



TOWN OF NEW LONDON, NEW HAMPSHIRE

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Budget Committee Meeting Public Hearing – Whipple Memorial Town Hall Meeting Minutes April 9, 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
Ed Andersen, Acting Police Chief
Richard Lee, Public Works Director
Linda Hardy, Town Clerk/Tax Collector
Sandra Licks, Library Director
Bob Brown, Conservation Commission Chair
Members of the public: Bruce Hudson, Renate Kannler, Terry Bingham, Casey Biuso, Bill & Tina Helm, Doug MacMichael, Dan Allen, Laura Alexander, Celeste Cook, Carolyn Fraley, Bob & Emma Crane, Rick Anderson, Peter Messer, Debbie Stanley, Laura James, Dave Hennig, Phyllis Piotrow, Donna Larrow, Terry Dancy, Nancy Friese, Lucy St. John, Mark & Thelma Kaplan, Steve Allenby, Laura Lorio, Paul & Linda Messer, Erle & Pat Blanchard, John & Sue Clough, Steve Ensign, Maureen Prohl, Jason Stadler, Gayle Hedrington (WNTK), Joan Pankhurst.

Chair Wheeler called the meeting to order at 7:00pm and noted that he anticipated that the meeting would conclude the budget season.

Minutes of April 2, 2013

IT WAS MOVED (Jim Wheeler) AND SECONDED (Joe Cardillo) to approve the minutes of April 2, 2013, as amended. THE MOTION WAS APPROVED UNANIMOUSLY.

Public Hearing on the FY2014 Budget

Chair Wheeler opened the public hearing for the fiscal year 2014 budget and asked that the Town Administrator summarize the budget being presented.

Budget Presentation

Ms. Hallquist thanked everyone for coming to the public hearing. She said the funding issues they will talk about that evening, and will discuss again at Town Meeting, are very important as it is what keeps the town operating. She wanted to highlight a few items contained in the packet that was provided to the meeting attendees. Ms. Hallquist encouraged citizens to come to the Town Office or call her with any questions that may come to mind in the coming days.

Ms. Hallquist noted that this year the Selectmen did not give a specific percentage increase or decrease that the department heads were required to abide by in submitting their budget requests. Instead, the Selectmen asked department heads to present their budget based on what they feel is needed to operate their departments while keeping in mind the need to be sensitive to budget increases. Ms. Hallquist noted that she is happy to say that the department heads came in with very lean budgets and there were not any major items where the Selectmen felt the need to cut. The operating budget, not including the Capital Reserves going in and out, is up about 3%. She observed that much of the 3% increase was out of the control of the department heads and was due to employment costs such as insurance and retirement. She applauded the department heads for doing the best they could. Insurance is up 14% this year and the town and employees are paying the same percentage they paid last year. New employees hired as of January 1st are paying a larger percentage of their insurance costs, resulting in some savings for the town. Another change is that there is no longer a sick-time buyout.

Ms. Hallquist mentioned that one of the more difficult things they have had to grapple with during this budget season is the anomaly of 27 pay-periods in the fiscal year, which happens every 11 years, so the next occurrence will be in FY2025. She explained that while this happens to all employers, it is most noticeable in governments since government budgets must include all monies to be spent during the budgeted period. In this case we must include funding for 27 pay periods instead of 26.

Ms. Hallquist said that the NH Retirement System costs have increased. The Town and employees both pay into the system and due to changes in the state required contribution rates, it will add about \$61,000 to the budget.

Ms. Hallquist pointed out that the Selectmen have budgeted for a 2% increase in salaries for all employees. The Government Buildings line item is up due to expected repairs necessary to maintain the town's buildings. Other areas that will get attention are the Pleasant Lake Dam, repairs to the concrete, and the boat launch. The Highways and Streets fund is increased to include \$21,000 for a part-time employee to oversee town buildings maintenance.

Ms. Hallquist said that the Transfers to Capital Reserves witnessed a slight decrease this year. Capital Outlay (purchases using capital reserve funds) is down 70% mainly because last year included the purchase of a fire truck at \$860,000 and this year will not include that expenditure. Capital outlay expenses come from money that was saved and does not affect the current tax rate.

Turning to the issue of revenues, Ms. Hallquist noted that they are conservative when projecting revenues so as not to predict an artificially low tax rate. She pointed out that major sources of

revenue from the State is the Highway Block Grant program and Rooms & Meals distribution, which is not expected to increase, if anything, such funding may decrease.

Ms. Hallquist explained that this budget is only one of the four factors that make up the tax rate. The Grand List (taxable value of the Town) is another factor and they will not know this number until sometime in the summer. It is unlikely that the Grand List will expand much, if at all. The other two factors are the revenues the town expects to collect (non-property tax related) and use of surplus. Discussions of estimated tax rates at this early stage are based on their best guess. In October, when the final tax rate is set, they will have another chance to estimate revenues. That is also the time when the amount of surplus to be used will be decided by the Selectmen.

Ms. Hallquist said she would be happy to clarify any details at the office should anyone like further information.

Ms. Hallquist thanked Ms. Johnson for all her work on the budget, as well as the department heads who provided as much information as they could when putting their budgets together. She noted that all of the department heads love to talk about their departments and are very willing to answer questions on their budget, so citizens should feel free to approach staff as needed to clarify points that may remain after review of the budget.

Public Hearing

Bob Brown, Chairman of the Conservation Commission, was given the floor to explain their budget request. He felt there had been some miscommunication. The Conservation Land Acquisition Capital Reserve Fund started in 2003 and was funded at various levels for the first six years at about \$91,000 per year. The following years yielded much less funding levels. For three years they had zero funding, and an average of about \$7,000 was observed over the next six years. In the current budget (FY2014) the Conservation Commission initially wanted to ask for \$50,000 but after discussing the economic times and the budget, they reduced their request to \$25,000. At the CIP meeting, the amount was further reduced to \$12,500. At the April 3rd budget meeting, the adjusted number of \$12,500, which the Conservation Commission did not agree with, was reduced to \$0. This figure was then changed to \$1 before the end of the meeting.

Mr. Brown said that this reduction in funding was concerning to him for a couple of reasons. In the discussions about the fund, the Conservation Commission is always confronted with their goals and objectives, which is that 25% of the land in town is conserved. He noted that numbers are being passed around that are not accurate and he felt it was damaging to the credibility of the Conservation Commission. These false numbers show up in meeting minutes and cause people to believe these figures, which are not true. He requested that the minutes of April 3rd be reviewed and statements be corrected and figures be amended. Mr. Brown noted that on page 7 of those Minutes, a comment was made that the Conservation Commission had no plan to spend the money in the fund. In fact, on January 7th the Conservation Commission advised the Selectmen that they had an acquisition project forthcoming. They were missing a few details and the landowners had not yet given their permission to announce the possibility publically. Mr. Brown noted that at a following meeting with the Selectmen, the Conservation Commission went into great detail about their plan with the Big Hilltop property that surrounds Clark Lookout. The

plans are in the works and do take time. They also want to do a lot more than spend the reserve, but want to do some fundraising and education.

Another statement was made that “they had conserved 22% of property in town not including town land.” Mr. Brown said that this was incorrect. 17.7% is the current figure in the Master Plan. A comment was also made about the Forest Society recommending **only** 20% of land being conserved. In fact, the Forest Society recommends conserving **at least** 20% of land. The comment about Ausbon Sargent having the potential to conserve 30% of land in the near future was not correct. He did not know where that number came from but wished it were true.

Laura Alexander, a member of the Conservation Commission, addressed the meeting to expound on Mr. Brown’s remarks. Ms. Alexander said that in 2010 she worked with some of her students at Colby-Sawyer College to look at conserved land. They followed the guidelines put forth from the Forest Society and reviewed the five resources they point to and advise for protection: drinking water, working farms, forests, scenic resources, and ecologically important lands. This study was then handed over to the New London Conservation Commission, who used the information to identify key parcels to purchase should they become available. 27 parcels have been conserved so far, which amounts to 16.8% of the property in town. 25% would be 4,060 acres. They are 1,339 acres short of the minimum of 25% at this point.

Ms. Alexander noted that the Conservation Commission thought \$500,000 was a reasonable figure to cap the fund at. They got this number after getting the assessed value of the lands on their desirable lands list. The mean value of the properties is \$266,379. Ms. Alexander explained that this is not an exact science for them. They would like to be able to respond to opportunities should they arise, and would opt to work with other agencies to help them to conserve land. They need seed money and in their own town, they would likely be a major contributor when it comes to land purchases. It is hard to know when and how many parcels will become available.

Ms. Alexander said when they have a project, they have to come to voters at Town Meeting to explain why they want to conserve it, how much they want to use from the fund, and how much they will fundraise to assist in the purchase. Mr. Homan suggested even if they had no money in the fund, they could ask the Town for the money they needed at Town Meeting. He felt the money was a buffer. If a property was important enough to the town, at Town Meeting the voters could act on it. Ms. Alexander said that the fund makes it so they do not have to take out a bond or cause a jump in the tax rate. Mr. Homan said times were tough and a lot of people can’t afford increases in their tax bills. He didn’t see what the difference was between \$450,000 and \$500,000? They are looking at a 15% tax increase in the municipal rate in 2014 and the Budget Committee is working hard to find places where they can do their job and save money. They do not see a big difference between \$450,000 and \$500,000. The Town can authorize more money at Town Meeting if the Conservation Commission see it as a property they can’t pass by. Ms. Alexander said that they have tried in the last few years to be understanding but they have had little to no success in receiving their requested funding. The last time they went to Town Meeting by a petition warrant article for \$25,000, it passed. She felt people in the community supported conservation. Ms. Alexander said they want to get things in previous minutes corrected so voters

are not misinformed. They are then going to make this presentation at Town Meeting and the voters can decide.

Mr. Homan asked if they were considering town owned land in their conserved land figure. Ms. Alexander said that not all of it is considered conserved. The properties that are purchased for the purposes of conservation are counted in the 16.5%. It also includes properties conserved by Ausbon Sargent.

Dr. Wilson asked if the lakes are considered in with the acreage of conserved land in the town. Ms. Alexander said that lakes are not considered conserved acres for purposes of calculating the percentage of conserved land within a town. However, even considering these areas, they would still be 880 acres short of the 25% they are aiming for. Mr. Homan said everyone on the Budget Committee appreciates the Conservation Commission's hard work and are in favor of conservation, but they are talking about dollars and cents.

Chair Wheeler said they put \$1 in the fund at the last budget meeting to make it easier for the Conservation Commission to bring a motion on the floor of Town Meeting. If they can convince the town to spend the money, the Budget Committee will support it entirely. However, the Budget Committee does not see a compelling reason to add another \$50,000 to the fund at this point. They do see the value in showing sincerity to the potential seller, but they think \$450,000 is more than enough to accomplish that task. Chair Wheeler said that this was purely a fiscal argument.

Given that a petitioned warrant article has been submitted, Dr. Wilson suggested changing line item from \$1 back to \$0.

IT WAS MOVED (John Wilson) AND SECONDED (Jim Wheeler) to change the line item for the Land Acquisition Fund from \$1 to \$0. THE MOTION PASSED 9:1.

Chair Wheeler opined it was time for the voters to decide on this issue.

Steve Allenby said that this was a great debate and that he was at the meeting the night someone threw out the numbers that were rebutted by Ms. Alexander and Mr. Brown. He wondered who it was that had given these numbers. Mr. Homan said that Mr. Brown gave those numbers out at their first budget meeting. He said they should figure out a reasonable amount of land to be conserved in the town and work towards that. He said his argument was simple; whenever land is conserved they remove it in some way, shape or form, from the tax roll and other taxpayers have to pay to make up for it. Mr. Allenby said studies have been done that show how conserved land benefits a town more than the tax money they would receive from it.

Ms. Bingham said that she lives on Messer Pond and wanted to ask about the Gravel Road Capital Reserve Fund. Around 2008 there was a plan for upgrading the gravel roads to pavement. Because of the recession, the plan was scaled back considerably. She sees \$25,000 applied to the fund this year and understands that \$86,000 is planned to be spent. She wondered about the roads to be paved, and thought it was important for the town's roads to be in the best condition

possible. She urged them to spend more tax dollars on this area. Ms. Bingham thought it would be more efficient for the Public Works Department to fix things entirely to begin with than to continually put “band-aids” on problem areas again and again. She hoped in the future the Selectmen and the Budget Committee would look to put more funding into this area for the good of the town.

Chair Wheeler said the Capital Improvement Program (CIP) is a function of the Planning Board. It is they who decide how much contribution will be put into the various capital funds. Mr. Lee advises them on which roads need the most attention and the costs. The Board of Selectmen and the Budget Committee have to look at the big picture and the budget to see if the numbers presented are adequate. It is not something that falls on deaf ears. They are proud of the roads in the town and he felt they were better than roads in the surrounding towns. They have had to scale back the paving funds because incomes were going down and the cost to pave was going up. He agreed that it would be best to have more roads paved sooner, but it all comes down to cost.

Ms. Bingham remarked that Mr. Lee has done a great job with Forest Acres Road and maintaining it. She noted that there is a lot of silt going into the pond from the road, however, which contributes negatively to the condition of the pond. Pavement is better for roads near water bodies because less sand and salt is needed in the winter.

Chair Wheeler said this is a discussion that should be held with the Planning Board and Mr. Lee during the CIP process.

David Hennig addressed the meeting and noted that he lives on White Pine and that he appreciated what the Budget Committee has done thus far. He observed that the road fund isn't funded at \$75,000 per year until 2021. Obviously, the Budget Committee knows that to get the job done, it has to be at \$75,000 per year. \$25,000 does about ¼ of a road depending on the length of it. Mr. Hennig said the roads were part of the plan and felt they needed to get to the \$75,000 funding level sooner. Next year they will not have the 27 pay periods and he encouraged them to increase the funding for the paving of roads.

Mr. Hennig said he has noticed several positive comments about how Mr. Lee has done a great job in his department. Looking at the historic data from 1994, Public Safety, Fire and Police were at the same level as Mr. Lee's department. Now there is an increase over the last 10 years but Public Safety has gone up a lot more. Mr. Lee's budget went up 12% and Public Safety is up over 13% from 2012 actuals. Mr. Hennig suggested that given public safety budgets have been increasing more than DPW, perhaps the Budget Committee should consider taking \$50,000 out of Public Safety and zero base some things. Chair Wheeler said that at last year's Town Meeting the Selectmen and Budget Committee recommended scaling back on public safety and the voters did not agree and funded the Police Department anyway. Mr. Hennig said this serves as an opportunity to see where they could lean things up.

Mr. Homan said most savings have been nuts and bolts, gravel and sand. They have made an effort to cut staffing levels. Unless they do this, increases will be seen because of health insurance and retirement. The Select Board has been unwilling to work with them on this. He

feels that New London has more employees than any other town their size in the state of New Hampshire.

Mr. Kaplan agreed with Mr. Hennig but noted that the Town has a college and a regional hospital. They require safety and there is a high cost to maintain the roads. They cannot do without these things. He remarked that if the Budget Committee thinks they can, they are kidding themselves. The people in the town understand that in their gut. The people want the safety and want the town to be maintained in the order they are used to and are willing to pay for it. Chair Wheeler said he disagreed with these remarks.

Maureen Prohl asked about the town tax rate calculation estimated for 2013. She wondered how many dollars per thousand this would amount to on a \$300,000 house on the tax rate this year as opposed to last year's tax rate. Ms. Johnson calculated that using the tax rate of \$4.53 (with no surplus added) it would be \$180 more per year. This is for the Town portion only.

Mr. Kaplan commented that in 2008 when he was on the board, the town rate was \$4.41. This past year (2012) it was \$3.93. That is a difference of some \$.48 which amounts to half a million dollars. The Budget Committee has reduced their budget by half a million dollars in four years. Mr. Homan commented that 2008 was an anomaly and it has been pretty level since then at about \$4.00.

Hearing no other requests from the public for comments or questions, the Chair explained that the Budget Committee would go through the budget department by department. The public hearing would remain open should someone want to address the meeting.

Voting on the Operating Budget

Department	Amount
Executive	\$293,026
Town Clerk/Election	\$82,145
Finance	\$263,616
Assessing	\$82,900
Legal	\$20,200
Personnel Administration	\$85,582
Zoning and Planning	\$85,955
Town Buildings	\$196,146
Cemetery	\$30,436
Other Insurance	\$76,274
Advert/Regional Assoc.	\$17,690
Police Department	\$947,690
Fire Department	\$299,189
Firewards	\$593
Emergency Management	\$5,850
Dispatch	\$339,983
Highway Administration	\$846,925
Highways and Streets	\$499,700

Street Lighting	\$16,000
Transfer Station	\$386,977
Solid Waste	\$25,500
Health Administration	\$5,436
Health Agencies	\$171,120
Welfare Admin.	\$2,697
Intergov't. Welfare	\$3,809
Welfare Payments	\$16,000
Recreation	\$162,205
Library	\$455,550
Patriotic Purposes	\$300
Archives	\$1,000
Conservation	\$15,830
Energy Committee	\$539
Other Conservation	\$25,525
Debt Service Principal	\$198,264
Debt Service Interest	\$54,148
Transfers to Cap.Res.	\$469,001
Capital Outlay	\$340,600
Sewer Fund	\$709,755
Grand Total	\$7,234,156

Mr. Homan asked if \$20,000 was enough for the legal line item, considering current events. The figure was cut down to \$20,000 from \$22,500. Ms. Hallquist noted she had advocated for more funding in that line item in the original budget submission. If the question now is whether current events will result in additional legal expenses for the town, she would say that it should not result in an increase need for this category of legal assistance, as the town's insurance policy will be utilized if necessary.

IT WAS MOVED (John Wilson) AND SECONDED (Bill Green) to approve the proposed operating budget of \$7,234,156. THE MOTION WAS APPROVED UNANIMOUSLY.

Warrant Articles
1941 Building:

To see if the Town will vote to raise and appropriate the sum of ten thousand dollars (\$10,000) to be turned over to the Kearsarge Regional School District in return for an option to enter into a mutually agreeable long-term lease for the 1941 School Building. This option will allow the Town the time necessary to fully explore the advisability of entering into a long-term lease to take control of the building for use by the Town. No additional town funds will be spent on the project without voter approval at the May 2014 Town Meeting. The Town must exercise this option on or before May 30, 2014.

IT WAS MOVED (Bill Green) AND SECONDED (Joe Cardillo) to recommend the warrant article as presented.

Chair Wheeler said he supports this article but wanted to qualify his support by requesting that there be full disclosure to the voters at Town Meeting that what has been discussed so far with regard to the 1941 Building, more than likely, will mean that the town will be asked to spend more money on the project next year. This is conceived as a private/public venture but they should be as accurate as possible. Ms. Buiso guaranteed that she would disclose that more money would be requested from the Town should the article pass. They need this year to investigate the costs to see if it is feasible.

Mr. Homan supported this project 100% except for the requirement that the Town will sign a lease. He felt this would make it harder to fundraise when they are not going to make a purchase. Ms. Buiso said that they will have a private 501(c)(3) organization raising funds for them. They hope to build in safety nets within the lease to keep the town protected.

Mr. Prohl said he is a member of the 1941 Building Committee and supported the warrant article. He thought it was a fantastic opportunity and hoped the town would support it. Mr. Prohl announced that he would abstain from the vote due to the apparent conflict of interest.

Chair Wheeler called for a vote.

THE MOTION PASSED. Mr. Prohl abstained from the vote.

Conservation Capital Reserve Fund:

*To see if the Town will vote to raise and appropriate the sum of twenty-five thousand dollars (\$25,000) to be placed in the previously established Conservation Land Acquisition Capital Reserve Fund. **Article by petition.***

IT WAS MOVED (Ann Bedard) AND SECONDED (Doug Homan) to recommend the warrant article as written.

Ms. Bedard asked how the Selectmen felt on these issues. Mr. Bianchi said the Select Board voted earlier not to recommend the petitioned warrant article for \$25,000 for the Conservation Land Acquisition Fund. The Selectmen are in favor of the \$10,000 for the option to enter a lease for the 1941 Building.

Chair Wheeler called for a vote on the motion to recommend the petition article to place \$25,000 in the Conservation Land Capital Reserve Fund.

There were no votes in favor of the motion. **THE MOTION DID NOT PASS.**

The Budget Committee will not recommend the article.

Estimated Revenues:

Ms. Johnson said that the Total Estimated Revenues were \$2,575,039

IT WAS MOVED (Bill Green) AND SECONDED (Ben Cushing) to accept the revenues as stated. THE MOTION WAS APPROVED UNANIMOUSLY.

Ms. Johnson passed the MS-7 around to the Budget Committee members for signatures.

Mr. Bianchi said he wanted to thank the two members of the committee who had chosen not to run for re-election to the Budget Committee: Jim Wheeler and Ann Bedard. On behalf of the Town of New London, he thanked them for their many years of dedicated work and service to the town. He felt that both individuals have done what is in the best interest of the town and thanked them for their many years of service.

IT WAS MOVED (Joe Cardillo) AND SECONDED (Ben Cushing) to adjourn the meeting. THE MOTION WAS APPROVED UNANIMOUSLY.

The meeting adjourned at 8:22pm.

Respectfully submitted,

Kristy Heath, Recording Secretary
Town of New London