



TOWN OF NEW LONDON, NEW HAMPSHIRE

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Budget Committee Meeting PUBLIC HEARING Meeting Minutes April 7, 2014

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

MEMBERS ABSENT: Larry Dufault

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

OTHERS PRESENT:

Ed Andersen, Police Chief

Peter Bianchi, Selectman

Scott Blewitt, Recreation Dir.

Gayle Hedrington, WNTK

Linda Hardy, Town Clerk/Tax Collector

Tom Little, New London Resident

Richard Lee, Public Works Director

Noel Weinstein, New London Resident

Tina Helm, Selectman Chair

Donna Larrow, Police Department Admin. Assistant

Bruce Hudson and Renate Kannler, New London Residents

Lucy St. John, Planning & Zoning Administrator

Heather Wood, Communications Admin

Carolyn Fraley, New London Resident

Linda Jackman, New London Resident

Maureen Prohl, New London Resident

Steve Ensign, Board of Firewards

Bill Hardy, New London Resident

Sandra Licks, Library Director

Kim Lavin, Dispatch

Celeste Cook, New London Resident

Shelby Blunt, Library Trustee

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

Minutes of March 5, 2014

IT WAS MOVED (Joe Cardillo) AND SECONDED (Rob Prohl) to approve the minutes of March 5, 2014, as circulated. THE MOTION WAS APPROVED UNANIMOUSLY.

Selectmen's Report

Selectman Kidder said the 1941 Building Committee has requested to remove the \$75,000 warrant article for the care and maintenance of the 1941 Building. The Selectmen approved removing the article and also to cease lease negotiations with the school district at this point in time. Additionally, the Conservation Commission had previously asked for a warrant article that would allow their unexpended operating budget funds to be placed into the Conservation Fund, but have now asked that the article be removed.

Selectman Kidder said the Selectmen have decided that this year the Selectmen's recommendations will be included on the warrant, indicating where they differ from the Budget Committee's recommendations. There will be two columns, one for the Budget Committee's recommendation and one for the Selectmen's recommendation. It was asked if this had ever been done before. No one could recall.

Town Administrator's Review of the Budget

Ms. Hallquist said the budget hearing they were having that evening is required by law and it's an important first step in informing voters what will be brought to town meeting. She said that the Department Heads were present to answer any questions that may arise. The budget process starts with the Selectmen preparing a budget based on their opinions of where funds should be allocated among the various town departments. The Selectmen then give this budget to the Budget Committee and they further analyze the needs of the various departments and come up with a recommendation for town meeting to consider. The State requires that both Budget Committee and Selectmen are to state their recommendations on the budget to be presented at town meeting.

This year, instead of having the Budget Committee and Selectmen agree on all recommendations (as they have in the past), the Selectmen intend to point out the areas where they do not agree. She hasn't seen New London do it in this way before because the Selectmen have always adopted the changes to their budget recommendations as suggested by the Budget Committee. The Selectmen do not have to adopt the Budget Committee's recommendation, however in the past, they have done so. The MS-7 (State budget form) includes an area for the Selectmen's recommendations and the Budget Committee's. This year, they will have the warrant listed article by article with three columns instead of two: last year's budget, Budget Committee's recommendation, and the Board of Selectmen's recommendations. It will be shown where the differences appear. Ms. Hallquist noted said there were six instances where the Selectmen didn't agree with the Budget Committee (within Articles 3, 4 & 9).

Mr. Cardillo explained that the Budget Committee goes through an entire budget process, which the public, department heads and Board of Selectmen participate in. A lot of time and effort is put into it with a lot of cooperation to keep the tone civil while finding changes. Historically, the changes have been accepted by the Selectmen. This was the first time this was not the case. Mr. Cardillo was surprised that this was the first time the Budget Committee was hearing about the way it would be displayed on the warrant.

Mr. Homan thought this would add some confusion to the process at Town Meeting. Ms. Hallquist explained that voters are supposed to know what both groups are recommending, the budget form that must be posted with the warrant require the recommendations of the Selectmen and of the Budget Committee. While it may not have been done that way in New London in the past, it is quite common in other towns for the two bodies to disagree on the amounts to recommend at town meeting. There will likely be some discussion as to why there are differences, but it is the voter's budget to decide once it gets to town meeting. Voters understand that a lot of hard work has gone into the budget and anyone who has read the minutes knows what the changes are that are being suggested.

Ms. Prohl commented this would be similar to how the school district's warrant looks like; they have the School Board's budget and the Municipal Budget Committee's budget together. The only difference here is that the Town's budget will show where the changes are and they won't be voting just on the bottom line, as they do with the school budget. She felt the detail in this vote will make the voters more comfortable because they will know where the differences are.

Mr. Prohl thought this was a small amount of money that the two boards differed on. It was disconcerting to him that this precedent was being set when this amount of money could be moved around within the budget easily. Chair Wilson agreed. When they voted on cuts by the Budget Committee, they did some compromising with regards to where cuts would be made.

Mr. Cardillo asked the Selectmen why they decided to do this. Selectman Kidder said they felt the budget the Board of Selectmen gave to the Budget Committee was a good one. The Department Heads made some significant cuts to their budgets and she felt what they had given to the Budget Committee was reasonable. She wanted the townspeople to be able to add or subtract to any warrant article and felt this was a more transparent way to present the budget.

Ms. Blunt said the number they would be looking at to pass was the Budget Committee's number. Would the Selectmen explain the differences as they arise? In the past they have supported the numbers shown in the Town Report, but it is different this year. Selectman Kidder said amendments could be made from the floor at Town Meeting.

Chief Andersen said for the past 15 years he has presented his budget in this way for the Town of Goshen. Oftentimes the budgets do not agree and it was a good opportunity for the Department Heads to get up and explain their needs and it also gave an opportunity to get good dialogue going. Chief Andersen added that having both budgets on the warrant didn't make Town Meeting last any longer.

Ms. Blanchard said when Budget Committee creates a budget, they can't go directly to the Police Department or Fire Department to discuss areas to make cuts. Many in the crowd answered that this, in fact, was something the Budget Committee does do when it meets with Department Heads. Ms. Blanchard said the Budget Committee has to cut a line item, not a percentage. It was deceiving to say that the Budget Committee doesn't want to spend money on a particular item. They don't determine where the dollars go; they come up with the final budget but the Board of Selectmen decides how the budget is spent. They vote things out to cut a budget, not to cut a line item.

Mr. Homan agreed with Ms. Blanchard and said over the last seven years they have had a \$400,000 surplus. The Selectmen have the ability to move funds around in the budget as needed. The Budget Committee is trying to cut .75% of the budget, which will still yield a \$350,000 surplus. He thought this was "sour grapes." Ms. Cook said she didn't think this was "sour grapes." She felt the Board of Selectmen was doing their job and didn't feel Mr. Homan's remark was appropriate.

Ms. Piotrow thought the townspeople should be able to look at the decisions that were made and vote for themselves. For example, the Police Department wants to fix their door locks and the Budget Committee decided not to do it that year, but instead suggested fixing them a few at a time. This might be something the townspeople would want to discuss. She noted that the expense for these door locks was the single largest item in the difference between the two budgets.

Mr. Cardillo asked if there would definitely be two recommendations on the warrant this year. Ms. Hallquist pointed out that that is currently the plan given the Selectmen's votes to date, but that the Budget Committee could choose to adopt the recommendations of the Board of Selectmen so there would be only one recommendation as in the past.

Mr. Green wondered why they have a budget committee. Why go through this whole process? If the Selectmen are not satisfied with the negotiations and discussions and it can just be appealed at Town Meeting, how hard is the Budget Committee going to work throughout the year in the future if this is the end result? Mr. Cardillo said he was encouraged by the new wave of participation he was starting to see in the town and noted that there were some new people running for office. He shared Mr. Green's sentiment about the reason they should go through the whole budget process if this was the end result.

Noel Weinstein said he thought this sounded like a "mountain and mole-hill" discussion.

Tina Helm, Selectboard Chair, said the Selectmen have also put a lot of time and effort into the budget process. Part of democracy is to give ultimate jurisdiction to the people, not the Budget Committee or the Board of Selectmen. It seemed to the Selectmen that this was a good opportunity to share with the voters who come to Town Meeting that there had been honest dialogue between the Selectmen and the Budget Committee and that both committees and departments had worked hard on the budget. She saw it as an opportunity to share both points of view and she felt it was a good way to present transparency to the public. No one should feel threatened about this change.

Turning to the issue of the budget being presented, Ms. Hallquist said with regards to salary and benefits, the Board of Selectmen were recommending a 1.5% raise for all employees which was included in their budget. Last year they spent a lot of time talking about the 27 pay periods, which comprised about \$85,000, that is not needed in the current budget of the usual 26 pay periods. Therefore, some departments will show a decrease, but the decrease comes from budgeting only 26 periods and not from a budget cut of services. Ms. Hallquist noted that FY2015 budget has two less full-time employees: one in the Selectmen's and one in the Town Clerk/Tax Collector's office. Two employees left and their positions have been filled with part-time employees. This amounts to less in the wages and benefits section.

Ms. Hallquist explained that the Board of Selectmen is thinking of instituting a merit-based bonus for town employees, as was recommended by the Employee Committee. If instituted, this will allow bonuses to be awarded to some employees based on their performance. Funds for this are included in the Selectmen's discretionary budget line of \$11,000: \$10,000 for the bonus program and \$1,000 for an employee holiday party. The Budget Committee's budget did not fund the request fully, instead recommending \$5,500.

Ms. Hallquist noted that the insurance plan stayed the same with regards to coverage, but it is up 9% due in part to it being an 18 month plan. This was done to get the insurance on the fiscal year to match the Town. Even with this increase, they will realize a decrease in insurance of about \$42,000 due mainly to two fewer full-time employees.

Ms. Hallquist gave a run-down of the different departments and their budget increases/decreases:

The General Government section saw a decrease in wages and benefits as described previously. Government buildings were down as well because the dam repairs and boat launch repairs were done this past year.

Public safety was up 3.2%. There are improvements to the Police Department and in Dispatch that are being recommended.

A modest increase was observed in the Fire Department so that call firefighters, who haven't had a change in salary in a number of years, could get an increase.

Highways and Streets were down .6% which is due to the 27th pay period not being in the budget.

The Transfer Station's budget is up 5.2% due to an increase in payroll from having the Transfer Station open on Sundays. Also, the Town is now forced to grind its brush and have it hauled away due to an invasive species of beetle (Emerald Ash Borer) resulting in a ban on bringing brush over county lines. New London has historically brought their brush to Durgin & Crowell but can no longer do so because it is located in Sullivan County.

Recreation is down about 11.6% due to the 27th pay period and less that has to be paid out in insurance.

The Library budget decreased by .5% because of the extra pay period.

Debt service and interest is up due to the Wastewater Treatment Plant upgrade bond. New London voted for a \$5+ million dollar bond to contribute its share of renovations to the Sunapee wastewater treatment plant. The first bond payment will be paid in FY2015; 2/3 will be paid by the sewer users (approximately \$185,000) and 1/3 by the town tax base (approximately \$95,000).

Transfer to Capital Reserves is based on the Capital Improvements Program (CIP) as prepared by the Planning Board. Capital Outlay is where the Town spends money from previously established capital reserve funds. They are asking to purchase a cruiser and to make some repairs to fire apparatus, a highway vehicle, trash trailer, the highway garage, Tracy Memorial Library's HVAC system, and the gravel road paving project. Revenues will be up mainly due to the Elkins grant and capital reserve monies being included in revenue.

Ms. Hallquist said the budget, the grand list, revenues and surplus are all estimated at this point in time. Those numbers could change. Given all of that, the general operating budget has increased by 1.4% as compared to FY 2014.

Ms. Hallquist said with regards to the special warrant articles to date, they will add 21 cents to the tax rate. The actual tax rate (increase/decrease) that is established in October will depend on: (1) the total amount the grand list comes in at, (2) how much in revenues are actually received, (3) how much surplus the Selectmen will vote to use and (4) what budget figure gets adopted by town meeting. She stressed that tonight, the only item of the four that is close to being set is the budget, the other three parts will not be known until October. Ms. Hallquist thought the budget process was a lot of work for the Board of Selectmen, the Budget Committee, and for all of the department heads and she felt that everyone did their best to be conservative. This new idea of having the Selectmen's recommendation included as its own column is different but she didn't think it would make people think any of them weren't doing a good job or working hard.

Mr. Homan estimated that with the 27th pay period taken out, the increase was actually more like a 6% increase. Ms. Johnson said it was more like 2%. Ms. Piotrow agreed with the 2%. Ms. Johnson said it would go from a 1.3% last year, to 2%. Mr. Cardillo said 1.3% over last year's budget is what they were looking at. If they subtract out the \$85,000 for the 27th pay period, the 1.3% goes to 2.82%; instead of a \$73,824 increase it would be a \$158,000 increase. This was 2.82%. Additional warrant articles would add to this increase.

Mr. Little asked about the health agency budget. The past two years COA is asking for \$35,000. In prior years it was \$20,000. He questioned what they were getting for their \$20,000 and what more they will get for \$35,000. What were the Budget Committee and Board of Selectmen's rationale for continuing this as carte blanche? If they are debating whether or not they can afford to lock the Police Department, they should study these kinds of requests as well. He noted that there were no remarks from the Budget Committee when the funds were requested by the COA in February; it was simply voted in.

Chair Wilson said COA, in the opinion of the Budget Committee is an efficient, cost-effective organization with minimal overhead and provides many services in the town. They transport many who are in need of transportation. Ms. Blanchard said the Town would have a responsibility to some of the people COA transports if COA did not do so. Mr. Homan said he also was hesitant about the increase but after hearing the presentation by COA, he recognized that they saved the Town a lot of money. He

suggested Mr. Little go to the presentation at the meeting next year when COA presents, or even stopping in at COA as they are usually happy to provide this information to interested parties.

With no other questions from the floor, Chair Wilson closed the hearing.

Recommendations for Warrant Articles

It was noted the Budget Committee had previously voted to recommend the Elkins Sidewalk project for the amount of \$134,038 in town funds and \$536,152 in grant funds. They did not need to discuss it further.

Archives Committee Non-Lapsing Fund

Ms. Hallquist explained that the Archives Committee wants to keep \$3,000 in a non-lapsing fund so if they became aware that some historically significant items were available for sale, they could procure it. This fund has to be renewed every five years and requires no more of their tax money to do it; it allows them to keep what has already been appropriated.

**IT WAS MOVED (Doug Homan) AND SECONDED (Bill Green) to recommend extending the \$3,000 non-lapsing fund for five more years for the Archives Committee.
THE MOTION WAS APPROVED UNANIMOUSLY.**

Dispatching Simulcast System

This article will ask voters to raise and appropriate \$75,125 for the installation of a repeater and antenna atop King Ridge to improve radio contact. Of this amount, 50% will come from a grant and 50% (\$37,563) will come from the town. This was recommended by the Board of Selectmen. Chair Wilson said he understood there were studies being done to see what peripheral costs would be. Mr. Homan asked if permission had been granted for the antenna on King Ridge. It was noted that it had not. Mr. Homan asked if the other towns had signed a contract to indicate their participation in helping to pay for this. Ms. Hallquist said they have not yet decided how to bill the other towns for the next pay period, so the answer was no.

Chair Wilson said it was noted that even if they went to a regional dispatch system, this repeater would be beneficial to the town. Chief Andersen agreed with this fact. He said it would help with the fire department and would help their radios reach some areas not currently reachable. Mr. Homan asked if this repeater would allow for better coverage for New London than Lakes Region could provide. Chief Lyon said if the police department went to Franklin or Merrimack County, their coverage would need assistance and this repeater site could be used for the police department. Initially this was a fire department's frequency but the police department would be able to also utilize the equipment if the town decided to outsource for their service. It was noted that they have been awarded the grant.

Mr. Prohl asked if the Board of Selectmen decided to outsource dispatch, was there anything in the grant that would cause them a problem because they changed the direction of their service. Would a penalty be involved? Ms. Hallquist said there were no penalties. If they voted this money in at the May Town Meeting, they won't spend it until as late as June, 2015. They don't actually get the grant money until they get permission to put the antenna on the pole. The question has to be on the warrant if they want to take advantage of it. Heather Wood said the grant expires Sept. 30, 2014 so acceptance by the town is needed now. Ms. Hallquist said the money would go into the general fund if they decide not to spend it.

Mr. Homan asked if this grant included the costs for things such as the generator or the rental fees for the antenna on the Verizon tower. Mr. Cardillo said this was a good point. He thought those answers should be factored in. He recalled that other towns, including Newbury, were forced to put repeaters up in their

own town to help with dispatch. He asked if, no matter what they do, they'll need those repeaters. Ms. Wood said it depends if they keep their frequency or not. She thought the Town would still want to keep their frequency for local use. This would be used to talk among members within the town that are at different sites.

Mr. Prohl said it was clear to the Budget Committee that the other towns, if they don't want to be part of their service, can simply leave. It would be nice if they knew who would stay or go before going through with this. He was frustrated that this question had not been asked. Mr. Green wondered how long before these questions would be answered. What was the worst case scenario? Chief Andersen said if they give up the grant, they'll have to fund the whole thing themselves (\$75,125). Chief Lyon said Lakes Region has their own frequencies. New London has six, Wilmot has a second channel, there is a state-wide channel, Sutton, and Newbury share frequencies. Concord has 30+ towns on their frequency. In the event of a major event, New London would need to dispatch themselves because other towns would be using the other frequencies. Regardless of what they do, he felt they were not wasted funds. By waiting longer and longer, they put themselves in the predicament where they aren't supporting the infrastructure or the equipment. General maintenance has been lacking and as users, they need to plan ahead. This is a phased-in process. He felt this equipment was important, just like the consoles.

Chair Wilson thought they should consider the cost of operation and the cost of the monthly rental of the antenna and added antennas for the police department as well. He felt this was a hazy idea and numbers hadn't come out yet. He felt it was frustrating that they don't have all the answers yet.

Chief Lyon agreed that it is frustrating but said this was a multifaceted idea. Chair Wilson thought the information they are asking for could have been found out by now. Ms. Wood said it had actually been an ongoing project with several towns and they are still trying to work out the details. Chief Lyon said it is easy to choose to outsource dispatch from a monetary standpoint. Chief Cahill of Sunapee wrote the grant for the Town of New London so it is clear that Sunapee is in supportive of the infrastructure.

Mr. Homan said it was a huge project that needed to be studied and they shouldn't piecemeal it. They should put this off for a year and do due-diligence and look at dispatch in a calm, comprehensive way. He didn't think they could make an informed decision that evening.

Chair Wilson said the article will appear on the warrant no matter how the Budget Committee votes; it will only show whether they were for or against it.

Mr. Cardillo thought this was a difficult vote. The Budget Committee's responsibility was to raise these questions. Hard questions will also come up at Town Meeting about this. While this seems like a simple decision, he thought there could be things that come up that they aren't thinking of. There are many unknowns.

IT WAS MOVED (Joe Cardillo) AND SECONDED (Doug Homan) to recommend the article for \$75,125 for the repeater. THE MOTION PASSED. 5 recommended, 4 did not.

Dispatching Console

This is an article to raise and appropriate \$48,500 for one console for use in dispatch.

Chair Wilson said the console controls communications and was the main center of operations in dispatch. They have two which are dated and getting parts for repair is becoming problematic. He wondered if they needed to be replaced now. Dispatch says whatever happens going forward they will need at least one modern version of the console. Ms. Wood said they have two stations that run now. If they were to outsource they would still need one functioning console. With dispatch staying in New

London, they can't rely on just one, should something happen to that one console. Ms. Wood said as of now, the console is functioning but parts are difficult to find. The only source for parts is on eBay.

Mr. Cardillo asked if it is the same kind of console or different type if they moved to another service. Ms. Wood said it depended on the programs they use with the other service. The consoles are programmed by radio frequencies. They could probably still be used if they moved to another service.

Mr. Prohl asked what the Town would do if the console broke tomorrow. Ms. Wood said they would still have one as a back-up. Mr. Homan asked how long before a new console could be readily available. Ms. Wood wasn't sure how long it would take to get a new console in. Chief Andersen said they'd have to have the time to order it, have the company program it, and someone in to install it. This would take probably two weeks. Other dispatch centers would have to be consulted to see if they would help cover their dispatch needs temporarily.

IT WAS MOVED (Rob Prohl) AND SECONDED (Ben Cushing) to recommend raising and appropriating \$48,500 for the dispatch console. THE MOTION PASSED. 6 yes, 3 no.

Chair Wilson said it was suggested that they vote on just the bottom line of the budget instead of going through each department.

IT WAS MOVED (Doug Homan) AND SECONDED (Bill Green) to approve the bottom line of the budget and not approve each department's budget line-by-line. THE MOTION WAS APPROVED UNANIMOUSLY.

Ms. Johnson said the items listed on the sheet for FY 2015 amounted to: \$8,291,193.

IT WAS MOVED (Doug Homan) AND SECONDED (Ben Cushing) to recommend the budget of \$8,291,193 for FY 2015. THE MOTION WAS APPROVED UNANIMOUSLY.

Chair Wilson thanked the members of the committee for their attendance at the meetings during the budget season. Everyone was involved in coming up with questions and he saw them as a thoughtful group. He thanked them all for their work.

IT WAS MOVED (John Wilson) AND SECONDED (Rob Prohl) to adjourn. THE MOTION WAS APPROVED UNANIMOUSLY.

The meeting adjourned at 8:28pm.

Respectfully submitted,

Kristy Heath, Recording Secretary
Town of New London