



# TOWN OF NEW LONDON, NEW HAMPSHIRE

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## **Budget Committee Meeting PUBLIC HEARING Meeting Minutes of February 8, 2017**

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

MEMBERS ABSENT: Lyndsay Lund

### **STAFF PRESENT:**

Kimberly Hallquist, Town Administrator  
Wendy Johnson, Finance Officer

### **OTHERS PRESENT:**

Richard Lee, Public Works Director  
Ed Andersen, Police Chief  
Peter Bianchi, New London Resident  
John Wilson, New London Resident  
Jay Lyon, Fire Chief  
Bill Helm, Board of Selectmen Chair  
Vahan Sarkisian, New London Resident  
Renate Kannler, New London Resident  
Joe Kubit, New London Resident  
Scott Blewitt, Recreation Director  
Sandra Licks, Library Director  
Janet Kidder, Selectman

Chair Prohl called the meeting to order at 7:00pm and opened the Public Hearing on the FY2018 budget.

Chair Prohl thanked the public and employees for attending the hearing that evening. He turned the meeting over to Ms. Hallquist to review the items in the budget.

Ms. Hallquist began by thanking everyone for coming to the Budget Committee's presentation of the FY2018 budget for the town. The purpose of this public hearing is to present the budget as recommended by the Budget Committee and to hear from attendees on areas where they feel there should be changes such as increases or decreases in the recommended budgets or suggestions for entirely new funding. The operating budget as presented represents a 2.54% increase over the previous year's budget. The budget includes increased funding for Capital Reserve Funds, which are the town's savings accounts, so when those appropriations are included, the overall budget increase is 3.28%.

The FY2018 Budget process official began in August 2016 when the department heads were asked to begin preparing their budget for submission on September 12th. The Selectmen received the budgets near the end of September and began meeting to review the budget in early October. The Budget Committee

received the budget requests at the same time the Selectmen did, so they were able to follow along as the Selectmen went through its review. The Budget Committee formally began its review at the end of November. Both boards met together on February 1st in a “reconciliation” meeting to see if they could reach agreement on areas where there were differences in the recommendations. They eventually did reach agreement, so the budget you are seeing tonight is currently recommended by both the Selectmen and the Budget Committee.

Ms. Hallquist then highlighted some of the major parts of the budget being presented, starting with a bond issue request of \$875,000 to address 4 projects:

- This will allow the town to complete the Pleasant Lake Dam upgrade that has been on the town’s list of things to do since 2009 when the state issued its letter of deficiency
- It will allow the completion of the sewer lagoon closure project that has been discussed for the past 10 years
- Making additional repairs to the Academy Building – this follows the \$300,000 that was spent last year. Primarily the work to be done includes work in the attic and roof to add insulation and to take steps to better protect the heat exchangers that are located in the attic; other items like sprinkling the building could be done if funds allow.
- A study on the Harold W. Buker, Jr. Municipal Building, which is the building that is attached to this building (Whipple) and that houses the police, dispatching and recreation departments. The study will look at whether the current space is adequate for those departments, or whether changes should be made or if entirely different locations should be investigated.

Ms. Hallquist stressed that we do not yet know exactly how much each of these four projects will cost, we have estimates, but until we go out to bid, we won’t know for sure, but the Budget Committee and Selectmen feel that the amount requested will be sufficient. If the prices come in lower than expected, then less of a bond will be taken out; any excess monies won’t be spent on other projects.

The Selectmen will hold a public hearing on the bond issue on February 21st at 6:00PM.

Other projects to be completed:

- Sidewalks will be constructed on Parkside Road and on Seamans Road
- The bridge railing in Elkins, near the Wilmot town line, will be replaced
- The sidewalks and bridge railing will be paid for by using the Municipal Transportation Improvement Fund – that is the \$5 fee charged for each car registration
- Gravel roads will be paved: Laurel & Hemlock Lanes, and some of the shorter gravel roads that cost more per mile to maintain, including Kearsarge, Birch Acres, Queenswood, Summit View, Heath Lane and Fox Run roads. Partial funding to come from the bond issue and some from the capital reserve fund for that purpose.
- Study on the transfer station to determine whether the current location will be sufficient for the town’s needs into the future or whether a new location should be sought
- Completion of the Tracy Library foundation drainage project

Wastewater Collection System (Sewer Department) Asset Management Plan: \$50,000 -

- Having an asset management will soon be a requirement of the town in connection with the town’s permit for the Sunapee Wastewater Treatment Plant. Doing this plan now will allow the town to benefit from a \$30,000 loan forgiveness program available from State DES. If the plan costs more than \$30,000, the additional funds will come from the sewer department special revenue fund and not from property taxes. The plan will document all of the sewer department assets: sewer mains, pump stations, generators, manholes etc. and evaluate their conditions, estimate life expectancy, plan for replacements.

Capital Reserve Funds (the towns' savings accounts) purchases of Equipment & vehicle:

- Tanker truck for the fire department
- Fire department radios
- A generator at the Job Seamans Road sewer pump station
- Street sweeper for the highway department. You may recall that last year voters approved funding for a street sweeper. The plan was to purchase a used sweeper, however it was never purchased as a good, used sweeper was not found. That money remains in the CRF and can be used to make this purchase.
- Sidewalk tractor and a mower for the highway department

#### Police Special Details Revolving Fund

The Police Department provides special details to various groups such as utility companies who are doing work in the roadways, special events or to business and organizations that need police coverage. The town bills for these services and the money is used to pay the officers and for upkeep of the cruisers, if they are used too. Establishing this revolving account will allow the money billed and collected to go into the fund, and payments made to the officers and other expenses to come out of the fund – there will be no need to appropriate the money in the police department operating budget. Since it is impossible to say how much will be needed in special details each year, the revolving fund is the perfect vehicle to deal with it since the money comes in and then goes out.

#### Employee compensation:

Following the compensation study that was completed in the Spring, the Selectmen made adjustments to employee salaries to bring them in line with market rates so that the town is offering competitive salaries that will hopefully keep employees, and will help to attract new ones when needed. This budget includes a 1% across the board raise for all employees on July 1st, and then raises for individual employees, on their anniversary date, based on how much is needed to place the employee into a grade on the newly adopted step system. Raises associated with the step system will depend on successful annual evaluations. I am very proud of the town's employees and feel that New London's employees are among the best of any town, so I would expect that the rate of successful evaluations will be 100%, or very close to it.

Employee health insurance may increase by as much as 10.6%. To address the increase, the employees will be contributing more for their insurance, or receiving less in the buyout. This will reduce the increase to the town by about \$11,000 to lessen the impact on the budget.

In the coming months the selectmen, with the assistance of department heads and the employee committee, will look at various health insurance options to see if there are ways to save money while still staying competitive in the area of employee compensation.

Finally, looking at page 8 of the handouts, a few noteworthy items:

- A decrease of 20.5% in the executive line is a bit misleading, there were no cuts to that line; the reduction is the result of the \$80,000 for salary adjustments that was part of the FY2017 budget but not part of the FY2018 budget. You may recall that since the Selectmen were not sure what the salary study would show, an amount of \$80,000 was included in the Executive budget to cover all of the increases for various departments. All salary adjustments are now within the each department, as usual.
- Thanks to the Energy Committee, street lighting was reduced by 50% as a result of the new LED lights that were installed over the summer.
- Health Agencies is down 17.4% due to lower New London Hospital Ambulance charges.

Ms. Hallquist concluded by thanking the department heads for their hard work in presenting well thought out and reasonable budgets, and thank you to Wendy Johnson, Finance Officer, for keeping all of the numbers straight, and thanks to the budget committee members and selectmen for considering all requests with an open mind and a willingness to compromise to reach the best possible budget.

Chair Prohl asked if there were any questions from the audience.

Mr. Sarkisian said he sees that last year some money was set aside for a street sweeper. He questions the need for this and wonders if they even need a used one. There are many companies that subcontract for this type of work. Chair Prohl said they did have a detailed discussion about this at previous meetings. The timing of contracting for this work when the Town wants it done is tricky. It will also be difficult to find a sweeper that isn't too heavy to sweep the roads without getting stuck in the spring. They talked about the town being able to sweep more roads when having their own. There is also a safety issue with bicycles and motorcycles on the roads and excess sand being present. The used sweeper was their first thought but they could not find one that fit the bill. They looked at contracting and had some estimates for doing this. The consensus and vote of the Budget Committee and Board of Selectmen was to purchase a new sweeper. If a good used one became available, they would entertain that thought. They are looking to have their own control over the street sweeping in the town.

Chair Prohl noted that both Mr. Lee and Mr. Bianchi came in with numbers for contracting street sweeping. The Town has decided that having their own sweeper was important; they didn't get a detailed search and obtain actual bids for the work.

Ms. Piotrow said Mr. Lee looked for six months for a used sweeper and couldn't find one. Sweeping needs to be done during a limited time and every town is looking for a sweeper at the same time, making it difficult to schedule. They like to sweep more often than just in the spring. There are environmental concerns as well since New London is on a hill and the sand goes into their lakes. A safety concern is that the sand makes for difficult and dangerous to ride bikes and motorcycles. This is why the Budget Committee and the Board of Selectmen agreed to purchase a new street sweeper.

Chair Prohl said there was also discussion about contracting with other towns to sweep their streets to help bring in some revenue.

Mr. Cardillo said this was a thorough discussion and he did some research himself to get some numbers. He found overwhelmingly that most towns don't have a sweeper. The issues of safety, sand running into the waterways, are not secondary issues; they are primary. It depends on when the sweeper can get onto the roads. He thought they could have farmed out the work at approximately \$20,000 a year. He was the lone vote to not purchase a sweeper. The funds are in a reserve fund to pay for this, but he felt they should keep some funds available for other equipment that may break down or need replacing. Not everyone was in agreement with this decision.

Mr. Bianchi doesn't think they have thoroughly looked into the cost to maintain a sweeper. The maintenance they need on the sweeper now is about \$10,000 and it is only 8 years old. Without knowing the number of hours they will put on the machine and how much it will cost to maintain it, he didn't think a new sweeper should be purchased. He feels purchasing a \$210,000 piece of equipment for the Town is not a wise business decision to make.

Mr. Sarkisian said he didn't think the Town should purchase something this expensive; this piece of equipment will have high maintenance costs. He also didn't think the sweeper should be used by other towns.

Ms. Nicklos said quite a few people come into the town clerk's office complaining about the sand on the streets and wondering when they are going to be swept.

Mr. Beck understands the financial burden may seem excessive. The decision was made to keep the town clean; it is a burden when the streets are not clean. They have a lot of tourism in the town and they want it to look nice.

Dr. Wilson thinks this would be a good year to determine whether or not an outside source would be adequate or not. If not, they could go ahead and buy one the next year.

Mr. Bianchi said they plan to spend \$265,000 from the Highway Equipment Fund in FY2018. What will they buy with this money? Ms. Hallquist said a sweeper, a sidewalk plow/tractor, and a mower. Mr. Bianchi asked what they spent from the fund last year. Ms. Johnson said the budget was \$252,000 and they spent \$126,250. They didn't use the funds for a sweeper because they couldn't find one. Mr. Bianchi said they put \$249,000 into the account last year. Since they did not purchase the sweeper, the account grew substantially. Why put in \$210,000 for a sweeper now? Why build up that account? Ms. Johnson said there is a 10 year plan to purchase equipment; it isn't just for the sweeper. Mr. Bianchi said he understands this. There is \$120,000+ extra in that account now. He thinks the account is way above schedule at this point of time.

Mr. Beck wonders if the concern is there is too much money in the account. Mr. Bianchi said had they spent last year what the townspeople voted on, they would have a \$430,000 balance. He doesn't know why they are collecting money to build up that account. He understands they have a 10 year plan to purchase equipment; that is good planning. This seems to be excess money.

Board of Selectmen Chair Helm said the money they did not spend this year between the loader and sweeper, is less than the \$210,000 they are proposing to take out next year. In these two years they will take out more than they had planned, thus reducing the long term balance of the account. They aren't increasing the funding because of the sweeper. They are taking more out than they would have if they bought the more expensive loader and the \$60,000 sweeper. Mr. Bianchi disagrees with this reasoning.

Mr. Lee said the fund is at \$269,000 to fund the program every year for the next 10 years to replace the equipment on the capital improvement plan. Some years there is a half a million in the fund and others they are down to \$160,000 because of purchases. It takes \$269,000 each year to keep the fund the way it should be to replace equipment. The last three years the fund has been under-funded; they took \$40,000 away two years in a row, so it actually is \$80,000 short.

Dr. Wilson said when they do a 10 year plan they have no idea if that amount is a reasonable number to put away each year or not. Sometimes things are less than predicted; they found out the fire truck was more than they had saved for. It needs to be reviewed annually to make sure the numbers are still applicable. That keeps them from making giant contributions to make up funding down the road. Chair Prohl said these estimates do get updated and they make adjustments as needed. It is their best guess; it is hard to know exactly what they will be.

Mr. Lee said every year the Planning Board's Capital Improvements Committee reviews these numbers.

Mr. Sarkisian wants to know why legal fees went up 24%. Ms. Hallquist said this year they are over on legal expenses due to two tax appeal cases. It is impossible to tell for sure what they will need for 2018, but an increase of \$5,000 is proposed. She noted that if there are fewer tax appeal cases in 2018 they will

spend less money. They usually spend about \$10,000; it's when they go to court that they spend more money. Mr. Sarkisian asked about the results of the two court cases; Ms. Hallquist noted that the town won one and lost one. Superior court cases take a lot of legal time and are expensive. The assessors do the best they can to arrive at fair assessments and sometimes property owners disagree. They try to settle beforehand but sometimes the cases go through the court system, incurring the legal fees in question.

Mr. Sarkisian said the Town just spent a lot of money on the Academy Building and now there is a proposal to do more. Didn't they just rehab the building not that long ago? Chair Prohl said they are trying to remedy the fact that the air exchangers are not insulated; they do have antifreeze in them but there is a heat loss coming up from the floor. The heat causes ice dams on the roof and leaks can occur. They looked into how they can solve the issue. The roof probably does not need to be replaced for a few years. The plan is to insulate the floor, and encapsulate the units, and possibly to insulate the roof. They don't have a firm bid at this point but Brian Carey (local contractor) came and spoke at length about a reasonable cost estimate to do the job.

Mr. Cardillo said they originally had a proposal of \$278,000 from Trumbull-Nelson. Brian Carey came and looked at it on his own time and felt some of the things listed in the cost estimate were unnecessary. Air exchangers shouldn't have been put in the attic and are causing heat loss and ice dams on the roof. Expense went down to \$125,000. Chair Prohl said the Buker building also has this design of the heat exchangers in the attic; it is an issue with buildings built a number of years ago.

Mr. Sarkisian said it blows his mind that the attic wasn't insulated properly to start with.

Chair Prohl asked if there were questions remaining regarding the budget.

Mr. Sarkisian said with all the space needs in the town, why is the 1941 Building being demolished? He knows it will cost a lot of money and noted that he has been rehabbing buildings all his life. The numbers they were getting were way too high. He wasn't blaming any individuals at the meeting. Despite the fact that the decision has been made, he thinks the Town should get it back; it is still standing. He really thinks they should not walk away from this.

Chair Prohl said this isn't a piece of the Budget at this point in time. Bill Helm was involved in talking with the school board and he may be willing to discuss what has happened. He said a lot of people in the town feel the same way as Mr. Sarkisian does.

Mr. Helm said they have put more hours into discussions with the school board than ever. The answer is that there is not a majority of the school board that will approve any use of the building to anyone. There is nothing they can do. He is convinced that they will never get a majority vote from the school board for the building to be used. Mr. Helm suggests that more people attend school board meetings to share their opinions.

Chair Prohl asked if there were any other questions. There were none.

Chair Prohl closed the public comment portion of the meeting.

Ms. Johnson said due to the fact that they have been over all the numbers in previous meetings, she was confident that only one vote was necessary for the bottom line of the budget. She said the total budget is \$9,994,653.

**IT WAS MOVED (Tyler Beck) AND SECONDED (Suzanne Jesseman) to approve the budget for FY2018 as \$9,994,653, as presented. THE MOTION WAS APPROVED UNANIMOUSLY.**

The budget committee planned their next meeting for Wednesday, May 17, 2017 at 7:00pm.

**IT WAS MOVED (Phyllis Piotrow) AND SECONDED (Suzanne Jesseman) to adjourn, the meeting. THE MOTION WAS APPROVED UNANIMOUSLY.**

The meeting adjourned at 8:30pm.

Respectfully submitted,

Kristy Heath, Recording Secretary  
Town of New London