



TOWN OF NEW LONDON, NEW HAMPSHIRE

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Budget Committee Meeting Meeting Minutes of November 30, 2016

BUDGET COMMITTEE MEMBERS PRESENT: Rob Prohl (Chair), Joe Cardillo (Vice-Chair), Phyllis Piotrow, Bruce Hudson, Suzanne Jesseman, Lyndsay Lund, Chris Lorio, Nancy Rollins (Board of Selectmen's Representative)

BUDGET COMMITTEE MEMBERS ABSENT: Tyler Beck, Colin Campbell

STAFF PRESENT:

Kimberly Hallquist, Town Administrator
Wendy Johnson, Finance Officer

OTHERS PRESENT:

Richard Lee, Public Works Director
Jay Lyon, Fire Chief
Ed Andersen, Police Chief
Scott Blewitt, Recreation Director
Peter Bianchi, New London Resident
John Wilson, New London Resident
Donna Larrow, Police Department Administrative Assistant

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

Approval of Minutes

IT WAS MOVED (Phyllis Piotrow) AND SECONDED (Suzanne Jesseman) to approve the minutes of September 14, 2016, as amended. THE MOTION WAS APPROVED UNANIMOUSLY.

Selectmen's Report

Selectman Rollins said her report would be addressed in #5 of the agenda.

Committee Reports on Visits to Town Departments

Lyndsay Lund: Police Department

Ms. Lund said that she met with Chief Andersen in October to go over the budget for the Police Department. Increases involved part-time wages, software, and equipment. She learned that there is a large skill-set among the part-time officers who are seasoned veterans. This is helpful to the department. Ms. Lund reported that dispatch receives about 1500 fire related calls per year, 700 of which are for the Town of New London. More training is needed for the dispatchers who handle these types of calls. There was discussion about the salary study and the fear of officers leaving New London for other nearby towns that pay more.

Lyndsay Lund: Fire Department

Ms. Lund said she met with Chief Lyon and discussed the pay grades/levels of the firefighters. She went on a tour of the facility and was able to see the trim that needs to be replaced. Ms. Lund learned about the capital reserve funds that are lacking in order to purchase a new tanker. More funds are needed to make up the shortfall.

Chair Prohl thanked Ms. Lund for her reports.

It was asked that the Selectmen provide a summary of what they decided as far as salaries go, for the Budget Committee to take into consideration in their budgeting process.

Library – Colin Campbell (report read by Chair Prohl)

Chair Prohl said the library budget is the same as it was last year. There are still maintenance and drainage concerns. They will do the drainage repairs in the spring of 2017. The library hired the same consultant to do a compensation study for its employees. They will be receiving the consultant's recommendations soon.

Mr. Hudson asked why the library did their own compensations study. Ms. Hallquist said the law allows the library trustees to handle their own employees, make their own personnel policies, and set their own salaries. Unlike other town departments, the library gets its appropriation paid over monthly to be spent by the Trustees. The Trustees could have joined in on the salary review done for the town employees but decided to do it on their own at a later date. It is up to the library trustees as to whether the library goes with the Town's step plan or to use their own.

Recreation – Chris Lorio

Chair Prohl said he, Mr. Campbell and Mr. Lorio met with Mr. Blewitt (Recreation Director) and some of the Recreation Commission members and talked about the revolving fund, the van and how it is set up in the budget currently. It was noted that the Selectmen decided to keep it the way it is for FY18. The Budget Committee members were pleased to see the summary Mr. Blewitt made to illustrate the programming and the needs of the department. There was a proposal about having a capital reserve fund for the van. The Selectmen did not favor doing this, however. There was also discussion to increase funding for Recreation Facilities, and it was thought that the current amount of \$50,000 in the Recreation Capital Reserve Fund was sufficient.

Mr. Lorio asked Mr. Blewitt if there had been any changes to the beach hours after they had met. Mr. Blewitt said no changes were made that would affect the budget.

Ms. Piotrow noted the success of the Recreation department's first chili fest, held in October.

Public Works – Phyllis Piotrow

Ms. Piotrow said the Public Works Department was not expecting any major changes in operating expenses. There was discussion of salaries and perhaps a 1% cost of living increase and maybe step increases for the employees. She noted that Mr. Lee, Public Works Director, had not received a pay increase in several years.

Ms. Piotrow said Mr. Lee would like to purchase a mower and a sidewalk tractor from the Capital Reserve Fund. During FY2017, the Public Works Department will complete Brookside culvert #1, close lagoon #1 and complete the sand/salt shed. Mr. Lee noted that the salt shed has been completed since he met with Ms. Piotrow. Ms. Piotrow said for consideration of a bond in 2018, they could include the Pleasant Lake Dam, Brookside culvert #2, closure of the last two lagoons, an engineering study for

Goosehole Road bridge, and a possible new culvert for the Pingree Road bridge, and some small paving jobs.

There is work that needs to be tended to at Whipple Hall: life safety improvements, small repairs, and roof work. These things won't be done until decisions are made about what to do with the hall and where to house Recreation.

The Academy Building needs some work as well; there are options on how to repair the roof. There has been talk about bonding for this work and getting it done sooner than later. Mr. Lee said the sidewalk tractor and the mower are slated for purchase in FY2018.

Chair Prohl said it is still up in the air about where the Recreation Department will be housed eventually. It was mentioned that a possible move to the SAU building may be an option. This information will help the Town decide what to do with Whipple Hall.

Ms. Johnson said the budget as presented would support the debt service of \$883,000 borrowing over 20 years.

Ms. Lund said she is on the Recreation Commission and hasn't heard anything about the Recreation Department moving to the SAU building. Mr. Blewitt said he has heard about the idea but that is all. Selectman Rollins said it would make sense to move the Recreation Department to that area; it could help with consolidating the Town's recreation programs and the Outing Club's offerings.

Administration and Buildings – Chris Lorio

Mr. Lorio said there wasn't much change in this year's Planning and Zoning budget over last year's. Ms. St. John (Planning and Zoning Administrator) had very small increases including office supplies, travel/meals, and Regional Planning Commission membership. There was only a \$650 increase and there were salary compensation increases.

Mr. Lorio said Assessment has an increase in services of \$1,400. Legal fees increased from \$25,000 to \$30,000. They have been spending an average of about \$32,000 per year, so this increase will help with the usual shortfall.

Mr. Lorio explained that there has been a decrease on leave time buyout by \$11,500. There has been an increase of \$4,900 for educational reimbursement for employees who wish to further their education.

Review of Capital Reserve Committee Subcommittee Report

It was noted that the minutes of the subcommittee meeting were available. There was not much of a difference between the Selectmen's numbers and what they came up with as a subcommittee. The Fire Department had some changes in funding to make up the difference in the tanker Capital Reserve Fund. The radios and the SCBA equipment funds are being deferred until the following budget; they will double the deposits for those items at that time.

The Master Plan has been funded at \$5,000/year and they will start saving \$10,000/year in FY2019 to accumulate \$50,000. The subcommittee wasn't sure if the Selectmen wished to increase this; it wasn't a definite of when they wanted/needed to revise the Master Plan.

The Town Vehicle & Equipment Repair Fund would have another \$12,000 deposit in FY2018. The goal is to reach \$36,000 and then stay at that amount.

Mr. Cardillo asked about the funding for the fire department equipment going from \$120,000 to \$150,000 and then down to \$75,000. Chief Lyon said he tries to keep the funding request steady each year to avoid a bump in funding down the road.

Dispatch Equipment Funding – Chief Andersen said he asked for \$25,000 per year. Mr. Cardillo asked why there was \$34,000 was in the budget. It was noted that this is the amount included in the formula used to bill the other towns for the dispatch service.

Bridge Repairs – it was noted that in the year 2027 the schedule shows an amount to get the Goosehole road bridge done. Mr. Lee said State funding is all used up through 2026. An engineering study needs to be done sooner to get New London into the system and get included in the next plan of funding. The grant would be for 80% of the bridge repair costs.

Mr. Cardillo noted in dispatch, \$34,000 is in there for capital reserve. Why? Ms. Hallquist said the \$34,000 stayed in from the billing. This is the same formula as was used last year for billing the member towns. Mr. Cardillo said he sees Dispatch projecting less revenue in future years; are they putting reserves into what they are calculating? He recalls that they were going to do the right thing and get dispatch where it needed to be, and then they would feel comfortable charging more for their services and putting some away for future repairs/equipment replacement. Ms. Hallquist said it looks like revenues are down because New London's calls have been up and the towns are charged by call volume. New London is charging less because they are responsible for more of the calls.

Sidewalks – \$30,000 per year. The Selectmen may put sidewalks into a bond.

Library Maintenance, Gravel Roads, and the Sewer Department are all the same.

Mr. Lorio asked if the Selectmen had discussed adding more paving to a potential bond since the cost of asphalt is less at this point in time. Mr. Lee said the Selectmen decided to keep the paving schedule as-is.

Proposed Borrowing

It was noted that the Selectmen had come up with a possible bond which would be for 20 years. \$883,000 is what the Selectmen came up with which is a placeholder and they will have further discussions about what projects can be done within those parameters.

Mr. Lee discussed the details about the Academy Building roof repair/replacement. He was not sure about costs but recalled that Frank Anzalone had a couple options he presented to the Selectmen in the past.

Mr. Lee said there are two sections to Whipple Hall that are often referred to as one, Whipple Hall and the Buker Building. They are getting estimates for both buildings for projects that need to be done. They have looked at repairing things in the front of the building. The back of the building (Police Department and Recreation Department) are a separate issue. If Recreation moves, the heat exchangers will still be there. There is no sense in trying to do anything in the Buker section of the building until they decide what to do with the rest of the building. He is comfortable monitoring the Buker section until they decide the plans for the building, and repairing the Whipple section.

Ms. Lund asked if Whipple was on the historic registry and if they were restricted to making changes to the exterior. Ms. Hallquist said the whole building is on the registry and there are no restrictions.

Mr. Lee said he was asked to get recommendations for a rebuilt cupola on Whipple Hall. They asked a contractor to rebuild it. The contractor who was chosen did not rebuild it; rather he patched and painted it. This is not comparing apples to apples and doesn't think it is fair to go out for bid in this way. Rebuilding and patching/painting is not the same estimate. This kind of thing angers contractors who then decide not to give an estimate for the Town again.

Selectman Rollins said Frank Anzalone provided three options for the Academy Building roof. She asked Ms. Hallquist to get these options provided by Mr. Anzalone and provide it to the Budget Committee. Mr. Hudson feels this is an important aspect of the possible bond; they need to protect their investment or else they will have further problems down the road.

Ms. Piotrow feels they should have a target to put a percentage (10% for instance) of the operating budget into the Capital Reserves. Her thought is to put more money in the capital reserve fund instead of borrowing years down the road. Mr. Cardillo said they are already at 10% of the operating budget going into the capital reserve. He said in philosophy he agrees with her, but this part of the budget is a moving target.

Mr. Lorio said the capital reserve takes into consideration regular goings on, it doesn't address catastrophes.

Chair Prohl said that Bill Helm (Board of Selectmen chair) feels that to keep the budget increase under 3% they should make use of bonds instead of putting money into the capital reserve. He asked Selectman Rollins to discuss the budget and compensation this year.

Selectman Rollins said the Selectmen have been working on the compensation topic for a year or so and asked Department Heads to be prudent when asking for things in the FY18 budget. She feels they have done a good job doing this. The Selectmen made a recommendation in 2017 to have a rate of pay that was in the midrange. Base pay for salaries had not been addressed in the last 10 years. They are looking for fairness and equity for the employees and to remain competitive. They need to train people; they invest in their employees and want to keep them.

Selectman Rollins said the budget includes a 1% COLA based on the August CPI, which has actually gone up a little bit since their decision, but they decided to keep it at the 1%. This is about \$25,000 for the FY18 budget. A pay grade step program reflecting the low, mid and high salary ranges proposed in the study would be implemented. This program schedule has 18 steps. For an employee to move to the next step, it will be done on the employee's anniversary date and a satisfactory performance evaluation. All evaluations need to be signed off by the Selectmen.

The Town Administrator will convene the employee committee to revise and update the personnel handbook. Proposals for revisions will be based on market equity and affordability. They are looking to have this done by February 2017 with a presentation to the select board.

Health insurance costs will go up in 2018 from Health Trust. A request was made to have Ms. Hallquist look into another option (they have been given three options from Health Trust). There will be discussions about paid leave time, policies for carry-over, cash out, and a sick time bank. They need a policy for when an employee reaches the top of their pay grade.

Health Agencies Decrease – Selectman Rollins said this decrease is because the cost of the ambulance service has gone down.

Chair Prohl thanked the Selectmen for their work on the compensation study and plan. He feels it is a great accomplishment.

Mr. Cardillo said it feels good to know everyone has done their portion of work coming into the budget season. He said the work on the compensation is great. Last year they allotted \$80,000 for the compensation pool. Ms. Hallquist said the salary increases will show in each department's budget line. Those budgets will look overspent and the \$80,000 will show \$0 expended.

Mr. Cardillo noted that the Saturday budget training he attended with some of the Budget Committee members was valuable and they learned about revolving funds and other issues that were important. The van lease is sure to come up again. It needs to be addressed about how the funding changed from how they decided last year. Chair Prohl said for the coming fiscal year the Selectmen recommend that the Town will make the payment out of the operating budget and there will be no payment from the revolving fund for the van. The Selectmen also came up with a plan to take some money from the recreation budget to offset these kinds of expenses.

Mr. Cardillo said it is disingenuous to do something different after they had an open and honest discussion about the plans for the lease. The plan was to fund the van from the revolving fund. Ms. Hallquist agreed and noted that the FY2017 budget presented at Town Meeting showed an appropriation of \$8,500 in the recreation Department and revenues of \$8,500, the source of the revenues was the revolving fund, for the van. She explained that to get the \$8,500 out of the revolving fund Mr. Blewitt would write a requisition for the funds and the request would need to be co-signed by her or the Selectmen. Mr. Cardillo suggests going back to look at the minutes of the Budget Committee as he did not see why there should be any question now about whether the revolving fund would be paying for the van at this point as it was agreed upon already.

Mr. Cardillo said they decided that if they can have the funds go in as a revenue item and go out as an expense, then it is tax neutral. Mr. Blewitt agreed this to this one meeting and then the next week, he no longer agreed. The minutes will reflect this. He feels the Recreation Commission and Mr. Blewitt have done a dynamic job. His issue is that when they come to an agreement and a plan, how does it go forward?

Ms. Hallquist said the board wanted the \$8,500 coming in as revenue. The revenue sheet doesn't show where it is coming from; however they all understood it was coming from the Revolving Fund. It is a wash. Chair Prohl said the money will now come from other types of activities that bring in money. It will keep them from arguing about the funding of the van each year.

Ms. Lund said no one was being disingenuous about the funding and where it came from.

Mr. Blewitt agrees with Mr. Cardillo and remembered it the same way. He has until June 30th to pay for the lease. It is not happening this way again next year. Mr. Cardillo recalled this was going to happen for five years. Mr. Blewitt said the changes going forward are not the recreation commissioners or his requested changes.

Chair Prohl said it would be better to say as of June 30th if the revolving fund is over X\$ (specify an amount), the money goes into the general revenue for the Town. Mr. Cardillo believes there is a good reason to have a revolving fund and he understands it. Selectman Rollins questioned if they have a fund that has expenses that are double the income, is it sustainable.

Mr. Bianchi agrees with Mr. Cardillo; the van was pushed from a couple year project to getting it right away. So they leased it. He said the revolving fund is not referenced in any of their paperwork. They don't approve or disprove the funding. There are other revolving funds in town. He agrees that they had all decided to fund the van through the revolving fund.

Mr. Hudson asked Mr. Blewitt if he intended for the funding in the capital reserves to be for a lease or purchase. Mr. Blewitt said they would like to purchase a van; saving \$5,000/year for 10 years so the purchase price is available when the time comes.

The next Budget Committee is scheduled for Wednesday, December 7 at 7pm.

Police and Fire would be changed to December 7th instead of December 14th. Public Works Department would move to December 14th.

**IT WAS MOVED (Rob Prohl) AND SECONDED (Bruce Hudson) to adjourn the meeting.
THE MOTION WAS APPROVED UNANIMOUSLY.**

The meeting adjourned at 8:41pm.

Respectfully submitted,

Kristy Heath, Recording Secretary
Town of New London