



# TOWN OF NEW LONDON, NEW HAMPSHIRE

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## **Budget Committee Meeting Meeting Minutes February 13, 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 (Selectman), , Sandra Licks (Library Director), Shelby Blunt and Bob Bowers (Library Trustees), Dave Seastrand (Police Chief), Ed Andersen (Sergeant), Richard Lee (Public Works Director), Donna Larrow (Administrative Assistant, NLPD), and New London residents: David Webster, Phyllis Piotrow

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

### Review of Minutes from February 6, 2013

After several amendments were requested, Chair Wheeler called for a motion.

**IT WAS MOVED (Joe Cardillo) AND SECONDED (John Wilson) to approve the minutes of February 6, 2013, as amended. THE MOTION WAS APPROVED UNANIMOUSLY.**

Chair Wheeler said he would like to continue discussing goal-setting with regard to the direction of the operating budget. He began by noting that the extra pay-period within the FY2014 budget should not be considered in the increase in the Selectmen's budget. The budget is 3.7% higher with the extra pay-period, leaving a 2.3% increase in the operating budget. Of that increase, the employee raises and the Town's increase in the cost of benefits constitutes 1.5%, leaving just a .8% increase. Chair Wheeler opined that the Selectmen did a good job on the budget and made quite a few cuts. He supported them in their decision that the employees should come first, giving them a 2% pay raise and not asking them to increase their contribution proportion to the insurance premiums. He said that personally, he would support these things and felt they would need to find other places in the budget to make it work. His personal goal was to find the .8% (\$45,000) and declare the budget level-funded. He wondered how others felt about having a goal.

Mr. Homan felt that the \$100,000 extra funds being provided to the employees through their health insurance should be considered as a raise for the employees. He estimated the wages and benefit package constituted 8% of the budget. Mr. Homan asked if anyone could talk to the projected tax rate and whether it was felt that there would be as much surplus available as in past years to bring the tax rate down. Ms. Johnson said they wouldn't be adding as much as they had in the past, largely because tighter budgets mean less remains unspent to go to surplus. She also pointed out that the Selectmen are the ones who decide how much surplus to apply to the tax rate. Mr. Homan didn't think that they would be able to bring the tax rate down to \$3.93 by using surplus. He felt that using surplus in this way made for an "artificial" lowering of the tax rate. Chair Wheeler said it was reasonable to think that the Town would be able to put

\$200,000 towards the rate this year, to compensate for the additional 8% being spent in healthcare. Ms. Johnson said the Town is currently tracking right on target, showing no surplus as of yet.

Mr. Prohl suggested perhaps the Selectmen could withhold spending to reach a goal and increasing the available surplus to put towards the tax rate. Ms. Hallquist noted that such a strategy would not be appropriate as the voters adopt a budget and they expect it to be spent for those purposes. Ideally, if the budgeting is on target, there will be no surplus since the necessary amount is appropriated. Obviously, this is not possible since there are so many variables (more snow than expected, increasing road maintenance, for example) but a well-crafted budget means very little surplus.

Mr. Green said that given half of the budget are employee costs, he asked Peter Bianchi if the Board of Selectmen had thought about instituting a hiring freeze. Mr. Bianchi said they have not hired any new full-time employees but they have not discussed a policy either. Mr. Green wondered if the budget had ever been level funded. It was noted that the budget was less than level funded in prior years and the budget had actually gone down in recent years. Chair Wheeler said that they have been level funded since 2008.

Ms. Bedard wondered if they were too far into the process to ask department heads to go back to their budgets and cut about \$6,000 so the Budget Committee did not have to go through and try to do it themselves. She did not think they should be micro-managing and opined it better to leave it up to the department heads and the selectmen to find the money in their budgets

Mr. Homan thought they should either have a maximum of CPI or a percentage of the grand list. Mr. Cardillo asked Mr. Homan if he thought they should hold their increase to 1.7%. He answered in the affirmative. He added that they should try to reduce overall staffing levels over time.

Mr. Wilson asked if the reason they will not have surplus this year is because of how tight the budget is. Ms. Johnson agreed that this was the reason. She said that over the 18-month budget, they contributed \$300,000 to surplus. Mr. Cardillo said that they should consider that the winter was mild, which saves the Town money. Ms. Johnson felt that the first six months of the 18-month budget was a little high which contributed to the surplus.

Mr. Homan felt the Selectmen did a good job cutting the budget down and thought it would be hard to find more to cut. Chair Wheeler felt perhaps if they took more out of the budget, it could do harm. Their job is to take the Selectmen's budget and make it their own. He did not think it right to give it back to the Selectmen and Department Heads to try to make additional cuts.

Mr. Green noted that they are actually looking for a savings from only half of the budget, which is the portion that does not include employee costs.

Chair Wheeler noted that \$45,000 was \$.04 on the tax rate.

Mr. Cardillo said it was obvious that they were struggling with how they could get a tighter budget.

Library – Sandra Licks (Library Director), Bob Bowers, Chair of Trustees, Shelby Blunt, Treasurer of the Trustees

Ms. Licks said that they expect a drop of 14% in income and have tried to offset that with an increase in fines. They brought down the copier/printer income because people are not using this service as much anymore. Additionally, interest has gone down and they are expecting \$42,650 from incoming revenues. Ms. Licks said that they are asking the Town for \$445,100, which is a 6.2% increase over last year. The

largest reason for the increase is due to salaries and benefits, which is an increase of 5.9%. Salaries are almost 1/3 of their budget. Books went up 10% but in an effort to get budget numbers down in 2011 and 2012, per the request of the Budget Committee, they dropped their book expense. They are just now bringing their book budget back to where it was in 2010. The remainder of items constitutes only a slight increase. Their "Supplies" line item is being reduced by \$1,400 which is a 13% decrease. Their "Equipment" line item includes computer maintenance, which is 40% higher. Their computers used to be in the CIP but are now in their operating budget so now when they need a computer it shows up in their budget line. The overall cost for equipment is an increase of about \$3,500 which is 19% of their budget. With regard to "Programs" they saw a minor increase for adult programs and a decrease for children programs, so Ms. Licks felt they were balanced. For "Fuel" they had put in \$14,000 last year and so far have spent \$3,700. They put in \$12,500 for the next fiscal year but will look at the figures again to see if they can lower it even more before the final budget hearing. Ms. Licks noted that the library will be part of the cleaning company discussion, as the Town is still working on finding out who will do maintenance and cleaning since their current cleaning company has indicated it will no longer service the Town's buildings. .

Mr. Bowers said the Board of Selectmen asked about computers and professional development at a prior meeting. He said that professional development is important. They have four librarians who need to maintain their professional status and he opined that to do this was not a huge expense. They feel the training is essential for what they do. With regard to the computer piece, Mr. Bowers said that they have a large number of computers and their assessment is that every computer there is necessary. If there were any savings in cost it would be for replacing a computer down the road. Keeping them there is not an issue.

Mr. Bowers said that their hope is to look at each purchase to see if they can do what they need to do in a different way or to reduce the cost. The net result is an increase of 5.2% which is what they anticipate their expenditures to be.

Mr. Cardillo noted that salaries for the library made up 75% of the budget, not 1/3 as Mr. Bowers had said. Mr. Bowers agreed that employee costs were 2/3, not 1/3. He added that \$155,250 is the budget they are looking at. The rest is employee costs. Mr. Homan asked if they have looked at staffing levels. Mr. Bowers said they have to have a certain number of people there when the library is open. Volunteers and part-time help can be there, but they have to have "go to" people available during open hours. Ms. Licks said in 2008 they cut a full-time position, an employee who served as the custodian, saving the Town \$50,000. They subcontracted out the cleaning portion which has now been rolled into a town-wide cleaning package. Ms. Licks said half the hours are worked by part-time employees and half are worked by full-time employees.

Mr. Dufault asked if an increased use of computers for accessing books would decrease their need for staffing. Ms. Licks said it was just the opposite because now people have questions about the computers and how to use them.

Mr. Green asked how they track the usage of the library. Ms. Licks said they keep track of people coming in and the number of items lent out. He asked for the trend of those coming in. Ms. Licks said that it is mostly residents but that there are about 140 non-residents who pay \$50/year to use the library. It was asked if the library could raise the non-resident fee to \$75. Mr. Bowers said that they saw a big kickback after they raised it from \$30 to \$50 a few years ago. They keep looking at that possibility, however, as non-residents are getting a big benefit for \$50/year. Ms. Licks felt that the library was an economic driver in some ways, and that they bring people to the town to shop and visit restaurants.

Ms. Bedard said although she is a big supporter of the library, she wondered if they could decrease the hours of operation. She wondered what that would do to the payroll. Mr. Bowers said it would not affect full-time employees but it would affect the part-time pay. There are people who cannot come to the library during the day and come during the two nights that it is open. Ms. Licks said that it is slower during the winter at night and is busier in the summer. Ms. Bedard said she loves the library and is an evening user but had thought about this possibility to lower costs.

Mr. Green wondered about the total cost of the library over the last 10 years. Chair Wheeler said it is \$500,000 per year. Mr. Bowers said their attempt is to get the library in a position where the repair budget takes care of the ongoing costs of the building so it will not need serious ongoing capital improvements.

Ms. Bedard wondered what the age bracket was for those who gave kickback when they increased the rate. Ms. Licks said that it came from all ages.

There was some talk about digital e-books and how that program works.

Mr. Homan asked how the Town was doing consolidating the computer systems at the various town buildings. Ms. Hallquist said the Police, Town Office and Library are currently using the same vendor. It was not clear that any financial benefit was being procured due to this arrangement, but it is being evaluated.

Mr. Homan asked why the Town was not running alarm systems in through New London Dispatch. Chief Seastrand said that alarms have to go through a monitoring system so that the calls do not tie up the New London Dispatch. Things such as power surges can cause an alarm to go off and once that happens, systems send an automated dialing voice system which can't be shut off. It is a programmed thing and it ties up the lines at dispatch. Other calls are coming in as well and they cannot deal with all the alarms and calls during these situations.

Mr. Homan asked if the Town saved money after bidding their electric out. Ms. Hallquist said they are seeing some savings. Ms. Johnson said it has gone down just pennies. Mr. Homan asked if the library had bid their electricity out. Ms. Licks said they had not and they currently go through PSNH. Mr. Homan suggested going through a vendor that could give a discount. Ms. Hallquist would provide the necessary information to the library to find a suitable vendor.

Chair Wheeler noted that a letter to the Budget Committee that came from Mr. Bowers at the time of the recent bond. In it, Mr. Bowers said that the library would ask for a maximum of \$25,000/year after they got the bond. Mr. Bowers said he thought the number was \$30,000 or \$35,000 which is what he tried to match his CIP request to. He admitted that they had started out with a \$45,000 request and decreased it to \$35,000. He will revisit the issue and check the records to find the correct figure.

Chair Wheeler felt that if the library was getting less revenue, that it is questionable for them to ask the Town to make up the difference. He would appreciate it if they could find some other places to get the money from in their budget.

Mr. Bowers noted that the Trustees are anticipating less donations being given to the library in the upcoming fiscal year. Ms. Blunt said that more gifts are given to the "Friends of Tracy Library" which is a 501(c)(3) than to the "Tracy Library."

The "Friends" do special projects such as the e-book program. They have also purchased chairs, an AV system, and window blinds. Mr. Bowers noted that increasing the non-member fees would require a vote by their board.

Mr. Hudson asked if there had ever been any resident fees charged for the use of the library. Ms. Licks said that they consider fines to be user fees. Mr. Bowers did not know that they could charge residents and said he knows that the board does not feel they should. Residents pay taxes and part of those taxes go to support the library.

Ms. Bedard hoped the library could come back with some cuts and did not want to see the extra funding come from CIP.

#### Public Works Department – Richard Lee

Mr. Lee said he would go through his budget line by line and let them know what went up or down.

#### *General Government Buildings*

“Pleasant Lake Dam Maintenance” is up \$14,500 which is an estimate to fill the cracks on the face of the dam. The State has asked the Town to monitor the cracks in a letter of deficiency. The cracks widened during the past summer and it was thought that during the lake draw-down this summer it would be a good time to fix them.

“Pleasant Lake Boat Launch” has \$5,000 suggested but the engineer’s estimate came back at \$45,000 for engineering, permitting and construction and they would need to have the design approved by the State. Mr. Lee said that if the Town wants the Department of Public Works to try to fix the launch and leave it as a shallow launch, they could do so. Otherwise, they would need to raise another \$40,000. Mr. Lee said he has not discussed this with the Selectmen yet as the figures from the engineer’s estimate had just come in. He reminded the committee that the Town paved the launch about 20 years ago and over time, a hole about 2’ deep and 4’ wide has been created by people power-loading their boats onto their vehicles.

Mr. Prohl wondered if they could roll this work into the dam repair, as they would probably be paying for it via a bond. Mr. Lee said that a lot of people have been complaining about the launch recently. Mr. Wilson said he did not see putting \$45,000 into this project now but thought when they take the lake down, the Public Works Department could fill in the hole and level it out. They could look at the possibilities of repairing the launch when they do the work to the dam. He thought this solution would give the Town another five years with the current launch.

“Cemeteries” is up \$6,400 for equipment. Mr. Lee said he was asked to look at purchasing a zero-turn lawnmower, which is more expensive than the standard lawn mowers he has been purchasing. He did not know how much time a zero-turn mower would save his department, but said he is willing to try it. In two years they may buy another zero-turn if they find it is a better machine. Mr. Homan said he was 100% convinced that it would save labor hours. If they are able to cut part-time labor because of it, he was in favor of the more expensive mower. Mr. Lee said they wouldn’t be able to cut any part-time employees due to the use of this type of lawnmower as they have just one cemetery employee since letting one go three years ago. The second mower is used in-house by the Department of Public Works for the rest of the mowing in town. Mr. Lee noted that Old Main Street cemetery would most likely be expanded in the next year or so.

“Highway Administration” is up 6% but that takes into consideration the extra pay period.

“Highway Part-Time Wages” is up \$21,000 due to the new part-time Facilities Manager position. Mr. Homan wondered if this would be an in-house person. Mr. Bianchi said they were not sure yet. They had to come up with an hourly rate and timeframe. If they decide to subcontract the work out, they will do so. \$21,000 is a place-holder to keep this amount of money aside for the services this position will be

responsible for. Mr. Bianchi specified that this employee will be doing such things as minor painting, carpentry, and maintenance. It could be listed under Mr. Lee's budget but that does not mean that the employee would be working at the highway department building.

"Highway Drug and Alcohol Testing" is down by \$50. The department has to be tested on a random basis and they have to have one person tested for drugs every quarter and two people tested for alcohol. They have to have funds available to cover drug and alcohol tests, which are mandatory, to enable the department employees to keep their CDL licenses.

"Highway Cleaning for Uniforms" Mr. Lee said that the company they use is G &K. They put this contract out to bid and it is a five-year contract. October 2013 the contract will be up.

"Highway Office Supplies" is \$500 for computer software as they need to make some upgrades. There is an equipment maintenance program they'd like to use which can help them determine what a truck costs per year.

"Highways and Streets" and "Paving and Shimming" have been combined. Mr. Lee said he did not want to do any grinding and paving over the next five years but instead continue to shim the roads they already have. Many roads have ruts in them, making it hard to plow and maintain. Combining these line items and changing his paving plans has dropped the amount spent by \$20,000. This shimming will be done in May and June.

Mr. Green asked if they bid the shimming work out. Mr. Lee said they did. He noted that the contract would go out to bid twice due to the two different times the work will be done. Contractors will not bid out for too many months into the future because the cost of tar fluctuates with the cost of gas.

"Sidewalks" are up \$3,000 because there are a lot of sidewalks that need attention. Mr. Lee noted that ADA states there should be no cracks over 1/4" in width, so they need to have top coats put on them. The Public Works Department will do this work in May and June to spend the current budget's funds and then do more top coating in the summer using the FY2014 funds.

"Tree Takedown" is down by \$3,000. Mr. Lee has used the same contractor for about 15 years who charges \$1,500/day to cut, chip, grind the stump and haul materials away.

"Care of Trees" has \$5,300.

"Salt". Mr. Homan wondered how much salt Mr. Lee anticipated using this year. Mr. Lee said they have seen about half the amount of snow that they usually get so far this year. If the Budget Committee takes his budget down for salt and they have a "regular" winter, there would be a problem.

"Equipment Maintenance" is down \$6,000 because the grader has been refurbished.

There was some discussion about fuel used by the Town for the highway equipment. Mr. Lee said they have diesel at the garage and the only vehicles they have that use regular gas are the two pickups and the lawnmower.

"General Supplies" is up \$4,300. Mr. Lee said that the trash cans at Elkins are in bad shape and he would like to replace them with better quality cans. Crows and ravens are getting into the cans and making a mess of the garbage. He added that the fence at Elkins is in bad shape too, which is \$3,500 to replace. Next year they plan to buy trash cans at Bucklin Beach.

“Tires” is up \$2,000. All six tires on the grader need to be placed, as do the two tires on the front of the backhoe. The roadside mowing tractor might need tires as well, and the trucks need new tires (a total of eight). Mr. Lee noted that the Town purchases tires under the State contract.

“Equipment Oil” is up \$800. Mr. Lee explained that oil is going up. Semi-synthetic oil can be used on the new trucks but it is more expensive than standard oil.

“Gravel” dropped by \$1,000.

“Salt” is up \$3,000 because the price of salt went up by \$5 per ton. Next year it is anticipated that it will go up \$10 per ton. Mr. Lee said that they may be able to look into cooperatively buying things such a salt to save the Town some money.

“Drainage” has dropped by \$500 , which is the price of one manhole to be repaired.

“Street Signs” is down \$500. Mr. Lee said that new signs must be retro-reflective. These signs cost \$95 as opposed to the \$50 they used to cost. He also noted that many road signs in town get stolen and they have to replace them.

“Street Paint” is up \$400 simply because the price of paint has increased.

#### *Transfer Station*

“Brush” went up \$4000. Mr. Lee said that there is a company that will come in and grind a pile of brush the size of an average house, in one day. He thought this would be good to add into the budget in the event that their brush drop-off in Springfield is no longer available. He pointed out that the Town was not able to bring its brush for disposal for a few months last fall, causing an inconvenience for many citizens.

“Hazardous Waste Day” went up \$6,000. Mr. Lee said that the Town offers this every other year and are part of a collaboration with other towns that enable New London residents to participate in other hazardous material drop-off events.

“General Government Buildings” has a \$2,600 increase. Mr. Lee said that they were been under-budgeted at \$2,400 last year.

“Sewer Building Heating Fuel” is up \$1,650. This is to pay for heating in the sewer building and to run the generators at the main plant, Edmunds Road, Job Seamans Acres, High Pine and Georges Mills.

“Computer Support” is up \$500. Mr. Lee said they are trying to have bills changed to show the deduct meter numbers. They also want to update some software. They want a file for every manhole to keep track of what has been done to them. They are still seeing some increases after a rainfall so some manholes need to be worked on and residential drains need to be checked to make sure they aren't being diverted into the public drainage areas.

“Equipment Repair” is down \$10,000. Mr. Lee said that they have finished some projects and are seeing less manhole work as they go forward.

Chair Wheeler thought Mr. Lee had done a great job on his budget over the last couple years, and especially with his open-mindedness in not replacing one employee last year.

Chair Wheeler said that they will do CIP and administration budgets on February 20, 2013.

Mr. Homan wondered about the Conservation Commission coming in to meet with the Budget Committee. Chair Wheeler said that he was not planning to have them come back in. He explained that they are in the preliminary stages of purchasing an easement in conjunction with the Forest Society and the parcel's owner. They are currently waiting for an appraisal and it may come before Town Meeting this year as long as they get an indication from the Conservation Commission by the April 9<sup>th</sup> cut-off date.

#### Selectmen's Update

Mr. Bianchi said they have hired a part-time temporary Recreation Director who will start on the 25<sup>th</sup> of February and go until June. They will use the remainder of Chad's salary to cover this position.

Mr. Bianchi explained that they had some negotiations with the school board on the 1941 building. Ms. Hallquist said that Dan Wolf (School Board Chairman) indicated that the school board accepted the Town's request for an additional year to investigate the possible acquisition of the 1941 building before asking voters to consider a lease. The option to allow this additional time will cost \$10,000 and will give the Town until May of 2014 to look into the building and see if it is financially feasible. Ms. Bedard wondered if they could get a donation for the cost of the option. Ms. Hallquist said this was possible as the Town can always accept gifts and donations. She explained that the School Board wants to help the Town out and give them the time needed to get the information needed for the voters to decide. The School District will continue to pay all costs associated with maintaining the building. There is no lease at this point, only an option to enter into a lease by May 2014.

Chair Wheeler and Mr. Cardillo wondered if the Selectmen had discussed how the research on the building would be paid for once the option was paid for. Mr. Bianchi said that this would be part of their discussion the next meeting. He added that the 1941 committee understands that they need a lot more information. He thought the Budget Committee would be happy with this decision so they can step back a bit and not feel so rushed.

Mr. Cardillo said he received a call from David Webster who had questions about process and procedure. Mr. Webster was present at the meeting and spoke. He said last year was the first Town Meeting he attended as he goes south for the winter. He has been a part of other town meetings in the past. In his experience, the moderator met with other agencies and elected officials and went through the warrant before Town Meeting. He was very upset last year at Town Meeting because the process for the discussion for warrant article 2 was a presentation by the representative of the Police Department and then the Moderator accepted a motion to call the question. He felt that the voters were not able to hear from the Board of Selectmen or the Budget Committee, who had previously taken a strong position on the issue. His recommendation would be that the Budget Committee and the Board of Selectmen go to the Moderator before the meeting and have him pre-advised of what would be coming up and that they would like to speak. He suggested they get to the Moderator prior to the meeting so that he will know they want to be recognized.

Ms. Hallquist pointed out that the Selectmen or Budget Committee do not always know in advance when a citizen will stand up at Town Meeting and make a motion, so it is difficult to warn the Moderator ahead of time that they want to address something. Each article is assigned to a Selectman and the Selectman does speak to the issue, prior to any motions that may be made from the floor. Mr. Webster said the Moderator should allow all conversation from the Town before taking citizen comment. Ms. Hallquist agreed and noted that the Moderator plays an important role in making sure voters are able to offer comments.

Mr. Bianchi noted that they have a process similar to Mr. Webster's description. The Selectmen do speak on an article before any comments from citizens. The Selectmen are prepared with the facts to answer

questions from the public. Things can change at Town Meeting and the Moderator does not need to discontinue the debate before calling the question. It was explained that most Moderators will note that they won't entertain a motion to call the question before all who want to address the issue are done speaking.

**IT WAS MOVED (John Wilson) AND SECONDED (Bill Green) to adjourn the meeting.  
THE MOTION WAS APPROVED UNANIMOUSLY.**

The meeting adjourned at 9:45pm.

Respectfully submitted,

Kristy Heath, Recording Secretary  
Town of New London