



# TOWN OF NEW LONDON, NEW HAMPSHIRE

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## **Budget Committee Meeting Meeting Minutes February 20, 2013**

**BUDGET COMMITTEE MEMBERS PRESENT:** Jim Wheeler (Chair), John Wilson (Vice Chair), Doug Homan, Bill Green, Joe Cardillo, Ann Bedard, Rob Prohl, Larry Dufault, Ben Cushing, Peter Bianchi (Selectmen's Representative)

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

**OTHERS PRESENT:** Bob Brown (Conservation Commission Chair), Linda Hardy (Town Clerk/Tax Collector), Lucy St. John (Planning & Zoning Administrator), Sandra Licks (Library Director), Bruce Parsons (Library Trustee), Bob Bowers (Library Trustee), Dave Seastrand (Police Chief), Richard Lee (Public Works Director), Tina Helm, Janet Kidder, Bruce Hudson, Renate Kannler, Doug MacMichael, Phyllis Piotrow, Linda Jackman, Amy Rankins, Joan Pankhurst, Ed Andersen.

Chair Wheeler called the meeting to order at 7:00pm.

### Review of Minutes from February 13, 2013

The Committee will review the Minutes of their February 13<sup>th</sup> meeting at their next meeting.

### Conservation Commission – Bob Brown, Chair

Mr. Brown observed that the operating budget for the Conservation Commission has not changed much. They try to be very careful with what they do to keep costs down. The Commission is still planning to hire a trail maintenance intern this summer, which is very helpful to them. Mr. Prohl asked if there was a way to not pay the intern or if the intern could be paid by someone else. Mr. Brown said that volunteer help is hard to come by. The people who are available to help are 70+ years old. The work is very hard and involves carrying heavy lumber into the woods, etc. They have made use of the Merrimack County of House of Corrections in the warmer months, which is free. The intern they used last year is available this year and is from Colby-Sawyer College. He is not in a position to do this work for free and is trying to put himself through college. If the intern decides to return this year, Mr. Brown said they felt it fair to add an increase of .50/hour to his pay.

Mr. Brown reviewed each line item in his budget, which included supplies, memberships, water analysis fees, website maintenance, printing of maps and notices, and one-time stewardship contributions for various easements. Mr. Homan wondered if Ausbon-Sargent should be coming to the Selectmen for a contribution instead of going through the Conservation Commission, who then has to list it as a line item in their budget. Mr. Bianchi said that this is how the donation to Ausbon-Sargent has been done for a long time and is unique to how other non-profits receive money from the Town.

Mr. Brown said that the easement contribution line item should stay funded because they must be prepared for situations when they will need the money. They do not want to miss out on an opportunity because they don't have the money. Ms. Johnson noted that if the money in this line item isn't spent at the end of the fiscal year, it goes back into the General Fund.

Mr. Green asked what the balance of the Conservation Commission CIP was. Ms. Johnson said that it was \$446,447. Mr. Brown gave some history of the fund and it was noted that at the onset of the fund, it was funded at \$75,000/year for two years. In 2005 and 2006 it was funded at \$150,000 for each year. In 2007

and 2008 the funding went down to \$50,000. In 2009 the Conservation Commission was asked to consider making a request of \$0 due to the downfall of the economy. It was their understanding that this would be a one-year request but in 2010 the Conservation Commission was urged again to request \$0. They did not feel comfortable with this and reluctantly petitioned a warrant article at Town Meeting for \$25,000, which passed. In 2011 they were funded at \$0. In 2012 they were funded \$10,000. In order to serve their mission, the Conservation Commission believes that they should request \$25,000 this year.

Mr. Homan said that the CIP committee felt that these funding situations that have become routine need to be scrutinized. The account has almost half a million dollars in it and was felt by the CIP committee that it was adequately funded.

Mr. Cardillo asked Mr. Brown to give examples of what the Conservation Commission has used the fund for over the last ten years. Mr. Brown said that the Clark Lookout parcels were about \$90,000. Their desirable list contains over 40 parcels that they would like to conserve at some point. If some of these parcels become available, the fund would be expended very quickly. They would not expect the Town to pick up the entire cost for any parcel and would participate in partnerships and fundraising.

Mr. Bianchi said that the CIP Committee cut the \$25,000 request down to \$12,500; it was not the Selectmen that cut it down. Chair Wheeler said that there was a thought that the Conservation Commission might submit a petition warrant article if the Budget Committee decided not to fund the \$25,000. Mr. Brown said that the Conservation Commission has never offered a threat of doing this. Mr. Homan said that they hadn't agreed not to do so either.

Mr. Homan said the Town of New London currently protects almost 25% of the current town land. If they keep protecting land in town, along with Ausbon Sargent, that could mean up to 40% of the land in town would be protected, which takes the properties off of the tax roll. Mr. Brown said protected land means there is a protective easement on the land. They do not consider parcels containing cemeteries, libraries, a transfer station, a town garage, etc. to be protected land. The properties are owned by the Town and so they don't get taxes from them. Mr. Brown said that actually 17.8% of the town's land is conserved. He didn't think they should get cemeteries and town owned land confused with hiking trails and open land.

Mr. Cardillo said they have spent some money for acquisitions in the past and they have a wish list of parcels in mind. Their challenge is to figure out how much money they need to be able to act quickly. He thought they would be able to acquire a property if they did not have enough money at once, but perhaps could purchase an option or bond the remainder of what they don't have. He felt they had reached the point that they have enough money in their war-chest.

Chair Wheeler said there are enough passionate people in the town who feel that the fund should be supported by the Town and will stand up at Town Meeting and ask for funding.

Mr. Homan wondered if the impending easement at Big Hilltop LLC would be coming forth at this year's Town Meeting. Mr. Brown said that he wasn't sure as they are working on getting an appraisal to move forward with the purchase. Mr. Brown indicated that this property is #1 on their list of desirable lands. Their goal is to complete this project by paying as little as possible. The Forest Society will be partnering with the Town and with the owner to purchase the easement. At this point in time, they don't know what the percentage the Town's contribution will be.

**IT WAS MOVED (Doug Homan) AND SECONDED (Ann Bedard) to leave the Conservation Commission's contribution to \$12,500. THE MOTION WAS APPROVED UNANIMOUSLY.**

CIP

Dr. Wilson felt the operating budget was pretty tight. He wondered if they trim a little on the contributions recommended in the CIP, if it would hurt the program when money was needed to be expended. If they are looking to trim .8%, the only place he sees the possibility of doing so is in the CIP and trimming little bits across the board. He did not have specific areas in mind, but thought he would throw that idea out to consider.

Chair Wheeler said he had a problem taking something out of a budget for the sake of achieving a number. The CIP is based on future investments and it is hard to say what will happen with the cost of equipment and inflation. It is based on best estimates by each department head. Mr. Cardillo didn't want to make cuts in the CIP across the board.

Mr. Parsons said that the Library Trustees went back through their budget and have adjusted their capital reserve contribution request to \$30,000 from the \$35,000 recommended in the CIP.

**IT WAS MOVED (Joe Cardillo) AND SECONDED (John Wilson) to amend line item 01-4915-1098 from \$35,000 to 30,000. THE MOTION WAS APPROVED UNANIMOUSLY.**

Administration Budget – Kim Hallquist

Ms. Hallquist said there was a 100% reduction in the Selectmen's Discretionary Fund, which had funded employee bonuses and coffee for the Saturday morning CAC meetings. As, the travel, meals, conferences and training line items have been reduced for the second year in a row.

Chair Wheeler asked what the printing fee of \$9,000 was for. Ms. Hallquist said it was for the Town Report.

Mr. Cardillo asked about the line item for clerical. They have gone from \$8,000 in the past to \$3,000. Although they have never seen it spent in its entirety, he wondered why it went up to \$5,500. Ms. Hallquist said that this was mostly to pay for the Recording Secretary. She noted that there are more meetings now than there used to be and some boards had not been taking regular minutes until now. Ms. Hallquist indicated there was a line item for overtime that should remain for those instances where they need it.

Mr. Cardillo wondered why there was a fluctuation in the Tax Collector's line item for office supplies. Ms. Hardy indicated that this was to pay for her computer, as there was no other line item where it could go.

Mr. Cardillo wondered about the audit expense. Ms. Johnson said Plodnik and Sanderson from Concord provide the auditing service for the Town. The \$27,000 amount from last year has been lowered to \$20,000 as it will be for the regular 12 months and not 18. In 2010 they spent almost \$21,000 on the audit. It was asked if this service had ever gone out to bid. Ms. Hallquist said that they had not. She indicated that this company works for municipalities and didn't think there were many other firms that do this work. She also believed their fees were all in the same ballpark. This company is familiar with New London, have been doing their audits for many years, and the Town has been happy with the service they receive.

Mr. Homan asked about the increase in the line item for Computer Licenses and Fees. Ms. Johnson said the Muni-Smart program maintenance fee went up 6%.

Mr. Homan asked Ms. Johnson if she had time to do payroll in-house. Ms. Johnson said she would not feel qualified to do this work. Ms. Bedard concurred that payroll would be very difficult in New London as there are so many components to consider.

Mr. Green asked what Finance Advertising was. Ms. Hallquist said they post meetings and notices in the Kearsarge Shopper and the Intertown Record throughout the year.

Mr. Homan wondered why computer support increased so much. Ms. Hallquist said they are already \$6,000 over-budgeted and are trying to get the computers to back up automatically. They have six months to go in the fiscal year still. Mr. Homan asked if they have made any progress with securing one person/company to serve the entire Town's IT needs. Ms. Hallquist said that the Library, Police and Town Office have the same provider and are receiving a lower rate than if they were a single customer. They had to spend a lot of time getting the computers up to speed. She indicated that computer support was expensive.

Ms. Rankins said when they hired Systems Plus, it was because the Town's server was maxed out. That was one of the reasons why Ms. Hallquist wanted to find a company to take care of the problem. The majority of the expenditure was to correct the server issue and have backup on the machines themselves in the event the server would go down again. She felt they were in much better shape than they were prior to hiring Systems Plus.

Ms. Hallquist expected \$6,000/year would cover computer support in the Town Offices. She didn't think there was a cheaper way to do it unless there was someone on staff who had expertise in the field and was willing to volunteer.

Mr. Cardillo wondered about the postage line item. They are allocating \$15,000 and wondered if they could cut it down by \$4,000. Ms. Hardy said when they get to the Cloud software and if there is objection to it, they will need to send more frequent tax reminder notices by mail. Postage would then go up at least \$700 for postage due to increased numbers of past due notices. One way or another they will be providing more notices to people either by mail or email. Ms. Hardy said in most cases, people requested reminders when tax bills are due. There were hundreds of people who forgot to pay their bill this last time around.

Ms. Hardy said that in the software, people will opt-in to get electronic bills and reminders. They will still get paper bills for a time though. People can go into the site if they wish to see when the bills are due, how much they are, and what the daily interest accrued is on late payments. They can also pay their bills online with a credit card with this program. At the moment, however, this program will not save postage.

Mr. Green asked how much it was to send out a mailing to property owners. Ms. Hardy said that it is about \$1,500 for postage but that is not including envelopes, paper and labor. Mr. Green wondered what the benefit was to the Town to have this program available. Ms. Hardy said that it isn't so much a monetary benefit, but it would make it easier on the taxpayers. A lot of the information people call and ask them for can be accessed themselves by using this site.

The software is \$2,800 to purchase and would cost \$100/month for maintenance and updating.

Chair Wheeler asked if going back to semi-annual billing would alleviate the problem with angry customer calls and missed payments in the office. Ms. Hardy said that she thought the cash flow was better with quarterly billing. Mr. Bianchi said they haven't discussed this idea as a board. They are finding that there are some problems with paying some bills when they are due because of the differences in the fiscal years.

Ms. Hardy noted that of the two years they have done quarterly billing, this past year was the worst with people forgetting to pay their taxes. They will be using their new billing format this year that will have two coupons and have prominent wordage noting when the bills are due.

Ms. Bedard thought they eventually will need to go to the new system. She wondered if the Cloud bill would look like the paper bill. She wondered if there was any harm in keeping the paper bills for a year and start collecting email addresses from people so they can get an email reminder.

Mr. Prohl asked Ms. Hardy if she could find \$2,800 in her budget to fund this program if they chose not to. Ms. Hardy said she would feel comfortable going to Town Meeting with a petition warrant article to get funding for this service. That is how strongly she felt about it.

Mr. Homan thought they should send out an email blast to everyone reminding them of their bills as this was free.

**IT WAS MOVED (Doug Homan) AND SECONDED (John Wilson) to cut \$1,200 from line item 01-4150-100-342-00 for “Finance Computer Licensing Fees” and \$2,800 from line item 01-4150-220-552-00.**

Mr. Cardillo wondered if they could find \$4,000 in Ms. Hardy’s budget to be able to afford the software. Ms. Hardy said she had nothing in that amount to cut from her budget.

Mr. Green suggested gathering emails from those who have been delinquent in payments and send out a reminder that way.

Mr. Cardillo thought they should take care of this issue at the Budget Meetings and not at Town Meeting. Dr. Wilson said he took issue with how Ms. Hardy was offering a threat to bring a petition warrant article if she doesn’t get what she wanted. Ms. Hardy said she didn’t see it as a threat and thought it was of value enough to bring it up at Town Meeting. She opined that the Budget Committee has a “cut mentality” and that this wasn’t necessarily their job. Mr. Cardillo said that they have come to the conclusion that they can’t touch personnel expenditures, but they still get questions on the street about the budget. These are questions he feels compelled to bring to the meeting to discuss as he doesn’t know all the answers. They are trying to budget responsibly.

Ms. Hardy said that in her budget, only the things she felt were needed were in the budget. This software would help her to provide better customer service.

Chair Wheeler said his reason for not supporting the software this year was that he didn’t see it as a true cost benefit for the majority of the taxpayers. He sympathizes with what she has to go through with the calls and complaints. If they let it go another year and other towns can testify how well it is going for them and if New London keeps getting complaints and it appears that it would help the taxpayers, they could go forward with purchasing the software. He didn’t think it a prudent expenditure at this point in time.

Chair Wheeler called for a vote on the motion.

Those in favor of removing the line items for the software and the maintenance fees were in the majority. The vote was 7:3 in favor of the motion. **THE MOTION PASSED.**

Mr. Cardillo asked about the Legal line item. Ms. Hallquist said they had dropped the legal line item 10%. It is hard to decrease this because they never know what will come down the line. Hourly rates have gone up, as well. The town pays \$190/hour for legal services. Ms. Hallquist said they must plan on the worse-case scenario and at \$190/hour one mistake could be very costly.

Mr. Homan suggested if they take it down to \$17,000 and they need more money, they could find it in their budget somewhere. Ms. Hallquist said that isn't really budgeting; they are asking for what they really think they need for that category. This is a different kind of line item; a mistake at \$190/hour could be devastating. She didn't think it made sense to take another \$5,000 - \$6,000 from the line item. Mr. Bianchi recalled the Keysar Lake lawsuit and others that came up that were not planned for. Something like that could come up again; they never know.

Mr. Cardillo said he is dealing with this as a budget and they have historical data to analyze. He thought the fund could be pared down a little bit further.

**IT WS MOVED (Jim Wheeler) AND SECONDED (Ann Bedard) to bring the legal budget down to 20,000. THE MOTION PASSED. Peter Bianchi was the only member who voted in opposition.**

Mr. Cardillo wondered about the line item for Employee Benefits. Mr. Bianchi said that it is the Town's contribution to the health insurance deductible. They seem to over-budget this and he wondered if it would go up this year. Mr. Homan thought this was phasing out. Mr. Bianchi said that this has been going down each year. Ms. Hallquist said the maximum exposure is \$35,000. Mr. Bianchi said this is a benefit they can give the employees that was not an expensive cost to the town. It did help a few employees at a relatively small expense to the taxpayers. Ms. Bedard thought this was a cheap safety net and could help employees if they get in trouble with their insurance. Mr. Homan suggested they take this benefit away and change the employee manual. Chair Wheeler saw this assistance to the employees as a priority, as did the Selectmen when they decided to keep it in the budget.

Mr. Cardillo thought the number they had in the Employee Benefits line item was right as it was cut in half last year.

#### Planning & Zoning Administrator, Lucy St. John

Mr. Prohl asked Ms. St. John about her line item for training. Ms. St. John said that the \$1000 is a reduction of what it was and it was not just intended for her own use, but for people who are on the boards she serves. She felt training was important and staff training can help educate board members who may be too busy to attend trainings. She thinks it is important to attend national conferences to learn about new laws and practices.

In the past there were training line items for Planning Board and Zoning Administrator, separately. Those have been reduced over the years. Ms. St. John thought it would be more practical to combine the line items into one. Mr. Bianchi said that the Select board cut \$1,500 from the initial request.

#### Government Buildings

Ms. Hallquist said the cleaning service has quit and the Town is looking for a new company. The cleaning company would be responsible for cleaning the Town Office, Whipple Hall and the Library.

Ms. Johnson indicated that the Town had just signed a new contract with an electricity vendor at .741/kwh.

With regard to the \$5,000 in the budget for the Pleasant Lake Boat Launch, Chair Wheeler wondered if they could push the sand back into the hole when the lake is drawn down this summer. Mr. Lee said the \$5,000 was put in the budget for discussion purposes while they were waiting for the engineering to come back. They can push the sand back but will need a permit to do so. There is only one permit issued every ten years to do this kind of work. The engineer he had been working with on the boat launch was from Contoocook, NH and has done four similar launch reconstructions in NH.

Dr. Wilson said sometime in the next five years they will be arriving at a decision about what will be done to the dam. They should do what will get them a few years out of the current launch until they can do it right with the rest of the dam work. Mr. Lee thought the permit would be about \$500 and materials would be about \$1,500.

**IT WAS MOVED (Jim Wheeler) AND SECONDED (John Wilson) to bring the line item for the boat launch down to \$2,000.**

Mr. Bianchi said the estimate they got from the engineering firm was for \$45,000. It was estimated that it would cost \$3,800 for environmental permitting. He wasn't sure if \$500 would be enough to get the permit Mr. Lee was anticipating. Mr. Lee said he was confident that it was \$500.

**It was decided to table the motion** until Mr. Lee could confirm the amount of the permitting.

Elkins Post Office – It was noted that the chimney needs work at this building. \$2,000 would remain in the line item for maintenance issues that may come up.

Ms. Hallquist said they added “Bandstand” as a town building as it needs work. She came up with a figure of \$2500.

#### Workman's Compensation

Ms. Johnson said the change in this line item was due to the fact that she had anticipated a 9% increase in workman's compensation in FY2013 and the bill actually came in significantly lower than she expected.

#### Emergency Management

Ms. Hallquist said that the Recreation Commission is allowing the Recreation Director to continue on with this task. The amount can be taken out of the budget. There was some discussion as to who oversees the Recreation Director. Ms. Hallquist indicated that the Commission oversees the Director and the Selectmen oversee the commission, which they have appointed.

Mr. Cardillo asked what the Hazmat Team Fee goes towards. Mr. Lee said an accident with a chemical spill on the highway would be paid for by this membership fee. They come with tools and equipment to deal with the hazardous waste.

#### Welfare Administration

Chair Wheeler said there was a significant increase in the salary. Ms. Hallquist said she recommends an increase in the welfare salary and a decrease the health officer salary to keep them in line. It seemed like a more consistent number. The Selectmen agreed.

The next meeting would cover non-profits, recreation, and the fire department CIP. Chair Wheeler thought they should plan on holding a budget meeting on April 3<sup>rd</sup> which was a contingency date they had set aside in case they needed to meet again before the public hearing on April 9<sup>th</sup>.

Chair Wheeler asked the members how they felt about semi or quarterly billing. Dr. Wilson thought they should do another year at quarterly to see how it goes. They don't want to keep changing things. He thought it best to keep the momentum going forward. Ms. Bedard felt it was premature to give up on quarterly billing now.

**IT WAS MOVED (John Wilson) AND SECONDED (Bill Green) to adjourn the meeting.  
THE MOTION WAS APPROVED UNANIMOUSLY.**

The meeting adjourned at 10:03pm.

Respectfully submitted,

Kristy Heath, Recording Secretary  
Town of New London