



TOWN OF NEW LONDON, NEW HAMPSHIRE

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BOARD OF SELECTMEN MEETING MINUTES July 11, 2011

PRESENT:

Mark Kaplan, Chair, Board of Selectmen
Tina Helm, Selectman
Peter Bianchi, Selectman
Kimberly Hallquist, Town Administrator

ALSO PRESENT:

Bill Helm, New London Hospital Trustee
Bruce King, New London Hospital President
Terry LeBlanc, New London Hospital CEO
Don Griffin, New London Hospital CFO
David Marshall, New London Hospital Board Member
Bob Rex, New London Hospital Board Member
Celeste Cook, New London Hospital Board Member
Susan Reeves, New London Hospital Board Member
Erle Blanchard, New London Resident
Jim Wheeler, Budget Committee Chair
Doug MacMichael, New London Resident
Francis Kallgren, New London Resident
Kenneth Prestory, New London Resident
John and Rosa Vernalia, New London Residents
Bruce Hudson, New London Resident
Renate Kannler, New London Resident
John Wilson, New London Resident
Pat Trader, *The Intertown Record*
Leigh Bosse, *The Messenger*
Jay Lyon, Fire Chief

Chair Kaplan called the meeting to order at 6:00pm. He welcomed those in attendance from New London Hospital who came to report on the hospital and the ambulance study. Ms. Helm said they were delighted to have them present to give an update.

Bill Helm began by noting that he would start by giving a trustee perspective, which included some positives as well as a couple of concerns. He explained that the hospital's cash flow is positive and they are out of their banking relationships due to some improved accounts receivable efforts and some very generous philanthropy. Also, the hospital's relationship with Dartmouth Hitchcock Medical Center (DHMC) continues to improve. He reported that they are happy to see progress with the electronic health records project and shared that their volumes are up in every area except for the lab and rehab, which is down slightly.

Mr. Helm explained that their concerns are in reference to how they are getting paid for what they do. He noted that both state and federal funding is down and Medicaid and Medicare are looking at cutting

funding to institutions. Insurance plans are changing rapidly and many employers are requiring higher deductibles which means patients have to pay more for their medical care. The hospital continues to see bad debt and charity care, which are a result of people who have no insurance or who have insurance but with high deductibles. Overall, things are going well but the payment system is a concern.

Mr. King thanked the Board for the invitation to come to speak to the Board and to the interested citizens in the audience and suggested that he answer any questions those present might have. Chair Kaplan asked him to address the issue of payments and the hospital's plan to improve the situation, and also asked that he give an update on where they stand with the ambulance study.

Mr. King said that with regard to the current year finances, their cash is up. The hospital's clinical areas are up in most services. From a revenue standpoint they are on budget. On expenses, they are significantly below budget. The hospital's fiscal year ends Sept. 30th and they are still trying to predict the way the summer will go, as it is a seasonal community and numbers tend to go up in the summer. They have already had reductions from the State's Medicaid program. Also, there are more people seeking services who have no insurance, or high deductibles that they can't pay, as Mr. Helm noted previously. The hospital writes those amounts off in terms of Charity Care, or keeps them in a bad debt account. They are seeing a significant increase of those types of allowances. Mr. King explained that they are not meeting their operating margin in the current fiscal year. Their non-operating revenue, gifts and annual funds, are doing very well. He summarized by noting that they are essentially breaking even and doing as well as they can, given the current economics.

Mr. King went on to share that there are 26 acute care facilities in New Hampshire. Half of them are about the same size as New London Hospital (NLH) and half are larger. Of the 26, 14-15 had operating losses including NLH. He opined that it is a tough time to be providing healthcare. They are just in the midst of trying to budget for next year. Currently they are trying to predict contracts, volumes and compensation and benefits for the coming year.

Mr. King explained that the challenges all hospitals are seeing are the "Disproportioned Share Hospital Tax" and "Medicaid Enhancement." These passed the Legislature, and will impose a \$120 million dollar tax on hospitals. That tax will have significant ramifications on NLH and all hospitals. It is not entirely clear how this change will impact NLH at this point.

Mr. King said that regarding the ambulance, volumes are down so the revenue is down. Every year they come and talk to the towns with regards to the numbers of ambulance runs they are responsible for. They'd like to go to a different model because NLH ends up bearing the financial risk. Last year they had a significant uncollectable amount. The hospital, along with the seven towns that benefit from the service, have engaged a consultant to conduct a study to look into various models to provide ambulance service in this area. The hospital is paying for half of the study, and the towns are paying the remainder. The consultants reported having some difficulty gathering the necessary information from various people and sources at the start of the project, but the hospital is confident that the consultants will have some sense of their recommendations to report on by the fall. Mr. King noted that he suspects that the recommendations will be for a regional model and added that while they would like to be using a different model as of Jan. 2012, they continue to run a high quality responsive program in the most cost effective way they can.

Mr. Bianchi said he was concerned not with the details, but in his work, while golfing and when meeting with people in general, he is asked a lot of questions about the hospital and he doesn't know how to answer them. He noted that some of the comments he has heard include that the hospital is hurting and is in financial trouble and also the possibility that maybe NLH will become a clinic for DHMC in a year or two. Mr. Bianchi observed that what the hospital officials have reported this evening doesn't make it

sound that the claims he has heard are true, but he has heard rumors and concerns from several people. Mr. Bianchi explained that in his time in New London he has seen the schools leave, King Ridge Ski Area die, and the local supermarket go to a nationally owned chain. He would not like to see the hospital become a clinic for a larger hospital. He asked Mr. King if the hospital would remain locally owned in the future or if it would become a subset of another entity.

Mr. King said that when he arrived eight years ago, there was a five year rundown of the financials and a change of members of the board. Since he has been there, they have been able to stabilize their financials. In those eight years they had two negative years. He noted that all their results are transparent and available to anyone to see. They have not been able to restore strength to their balance sheet but have not drawn it down either. They are absolutely exploring future possibilities with DHMC and what the implications of a closer association might be. He pointed out that NLH has had two different corporate relationships in the past. Concord went from 1998-2002. In 2005 they became a member of the DHMC Alliance so DHMC had reserved powers around NLH's budget and decision-making. DHMC Alliance was disbanded two years ago but they still work with DHMC on a voluntary basis and they work together to purchase products. They are concerned about their future performance and ability to sustain as a high performing entity. It is truly a rumor that they would become a clinic. They will become what they want to become and what makes sense. DHMC is a high quality entity and they will remain working with them and with Concord as well. There are non-binding memorandums in place so that they can actively explore how they could work better together. If an association with DHMC means they could spend less on auditing, billing and malpractice in order to bring better services to the community, they all win. Mr. Bianchi stressed that that he is 100% in support of the hospital and pointed out that should something happen to change it, the town would really suffer.

Mr. Helm said that the hospital was the largest employer in the town and that the impact on the town was really important. They are constantly trying to figure out how to get the best service for the patients. The trends around them are for people to work together more closely. In Maine most of the hospitals have settled into three types of affiliations. In Massachusetts, almost all of the hospitals are part of some sort of system. The board recognizes that being a large employer is critical to the nature of the town but they also need to do what is best for the patients. Mr. King added that they can't sustain a loss year after year so have to make some changes eventually.

Ms. Helm asked Ms. LeBlanc if she was now leading the ambulance study efforts. Ms. LeBlanc said that this was essentially the case at this time and explained that she has been the one contacting the consultants. She has found that they have interviewed a lot of people in New London, and are supposed to send out a survey to multiple people in the towns. They are still thinking about having a regional model in which they all participate.

Ms. Helm said they have January 2012 on the calendar as the end point for the service in its present form, and wondered if they had any timeline for reports from the consultants. Ms. LeBlanc said that they originally expected the final report between July and August. This timeline has slipped a little, which she felt was due to not being able to meet with the different people in the various towns in a timely manner, as they originally planned. Still, she felt they were aiming for the end of summer for conclusions so they could get together with all the towns to discuss the options presented.

Ms. Helm said she was at a meeting with a selectperson from Newbury who asked her how the study was going. People want to know what is going on. Mr. King said that January, 2012 is the deadline, but they will not abandon the service if a conclusion has not been reached by that time. They have had inquiries from Newport and Bradford who also wish to be added to the service, which complicates the study and adds another dimension.

Ms. LeBlanc said she asked the consultants to present all of them with an interim plan to change over to a regional model. Mr. Bianchi noted that he spoke with Chief Lyon, who is on the committee, who reported that he expects to have some preliminary recommendations in August. Mr. Bianchi questioned what the plan was at that point - would they go to the selectmen of the different towns, or would the committee representatives share the recommendations with their own towns? Ms. LeBlanc said she would expect the consultants to come back to the work group to present it to them, and they would, in turn, come to their own select boards.

Mr. Wilson was concerned that there needed to be someone appointed as chair of the committee. Ms. LeBlanc said when Ms. Levine left, Donna Nashawaty (Sunapee Town Manager) was the lead person, but that she (LeBlanc) was keeping it going. The group didn't appoint her as the leader, but she stepped up to do so because the hospital was putting in the bulk of the money.

Mr. Wilson asked when they have to start thinking about changes for their own town budget now that they are on the July 1st fiscal year. Mr. Bianchi said the other towns are not on the same fiscal year that New London is on. That should be considered by the committee. All the towns but New London are on the traditional calendar year, so New London will have to adjust as opposed to making the other towns adjust. Mr. Helm said that the other towns will be pressing for the numbers before New London's fiscal year even starts so they will have plenty of time to plan their budget.

Mr. Wilson asked if Mr. King had previously said that the hospital carried no debt load. Mr. King clarified the earlier comment by explaining that they no longer have a line of credit, that in the past they had to borrow money for cash flow purposes, but their improved financial position has made this unnecessary and all outstanding lines of credit have been paid off. They still have outstanding debt, approximately \$16,000,000, which represents the bonds from their expansion project. The bonds are performing well for debt management.

Mr. Blanchard asked if the inpatient number has increased after the expansion. Mr. King said it absolutely has. They are up by about 15-20%. Part of the reason is the attractiveness of the facility, but they are also working hard with DHMC to take on some patients who need sub-acute care.

Approval of Minutes from June 27, 2011

IT WAS MOVED (Tina Helm) AND SECONDED (Peter Bianchi) to approve the minutes of June 27, 2011, as amended. THE MOTION WAS APPROVED UNANIMOUSLY.

The amendments were:

- Ms. Helm said that under the list of those present, the words "Chair Kaplan called the meeting to order" should be removed.
- Mr. Kaplan said that on page 7, it should state that "New towns that had **not** joined early were paying \$55/ton..."
- Mr. Bianchi said that on page 10, it should just say "sewer" department, not water and sewer.

Property Tax Abatement Requests

Ms. Hallquist said that Mr. Bernaiche was not present to discuss outstanding abatements as he took ill. Ms. Helm noted that she wanted to revisit the Checkerberry Lane abatement that was voted on at the last meeting. Chair Kaplan noted that he would not like to revisit any of the abatements without Mr. Bernaiche being present. Ms. Helm agreed to wait until Mr. Bernaiche could attend a meeting to bring up that particular abatement.

New Business

1. Eagle Scout – The Board reviewed a certificate recognizing Robert Y. Sherman as an Eagle Scout and an invitation to attend the ceremony that would take place at 2:30pm on July 31st at the Wilmot Baptist Church. It was noted that Mr. Sherman did the work on the Story Walk project in New London. Ms. Helm and Mr. Bianchi will attend on behalf of the Town.

IT WAS MOVED (Peter Bianchi) AND SECONDED (Tina Helm) to recognize the work done by Eagle Scout Robert Y. Sherman and to sign his certificate of accomplishment. THE MOTION WAS APPROVED UNANIMOUSLY.

2. Appointment of Alison Seward for the Energy Committee.

IT WAS MOVED (Tina Helm) AND SECONDED (Peter Bianchi) to appoint Alison Seward to the Energy Committee. THE MOTION WAS APPROVED UNANIMOUSLY.

3. The Board reviewed a request by Anne Soule, Brownie Leader Troop 10713, to place a retired flag drop box at Town Office and transfer station. Ms. Soule and the brownies will be working in conjunction with American Legion Post 40 to collect, and then properly dispose of, retired US flags. Ms. Hallquist said that in the past some flags have been collected at the Town Office by Ms. Jackman and have been disposed of by the boy scouts, and that procedure can continue, and a drop box at the transfer station could be placed by the brownies. Mr. Bianchi noted that in the past they have not allowed the scouts to do fundraising and other events around the transfer station due to safety issues, but that leaving a box for people to leave retired flags would not be a safety issue so long as the box is placed in a safe area and there are no brownies or scouts manning it. The Board agreed to allow the box to be placed at the transfer station if transfer station personnel agreed it could be done safely. Richard Lee will be so advised and the Brownie Leader will be contacted to arrange for the placement at the transfer station.

4. Request for abatement of dooamage assessed per RSA 79:12 on Seamans Road Realty Trust for timber cutting. The town assessed dooamage (double the timber tax due) because the report of wood cut was not filed in a timely fashion according to state law. The property owner asked that dooamage not be assessed because she thought the logger was going to file the reports on time. Mr. Bianchi thought that this was an issue between the owner and the logger, not the owner and the Town. He understood how this sort of thing could happen, but someone took a lot of lumber from the lot and left it a real mess. Ms. Helm said that the woman claims she never received the letter in question to be signed. She wondered if these types of letters were sent via registered mail. Ms. Hallquist said they were not sent registered mail, nor does the law require them to be sent registered mail and noted that the state forms are very clear about the responsibility of the land owner to file final reports. The Board felt that this problem stemmed from a miscommunication between the land owner and the logger.

IT WAS MOVED (Peter Bianchi) AND SECONDED (Tina Helm) to deny abatement of dooamage on Seamans Road Realty Trust for timber cutting. THE MOTION WAS APPROVED UNANIMOUSLY.

5. Francis Kallgren met with the board to express her concern with the condition of the Seamans Road property that was recently cut of timber (see above). She asked what “dooamage” was. Mr. Bianchi explained that for example, if \$25,000 in lumber is harvested, the town collects \$2,500 in timber tax. If the final reports are not filed as required, the RSA states that the Town collects \$5,000 from the owner instead of \$2,500. The logger is the responsibility of the person who hired them. Ms. Kallgren was concerned about the way the loggers came in and took the trees down in the winter and left everything a

real mess. She wondered if there was any way they can avoid this type of thing happening in the rest of the town in the future. Mr. Bianchi said that they require bonds for people who dig across a road but that they don't require bonds for logging.

Mr. MacMichael said he walked through the area and they did a horrible job with the cutting. Ms. Helm didn't think there was anything the Board of Selectmen could do, but perhaps they could touch base with Peter Stanley (Zoning Administrator) and Norm Bernaiche (town assessor) to see how it relates to the value of the property and how it could be prevented in the future. Ms. Kallgren said she was worried that this could happen again as there are a lot of woods left on Hall Farm Road.

Mr. MacMichael recommended the Board of Selectmen call the State Forestry Department because it wasn't right what they did there. Mr. Bianchi added they could make a call to the Better Business Bureau. Mr. Hudson asked if a permit was taken out for this cutting. Mr. Bianchi said that there was. It was an "Intent to Cut" permit and that it is required mainly so the Town gets the tax money from the trees taken down. Ms. Helm said that there are no restrictions listed on the application they have.

6. Citizens Concern: children skateboarding on public roads – Mr. Bianchi said that John Woodard came in to the office to complain about children skateboarding on public roads. Chair Kaplan wondered if he would consider supporting the skate park committee. Ms. Helm said the committee had permission to use the land and some designs had been formulated, but that it hasn't gone anywhere.

Town Administrator Report

Parking Ticket - Ms. Hallquist noted that Mr. Jim Ward called her that day regarding a \$25 ticket he received while parked at the beach. He would like to ask for leniency on the ticket because he was not aware that parking wasn't allowed there and had not gotten his parking sticker. Mr. Bianchi said that in the past he pushed for a "go-slow" policy to be lenient on first offenses. Generally people go to the Police Chief and explain their case. Sometimes their ticket is forgiven. The Board instructed Ms. Hallquist to refer Mr. Ward to the Police Department.

Ms. Helm said if they are going to make the ordinance work around the two beaches, they have to be tough. They have informed the taxpayers through a number of different media what the obligations are. She would be happy to bend on this one, but no more. The feeling of the board was that the police had to decide for themselves.

NH Retirement System – Ms. Hallquist reported that recently enacted legislation reduces to zero the state's contribution of retirement expenses for police and fire personnel. This means that the town will pay 100%, a fact not known during the last budget process and as a result, those departments will have additional expenses not considered in their budgets as adopted in March. The potential impact on the Police Department is \$40,255.59 and the potential impact on the Fire Department is \$11,974.85. There will be no impact for other town departments because the State has never contributed to the retirement of other town employees (office staff and public works) and thus the budgeted amounts are not affected. She noted that the Board many transfer funds from other departments into the Police and Fire Department if it becomes necessary.

Pleasant Lake Dam Contract – The Board reviewed the engineering contract for the Pleasant Lake Dam work. Ms. Hallquist noted that Mr. Lee has reviewed the contract as well as had it reviewed and approved by DES and it is in order. Mr. Bianchi said he felt it was OK to go forward with this without further review by legal counsel. Chair Kaplan said that the chosen firm came in under the maximum budgeted amount so they were fine with it.

Finance Officer Resumes – Ms. Hallquist noted the deadline for submission of resumes is Friday. They have received five so far. Members of the public were encouraged to mention the opening to anyone they felt might be interested in the job.

Committee Meetings & Reports

Elkins Subcommittee meeting 6/28 and tour on 7/7 – Chair Kaplan said he has read the notes and feels as though it is going well. Ms. Helm said she went on the tour and was glad to have done so. The subcommittee will meet on July 7th and Ms. Helm plans to attend. Mr. Bianchi felt it was important that the committee knows to report back to the Board of Selectmen with their recommendations.

Upcoming Meetings

Board of Selectmen will meet on July 25th at 8:00am for the annual non-resident taxpayer meeting. All non-resident taxpayers are encouraged to attend. A notice will be placed in the Kearsarge Shopper and will be posted on the Town's website to encourage non-resident taxpayers to attend. Although being held to address specific questions of non-resident taxpayers, all citizens are welcome to attend.

Other

Chief Lyon said there is a water project taking place on the grounds of the Kearsarge Regional Elementary School and the old SAU building. They are extending the water main from Pressey Court to where the other hydrant is. The project will start July 25th and is expected to last 3-4 weeks. It will not affect any traffic on Main Street, but Cougar Court will have some impact.

**IT WAS MOVED (Tina Helm) AND SECONDED (Peter Bianchi) to adjourn.
THE MOTION WAS APPROVED UNANIMOUSLY.**

The meeting adjourned at 7:28pm.

Application for Building Permit:

- Peter Bianchi & Hannah Houghton, 36 Job Seamans Acres (Map & Lot 074-007-000) interior renovations – Permit #11-057 – Approved.
- Bruce Herring, 300 Lake Shore Drive (Map & Lot 036-011-000) build boat storage shed – Permit #11-058 – Approved.
- Jude McColgan, 408 Knights Hill Road (Map & Lot 094-001-000) - Permit #11-059 – Approved.
- Thomas R. Little, Barrett Road (Map & Lot 084-038-000) build storage shed – Permit #11-060 – Approved.
- Steve & Lori Lavolpicelo, 120 Birch Acres Road (Map & Lot 074-036-000) build deck on back of house – Permit #11-061 – Approved.
- Richard & Nancy Cohn – 506 Forest Acres Road (Map & Lot 119-018-000) level & clear path to shoreline – Permit #11-062 – Approved.
- AMENDMENT - Kenneth Frieze, 45 Pilot House Road (Map & Lot 080-010-000) remodel pump house – Permit #10-085 – Approved.

Application for permanent sign permits:

- Fleur Skincare Apothecary – Wanda Bogacz - 37 Newport Road – (Map & Lot 072-040-000) Approved.
- Lisa Gooding – Faces – 353 Main St. (Map & Lot 084-089-000) Approved.

Application for abatements:

- Chetwood Trust – 339 Davis Hill Road - Denied

Other items to be signed:

- Disbursement voucher for week of July 11, 2011
- Eagle Scout award
- Tracy Library Bond
- 2 sets of Pole licenses
- Agreement for Pleasant Lake Dam Engineering Services

Respectfully submitted,

Kristy Heath, Recording Secretary
Town of New London