



# TOWN OF NEW LONDON, NEW HAMPSHIRE

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## **Budget Committee Meeting Public Hearing Meeting Minutes April 8, 2015**

**BUDGET COMMITTEE MEMBERS PRESENT:** Rob Prohl (Chair), Joe Cardillo (Vice-Chair), Suzanne Jesseman, John Wilson, , Larry Dufault, Bill Green, Phyllis Piotrow, Bruce Hudson, Nancy Rollins (Board of Selectmen's Representative)

**MEMBERS ABSENT:** Christopher Lorio

**STAFF PRESENT:**

Kimberly Hallquist, Town Administrator  
Wendy Johnson, Finance Officer

**OTHERS PRESENT:**

Ed Andersen, Police Chief  
Donna Larrow, Police Department Administrative Assistant  
Peter Bianchi, Selectman  
Linda Hardy, Town Clerk/Tax Collector  
Bill Hardy, New London Resident  
Jason Lyon, Fire Chief  
Janet Kidder, Select board Chair  
Scott Blewitt, Recreation Director  
Mike & Liz Meller, New London Residents  
Casey Buiso, Recreation Department  
W. Michael Todd, Town Moderator  
Steve Ensign, Board of Firewards  
Sandra Licks, Library Director  
Gayle Hedrington, WNTK  
Jay Lyon, Fire Chief  
Richard Lee, Public Works Director

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

Minutes of March 4, 2015

**IT WAS MOVED (Joe Cardillo) AND SECONDED (Phyllis Piotrow) to approve the minutes of March 4, 2015, as amended. THE MOTION WAS APPROVED UNANIMOUSLY.**

Page 9, 3<sup>rd</sup> paragraph down: Mr. Cardillo said every 62k – strike “tax rate” and include budget.

Page 2, 1<sup>st</sup> paragraph: town does not have a laptop computer.

Page 6, Bridge Repair and maint: maintenance fund so engineers (change to engineering).

Public Hearing

Ms. Hallquist thanked the department heads, the Budget Committee, the Board of Selectmen, and the citizens who attended the meetings during the budget preparation. She explained that the Selectmen and

Budget Committee budgets were the same this year, unlike last year. This was a result of the two boards working together to come to an agreement. Ms. Hallquist noted that the previous day (April 7<sup>th</sup>) was the last day to submit petition warrant articles and none were submitted that had any money involved.

Ms. Hallquist said that one warrant article will be added by the Selectmen for a \$350,000 loan for necessary repairs to the Academy Building. The siding is in bad shape and it is a possibility that the windows will also need to be replaced. It was noted that any unused funds from the loan may be used at Whipple Hall to start making needed repairs there.

#### *Major Budgetary Considerations*

Ms. Hallquist said that for employees, the budget includes funding for a 4% across the board salary increase. Last year, employees were given a 1.5% increase. There is also funding for one additional full-time employee, in the Public Works Department. Richard Lee, Public Works Director, gave up a full-time employee in the FY2013 budget and agreed to see if he could do the work using part-time labor. He has found that this arrangement hasn't worked and would like to fill the position with a full-time employee. The Selectmen and Budget Committee agree on approving funding for this position. Ms. Hallquist reported that the appropriation for all employee-related expenses is up 3.2% from FY2015.

Ms. Hallquist said that debt service is up 55%. The first payment on the Sunapee Wastewater Treatment Plant bond will happen in FY2016 and is about \$92,000 which is 1/3 of the bond payment. 1/3 is to be paid by all taxpayers, and 2/3 is to be paid by sewer users. Additionally, \$45,500 has been put into this category for the \$350,000 loan she mentioned earlier and put in \$45,500 which would cover the principal payment and interest. Town Meeting voters will consider approval of the loan request in May.

Ms. Hallquist said that Transfers to Capital Reserves should be noted. Money is put into accounts each year to save up to buy things without having to take out a loan. This year, money is being put into Highway Department Equipment, GIS Mapping, Sidewalk Project, Fire Vehicles, and Library Improvements Capital Reserve Funds. She noted that there are two new Capital Reserve Funds the Selectmen will ask the voters to establish at Town Meeting; one for Fire Department Radios, with an initial deposit of \$15,000, and another for Dispatch Equipment, with an initial deposit of \$5,000.

Ms. Hallquist said that the Town's Property Liability insurance is up 36% for FY2016, based on claims the Town has made. This is insurance for the town's buildings and other issues pertaining to losses.

Ms. Hallquist summarized that these three areas account for 82% of the increase over FY2015, which is \$312,927.

Ms. Hallquist explained that Capital Reserve Funds will be used in FY2016 but the purchases made in will not affect this year's budget because the funds are already there. The Town will get some additional revenues if voters approve the discontinuance of some capital reserves that have been identified as unneeded. This could add \$244,295 to the Town's revenue which will help reduce the tax rate.

Ms. Hallquist said one theme she sees throughout the departments this year is an emphasis on training. All departments are trying to get their staff trained, as they should be.

Chair Prohl asked if there were questions about the \$350,000 warrant article. Ms. Hallquist said the public hearing for the bond is scheduled for Monday, April 13<sup>th</sup> at 6:00PM as part of the Selectmen's regular meeting. The law requires a public hearing when the bond is more than \$100,000 and it will be an opportunity for residents to ask questions. Mr. Cardillo noted that if the voters approve the bond at Town

Meeting and the Budget Committee doesn't approve the principal and interest payment in the budget, they would be stuck.

Ms. Meller asked if the roof at Whipple was leaking and why money hadn't been set aside for repairs to that building. Ms. Hallquist said they have a capital reserve fund for buildings that has over \$100,000 in it. Chair Prohl said they are working on figuring out the future of Whipple Hall, which will help them decide what sorts of repairs should be made.

Dr. Wilson asked where any remaining funds will go; he thought just Whipple Hall. Ms. Hallquist said that the Selectmen thought any extra should be available to make repairs to any town building but that funds will most likely go to Whipple Hall.

Mr. Todd asked how the Selectmen reached the number of \$350,000 for work to be done at the Academy Building. Chair Prohl said they have taken a look at the building and some siding was removed to reveal extensive rot. Selectman Rollins said after much discussion with the Budget Committee and others they found that perhaps they would need to replace the windows as well to keep the building tight. The Academy Building was put at the top of the list of buildings that needed repair due to the extensive rot. Whipple Hall has definite needs and are categorized in terms of life safety and long-term upgrades.

Mr. Cardillo asked if the \$350,000 would be added to the Building Maintenance Fund and would the Selectmen be agents to expend. Ms. Hallquist said the money would be a loan and would not be put into the capital reserve.

Ms. Piotrow said that the \$120,000 of revenue from the Highway Block Grant may be cut. There is no real way to tell at this point. The rest of the State money seems secure. Wendy Johnson (Finance Officer) said the State would let the Town know in September when they have a chance to review their revenues.

Mr. Cardillo asked how the rooms and meals tax is distributed. It was noted that it is a percentage based on population. A discussion ensued regarding the expenditure of Highway Block Grant funds. Ms. Hallquist said the State doesn't specify the road projects the money must be used on, but it has to be put towards roads. There is no stipulation for paving versus maintaining gravel roads. Concern was raised about the conditions of some of the roads and that the town is putting off repairs to the infrastructure, including buildings and roads, get put off and end up being more expensive.

Ms. Piotrow asked how they could determine how much of the fund balance would be used to reduce taxes due to the fact that that number doesn't get determined until later. It was noted that at some point there will be another figure in the budget, perhaps \$400,000 or \$450,000. When they determine the amount, it will be taken from last year's surplus. Ms. Hallquist said the Selectmen will determine how much surplus to use in September or October when the tax rate is set.

#### Expense Detail

A review of the Capital Reserve Fund for gravel roads resulted in a comment from the public that it looked like nothing had been added in for 2016. Chair Prohl said that \$50,000 had been added but nothing was to be spent from that fund. He said there would be some paving done in the town but it wouldn't come from the gravel roads program. The good work the Highway Department maintaining the gravel roads was noted, however concerns were raised that property values will go down because some are living on a mud road. It was pointed out that roads scheduled to be paved don't get paved when budget cuts are made. Chair Prohl said the paving plan has been in place over time with the intention to pave all the gravel roads in Town. Mr. Lee said all the gravel roads won't be paved for another 30 years. A resident of Wilder Lane noted that they were told their road would be paved in 2012, 2014 and now 2021.

Chair Prohl said they have some long term plans of how much they can put in every year and have tables that run out several years.

Mr. Cardillo said it goes deeper than the Board of Selectmen and the Budget Committee when deciding when roads are paved. He understands there is a schedule of roads to be paved but isn't sure how it is determined which ones were to be paved and when. Ms. Hallquist said the next expenditure from the gravel roads fund is scheduled for FY2018 when Pine Hill Road is to be paved. A gravel road resident noted that she did not think that \$30,000 - \$50,000 per year is enough to address all the roads that need to be paved. She is in favor of more money being set aside for infrastructure. She noticed that Culture and Recreation and the Library receive large quantities of money; she thinks they should make appropriate shifts and make things balance. She asked if recreation is a need or a want. She understands there are also some bridge concerns and sewer lagoons that need to be addressed. They can't keep putting these kinds of things off into the future. She added that she has seen some redundancy in past years in the amounts of money going to things that are important but maybe are getting more funding than other areas that need to be addressed. Chair Prohl acknowledged a challenge in the coming years with what needs to be done with the lagoons, Whipple Hall, roads, and bridges. They aren't getting any more money from the State than in previous years, and will probably get less money in FY2016. There will be more needs to prioritize and he envisions difficult budgeting years ahead.

Ms. Piotrow asked how roads are prioritized for paving. Mr. Lee said the roads are not prioritized by the year they were built (paving oldest to newest). They are prioritized by scores from a report card drawn up that analyzes safety issues. Safety issues are weighted heavier than resident complaints. They have to take into consideration safety issues and year-round maintenance issues. Money is put away each year towards the plan and it is a work in progress. Mr. Lee said that no funds are taken out of the Gravel Roads Fund to pay for other things; it builds up until they have enough to pave one or two roads and then they do it. They paved three roads last year. Mr. Lee explained that Wilder Lane will cost \$95,000 for the paving alone. This doesn't include grading or putting in the shoulders.

Mr. Cardillo said that they need to look at the big picture of the town. Perhaps they can think about encumbering developers to set aside funds for paving and maintaining the roads they create. They should look at their approval processes to see if they are requiring developers and the college to contribute to these kinds of things. Selectman Bianchi said no subdivisions are approved in Town with gravel roads; they must be paved. This may be a rule that was made too late, but nonetheless it is there.

Mr. Todd said the numbers for capital reserves can be amended from the floor at Town Meeting. This is an option for those who feel the amounts deposited for FY2016 are inadequate. He noted that his mentioning this is not an effort to discount the work the Board of Selectmen and the Budget Committee have done. It was just something that is allowed and that people can do. Chair Prohl said Town Meeting is where people need to go if they want to propose a difference in the budget.

A question was posed regarding the \$55,000 for the library is for and wondered if it was due to the problems they experienced there this winter (burst pipes and flooding). Ms. Licks (Library Director) said the funds are designated for the replacement of an old air handling unit.

Ms. Piotrow said page five in the budget packet shows \$220,000 more was put into capital reserve funds than was being taken out. That amount will vary from year to year but she thinks it is good to notice that difference as is it an example of prudent budgeting; putting more into their savings than they are spending from their checking account (operating budget). They did not always put enough in the capital reserve fund, which is evident by the fact that they are now faced with a \$350,000 loan to fix the Academy Building.

Chair Prohl closed the public portion of the meeting.

Chief Lyon said they responded to a building fire that day which was located off of Stony Brook Road around 12:00pm. Because of the good work the highway department has done, they were able to get the apparatus into the area safely. There were 18 firefighters who responded to the call. Because the Town has supported the Fire Department, they were able to respond in a timely manner and extinguish the fire. They are very grateful for what the Selectmen, the Budget Committee and the citizens of New London have done to support them and he thanked them very much.

Expenditures Given by Operating Expenses and Transfers to Capital Reserves, Capital Outlay, and Sewer  
**IT WAS MOVED (Rob Prohl) AND SECONDED (Joe Cardillo) to approve FY2016 Budget Expenses at \$7,930,989. THE MOTION WAS APPROVED UNANIMOUSLY.**

Estimated Revenues

**IT WAS MOVED (Rob Prohl) AND SECONDED (Bill Green) to approve the estimated figure of \$3,278,930 for revenues. THE MOTION WAS APPROVED UNANIMOUSLY.**

The Budget Committee approved and signed the MS-7, including operating budget, proposed warrant articles, capital expenditures and estimated revenues.

Selectmen's Report

Selectman Rollins thanked the Budget Committee and the Selectmen for the work they have done. She especially thanked the department heads and the office staff. She feels this has been a thoughtful, deliberative process. It is tough to balance taxpayer concerns as well as obligations that have to be met, and it will continue to be a challenge going forward.

She noted that the following Monday night they will talk about the warrant. Ms. Johnson will bring information about what their potential line items are, relative to cost and interest rates, and get the best deal for the loan. There wasn't anything to report from the last few Selectmen meetings as they have focused on budget-related matters.

New Business

Chair Prohl said they started a "resolution meeting" this year to work on the differences between the Selectmen and the Budget Committee. He wondered if they could have a planning meeting at the beginning of the budget process next year where they could talk about where they are in the budget process, what the key issues are, and what some joint goals could be. Selectman Rollins supports that suggestion and feels it is an opportunity to talk about substantive matters but also the process for the department heads going forward with regards to presentations and information they will need to supply. It is a time-driven process and they need a lot of information to make thoughtful decisions.

Chair Prohl thanked Larry Dufault for his service to the Budget Committee over the past three years. Mr. Dufault will not be running for reelection.

Chair Prohl said there will be a warrant article on whether or not to change Town Meeting back to March. Assuming it passes, he suggests having a meeting on September 9<sup>th</sup>, but if it doesn't pass, they should meet on October 12<sup>th</sup>. Mr. Hudson said if the move to March is passed, what will that do to Ms. Johnson? Ms. Johnson said that it isn't just her who is impacted. The year starts July 1 and they will start budgeting in September for the next year; they will be guessing for two months more than they do now. The fiscal year would stay the same. Only Town Meeting and the timing of budget preparation will change.

**IT WAS MOVED (John Wilson) AND SECONDED (Suzanne Jesseman) to adjourn.  
THE MOTION WAS APPROVED UNANIMOUSLY.**

The meeting adjourned at 8:12pm.

Respectfully submitted,

Kristy Heath, Recording Secretary  
Town of New London