



TOWN OF
NEW LONDON, NEW HAMPSHIRE

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**Budget Committee Meeting
Meeting Minutes
January 22, 2014**

BUDGET COMMITTEE MEMBERS PRESENT: John Wilson, Chair; Ben Cushing, Doug Homan, Joe Cardillo, Pat Blanchard, Bill Green, Rob Prohl, Janet Kidder (Board of Selectmen's Representative)

MEMBERS ABSENT: Phyllis Piotrow, Larry Dufault

STAFF PRESENT:

Kim Hallquist, Town Administrator

Wendy Johnson, Finance Officer

OTHERS PRESENT:

New London Community Center: Casey Biuso, Mark Kaplan, Bill Zimmerman, Austin Eaton, Meghan Wilkie

Tina Helm, Selectmen Chair, Peter Bianchi, Selectman

Scott Blewitt, Recreation Director

Donna Larrow, New London Police Department Administrative Assistant

Ed Andersen, Acting Police Chief

Joe McCarthy

Heather Wood, Kim Lavin, Heidi Dunlap, New London Communication Center

Fred Downey, New London resident

Steve Ensign, Board of Firewards

Jason Lyon, Fire Chief

Nick Ourusoff - New London resident

Chair Wilson called the meeting to order at 7:01pm.

Review of Minutes

IT WAS MOVED (Joe Cardillo) AND SECONDED (Ben Cushing) to approve the minutes of December 4, 2013, as amended. THE MOTION WAS APPROVED UNANIMOUSLY.

Selectmen's Report

Janet Kidder gave the Selectmen's Report:

1) Linda Jackman retired as of 12/31/13, and it was agreed to fill her position with a part-time person. The desk will be staffed from 8-4, public office hours will not change. We are very fortunate to have Kristy Heath fill the position Linda Jackman held. Selectman Kidder pointed out that over the last year and one half, three full-time positions have been reduced to part-time, with no benefits. One in the highway department on the recommendation of Richard Lee, one in the Town Clerk/Tax Collector's office, on the recommendation of Linda Hardy and one in the town office on the recommendation of Kim Hallquist.

- 2) At the Tri-Town assessor's meeting, Norm Bernaiche and Kris McAllister informed the group that New London's revaluation will take place in 2014, Sunapee in 2015 and Newbury in 2016.
- 3) The following towns will continue to be served by New London Dispatch: Croydon, Sunapee, Newbury, Springfield, Sutton, Wilmot - only Goshen has left the service, due to communication issues.
- 4) Based on the recommendation of the Employee Committee, the Selectmen have amended the personnel policy to provide for holiday pay (time and a half) for part-time and temporary employees that work on a holiday. This will give them an incentive to work those shifts, which will save the town money.
- 5) Police Chief: the community group has met with three police chief candidates and made their recommendations. The selectmen have tentatively scheduled a meeting with candidates next week.
- 6) The Conservation Commission has been in negotiations with landowners for a piece of property on Lake Sunapee (this negotiation was mentioned last year). The property owners have withdrawn from negotiations and, therefore, the Conservation Commission will not be seeking approval from the taxpayers for this particular piece of property.
- 7) The Recreation Commission has decided to reduce the amount of money held in the Revolving Fund. The amount in that fund has historically been between \$25,000-\$30,000 and the Recreation Commission has determined that \$20,000-\$25,000 should be an adequate amount.

Chair Wilson thanked Selectman Kidder for the report, and invited members of the New London Community Center committee to answer questions that had been posed by the Budget Committee members, and given to the group in advance of the meeting.

Ms. Biuso handed out copies of the presentation they made to the Selectmen on January 13, 2014. She then gave the floor to Meghan Wilkie to address the financial questions. Ms. Wilkie reviewed the pro forma as presented at the Selectmen's Meeting and explained how the estimates were generated. Chair Wilson asked about the commitments of grants as listed. Ms. Wilkie stressed that do not have any hard commitments on grants yet due to sequencing issues. She explained that they need approval from the Town first before organizations will commit, however, the NLCC has been in contact with several organizations that award grants and they have indicated interest in the project. She noted that NLCC is confident that grants will be awarded for the community center so the estimated grants have been included in the pro forma.

What is the Town's financial exposure if interest for phases two and three do not materialize?

Ms. Biuso said they will not move forward if they don't raise the funds they need. The request would be withdrawn from the floor at Town Meeting. Phase one estimated cost for renovations is \$150,000. The \$75,000 being requested of the town will be for utilities and maintenance, and is not included in the \$150,000 fundraising goal. This does not include money for the roof. Ms. Wilkie said if they could not raise the funds for phase two, the group will maintain the phase one portion until enough funding has been raised for the next phases.

Mr. Homan wondered what would happen if the roof started leaking before they had funds raised. Mr. Eaton said the roof that needs replacing is the one over the cafeteria. The roof over

the 1941 building was not in question. Chair Wilson said the architects that looked at the roof suggested it be replaced sooner than later.

Mr. Green observed that the leased space consists of 24,000 square feet of space, and asked what it would cost to bring it up to being usable space? Mr. Eaton said they don't have a plan or estimate for phase three because they don't know what they will use the space for. Mr. Prohl wondered if there was an "out" after they complete phase one. Ms. Biuso said this is all part of the lease negotiations Ms. Hallquist will undertake with the School District. They would like to include an escape clause so they could get out of the lease if something catastrophic were to happen.

Mr. Green wondered why the first phase was only 25% of the project and not a higher percentage of the space. Mr. Eaton said the cafeteria is in good shape and is up to code. They can open it up in a short amount of time and get it operational. It will take at least a year to get the other parts of the building up to where they need to be. Ms. Biuso said they'd like to see people using the space immediately and they think they can open up some viable space very quickly and then continue on with the construction phases.

Ms. Wilkie said the numbers for maintenance of the building came directly from the SAU but are prorated for the percentage of the space that would be used. Ms. Biuso said maintenance would also be included in the lease negotiations.

Mr. Cardillo asked about the heating system in the cafeteria. Mr. Eaton said it is part of the SAU's heating system and would be apportioned for the part of the building they will use. This would be part of the lease agreement. They have been given a budget for oil and they would use 25% of the budget for the complete campus, including the gym. Those numbers were the best they could get. The preferred move as they go into phases two and three is to sever the heat sharing and create their own heating facility which would be more efficient than the present system. Mr. Kaplan said this is another thing they won't do unless they have the funds; they won't ask the Town for funds for this.

Mr. Cardillo said they want the 1941 Building and if they put this money in for phase one and get a cafeteria and some classrooms, what happens if they don't get to the initial goal which is to preserve the building? Ms. Biuso said she understands that fear and they don't want this to happen. It is their goal to preserve the building and use all the space. Mr. Eaton expected a fully-framed lease agreement in place before they can go forward with phase one.

Mr. Kaplan said they plan to have the funds and the lease agreement in place by Town Meeting on May 14th. Mr. Homan thought the \$75,000 being requested of the town was almost irrelevant when they consider the lease. He didn't know why the lease hadn't been settled yet. Ms. Hallquist noted that the Board of Selectmen have set February 3rd as the date they would like to see a draft of the lease.

Ms. Wilkie said the \$75,000 they are asking the Town for, as part of the public/private partnership, would translate into an addition of 7.5 ¢ to the tax rate or \$30 per year increase to a taxpayer owning a \$400,000 home, which is the median in New London.

What are the obligations of the Town?

Ms. Biuso said the obligations would be that of normal costs and oversight of Town-owned property.

Is there an option to purchase?

Ms. Biuso said this is not an option yet but it could be part of the lease down the road. Mr. Homan said a purchase option should be part of the lease.

Some pro forma expenses seem low, how can they be explained?

Chair Wilson didn't believe the expenses provided in the pro forma for maintenance compared with what he has paid for his own properties to be maintained. Mr. Eaton said it was a percentage of a budget presented by the school committee. Snow plowing was \$3,000 which is 25% of the \$11,000 total. This would be part of the lease negotiations. Mr. Eaton noted that they expect janitorial expenses to be minimal as groups using the facility will be required to leave the space in a clean condition, or pay an additional fee.

Would the Town have the responsibility for developing policies for use of the community center?

Ms. Biuso answered this question in the affirmative and noted that this would be done with the assistance of the NLCC acting in an advisory role.

Mr. Green noted that there are a lot of unknowns due to a lack of a lease. He wondered if a lender would consider these kinds of phases in a project. With his experience they need to get commitments for funding and occupancy before they can move ahead with a project. Mr. Ensign said it is not unusual for a bank to extend credit to non-profit 501(c)(3) organizations against pledges they have. The phases would not be an issue; it would be project specific. If there are pledges that will extend over a couple years but they need the funds all at once, they can lend money based on the strength of the pledges. Churches in the area have done this and the pledges they get throughout the years pay the loan off. The strength of the pledges is the collateral against which the funds are borrowed.

What is the demand for a Community Center?

Mr. Zimmerman said there is no community center at this time so it is difficult to get firm commitments from people. They have talked with a number of different groups to see if they'd be interested in using community center space. They have heard substantial interest. If there had been no interest, they would have stopped their work. Ms. Biuso said the Barn Players want to use the space for rehearsals and education programs. Additionally, letters from New London Hospital and the College have been received, expressing interest. Mr. Kaplan said the people want to see the space before they will commit fully. Ms. Biuso said a commitment from the Town is important for the project to move forward. Mr. Eaton said moving the Recreation Department into the building will be a huge impetus to making this work. Mr. Zimmerman said the Kearsarge Community Band is interested in the center for rehearsal space.

Nick Ourusoff asked if a survey was conducted to gauge the need for a community center. He wondered if people wanted a community center. Ms. Biuso said the groups in town have all been talked to and they all need space. They would like to do a study with UNH on this. Mr. Ourusoff said a needs assessment should be documented. Mr. Zimmerman said regarding user fees, most users would pay a fee. Town boards and committees would not pay to use the space. There also may be some waiver to user fees for some non-profit groups.

Is the usage data high?

Mr. Zimmerman said they view the cafeteria as a multi-use space, not just a cafeteria/kitchen space. This gives access to a large classroom area, conference room areas, bathrooms, and the recreation office.

Mr. Green asked if their \$86,000+ figure was assuming user fees. Ms. Wilkie said this was the anticipated full-usage total. They came up with their user fees based on what other area facilities charge. Mr. Kaplan said they don't know exactly how much the hospital and college would use the space. The college may be interested in moving AIL there and the hospital has ideas as well, but nothing has been confirmed yet. Mr. Eaton said the Barn Players will be paying a generous fee for the first phase use but have their eye on the stage in the old gym when future phases are completed.

Mr. Homan asked how many hours/day they would operate the building. Ms. Wilkie said they have assumed two uses per day per classroom. There were no set hours given. Mr. Cardillo said they are projecting \$86,000 income and assumed 25% occupancy. He thought the rates were reasonable but the usage estimates were not conservative at all. He said the Wilmot Community Association is struggling to get their kitchen rented out twice/month. The NLCC committee is relying on three uses per week for their kitchen. He didn't think this was a conservative estimate.

Mr. Eaton said in Meredith, NH their utilization rate is very high. He wasn't sure how much was paid for usage but they have a daily senior luncheon program, meals on wheels working from there, the gym is used daily, and they have continual operations seven days a week.

Mr. Zimmerman said he visited the Black Community Center in Hanover, NH, which is operating almost at full capacity from early morning to the late hours seven days a week. They have programs for youth of all ages, adults, and senior citizens. His estimate was that this program would start fairly modestly and would grow exponentially as the years go on.

Mr. Green said besides the cafeteria and gymnasium, there were nine large rooms. Assuming two uses per day would amount to 18 uses per day. He wondered what timeframe the community center would grow into utilizing those rooms at that frequency. It was noted that they assumed it to be at 25% utilization and the twice daily uses were the maximum allowed for each space.

Ms. Blanchard thought the fees sounded reasonable and the 25% utilization figure sounded conservative but she did not believe it was conservative. However, they would need 33 usages per week to meet their goals. She said they are too late with trying to meet the needs of the

elderly as they already have COA in the town. They have their own building. She wondered how they'd use the spaces.

Ms. Biuso said they'd like someone to come in to use the second floor space on a long-term basis. Maybe a social services office could be housed there. This would cut down on the need for usage in the classrooms to meet their goals.

Will there be an Outing Club relationship?

Mr. Zimmerman said they anticipate working closely and carefully with the Outing Club in a collaborative way. The use of fields and the gym has not been discussed. They have met with the Outing Club Board and explained the directions they were going in and assured them they didn't want to be competitive with them but instead to work collaboratively. If the Recreation Department were to assume responsibility for the fields and/or gym, the user fees for the facilities would partially offset the operating expenses in those areas. Ms. Biuso said as a group they have never discussed this scenario.

Mr. Ourusoff said as a citizen, he likes this idea but he doesn't like the idea of focusing on user fees. He didn't want to see fees as a way to fund the programs but would rather pay more in his taxes to support them. He added that he volunteers and uses the services at COA and noted that it is a small building and thought they would need more space. Ms. Biuso said Hardy Hasenfuss from COA has indicated that they are running out of space and would like to have more space options. Mr. Ourusoff said he doesn't want to have to think about user fees as they have gotten out of hand as a way to meet budget deficits in many states.

Will there be any collaboration with the New Kearsarge Community Center (NKCC) group?

Ms. Biuso said there would be no collaboration with the NKCC; as the NKCC is a private group while the NLCC operates as a public/private partnership.

Are there anticipated traffic increases and/or changes?

Mr. Zimmerman said an architect would be asked to create a more reasonable traffic pattern and additional parking spaces. Mr. Eaton said they would try to work with the Town to have an access where the old SAU office was so there would be no need to go through the school driveway to get into the building.

Is the Recreation Director on board?

Mr. Zimmerman said Mr. Blewitt (Recreation Director) has worked closely with the NLCC Board and has attended most meetings. He has offered substantive input and is enthusiastic about the project. This move would consolidate much of the programming and give the Recreation Department a home base. A clerical assistant will assist with scheduling, operating and book-keeping.

Are there opportunities for grants?

Ms. Biuso said the NLCC board is in the process of searching out a volunteer with grant-writing experience or perhaps someone they could pay on a per diem basis. Chair Wilson questioned if continued fundraising would be done. Ms. Biuso said this is part of their plan. They are

interested in finding funding outside of the Town that would fit well with their community. She noted that the NLCC will be in charge of fundraising moving forward.

Results from the building evaluation?

Mr. Eaton said the report by Eric Paulson was thorough (*Report titled: New London Community Center, Existing Conditions Analysis & Recommendations, July 2013, prepared by SMP Architecture*). It took 90 days to get done working with the architects and engineers. The conclusion is that the property is sound but some things need to be done to bring it to current code. With regards to the roof, they recognize they will have to raise \$100,000 within a three-year period to have it repaired. Chair Wilson said the Koppers report indicates that the cafeteria roof should have been replaced in 2010. Mr. Eaton said Eric Paulson said it needs to be looked at and hadn't been leaking. Chair Wilson disagreed and noted that it is his understanding, after the tour of the building the day before that it has leaked. Mr. Homan agreed and noted they observed workers on the roof attempting to remove ice from the area.

Mr. Homan asked if snow-load standards had been studied lately. Mr. Cardillo said related to this question, he received a call from someone that night who couldn't attend the meeting who was also concerned with snow load standards. Mr. Cardillo said he has read the reports and there are clearly some issues. The roof needs to be done. It is leaking and there is no insulation in there. Structural reinforcement is needed and it wasn't sound to handle current snow loads per the engineer he spoke with that evening on the phone. Until they get a handle on the roof and what needs to be done structurally, they are leaving themselves wide open for what could happen. He added that the \$100,000 estimate for the roof doesn't include insulation or making sure it has the structural integrity necessary.

Mr. Cardillo thought the \$23.08 per square foot to refurbish the interior was low. He sees costs to be more around the \$100 per square foot range. He was concerned that their estimate was low. Mr. Eaton said the primary items to change are bathrooms and to add the outside vestibule. Overall they don't have money included to tear up floors. They can paint and paper but it is not a huge renovation project because it is a usable facility mostly as it is. The SAU has done the sprinkler system and it is up to speed.

Chair Wilson said the evaluations included a caveat for asbestos. Mr. Eaton said there may be some asbestos in the 2nd and 3rd phases but the parts of the first phase were built later on. The NLCC paid over \$10,000 for the architects to go through the building and they were experts so the NLCC is confident in the report as presented.

Mr. Cardillo read from a report from an architect/engineer citing problems with the building and the roof. He was concerned that the building wasn't safe because the roof couldn't handle the snow. Mr. Ourusoff said snow should be removed from the roof as part of regular maintenance, as he does with his own home. Mr. Cardillo said code tells them what the load that can be handled should be. He didn't think there was enough money projected for even the first phase. Mr. Ourusoff said there was something to be said about using a part of the building first and using an incremental approach.

Ms. Blanchard said she believed in a community center but the roof problem is real. She said people at Town Meeting would likely have a problem with approving fixing part of the building that is underneath a roof that should have been fixed three years ago. She thought the roof repair should be part of phase one.

Mr. Homan asked about lead paint. Mr. Zimmerman said they would be able to handle that should they need to.

With regards to parking, Mr. Eaton said they will need to work with the state with regards to the curb cuts and to use the driveway from the old SAU building.

It was asked how the building would be protected should there be a fire in the unused portions of the building. Mr. Eaton said there would be fire suppression in phase one; it is there in the form of a wet system. In phase two the area will be restricted and they will have to have a maintenance protocol to make sure the area is checked for working fire and smoke alarms.

Mr. Eaton said air conditioning wasn't supposed to be included in the report. Some cooling is included for one of the rooms but he didn't propose they air condition the whole space.

With regards to kitchen upgrades, Mr. Eaton said it depends on if the SAU decides to take some of the equipment to Sutton. With regards to the sagging timbers, Mr. Eaton said he would look more into it. The Koppers report (as included in the inspection report) will be updated. With regards to moisture in the basement, it was noted that there had been a leak in some piping in the past and there is a mold problem that would need to be addressed. The wood shop is included in the third phase. Phase two may include the stopping of mold infiltration.

Chair Wilson brought to light the two kinds of leaks having to do with piping and footings. Mr. Eaton agreed and said they will need to make sure these problems are dealt with before moving anything into those spaces.

Fundraising plans?

Mr. Kaplan said community centers are all over the country. They are supported by private individuals and private companies, PTA's, boosters, etc. There are entities out there that have funds to give and the NLCC intends to reach out to them. They have not researched private funds themselves but believe there will be opportunities for them. Mr. Kaplan noted that many community centers are funded and operated by the municipality in which they are located. They would like a collaborative working relationship with the Town. The NLCC will fundraise for capital improvements. The Town is being asked to provide \$75,000 per year. Mr. Kaplan felt that this was a great opportunity for the Town and he thought there was a need. He thought they'd be able to keep a community center busy and everyone will wonder why it wasn't done earlier.

Mr. Kaplan said raising funds for phases two and three will be under the same principal. Either they raise the money or they don't move forward. They don't want to over-extend themselves. Their desire is to get donations from individuals to do capital improvements as needed. He noted that they have applied for 501(c)(3) status last summer but they don't expect approval from the

Federal Government until this coming summer. Once it is made it is retroactive to all donations received prior to getting the designation.

It was noted earlier that the NLCC had \$76,000 in pledges, and a question was asked about whether this money is cash in the bank or if they were pledges. Mr. Kaplan said they have pledges of \$76,000. They have received \$16,500 and have used \$12,832.24 in expenses. Right now, they have \$3,067.76 in the bank.

What are the grant commitments?

Mr. Kaplan said they can't be sure of getting grants unless they have dealt with the grant before. He knows they can apply to institutions for money but in terms of the future, he didn't know. The United Way is interested and is supportive of a community center in New London. They have suggested an annual donation of \$25,000. The United Way wants to see programming that will benefit the community such as social programming, and health and wellness programs.

Mr. Homan said he asked the regional head of United Way if there was a demonstrated need in New London. He was told there was a need in the region. Mr. Ourusoff said this was a great visionary concept. Mr. Homan was worried about the open-ended checkbook they seem to be suggesting. He thought they had not raised as much money as they thought they would by this time.

Mr. Green asked if there was a concern that people would view this NLCC Board as a town department. In the eyes of the public, they may wonder why they should donate to pay for a community center if it is a town project. Mr. Kaplan said these kinds of projects are the kind that the town will take hold of and it will be for the future. Everyone likes the sound of the project and everyone is talking about money. It is more than money; it is a concept and an idea the town is ready for.

Mr. Green said the only similar platform they have to consider is the library. The operating budget for the library is about \$450,000. The "Friends of the Library" only generates about \$15,000 per year. Mr. Kaplan said it is always a concern but he knows the town and the project will go through and will be supported year after year. Ms. Blanchard recalled the library doing a public/private fundraising collaborative successfully in the past.

Ms. Blanchard asked how they will know if they have reached their fundraising goal by Town Meeting. Mr. Eaton said it would be with signed pledges. Mr. Prohl observed that the Town would first have to vote on the warrant article. Ms. Biuso said if the Selectmen didn't support them, they would not put it on the warrant by petition.

Mr. Zimmerman said they have individually visited centers but not as a board. He went to collect data on user fees (KRSD, Town of New London, Hanover School District, Dresden School District, Black Community Center, Hilltop House, and Eastman) and developed a matrix for user fees and made a report to the board. This is how they decided on user fees.

Most centers are fully supported by the municipality and are generally operated by the Recreation Department. Nearly all of them have some form of user fees and waivers for some organizations. Some have private fundraisers from time to time. They have not examined the operating budgets, policies and administrations of a large number of community centers. If the project goes forward that will be something they will do and share the information with the Town.

Mr. Cardillo noted that someone asked him why not bond the whole project and just finance it. He added that there are some who believe that funds cannot be raised on a lease property. He explained that this is not true; if the lease is long enough, financial institutions would get involved.

Mr. Green wondered what would be harder, year after year: fundraising or coming up with the initial funding. Mr. Zimmerman said coming up with funds for capital improvements would be harder. He said it would be great if they could bond the whole thing and do it all at once and then pay it off with user fees. He didn't feel this was an option, however.

Mr. Green said of the \$222,000 projected income in year four, it seemed every number was suspect except for the Town's \$75,000 appropriation. Mr. Eaton said the expenditure level will vary according to the level of income. They don't know everything that will be going on there and it will depend on the level of use. They all have to believe in it; they have a dedicated group of people who want to make it happen.

Mr. Zimmerman said he was impressed with the thoroughness and thoughtfulness of the questions addressed by the Budget Committee. He hoped the NLCC addressed their questions to their satisfaction.

Chair Wilson said they would likely return to this conversation after they have digested the information and got a handle on the lease. February 5th is the next meeting and if the lease is available at that time, they could discuss it. He said the Conservation Commission also has an item they'd like to add to the February 5th meeting.

**IT WAS MOVED (Rob Prohl) AND SECONDED (Ben Cushing) to adjourn.
THE MOTION WAS APPROVED UNANIMOUSLY.**

The meeting adjourned at 9:00pm.

Respectfully submitted,

Kristy Heath, Recording Secretary
Town of New London