

APPROVED
Budget Committee
Meeting Minutes
January 31, 2011

MEMBERS PRESENT: John Wilson, Connie Appel, Ben Cushing, Bob Meck, Kathy Bianchi, Jim Wheeler, Bill Helm, Celeste Cook, Ann Bedard, and by phone: Mark Kaplan (Board of Selectmen Representative)

OTHERS PRESENT: Tina Helm (Chair, Board of Selectmen), Peter Bianchi (Selectman), Jessie Levine (Town Administrator), Carolyn Fraley (Finance Officer), Richard Lee (Public Works Director), Chad Denning (Recreation Director), Jay Lyon (Fire Chief), Steve Ensign (Board of Firewards), Peter Stanley (Planning & Zoning Administrator), Linda Hardy (Town Clerk/Tax Collector), Dave Seastrand (Police Chief), Bob Brown (Chair, Conservation Commission), Rob Bryant (Chamber of Commerce), Sandra Licks (Library Director), Shelby Blunt (Library Trustee), Charlene Baxter (Library Trustee), Amy Rankins (Land Use & Assessing Coordinator), Gerald Coogan (Chair, Recreation Commission), Terry LeBlanc (New London Hospital), Donald Griffin (New London Hospital), Nancy Friese (COA), Linda Jackman (Administrative Assistant), Ed Andersen (Police Sergeant), Norm Bernaiche (Chief Assessor), Michael McElman (DPW employee, firefighter)

RESIDENTS PRESENT: Phyllis Piotrow, Hardy Hasenfuss, Joe Cardillo, Terry Dancy, Dave Cook, Bryan Jones, Renate Kennler, Bruce Hudson, Bev Payne, Terry Bingham, Rick Anderson, Wayne French, Hank Otto, David Marshall, S. Richards, Doug MacMichael, James Gaynor, Craig Howe, Ann Loeffler, Carolyn Ellison, Peter Messer, Charles Curtis, Doug Baxter, Susie Burmann, Pat & Jack Sheehan, Bill Andrews, W. Michael Todd, Gary Markoff, Erle Blanchard

Chair Wheeler opened the meeting at 7:00 PM and welcomed everyone to Whipple Hall. He noted that Mark Kaplan would be joining them from Colorado via speaker phone. They established communication with Mr. Kaplan and all in the audience could hear him. The members of the Budget Committee introduced themselves.

Chair Wheeler explained that they would be conducting two public hearings before Town Meeting. The next meeting would be February 14, 2011 at 7 PM at Whipple Hall. He noted that after they close the public hearing portion of the current meeting, he would open the Budget Committee portion of the meeting. The public hearing is meant to get input from registered voters and taxpayers who have the right to speak. The public meeting is different, as the Chair has the option to limit public discussion or eliminate it altogether. Chair Wheeler said that there would be some changes made to the budget that was proposed by the Board of Selectmen. These changes may create a new budget that would be up for discussion at the final hearing. He wanted everyone to keep in mind that this is an evolving work in progress and he felt that it has gone smoothly so far. He credited the selectmen with helping with the process by giving clear guidance to the Department Heads with regards to how increases should be limited.

Chair Wheeler handed the floor over to Town Administrator Jessie Levine to present the budget as it currently stands. Ms. Levine referred to the Budget Handout and said that primarily she would be referring to page 4, Expense Detail. She said that the Board of Selectmen, on August 9, 2010, gave the administration and department heads the direction of coming in with budgets of no more than a 2% increase. On October 4, 2010, they delivered a budget that had a 1.9% operating budget increase. The Board of Selectmen worked on the budget until November 15, 2010, at which point it was down to a 1.7% increase. Ms. Levine said that Carol Fraley, Finance Officer, and the department heads did a lot of

work to get it down further, to a 0.9% increase, and Ms. Levine noted that she had another recommended change that would bring the increase down to 0.2%.

Ms. Levine reminded those at the meeting that the Town would be bringing forward an 18-month budget, and that overall the budget is a 46% increase over the 12 months of 2010. The budget includes citizen requested services, such as a hazardous waste collection day, increased hours at the town beaches, and contributions to the milfoil prevention budget. The budget also includes outside impacts, such as increases from the State retirement system, workers' comp insurance, property liability insurance, and unemployment insurance. The budget includes some cost of living increases for some personnel. It includes a new, less costly health insurance plan with a \$250 individual deductible, up to \$750 per family. This plan has saved the town \$50,000. Ms. Levine added that the New London ambulance request went from \$93,000 in 2010 to \$132,000 in 2011 which represented 0.7% of the budget increase. She explained that she reached an agreement with the Hospital to keep the 2010 funding level in 2011 and to make up the difference in 2012, which is her recommendation to the Board of Selectmen and Budget Committee.

Ms. Levine went on to explain that the budget included \$30,000 for engineering of the Pleasant Lake Dam, which has received a letter of deficiency. The budget also includes \$30,000 for work to be done on Lamson Lane. They must keep in mind that because it spans 18 months, the new budget will include two winter seasons, two heating seasons, two town reports, and multiple elections.

Ms. Levine highlighted some specific departmental budgets:

The executive budget increased by 0.5%. This includes funds paid to the retirement system. Ms. Fraley will be retiring in September 2011 and they have to budget for two employees during the overlap, as well as for a family plan as they don't know who will fill the position and what their insurance needs will be. Ms. Levine explained that the Town Planner, Ken McWilliams, who worked for town for 18+ years, had left to work full-time in Alton, NH. Upon his absence, Planning & Zoning Administrator Peter Stanley has been taking on the bulk of the planner's work, and they have arranged to work with the Upper Valley Lake Sunapee Regional Planning Commission for assistance as needed. This saved about \$10,000 in the budget.

In the Government Buildings budgets, Ms. Levine said that the town's new cleaning contract helped them go down 6%. They are also hoping for savings on electricity once they complete a grant to swap out lights in town buildings with more energy efficient models.

Public safety has gone down by 2.7%. The Police Department budget has gone down by 4.5% as in 2010 they over-anticipated overtime due to the closing of the court in town and saw the need for officers to travel to other courts for hearings. The Fire Department's budget went up by 0.9% due to increase in fire academy fees and replacing a computer in the office.

Ms. Levine said that the Highway budget went up by 0.3% for administrative services, and the Highways & Streets budget went up by 2.8%, which includes repairing the sidewalk on Main Street between Seamans Road and Hilary Cleveland's house. The cost of that project will be offset by the \$5 motor vehicle fund. They will be spending funds to repair the town's grader, which will add 5-7 years to the life of the machine. The Sanitation budget went up by 1.6% as the result of the Hazardous Waste Collection day.

The Health Agency budget will stay roughly the same as long as her recommendation is followed to hold the 2010 ambulance budget level and settle up based on actual performance. Ms. Levine said that it was her recommendation to follow through with this to reduce the overall budget increase from 0.9% to 0.2%.

Ms. Levine said that the Recreation budget increased by 7.7%, which sounds like a lot but is only \$12,000, which equates to 0.2% of the overall budget. The increase is for added hours for lifeguards at the beaches, and to replace some sailboats.

The Library has gone up 3.8 % due to computer needs, which used to be part of the capital reserve account, but have now been put into the operating budget at the recommendation of the Capital Improvements Subcommittee. They will also need to increase their paid staffing hours due to a change in a State law which limits how libraries can use volunteer help.

Ms. Levine said that the Conservation Commission's budget has gone down by 1.7 % and includes an intern to help with trail maintenance.

Ms. Levine stated that the lake associations had requested funding for milfoil prevention of \$21,200 per year, or \$42,400 over the 18 months.

She summarized that the operating budget has a 0.9% increase and they will talk about transfers to capital reserves, which is an increase of 7.3%. She explained that the budget has a number of unusual capital expenses, including \$5.2 million wastewater bond, and the \$370,000 library bond. The hearings for these bonds will begin at 6 PM on February 14, 2011 at Whipple Hall.

Ms. Levine posed the question of how this budget would affect someone's tax bill. She referred to page 9 of the handout, and said that changing to quarterly billing and the 18 month budget impacts the tax rate. When the math is done, over the next 18 months they would actually pay a bit less with quarterly billing than with the traditional 12 month billing.

Chair Wheeler turned the floor over to the audience for questions. He asked that those wishing to speak should be sure they are a registered voter, taxpayer or non-resident department head. He asked them to state their name and to be as brief as possible.

Hank Otto said that he has lived in New London since 1996 and grew up in the town in the 1930's and 40's. He complimented the town employees, the Board of Selectmen, and the Budget Committee for the work they have done. He felt that the country needs to use really good fiscal restraint and it has to start in the grass roots and not wait until Town Meeting, where people vote yes on everything. He urged them to consider this during the budget proceedings.

Chair Wheeler said that when they started the process, they set a goal to have this be a year of priorities and to look at the budget in terms of needs and not wants. Hopefully they won't have to concentrate on that so much next year. He noted that there were still a lot of people in tough shape and thought they should all keep this in mind as they go through the final phase of the budget process.

Phyllis Piotrow commented that she has been coming to New London with her family all her life and has been living in town for the last 3-4 years. On behalf of the League of Women Voters, she has attended many of the budget hearings and said she has been impressed with the process, albeit very long. She was impressed also by the quality of questions the Budget Committee has asked, as well as the quality and detail of answers the staff have been able to give to any question. She was impressed at how "on top of the situation" the staff is. Ms. Piotrow commented about how fashionable it is to be against government, but she remarked at how impressed she has been by the good job the people in New London are doing. She asked people to think twice before making drastic cuts. She was struck by the fact that the same budget problems they see in New London and the State of New Hampshire are the same problems the

Federal Government is having. The cost of healthcare is the biggest addition to the budget, and pension agreements, which were established a long time ago, are also a problem. Ms. Piotrow cited the aging population in the country and in New London, which increases expenses and are the result of aging communities that need more care. Before they start cutting everything, they should think about being sure that they support the community and the staff, and don't cut things out for the future of the younger people in New London. She asked them to consider whether they need everything that they have or if there were ways they could give up or pay more to provide better services and support for the future generations. Ms. Piotrow commended the Budget Committee and the Board of Selectmen for their careful and conscientious work with the budget.

Chair Wheeler thanked Ms. Piotrow for attending the budget meetings and felt there was great input from audience members this year. He noted that they have had about six meetings, CIP subcommittee meetings, and that some Budget Committee members have attended School Board and Municipal Budget Committee meetings this year to help them keep in mind where they were going and provide input.

Jerry Coogan, Chair of the Recreation Commission and New London resident since 1999, said that he observed that the department heads got the message several years ago about keeping their budgets at a minimum and have provided budgets that have been whittled down more and more each year. He felt the administration, the Board of Selectmen and the department heads have done a good job getting to this point. He noted that the town's tax rate has declined for the past two years. They are at \$14.88 now. In 1997, the tax rate was \$14.33 at 100% assessment, and 1998 was \$14.66 at 100% evaluation. They have had a pretty flat budget over the last several years. They have a high tax base and a low tax rate compared to other communities. There are valuable properties in town whose owners are rightly concerned. Mr. Coogan felt that the budget presented was fiscally responsible and balanced and suggested that they accept the budget as it stands without any further reductions.

Gary Markoff, resident, noted that he is a school board representative, has kids in the town's elementary school, and pays a lot in taxes. He explained that he has spent a lot of time going through various budgets. He went to Concord on Thursday with Ms. Levine to the Legislative Office Building, where there was a New Hampshire Retirement System reform bill introduced. Previously, he couldn't understand why the school board budget kept increasing but now knows that the budget line for retirement system payments has gone from \$800,000 to \$1.6 million in four years. The State's contribution to retirement funding has gone down from 35% to 25% with no hope of returning to 35%. The shortfall in the retirement system's funding flows through the operating budget, and into the school budgets. Mr. Markoff explained that people are living longer and the insurance company's obligation to pay is pushed out further, which lowers life insurance costs. The flip side is that people are living longer because they can get chemotherapy instead of dying of cancer, or are getting stints put in to keep them from dying from a heart attack, so healthcare costs have increased. Similarly, pensions have been earning less than expected and the financial obligation goes back to taxpayers and the State. The level of unfundedness in the NHRS was 85% five years ago. Now it is 58.5%. Mr. Markoff commented that the level of unfundedness in New Hampshire is one of the worst in the country. The total debt in New Hampshire is low, but pension funding is the worst. If this continues, the credit rating for the state of New Hampshire will go down, interest costs will go up, and they will have to bear more costs for things like the bonds they want to pass now. He encouraged those at the meeting that they should pass these bonds now before the costs go up because of these outside forces. Mr. Markoff opined that the town should promote some moderate growth to add additional taxpayers into the system.

Erle Blanchard asked if there was a cap on the town's liability with regards to the hospital/ambulance situation. Chair Wheeler said that this would be discussed at the public meeting portion.

With no other questions from the floor, Chair Wheeler announced the closing of the public hearing and opened the public meeting portion of the meeting.

Minutes of January 10, 2011: After a few minor corrections and amendments, Chair Wheeler called for a motion on the minutes. IT WAS MOVED (John Wilson) AND SECONDED (Ben Cushing) to approve the minutes of January 10, 2011, as amended. THE MOTION WAS APPROVED UNANIMOUSLY.

Changes to the Budget: Ms. Levine noted that since January 10, 2011, there were changes made in the budget stemming from a change in cleaning service providers, which was a reduction of a little over \$5,000. They have also increased the assumption for the interest rate for the bonds they would be approving at this year's town meeting. Both were originally in the budget at 2.5% and 3.0% and they have been refigured at 4% based on advice from the town treasurer.

Appropriations: Chair Wheeler explained to the audience that the Budget Committee has spent previous meetings in discussion with department heads and has gone through the pages and the 300-400 line items. As of yet, they have not made any changes. He wished to go through the line items rapidly, but if there were any items members would like to discuss, they should bring a motion forward to do so.

Recreation Department – Lifeguard Hours: **IT WAS MOVED (Ann Bedard) AND SECONDED (Kathy Bianchi) to amend column 7 of line 01-4520-750-120-00 on page 16, Recreation Dept. Waterfront Staff Wages from \$45,580 to \$40,580.**

Discussion: Ms. Bedard asked for this decrease as this was the amount quoted as the cost for extra hours at the beach by Ms. Levine in the Board of Selectmen minutes of July 26, 2010. Increased hours in staffing from 5-8 PM would be about \$5,000 for the season. Ms. Bedard stated that she firmly believes that 5-8 PM is “family time,” and if there is one thing she feels they are doing wrong as parents and providers, is not enabling their families to take care of their own children. She suggested that if there was concern about the locking of the bathroom doors, perhaps the protective association could find volunteers to lock the doors between 7-8 PM.

Ms. Appel asked if they could hear from Chad Denning, Recreation Director. Mr. Denning said that the issue was brought up to the Board of Selectmen originally because 5-8 PM is the busiest time at the beach. The bathrooms being closed at night by the police was working fine. The increased lifeguard presence had to do with the number of people who were physically on the beach during those hours. They were hoping to extend their hours until 8 PM so they could have some protection at the beach. Mr. Denning noted that they have made more saves in recent years. He added that this change doesn't affect the Recreation Department but would mean more hours would need to be filled by the lifeguards.

Chair Wheeler thought the issue came about because of the need to keep the bathrooms open but not because of a need to guard the beach. Board of Selectmen Chair Tina Helm responded that originally the issue came up at a Citizens' Advisory Council (CAC) meeting where a member/parent had asked if the hours could be extended and was concerned about not being able to use the bathrooms after hours. The secondary issue that arose from the request was that there had been some vandalism in the bathrooms after hours, and they felt that supervision at the beach for a longer period of time would decrease chances that vandalism would occur. Ms. Helm said that it was by way of the Selectmen and the Recreation Commission attempting to be responsible to a citizen's request. The beach is utilized more by families at the end of the day, and there was a safety concern.

Mr. Markoff said that he works in Boston during the week and he and his wife have three young children. He feels that it was important to have the guards there to help keep the kids safe when a single parent is

there with several children who may not be able to swim. He explained that for a typical \$300,000 home a taxpayer's burden for this extra lifeguard expense equates to \$2. He asked if anyone would be willing to spend \$2 to keep any child from being at risk near the water.

Ms. Bianchi said that over the years the beach has not been covered after 5 PM and she asked how many, if any, situations had occurred where there had been serious incidences of people near drowning. Mr. Denning said that between 5 and 8 PM, parents don't tell the Recreation Department if there was an incident. He shared that they had seven saves in the last year when they actually had to pull children from the water during daytime hours. Fire Chief Jay Lyon said that there have been some calls in the evenings about individuals who were swimming and needed help getting out of the lake. They turned out to be okay, but rescues were made.

Ms. Bianchi said she felt it was family time and that there would be an increased adult presence at the beach during those hours and extra lifeguard hours were not needed.

Ms. Appel said that when she was two years old she almost drowned because her mother was engaged in a conversation at the beach. Her mother was distracted and didn't see her daughter run into the water. If 5-8 PM is the busiest time of the day, she thought the beach needed coverage. While it is family time, the busier the families are, the easier distracted the parents can become.

**Chair Wheeler called for a vote. In favor: 5 (Bedard, Bianchi, Cushing, Wheeler, Wilson).
Opposed: 5 (Meck, Appel, Kaplan, Helm, Cook). The motion did not pass.**

Library Building Fund: IT WAS MOVED (Bill Helm) AND SECONDED (Connie Appel) to change the line item for TCR-Tracy Library building improvements from \$0 to \$1 for the 12-month budget.

Mr. Helm said that in one of their meetings in the fall, they agreed it would make sense to put one dollar the line item to permit Town Meeting to provide funds for library improvements in the event that the bond did not pass. **Chair Wheeler called for a vote on the motion and THE MOTION WAS APPROVED UNANIMOUSLY.**

Fire Department: IT WAS MOVED (Kathy Bianchi) AND SECONDED (Bob Meck) to reduce the Fire Department small tools and equipment budget line item 01-4220-500-612-00 from \$6,500 to \$1,700.

Ms. Bianchi said that the request cuts out \$4,800 for the drying racks to dry the jackets for the firefighters. She agreed that the racks would be useful but felt it was more of a want than a need. If the department is not successful in getting the rack from fundraising efforts, they could ask again when things are looking better. Chief Lyon said that at the December Budget Committee meeting he had recently been inside a building that was on fire, and he had his own very wet jacket with him to show. This is something they have put off for years because of expenses. They have solicited funds recently to expand their dive program that they've spent several years on. Chief Lyon said that they would use the rack for drying personal protective clothing, which cannot be dried in a tumble dryer because it diminishes the lifespan of the gear of which the pants alone are \$2,000. They could also use this rack to dry their "dry suits," which keep people dry in the water. They've spent around \$27,000 with the dive team and are still looking for communications and face masks which are used during very cold weather. They would be happy to raise the money for a drying rack as well, but are focused on raising funds for the dive program through solicitation. He noted that at a past meeting, it was asked what Wilmot used to dry their gear. Chief Lyon explained that Wilmot has a drying rack.

Ms. Bedard asked Chief Lyon if the rack was something they could fundraise for. Chief Lyon said they could but they are specifically raising funds for one thing and don't want to keep asking for new things. The town paid for the brick and mortar of the Fire Station addition, but the Firefighter's Association put in another \$100,000 of equipment into the building, including furniture. They have asked for specific items in the past but the drying rack wasn't part of the initial request. He would be happy to send out another solicitation letter and he thanked those who had given in response to his last letter.

Chair Wheeler called for a vote on the motion to reduce the small tools and equipment line item from \$6,500 to \$1,700. 5 in favor (Bianchi, Bedard, Meck, Wheeler, Wilson) and 5 opposed (Appel, Cook, Cushing, Helm and Kaplan). THE MOTION DID NOT PASS.

Conservation Land Fund: IT WAS MOVED (Bob Meck) AND SECONDED (John Wilson) to reduce the Conservation Commission line item 01-4915-100-923-00, from \$25,000 to \$10,000 for the Land Acquisition Fund.

Mr. Meck said that the fund currently has \$419,482 in it. The money is there for land acquisition and he felt that in this economic environment, the acquisition of land would be more of a want than a need. He thought that \$10,000 would be appropriate. Mr. Meck had another concern with regards to the fund. He felt the Conservation Commission should look beyond land acquisition. They have a number of lakes surrounding them that are important to the towns. The protective associations do a fine job trying to prevent things such as milfoil from coming in, but there is always a chance that it could happen. It would cost considerably more than what is in the operating budget for that purpose and he would hope that in the coming months the Board of Selectmen and the Lake Protective Associations and the Conservation Commission perhaps expand the fund so there would be monies available for land acquisition but also to ensure the lakes are kept clean.

Chair Wheeler said the Conservation Commission came in with a very reasonable operating budget this year and he would like to support their operating budget, including the intern. The fund as it stands for land purchase is adequately funded and it would be good if the Conservation Commission could chip in a little and let them reduce the contribution, not on a permanent basis, but while times are tough. He would support Mr. Meck's motion as long as they do not touch the operating budget for the Conservation Commission.

Bob Brown, Chair of the Conservation Commission, said that they have had this discussion several times. The real number in the fund is \$422,000 and change, which is a great deal of money. This program started in 1995 and has been funded at different levels since then. Two years ago the Budget Committee and the Board of Selectmen recommended \$0 which they accepted with the understanding that it would probably be for one year. Last year they suggested \$0 again, and a petition was brought to voters and \$25,000 ended up being approved. It is important to have funds available to acquire land on their Desirable Land List, even though a vote at Town Meeting is required to spend the money. Having little in the fund would make it harder to purchase the properties. In summary, Mr. Brown said that they would be agreeable to the \$10,000 in light of the current economic times.

Jack Sheehan noted that he was part of the deliberation last year. He supports the proposal to reduce the Conservation Commission contribution, whether it is to \$10,000 or to \$0. He thought that the Conservation Commission had no specific project in mind on which to spend the money and has \$422,000 available which cannot be spent without approval from Town Meeting. If a project comes along that would justify spending the money, they'd have the opportunity to vote on that in front of the voters.

If a project should come along where they'd like to hold a piece of property, they have \$425,000 to make a down payment to hold it until it can be explored by the townspeople.

Mr. Brown replied that they do have parcels in mind but that it is difficult to talk about them in detail until they are ready to sign a Purchase & Sales Agreement. One parcel is pretty close but they can't talk about it as it is premature. He didn't believe their CIP could be used for a down payment of a parcel so it could take possibly up to a year before it is approved.

Planning & Zoning Administrator Peter Stanley noted that the capital reserve fund could be used for a variety of additional purposes and it would not be that much of a stretch to be able to use it to treat some exotic weeds, like milfoil, in the lakes.

Chair Wheeler called for a vote on the motion to reduce the Conservation Commission's Land Acquisition Fund deposit from \$25,000 to \$10,000. There were 9 in favor of the motion and 1 opposed (Mark Kaplan). THE MOTION PASSED.

Recreation Department Boats: IT WAS MOVED (John Wilson) AND SECONDED (Kathy Bianchi) to not fund the line item for the Sunfish for the Recreation Department, in the amount of \$8,000.

Mr. Wilson said that they have had, in the past, successful volunteer donations to serve the sailing program. There was an attempt to get more boats which he didn't think was strongly enough done. He was concerned that they can't seem to get usage data with regards to the use of the boats. They can only find out how many people have signed liability forms. They have no idea how many people from New London use the boats as opposed to those from out of town. Mr. Wilson noted that the Recreation Director said they would be working harder this year to get more precise data with regards to the use of the boats. Mr. Wilson opined that he would like to try to get more donations of Sunfish and would like to see the usage data with regards to the boats before purchasing new ones.

Ms. Levine clarified that the memo of November 12, 2010 from Mr. Denning to the Board of Selectmen said that they have a record of single usage (someone signing up the first time), and Mr. Denning had provided numbers showing 68% of the people who sign the waiver had New London addresses and 32% didn't. Mr. Denning had suggested that a number of the 32% have addresses that were far away and therefore must be related to New London residents and not from neighboring towns.

Jerry Coogan said he wanted to provide some background on the situation. They have been running the sailing program for the last ten years using boats from the 1950-70's. They have spent a lot of time on repairs to these boats and have put out calls for used boats. Over the past two years they have not had luck getting any usable boats, but have used parts from some boats to keep their current fleet afloat. The sailing program is very successful and gets sold out regularly. They also give sailing lessons to people and would like to buy new or slightly new boats to continue the program. One of their sailing instructors has cautioned that the boats they have now are not that safe. They would like to keep the program going but would need to end it if they could not provide safe boats.

Michael Todd asked the Recreation Department if in the event that the \$8,000 was zeroed out, where would they get money to repair their existing fleet. Mr. Denning said they put on successful programs like Dinner with Jack Frost to bring in money to put towards things like the sail boats. They have to create a way to find money to make repairs. Money for repairs is not appropriated in the budget. They have asked the Budget Committee the last two years for help but have received none. The mast holes in three of their six sunfish are rotted, which is not repairable.

Mr. Meck suggested writing in the boats as a capital improvement item. Ms. Levine said the boats were not considered capital items by the definition in the Capital Improvements Plan, as they are not \$10,000 each. She also responded to Mr. Wilson's comments about the donation requests being ineffective. They put out an ad in Kearsarge Shopper and sent emails but have not received any donations. This is not the first year they have attempted this. Ms. Levine said that if the new boats are not funded, it would be her recommendation to remove the three boats from the rotation as she did not think it responsible to keep offering boats in disrepair to the public. She opined to cut the fleet in half and monitor the use.

Chair Wheeler proposed a compromise. He was disturbed that the \$8,000 caused the Recreation budget to exceed the 2% increase that was asked of them. He proposed an amendment to the motion: IT WAS AMENDED (Jim Wheeler) to reduce the deposit to \$4,000 and encourage the Recreation Department to find two good used boats or one brand new one to keep the program alive.

Chair Wheeler also suggested the Recreation Department double their efforts to get more donations.

Joe Cardillo called for a point of order. He didn't think they could amend the motion while it is on the floor; they have to vote the first motion down before it can be amended.

Mr. Cardillo said that he has only been living in the town for a little while but has been involved in a lot of town politics in the past. He has watched department heads do their best to compromise. He felt Mr. Denning spoke well to the point of saying that the request to extend the hours will cost some money but that they don't have to do it. As a suggestion for compromise, he suggested that perhaps someone from the Budget Committee make a motion to reopen the lifeguard funding and deal with that again. He understood that it was only \$2 per household but it is easy to say that there are lots of items that are only \$2 per household that add up. His children and family do use the beaches after hours but thought it was busy only until 6 PM. Mr. Cardillo closed by noting that the Recreation Department's efforts to put on the event the weekend prior (New London Winter Carnival) was one of the reasons he and his family live in New London.

Chair Wheeler said that they needed to vote on the amendment. If it passes it becomes the main motion.

Mr. Sheehan said that whether it is \$4,000 or \$8,000 this issue was discussed by the CAC about two months ago and at that time the consensus was that they should look for an alternative to buying new sailboats, whether it be to try to get used boats or to reduce the number, but the \$8,000 did not make sense to that body of taxpayers.

The amendment was SECONDED (Ben Cushing) to reduce the deposit from \$8,000 to \$4,000 for sail boats for the Recreation Department. Chair Wheeler called for a vote on the motion. There were 5 members in favor (Bedard, Cushing, Kaplan, Meck, Wheeler), and 5 opposed (Appel, Bianchi, Cook, Helm, Wilson). THE AMENDMENT FAILED.

Doug Homan said that if Ms. Levine sent a survey out to see if they could raise money for the boats and if no one wanted to give money, that should tell them that no one wanted the boats.

Ms. Bianchi referred to Joe Cardillo's comments and asked if he thought they should move forward and approve the \$8,000 for the boats and then reconsider the request for the additional lifeguard hours. Mr. Cardillo said that he was not suggesting they vote the \$8,000 in; that wasn't his point. He thought there were ways to help the matter. He was also at the CAC meeting that was mentioned and thought that some people at that meeting said they could supply boats.

Chair Wheeler called for a vote on the original motion to reduce the funding of sail boats from \$8,000 to \$0. 5 were in favor (Appel, Bedard, Bianchi, Wheeler, Wilson), 5 were opposed (Cook, Cushing, Helm, Meck, Kaplan). THE MOTION DID NOT PASS.

Lifeguard Hours: Ms. Bianchi said that it may appear that the Recreation Department was being picked on, but that was not the intention. She thought the fact remained that at this point in time, their budget has gone up beyond what they hoped the department heads would be able to keep their requests at. At this point she wanted them to reconsider their previous vote with regard to extending the lifeguard hours and see if they might want to re-think to see if there is an area \$5,000 could be saved on an item that, by all accounts, they have managed up until now quite nicely having the beach hours as they are. It seemed like there was not an urgency to this issue as much as there is with regards to the boats.

IT WAS MOVED (Kathy Bianchi) AND SECONDED (John Wilson) to reduce the lifeguard staffing line item by \$5,000, totaling \$40,580 down from \$45,580.

Hardy Hasenfuss recalled the discussion at the CAC meeting when the issue was brought up about extending the hours at the beaches and having the bathrooms open and having the place reasonably safe. At that time he remembered there wasn't the need expressed to extend lifeguard hours, but more the safety of the building. He was surprised that they now need to increase lifeguard hours to keep the bathroom open. He uses the beach very often from 5-7 PM and finds the beach is being used in an orderly manner and has never seen a dangerous situation there. He also doesn't see the need to increase lifeguard hours at this point of time and felt the people there at that hour were very responsible.

Chair Wheeler said that was his recollection as well. It started as a concern to use the bathrooms after hours. Ms. Levine said that she wanted to make the record clear. The reason the bathrooms are locked at 5 PM is because there is no staff there to maintain them and keep them from being vandalized. There has been a lot of vandalism over the years. The Recreation Director was not present at the CAC meeting, but the conversation was started by a mother who said she goes to the beach after hours and was frustrated that the bathrooms were locked. They proposed that for this summer they would have the police lock up at the end of the day when they could get to the beaches. The conversation morphed into having staff at the beaches at the time that people were there and wanted the bathrooms open.

Ms. Bianchi asked if they voted down the extended hours, they could still have the bathrooms open. Ms. Levine said that they would give it a shot. Ms. Appel said her vote was based that this was one of the busiest times of the day. She didn't understand why they would not have lifeguards tending the beaches at the busiest time of the day. She added that there were many statements being made about people being at the beach and behaving, but felt that there must be some people misbehaving as there has been a problem with vandalism. Ms. Bedard didn't disagree that the beaches are used in the evening heavily. Those are probably the days the police are called during the day to check on the parking situation. She did not want a child to drown but felt it was not necessary to man the beaches until 8 PM. She offered that both State beaches and the ocean are not guarded after 6 PM, so perhaps they can save some money in this area. They need more usage data. She has been on the Recreation Commission in the past and it hasn't been a concern because of the number of adults at the beach at that time.

Ms. Appel said that in terms of saving money, she would rather not fund boats as opposed to providing lifeguards to provide safety to a greater number of people. She would continue to vote for the lifeguards. She offered that perhaps a small fee could be imposed for the use of the boats to help pay for repairs and boat purchases.

Mr. Markoff noted that they had a good faith contribution to the Conservation Commission and it passed. He was astonished that they are willing to put \$10,000 more into a fund that already has \$422,000 but that they are not willing to put money in to have \$5,000 used to protect kids and have boats for recreation. He said it is all numbers and they are looking at \$10,000 that is being allocated in a different place. Upon closing, he noted that he has witnessed a near drowning, and it was his own daughter.

Bill Andrews said he has lived in New London for about 50 years. He felt this issue was silly. Many of them live on area lakes and they all use the water all day long without a lifeguard because they take care of themselves. If families can't look after their children, then they should go home.

Chair Wheeler called for a vote on the motion to reduce the Recreation Department's waterfront staff line item by \$5,000. 5 voted in favor (Bedard, Bianchi, Cushing, Wheeler, Wilson); 5 were opposed (Appel, Cook, Helm, Kaplan, Meck). THE MOTION FAILED.

Other Business:

Ambulance Proposal: Chair Wheeler asked Ms. Levine to update the Budget Committee on discussions with the Hospital. As members of the New London Hospital Board of Trustees, Mr. Helm and Ms. Cook recused themselves from the discussion.

Ms. Levine noted that Terry LeBlanc and Don Griffin from the hospital were present at the meeting tonight. She said that in November, Bruce King, President/CEO of New London Hospital, met with the Board of Selectmen on the Hospital's budget request on the ambulance. Mr. King had said that the Hospital's expected shortfall is an estimate of what they expect to receive from insurance agencies and what people pay out of pocket or are unable to pay. Their budget is based on an estimated 11% increase in unbillable or uncollectible items. Mr. King put one option of the table of having the Town pay after the fiscal year is over, once they know what the actual is rather than the estimated. Ms. Levine met with Ms. LeBlanc and Mr. Griffin last week and reached an agreement to keep the funding level for the ambulance budget at the 2010 level of \$93,000 and at the end of the Hospital's fiscal year in September; they will have a better accounting of how the ambulance performed. The balance owed to the Hospital, if any, would be paid in the Town's FY 2012.

Mr. Blanchard asked if there was a cap to this proposal, and Ms. Levine said the ambulance budget itself was the cap, as the loss would not be greater than the expenses. The loss that was used for the 2010 budget, or that the hospital experienced in 2010, was \$313,000. For 2011, the Hospital estimated a loss of \$415,000. If the hospital realizes a greater loss than it did in 2010, New London would pay a percentage of that based on the actual number of runs. If it turns out to be lower, the Hospital would refund the difference to the town. There is risk on the Hospital's side because they can't guarantee what Town Meeting in 2012 will vote. This is an agreement based on recommendations but nothing is final until next May if Town Meeting authorizes the change.

Chair Wheeler thought this was a policy issue for the Board of Selectmen to pursue and at the February budget meeting they could look at the line item and act on it. He asked for discussion from the Budget Committee. There were no questions or comments. Mr. Sheehan asked, in the number, how much is in there for the actual ambulance. Ms. Levine said that in both numbers, they have to pay the 5th year of the ambulance that is currently running. The hospital is also planning to purchase an ambulance next year and that is included in the amount they will have to settle up the next year. The ambulance is estimated at \$20,000 per year for five years. As the study goes forward, if it is found the hospital should not pursue keeping the service, the transfer of the asset would be considered. Mr. Sheehan said that he didn't think it wise to put more capital into a service that may not continue. Ms. Levine said they had that conversation

as well, but it was stated that the Hospital will be running the service another year and the new ambulance was a necessity. Ms. Levine asked how the Budget Committee felt about this recommendation, as it would help the Board of Selectmen to understand their concerns, if any.

Chair Wheeler said that they did get a memo on this issue from Ms. Levine and they are aware of the details. He didn't want to set policy for the Board of Selectmen but it would be good guidance for them to know if the Budget Committee is in favor of doing this. He understood the gamble associated with it but felt it was a good gamble to take. Ms. Appel agreed and felt it made a lot of sense and showed that even more work is being done to bring the budget down.

Ms. Bianchi asked if a future Town Meeting could be bound, and Ms. Levine said that it could not. The balance owed to the Hospital would be included in the budget the next time around, but the Budget Committee next year could decide not to pay it. Ms. Levine said this whole discussion is an effort to avoid contention. The Hospital doesn't want to be the "bad guy" in the budget and it was a way to avoid conflict over the budget increase.

IT WAS MOVED (Kathy Bianchi) AND SECONDED (Ben Cushing) to adjourn the Budget Committee Meeting of January 31, 2011. THE MOTION WAS APPROVED UNANIMOUSLY.

The meeting adjourned at 9:18 PM.

Respectfully Submitted,

Kristy Heath, Recording Secretary
Town of New London