board planned to submit its budget to the Budget Committee. Ms. Kidder said they would submit the budget on February 12, after meeting with the department heads. Chair Wilson thought that in the meantime, the Budget Committee could still be active; they could discuss the CIP when the Planning Board is done with it, and the department subcommittees could be more formally reported to the rest of the committee. This work could be done in January. In the next meeting they could discuss the non-profits and the hospital and other things of that nature.

Ms. Hallquist said the department heads would get their budgets to her by December 16th and she would get them to the Selectmen by December 23rd. She noted that it is helpful to hear the opinions of the

Selectmen prior to the Budget Committee's deliberations, but there was no reason the Budget Committee could not get started before they have the Selectmen's budget in hand.

Ms. Kidder said the Selectmen are getting the budget to the Budget Committee three weeks later than last year because last year they felt pressured to get it done in that earlier timeframe. She apologized that March was inconvenient for some members to have to get together to meet, but explained that the Board of Selectmen were working hard to get the budget done while also addressing all of the other town business they must attend to.

Mr. Homan said it is the Budget Committee's budget and the Board of Selectmen is merely advisory. There is no reason the Budget Committee couldn't start the process with the department heads before the selectmen get their budget to the Budget Committee in February.

Chair Wilson noted that in November, the CIP would begin and subcommittees would meet with departments to get a handle on what they need for the upcoming fiscal year. He suggested the following committee appointments:

Safety (including Fire, Police and Dispatch): Phyllis Piotrow, Doug Homan, Rob Prohl
Public Works (including Highway, Sewer, and Transfer Station): John Wilson, Ben Cushing
Library, Recreation, Planning Board, Zoning Admin: Bill Green, Pat Blanchard
Administration (including Executive, Finance, Town Clerk/Tax Collector, Assessing, Government Buildings): Larry Dufault, Joe Cardillo

Mr. Dufault asked for some direction on what the subcommittees were to accomplish when they meet with the departments. Chair Wilson said they should gather information on what is anticipated by the department in the coming year. The subcommittees should become aware of programs, equipment, acquisitions, personnel, etc. Chair Wilson said he has heard that some department heads appreciate the interaction and helps them in their planning.

Mr. Dufault wondered if the Budget Committee should come up with a plan or guidelines for department heads to help them with their planning, as the Selectmen have done in the past. Mr. Green asked if this notion had been discussed with the Selectmen. Ms. Kidder said they hadn't had this discussion yet. Mr. Homan said he wasn't happy last year with the Selectmen not setting goals for the department heads. He felt people work much better within goals and believed the Budget Committee should set some goals regardless of whether the Selectmen do or not. Ms. Piotrow thought they should have some guidance and leadership from the Selectmen before they start talking to the department heads.

Ms. Hallquist pointed out that she was the one who disagreed with the practice of giving department heads a set percentage to increase or decrease their recommended budgets. She noted that she would be recommending that the department heads be asked to submit a budget that he or she feels will meet the needs of the department. She stressed that in this way, they will see what the department head believes is needed; a set limit will likely result in the Boards not knowing what is really needed. The department heads know that they can't increase their budgets by an unreasonable amount; they understand the taxpayers can't buy whatever it is they want. The real budget process begins after the department heads inform you what they believe they need, then the Selectmen and the Budget Committee make choices about where resources will be dedicated this year and what items can be put off to other years.

Ms. Piotrow thought it unrealistic to ask every department to come in with the same percentage of increase or decrease. Every department is different. Mr. Homan said it is still helpful to set a goal. Ms. Hallquist offered that preparing a budget is not a fast process and she agreed that it can take a long time to

talk through all the items. She stressed that she will never know what they really need if she doesn't allow them the opportunity.

Chair Wilson said there is nothing that precludes the Budget Committee from setting a goal. They can negotiate after February 12 to see how they can create a budget. Mr. Green thought it would be helpful to know some of the fixed costs (insurance, retirement) along with labor costs (wages/increases). Ms. Hallquist said wage increases are established after the department heads have submitted their budgets. Ms. Johnson said there is no change to retirement from last year. Ms. Hallquist said they are getting new quotes for health insurance and will know numbers by the end of the year.

Mr. Green thought a goal would be helpful to the departments. Ms. Hallquist said she wants the department heads to tell them what they need. Mr. Homan said half of the budget is out of their control and he thinks it is wrong. He thinks department heads need to be involved in every bit of their budgets, from knowing about increases in retirement, to letting people go to cut costs.

Mr. Cardillo asked the two department heads in the room if it helped them budget if they have a goal (percentage) to stay within. Chief Lyon said any guidance helps. He said if they set a 0% or 1% increase there are things that do not get taken care of; maintenance and repairs are cut and deferred and this is decided by the budget committee not the department heads.

Mr. Homan said any increase has to be collective and has to be done from the top down. The department heads should work together to figure it out and bring the budget committee a budget as close as possible to their goal. Ms. Piotrow thought they should start with the need of the department and then work from there.

Ms. Hallquist said it is good to give some direction but she wondered why there is reluctance from some on the Budget Committee to hear from the department heads what they really need. She explained that after the department heads have expressed their needs, the Selectmen look at the budget and talk to the department heads and make decisions about areas to reduce or increase, or to leave it as requested. The budget then goes to the Budget Committee to work on further, again, increasing in some areas and decreasing in others or leaving it as requested. This does take some time, and will require the Selectmen and Budget Committee to say no in some cases, but it is what is supposed to happen when a town budget is prepared.

Mr. Green didn't think this was a good way to manage the Town. Ms. Hallquist said it is up to the Budget Committee to come up with the final answers and present that budget to the voters. She noted that the voters have put their trust in them (budget committee) to make these decisions and give them the budget they feel best meets the needs of the town. Mr. Homan didn't think it was a productive use of their time to pick apart small parts of the budgets. Ms. Hallquist noted that the department heads are the experts who give their recommendation on what is needed. The Budget Committee is the one that must decide how town resources will best be allocated in the budget which is then sent to the voters at Town Meeting for their consideration and vote.

Ms. Blanchard thought Ms. Hallquist had to look at the budget differently than the Budget Committee does. She needs to see the department heads and what it is they need. The Budget Committee needs to do the same in the subcommittees and they may both come up with very different answers. She won't know what the department heads are thinking if they are muffled by a goal they have to stay within.

Mr. Cushing said this has been an issue every single year he has been on the Budget Committee. He asked Chair Wilson to give some history of what has been the procedure in the last 10 years. Additionally, what

would he like reported from the subcommittee members? Chair Wilson said in the past, former Police Chief Seastrand, Chief Lyon, and Richard Lee said the subcommittee meetings were helpful to them. He thought they needed to be more disciplined in the reports they compile after the meetings. People may find themselves advocates for a department and their needs after meeting with them.

Mr. Cardillo said he found subcommittee meetings productive last year. They allowed the members to come back to the Budget Committee and talk about what is going on in a department, what they needed and how to prepare for these things in the overall budget. He found it useful that the meetings were within a forum removed from a regular meeting setting and they could get a better idea of how the department was run. He saw the subcommittee meetings as kind of a preemptive strike.

Chair Wilson said past member, Bob Meck, suggested this method of budgeting (by setting a goal) as it was the way it was done when he worked within procurement for the Federal Government.

Mr. Homan thought a maximum goal for the department heads should be an increase of 1.5% as it is the same as CPI and the Consumer Index Report. He thought it was a doable goal.

Mr. Green said the Budget Committee looks at roughly half the budget. The goal should be on the total budget and not just the portion that is non-labor. Mr. Homan said Department heads should be given figures for the health insurance and things of that nature and be involved in all facets to make an overall budget.

Mr. Dufault thought the whole committee should state a goal. He didn't have a number in mind. Mr. Green thought they should take some time to establish a number.

Ms. Blanchard thought it helpful to have a number in mind but what they will see in the budget will be affected by raises and other things they can't control. The subcommittee's goal is to understand the department heads' budget and to learn the parts of those budgets that are the most important to the department heads. She said a percentage as low as 1.5% would mean definite cuts all around when labor costs are taken into account.

IT WAS MOVED (Joe Cardillo) AND SECONDED (Bill Green) that the Budget Committee will set a percentage increase they'd like to see as a goal for the FY2015 budget.

Mr. Green felt this goal was their only way of having control over 50% of the budget.

Ms. Johnson asked for clarification of which budget they were talking about as there were versions with/without capital expenses, debt service, etc. Chair Wilson said they were concerned with the operating budget which included salaries, consumables and non-capital items.

Chair Wilson called for a vote.

THE MOTION WAS APPROVED UNANIMOUSLY.

Chair Wilson wondered when they wanted to set the number. Mr. Homan suggested setting it after the subcommittee meetings were held. Chief Lyon said he is already well into his budget preparation, and will be giving it to the Board of Firewards soon, so the sooner he can get their goals, the better. Mr. Cardillo thought they could get their subcommittee meetings done by November 10. Chair Wilson thought that could be done and reports could be submitted at the next Budget Committee meeting.

IT WAS MOVED (Doug Homan) AND SECONDED (Ben Cushing) to conduct subcommittee meetings over the next 30 days and meet on December 4 to come up with a goal. THE MOTION WAS APPROVED UNANIMOUSLY.

CIP Committee Representatives

Chair Wilson proposed that both he and Doug Homan sit on the CIP committee with the Planning Board representatives. There was no opposition to this proposal. Chair Wilson thought getting the CIP done as soon as possible was important.

Other

Mr. Cardillo offered that the total payroll should be down as there will only be 26 weeks, instead of the 27 weeks (with the extra pay period) that were required for the FY2014 budget.

The next meeting of the Budget Committee would be held on December 4th at 7pm.

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

The meeting adjourned at 8:12pm.

Respectfully submitted,

Kristy Heath, Recording Secretary
Town of New London