



TOWN OF
NEW LONDON, NEW HAMPSHIRE

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DRAFT
Budget Committee Meeting
Meeting Minutes
February 26, 2014

BUDGET COMMITTEE MEMBERS PRESENT: John Wilson, Ben Cushing, Doug Homan, Pat Blanchard, Bill Green, Rob Prohl, Phyllis Piotrow, Larry Dufault, Janet Kidder (Board of Selectmen's Representative)

MEMBERS ABSENT: Joe Cardillo

STAFF PRESENT: Kim Hallquist, Town Administrator, Wendy Johnson, Finance Officer

OTHERS PRESENT:

Sean Carroll, *The Intertown Record*

Ed Andersen, Police Chief

Donna Larrow, Police Department Administrative Assistant

Tina Helm, Selectman Chair

Peter Bianchi, Selectman

Scott Blewitt, Recreation Director

Laura Lorio, Recreation Commission

Jack Sheehan, New London Resident

Richard Lee, Public Works Director

Jim Wheeler, New London Resident

Sandra Licks, Library Director

Bruce Parsons, Library Trustee

Fiona Mills, Library Trustee

Lucy St. John, Planning & Zoning Administrator

Linda Hardy, Town Clerk/Tax Collector

Bill Granger, Facilities Manager

Bruce Hudson & Renate Kannler, New London Residents

Chair Wilson called the meeting to order at 7:02pm.

Approval of Minutes

The Minutes of the February 12, 2014 were reviewed. Chair Wilson noted typographical errors for correction. Mr. Homan noted that he wanted to correct two statements he made: page 2: "Mr. Homan suggested...was actually a 4.5% increase" to "Mr. Homan suggested...was actually a 3.75% increase" and page 5: "Mr. Homan pointed to the Town of Penacook,..." to "Mr. Homan pointed to the Town of Pembroke,..."

Mr. Homan asked if the grant for the consoles was awarded and the Town decided not to continue with New London Dispatch after, say six months, what is the responsibility of the Town with regard to the equipment. Would they need to pay the feds back in full? What were the requirements? Selectman Kidder said they weren't sure of the details of the grant but before they accept any federal monies, they will be sure of the conditions. Chair Wilson asked that discussion of budget issues wait until the meeting minutes were approved.

IT WAS MOVED (Phyllis Piotrow) AND SECONDED (Ben Cushing) to approve the minutes of February 12, 2014, as amended.

Selectmen's Report

Ms. Kidder said after a three-step interview process and extensive background checks, she was happy to announce that Ed Andersen had been selected as the next Chief of Police for the Town of New London. The room was filled with applause. There was no other Selectmen's news to report, as there had not been a Selectmen's meeting since the last Budget meeting.

There was no new information to share regarding the 1941 Building.

Administration

Ms. Hallquist said there weren't any extraordinary changes in her budget this year. She was asking for modest increases in training in the Finance and Executive areas, as this was something that had been cut back in recent years. She noted that the Selectmen's Discretionary Account includes \$10,000 for a merit pay system that she hopes to institute in the coming months. The idea is to award bonuses to employees who perform at a higher level. They've also requested \$1,000 be added to the account to be used for the yearly employee holiday party. In the past, the town's insurance carrier provided \$500 in a "wellness grant" that has been used for the event, but this requires that part of the event include a workshop.

Ms. Hallquist said that wages and benefits for FY2015 are down by 2.5% when compared with FY2014, and when the extra pay date is removed, wages and benefits are up .4% (less than 1%). Health and Dental went down 1.6% which is the result of personnel and policy changes. Ms. Hallquist noted in the past few years there have been 3 full-time positions replaced with part-time staff that receives no benefits. She noted that this demonstrates that the department heads understand the desire on the part of the Budget Committee to consider reductions in full-time staff when possible.

Ms. Hallquist said that new full-time employees pay 15% of their health insurance. There are six employees subject to this rule. In total, there are 37 full-time employees and 27 of those have health policies. The Selectmen have funded the deductible, continuing the policy currently in place whereby the town will pay a maximum of \$1,000 in deductible expense per policy (note: employee health insurance policies are subject to a deductible of \$1,000 for a single plan; \$2,000 for a 2-person and \$3,000 for a family).

Ms. Piotrow said training personnel is comparable to maintenance on equipment; they need to keep personnel up to speed and keep contacts with organizations and people within the state. It may look like large increases, percentage-wise, but the amounts are quite small. She thought it important to provide regular training. Secondly, she congratulated Pat Blanchard on the wonderful job she did going through the budget information to figure out the increases/decreases in the budget. Her way of displaying the information shows that there are more decreases than increases. Ms. Piotrow observed that there are things they can't control that make up the larger figures.

Ms. Piotrow said they are having at least 3-4 elections in 2014 and noted that there was no reference to the elections on the Town's website. Ms. Hardy disagreed with this statement. Ms. Piotrow didn't think it was publicized at all and said there is information on the front page explaining how to pay taxes online, but she couldn't find anything that publicized the coming elections. She wanted the budget to include funding to upgrade the website. Ms. Hardy explained that all the election information was under the Town Clerk/Tax Collector portion of the Town's website.

Ms. Hallquist said that because they now had Bill Granger, Facilities Manager, on staff, she would like to see modest increases in the Building Maintenance Fund of \$2,000 each for the Academy Building and Whipple Hall to pay for regular maintenance items/issues that he will likely address.

Mr. Homan said when considering the \$10,000 for merit raises, in addition to the 1.5% raise across the board, raises actually looked more like 2%.

Mr. Green asked how the \$2,000 appropriated for the two buildings matched up with what was really needed. Ms. Hallquist said she hoped it would cover the day to day things, noting that the buildings have not had much in the way of routine maintenance in the past few years; this \$2,000 per building wasn't intended for large projects and repairs, such as the HVAC system that needs evaluation at Whipple Hall. Mr. Green wondered if a complete study had been done on the buildings. Ms. Hallquist noted the Selectmen established a committee consisting of Bruce Parsons, Jim Wheeler and Frank Anzalone who are in the process of reviewing the buildings. Mr. Parsons said the HVAC systems at Whipple are being evaluated by an engineer. Within two months they will have a better idea of the costs involved to address the various issues. They are also getting a proposal for structural repairs that are needed at Whipple Hall.

Wendy Johnson – Finance

Ms. Johnson said there were no significant increases to her budget. Chair Wilson asked why the jump in postage went up 20% when the actual cost of postage went up 6%. Ms. Johnson said there were two jumps in postage that hadn't been accounted for over the past couple of years.

Ms. Johnson observed that the fees for software support had all gone up. There were no additional requests, but what they currently have is costing more to maintain.

Assessing

Ms. Hallquist said there is a 7% increase in the assessing budget. She said in 2005 New London voted to enter into an inter-municipal agreement with the Towns of Newbury and Sunapee to fund a tri-town assessing department. Representatives from each town and the three Administrative officials for the towns serve on a board. The largest increase has been in personnel/payroll, which is where much of the 7% increase comes into play. Mr. Homan asked if the towns collectively agreed on a raise. Ms. Hallquist said they did. The town's pay based on the number of parcels. In addition to salary and benefits, the budget includes typical department expenses such as training, equipment, advertising, and mileage. Chair Wilson thought this arrangement was supposed to be economical. Mr. Homan wondered if they had a full-time appraiser, could they take care of New London's needs. Ms. Hallquist thought they could but not for the same amount currently in the budget (\$87,000). She said it would be \$150,000 or more for one full-time person, when considering the cost for benefits, trainings and conferences. Ms. Hallquist thought they had quality assessing at \$87,000. She agreed that it wasn't cheap, but they had a high level of service with the tri-town assessing arrangement.

Town Clerk/Tax Collector – Linda Hardy

Ms. Hardy said she hasn't asked for anything new. The only increase is due to elections.

Recreation Department – Scott Blewitt

Mr. Blewitt noted that he supplied the members with packets of information showing programs that were offered last year and this year. He noted the Recreation Budget shows a decrease in health insurance and wages for FY2015. The rest of the lines are the same as last year. Mr. Blewitt said the decrease was because the former director earned more than he does and he receives the insurance buyout.

Mr. Homan said there were several line items that hadn't been spent at this time in the budget. He understood there were seasonal expenses but wondered what some of those were. Mr. Blewitt said he plans to open the beaches on Memorial Day this year and wants to do some training prior to opening day. Mr. Homan said he had \$4,500 for advertising and he spent just \$1,100. Mr. Blewitt said he spent more for advertising, including the Winter Carnival ads, which have not shown up in the budget sheets yet. He plans to do even more advertising for spring and summer activities. When asked, Mr. Blewitt said he uses the *Shopper*, the *Intertown Record*, the *Argus Champion* and the *Eagle Times* for advertising.

Mr. Blewitt said the revolving fund has hovered around \$30,000 over the years and that was the case as of January 1st. The Recreation Commission has agreed to keep the balance a little smaller. They will upgrade their facilities with some of these funds to bring the balance down. Mr. Blewitt said the programs have changed in the Recreation Department; Mr. Denning's programs like Winter Wild, went with him and they lost that as a funding source. He has implemented other programs to keep the funding coming in. Mr. Homan asked about participation of programs. Mr. Blewitt said he makes use of social media and emails to attract people and spread information. He felt Winter Carnival was a huge success and said the Jack Frost dinner sold out prior to the event. 300 tickets were sold.

Mr. Blewitt said considering their space restrictions, their programs like archery and the art classes sell out. Mr. Prohl asked what the percentages of people attending classes were from New London. Mr. Blewitt said it varies from class to class. Generally 75% are residents and 25% are non-residents. This is different than swim lessons, where about 76% of participants are from out of town, and 24% are residents. Ms. Lorio added that there are also programs that are more like 100% New London residents, such as the after-school programs.

Mr. Homan said the Town does a lot for communities outside of New London. He thought it would be good for Mr. Blewitt to do his best to track the numbers as they were all interested in this ratio. Mr. Blewitt agreed this was important information to consider. Mr. Prohl thought they could increase the fees for swimming lessons for out of town residents to make up for the subsidizing they have been doing over the years. Mr. Homan said if kids from other towns are coming to New London and are helping the program to succeed, they could eventually begin to subsidize the program for the residents of New London.

Ms. Blanchard said as long as they are committed to change the fee structure, swim lessons could go another year. Last year, they were subsidizing \$5,000 for lessons. Ms. Piotrow wondered if grandchildren were considered residents or out of town residents. Mr. Blewitt said it depended on the address they provided on the application.

Chair Wilson asked if money from swimming lessons goes into revolving account. Mr. Blewitt said it did. Chair Wilson asked what the revolving account's limitations were with regards to what could be spent from it. Mr. Blewitt said as long as it is used for recreation, it is warranted. Mr. Homan asked if they were taking the money from non-residents, who were getting lessons subsidized, and putting those funds back into the revolving account to subsidize even more programs. Mr. Blewitt said this sounded accurate. Mr. Homan asked if there was information on money going in and out of the fund that was available. Mr. Blewitt said Ms. Johnson had that information and it was available to anyone. Mr. Homan wondered how often the fund turned over. Ms. Johnson said between \$50,000 and \$100,000 per year comes into the fund. Mr. Blewitt said the biggest payer into the fund is the day camp; camp fees go into it and payroll comes out of it. Mr. Homan said if they charge more for fees for out of town residents, the fund will grow and they will have a larger amount of funds. Chair Wilson asked Ms. Johnson to provide revolving fund details to the committee.

Library – Sandra Licks

Ms. Licks said the trustees with her that evening were Charlene Baxter, Fiona Mills and Bruce Parsons. They did their best to limit overall increases in the budget. The appropriation request is \$437,650 which is a decrease of .5% over 2013. When considering the extra pay period in FY2014, it is an increase of 1.5%.

Ms. Licks listed off increases and reductions in the library budget:

Salaries – 1.5% increase

Benefits – up slightly - she coordinated with Ms. Johnson to make adjustments

Copier/Printer Supplies – \$200 increase to reflect paper and toner usage

Computer Maintenance - \$1000 increase. In 2011 they had a computer capital reserve fund that was discontinued and they now have to put expenses into the operating budget.

Alarm System - \$700 increase – this is what has been spent on inspections, replacement, and repairs.

Fuel - \$1,000 increase estimating that it will go up to \$2/gallon.

Audit - \$300 to cover increased labor costs

Reduced line items:

Periodicals reduced \$300

Postage reduced by \$200

New Equipment reduced by \$300

Adult Programs reduced by \$200

Phone reduced by \$300

Insurance reduced by \$500

Professional meetings reduced by \$300

Chair Wilson asked Ms. Licks if they lease their copier. Ms. Licks said they did and noted it is a lease through Xerox at \$140/month which included maintenance and toner. It is a small model and was not used to handle the volume the Police Department requires. The copier is not networked, is not a fax machine and only prints in black and white.

Chair Wilson thought the Town should get into a lease agreement with one company for copiers to save money.

Mr. Prohl asked about the eBook trend. Ms. Licks said people are tending to use both kinds of media (electronic and paper) but there is still a demand for paper copies. They offer more tech-savvy resources for those who demand it but didn't see their use of books/magazines declining anytime soon. Ms. Piotrow asked how many reading groups they offer through the library. Ms. Licks said currently there are three through the library, but there are other private groups that use the library's resources to conduct their own groups.

Mr. Homan asked if the library had three full-time employees. Ms. Licks said they did. They have gone from four to three. Mr. Homan asked for a labor breakdown with full/part employees/wages. Ms. Licks said she could get this information for him. Mr. Homan said it looked like they were spending \$100,000 in part-time wages. Ms. Licks said that sounded about right and that they do make use of a lot of part-time help. Mr. Parsons said Tracy Library has the highest borrowing-rate in the State of New Hampshire, per capita, for circulation. This is the amount of borrowing, not the amount of items they have. Mr. Homan said that is because Tracy Library is a regional library and not just a community library.

Ms. Licks noted that they would like to change their capital reserve request. The Selectmen cut their transfer to Capital Reserves from \$35,000 to \$30,000 which they were OK with, but they would like to draw from the capital reserve earlier than planned for some mechanical upgrades they had planned to do

in FY2016. They would like to use \$30,000 to do a portion of the project in FY2015. Mr. Homan asked how the library can spend \$4,500 on an alarm system. Mr. Parsons said the system has had to be upgraded over the last several years. Hurricane Irene caused flooding and so now they have alarms that will go off in the event it happens again. Also, many of their smoke alarms failed when they had a sensitivity testing and have had to be completely replaced.

When asked about library cleaning fees, Ms. Licks said they lost their full-time janitor/repair person in 2008. It was understood that cleaning would be contracted out with the Town to save money. It is still part of the Town's contract, but the library's portion appears in their own budget so as to not artificially decrease their budget. The contract price is flat for FY2015.

Mr. Homan stated that the library spends every nickel that is appropriated each year. He wondered if there was a balance sheet available to show what has gone in and out. Ms. Johnson said she had the library's financial statements from the auditors and he could see them if he wished.

Planning Board/Zoning Administration

Ms. Blanchard asked about the increase in office supplies. Ms. Johnson said it was for a CIP software program. Ms. St. John was suggesting purchasing the software to help the Planning Board prepare the CIP in a more organized manner. Chair Wilson said he had trouble with this; the version they wanted was a three-department version. He didn't think that was necessary. He wasn't sure that the software company's definition of CIP was the same as the Town's. Every company seemed to have a different definition of what CIP planning was. He wondered if they had investigated other towns that have this software. Ms. Hallquist said if the appropriation is approved, the Planning and Zoning Administrator will likely demo several systems before they purchase any program, noting that it may not be from the vendor that Ms. St. John included in the budget materials. Ms. Hallquist noted that the information provided was to give the Selectmen and Budget Committee an idea of what CIP software was about, and how it might be helpful to the Planning Board. Chair Wilson said he'd like to see more extensive research and comparison before they appropriate money for this software. Ms. Johnson said it would help ease her work-load during the CIP process. Ms. Hallquist said it helps the Planning Board consider things they may have not considered before. She thought the main departments of the town would use the software in assisting with their planning as well. Ms. Helm said when Ms. St. John explained the software to the Selectmen, it made very good sense and the Selectmen supported her in the initiative.

Ms. Hallquist said the CIP is for the Budget Committee and Board of Selectmen to use a tool when preparing the budget. It is the Planning Board's recommendation of capital items that should be considered during the budgeting process. Chair Wilson thought they should do more research and consider it for the next budget cycle.

Health Department

There were no questions.

Emergency Management

Chair Wilson said he was taken with the fact that every generator in the Town needed maintenance this year and asked why this was so. Mr. Lee said it was found that the generators were leaking coolant when they were serviced last year. The rubber gaskets are wearing due to them being warm all the time. He has found another company that may come in and replace the rubber gaskets to prevent this problem for the future. The generator at the sewer department is very large and needs to be cleaned and maintained as well. They will need to have a back-up generator there while this is happening.

Selectmen's Changes to the Capital Reserves

Chair Wilson said the building maintenance fund went from \$30,000 to \$60,000. They off-set some of this cost by reducing the GIS update from \$22,500 to \$5,000. He thought they should talk about this at the following weeks meeting.

Ms. Kidder said once they heard about the needs at Whipple Hall, they decided to move funds into the Building Maintenance Fund but still fund the GIS to a smaller extent.

Chair Wilson said they set a goal of a maximum of 1.5% increase in the budget, excluding the extra pay period. They are about \$125,000 off from that goal. Last week they were informed by the Board of Selectmen and the Town Administrator that it was the Budget Committee's job to make the cuts. He said next week they would have two things to deal with: the final budget to be presented at the budget hearing, and where possible cuts would be. They need to come up with suggestions of where cuts could be made and send them to him in the next three or four days. He would compile them to send the suggestions to the entire committee, the Town Administrator and the Select Board to distribute as they wish.

Mr. Homan thought the cuts being proposed could be listed by those suggesting the cut. Chair Wilson thought the suggestions should come from the Budget Committee as a whole.

Mr. Bianchi said the Budget Committee had not received any warrant articles or petition warrant articles yet. At their last Selectmen's meeting they discussed the \$37,000 for the repeater grant matching funds, as well as the possible \$75,000 for the 1941 Building. He thought they'd get the articles to the Budget Committee by March 5th. Ms. Hallquist said petition warrant articles can come in as late as April 8th. Their hearings are scheduled for April 7th and April 9th.

Mr. Prohl, also a member of the New London Community Center (NLCC) Committee, said as of yet, they haven't heard anything more about the lease. They plan on creating a web page explaining what they have done and what still needs to be done. There should be a brief statement coming to the Budget Committee that explains where they are. There are no additional funds raised at this point other than what has been raised at the last meeting. Mr. Homan said the NLCC agreed to withdraw their request from the Town for \$75,000 if they hadn't raised \$150,000 on their own. He asked Mr. Prohl if this was still true. Mr. Prohl said they haven't gotten to that point yet but more information should be coming out in about a week. There was still the private factor to consider, as a funding source, that hasn't been committed yet. Before a lease is entered, these private donors are not coming forward.

Ms. Helm said their meeting on Monday would most likely go into non-public session to discuss the lease so they could get some closure on the issue.

Mr. Dufault didn't understand why there wasn't a draft of a lease available; the Town and school both have their own legal counsel. Why the hold up? Ms. Helm said they have taken all of these concerns under advisement and they hoped to come to some closure very soon.

Legal

Ms. Hallquist said they have asked for \$5,000 additional in legal for FY2015. This year they were way over, due to a Superior Court case and one case currently in the Supreme Court. New London did not win the Superior Court case but the plaintiff did not get all they wanted.

Mr. Homan agreed it was the Budget Committee's job to go through the budget in detail and do what they can to know what is in the budget. That doesn't preclude them to finding \$50,000 in line items to cut. In his mind there was no reason it couldn't be a two-part approach (line item by line items, and then cut). He

reminded the Budget Committee that the Board of Selectmen had the authority to adjust the budget and move funds between departments after cuts are made.

Mr. Dufault asked how the suggested cuts should be presented to Chair Wilson. Chair Wilson said it should be specific line items. He had suggested that the Town Administrator and Department Heads make the cuts, but that wasn't the preferred method per the Town Administrator.

The next meeting was planned for March 5th at 7pm.

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

The meeting adjourned at 8:55pm.

Respectfully submitted,

Kristy Heath, Recording Secretary
Town of New London