



TOWN OF NEW LONDON, NEW HAMPSHIRE

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DRAFT

Joint Budget Committee and Board of Selectmen Reconciliation Meeting Minutes of February 1, 2017

BUDGET COMMITTEE MEMBERS PRESENT: Rob Prohl (Chair), Phyllis Piotrow (Vice-Chair), Joe Cardillo, Colin Campbell, Bruce Hudson, Tyler Beck, Lyndsay Lund, Chris Lorio, Suzanne Jesseman, Nancy Rollins (Board of Selectmen's Representative)

STAFF PRESENT:

Kimberly Hallquist, Town Administrator
Wendy Johnson, Finance Officer

OTHERS PRESENT:

Richard Lee, Public Works Director
Ed Andersen, Police Chief
Peter Bianchi, New London Resident
John Wilson, New London Resident
Jay Lyon, Fire Chief
Bill Helm, Board of Selectmen Chair
Janet Kidder, Board of Selectmen
Sandra Licks, Library Director
Scott Blewitt, Recreation Director
Casey Biuso, Recreation Commission

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

Approval of Minutes from January 18, 2017

IT WAS MOVED (Joe Cardillo) AND SECONDED (Colin Campbell) to approve the minutes of January 18, 2017, as circulated. THE MOTION WAS APPROVED UNANIMOUSLY.

Selectmen's Report

Selectman Rollins said the Selectmen agree that the Budget Committee's numbers for Brush Grinding are acceptable and make sense. The amount they agree upon is \$5,000.

With regards to employee health insurance, the Selectmen have agreed that they will maintain the programs they offer currently, but, as suggested by the Employee Committee, they will increase the employee contribution by 2% for both two-person and family plans. Selectman Helm said the Selectmen also agreed to freeze the buyout for employees that discontinue their employment with the Town; there had been discussion earlier on reducing the percentage an employee receives for opting out of the Town's insurance plan. Selectman Rollins added that they are also planning to keep researching options for health insurance as these programs are always changing.

The revolving fund has been discussed and the Selectmen are proposing consistency with the recreation salaries that come from it. They feel that both camp and waterfront salaries that are associated with lessons should come from the revolving fund. It is also their thought that the van payments should come from the revolving fund.

Selectman Rollins said the Selectmen decided to postpone discussion of the impending street sweeper purchase until that evening when they could all be together. Additional information was necessary.

The Selectmen agreed upon the change in the debt service for the proposed bond, which is \$1,400.

Chair Prohl said the Budget Committee and the Selectmen have put the same amount into the capital reserve fund and have the same amount coming from them. He asked if there were any questions.

Ms. Piotrow said they are taking out more than double than what they have put in this year. This is likely attributed to a large vehicle purchase. She would like to see the Town save more money in the future. Selectman Helm said there were two unusually large items coming from the Capital Reserves but that is the reason for having them; saving over time for large expenses. Ms. Piotrow feels a smaller bond will be needed for bridge repairs in the future if they save more now. Interest rates are sure to go up. Mr. Beck opined that this year they have put more into capital reserves than last; they are moving in the right direction.

Mr. Bianchi asked if the Capital Outlay Vehicle Equipment line includes the cost for a new sweeper. Ms. Johnson said it does. Mr. Bianchi asked if Capital Outlay Improvements Bond Issue. He thought \$995,000 was the bond amount; has this changed? Mr. Cardillo said at that at Selectmen's meeting following the last Budget Committee meeting, a sidewalk project was removed and funds would be taken from somewhere else. The amount of the bond has changed.

Chair Prohl said the Selectmen will look further into the sweeper purchase after Mr. Lee's replacement is hired and after they have determined if they can afford the time to contract sweeping work in neighboring towns. The funds don't need to be spent just because the money is appropriated. Selectman Helm feels they should appropriate the money at Town Meeting, otherwise they won't have a choice but to not purchase a sweeper.

Mr. Lorio asked if the \$50,000 in the Gravel Roads line was for maintenance. Selectman Helm said after the six short roads that are difficult to maintain have been paved, the cost for the gravel roads program will decrease.

Mr. Hudson asked what the appropriate number was that is going into capital reserve. \$635,510 and \$20,000 in the sewer. It is a total of \$655,510; that is correct.

Bond Issue Discussion

The proposal from the Selectmen for the bond is now \$875,000. Mr. Lorio felt it was good to hear from Brian Carey regarding the Academy Building roof options.

Mr. Lorio asked about the Elkins bridge rail being moved from the bond into another account. Chair Prohl said it made sense to do this, as there were funds available somewhere else and so there was no need to bond for it.

Ms. Piotrow asked if the Selectmen feel a sprinkler system could be included in the bond since the cost of the roof may be lower, assuming Brian Carey's estimates were valid. Mr. Cardillo said he doesn't know how much it will cost to put a sprinkler system in. Chief Lyon said the estimate of \$60,000 was acquired several years ago. Today, he thinks it would cost between \$50,000 and \$100,000. Mr. Lorio noted that the sprinkler work could have an impact on the work Brian Carey had suggested, in reference to the cost of his estimate.

**IT WAS MOVED (Joe Cardillo) AND SECONDED (Bruce Hudson) to approve the bond amount of \$875,000 as presented by the Board of Selectmen.
THE MOTION WAS APPROVED UNANIMOUSLY.**

Dr. Wilson said if included in the warrant for a sprinkler system, the Selectmen could use leftover money from the other projects, if there is any, to put one in at the Academy Building. Selectman Helm said if they put “repairs to the Academy Building” into the warrant, it would cover this work if there was leftover money.

Street Sweeper Discussion

Selectman Helm said he and his colleagues had deferred this discussion until they could meet with the Budget Committee. Mr. Lee had recently provided them with new information.

Mr. Bianchi said for the town of their size to spend \$200,000 on equipment that is used twice a year is not a good use of the Town’s money. Subcontracting out the work is a possibility; he contacted someone in Concord and Manchester. The town could spend \$10,000 for 80 hours which includes an operator, and they wouldn’t need to worry about using any of their own personnel, and paying for the maintenance and wear and tear on a piece of equipment.

With regards to the existing sweeper, he wonders what the condition of it is and what it will cost to repair it. If the Town decides to spend \$200,000 for a sweeper, what will happen to the old one? If the old sweeper is not usable now, what will they do for sweeping this year? The funding won’t be available until after the roads will need to be swept. Mr. Bianchi feels they should try subcontracting the sweeping out for one year and see how it works. If scheduled enough in advance, the Town can decide when they can have the sweeping done.

Chair Prohl asked Mr. Lee what his plans were for sweeping this spring. Mr. Lee said if he could find a different sweeper for the \$60,000 that was appropriated, he would have it now. He can’t find one in good enough shape to purchase at that amount. The current sweeper will cost between \$7,000 and \$10,000 to repair. Funds for this will come from the Equipment Maintenance Fund. In the past they have hired sweepers and it cost them \$12,000 and they sweep about half of what the Town usually sweeps. Due to the size of the sweepers the contractors use, they can’t do many of the roads in New London early in the Spring, as they sink through the pavement into the mud. They have had to pull sweepers out of the mud before when they were contracted. Due to this fact, the town’s roads won’t get swept until probably June when the roads are dried up. The price of a sweeper that Mr. Bianchi’s source had mentioned to him is for a sweeper four times the size of the sweeper he is looking to get. Mr. Lee has a price from a dealer for \$210,000 for a sweeper, delivered. This is not a bid price.

Chair Prohl asked if the Highway Department would have time to sweep neighboring town’s streets. Mr. Lee said maybe one or two towns they could do.

Mr. Cardillo said he spoke with Mr. Lee recently about the sweeper and other things. There are a lot of projects that the town wants to do but they can’t do it all during the summer months. If it is \$200,000 and they can purchase it for \$20,000/year for 10 years, maybe that is the way to go. If a plow truck goes down and they need to replace it, he would feel more comfortable spending the money on that. He isn’t in favor of purchasing a sweeper right away. He thinks it seems like a more prudent use of labor, time and money to contract out the sweeping and use the Town’s resources within the Town on projects that they want done.

Mr. Lee said he already has \$60,000 appropriated for a sweeper; he will only need \$150,000 more to get a new sweeper. Dirt from the streets will go into the culverts will get into their drainage systems, into the brooks, streams and ponds. He doesn't think the town will be swept until the second week in June. The town won't be clean for Memorial Day. If funds are appropriated, Mr. Lee said it could be ordered the day after Town Meeting and delivered in April for sweeping.

Ms. Lund said a new one is \$210,000 without negotiating? Mr. Lee said yes. Ms. Lund said if they contracted out the sweeping it would be \$24,000? Mr. Lee said 7 days with two trucks was \$8,640 to do this, and only half the roads were swept. Selectman Rollins said this was the last time they contracted and the State was also sweeping their main roads. They are no longer doing this. The work has now doubled and there are areas that are part of significant watersheds. This is an environmental issue especially considering the more significant weather events they have had of late.

Ms. Lund \$210,000 divided by \$22,000/year would budget to about 9 years. The longevity of a new sweeper is 20 years? Mr. Lee agreed. He said there are parts of town that are swept as many as four times per year. They don't just use the sweeper once a year. If they pick it up off the street, it is cheaper than cleaning it from ditches and culverts.

Mr. Prohl said the Selectmen have proposed the \$210,000 for the sweeper; it is included in the capital outlay. Selectman Helm said he is in favor of leaving the funding in: sweeping early is better; the amount of streets they sweep is important; there are significant environmental issues to be concerned with; if they rented their machine out that they would be borrowing, they'll pay it back in less than 10 years and will have all the benefits of having their own.

Chief Andersen said safety to motorcyclists and bicyclists should be considered. The sand on the roads can cause accidents; getting the sand off the roads as early in the spring as possible is ideal.

Mr. Bianchi said they have had a sweeper since 2011 and \$10,000 won't get it through another year? The cost to maintain a sweeper is proven by this fact to be high. No matter what kind is purchased. This is a cost they are overlooking for the convenience of having it. For a town their size, the cost is still too high for a piece of equipment that is used one month out of the year.

Mr. Lee said they like to get spring clean-up done by Memorial Day weekend. Chief Lyon asked if Mr. Lee would be able to paint the sidewalks and the lines if they haven't swept. Mr. Lee said they would have to sweep these areas by hand before they could paint.

IT WAS MOVEVD (Chris Lorio) AND SECONDED (Suzanne Jesseman) to support the Selectmen's position to purchase a new sweeper for \$210,000 as presented.

Dr. Wilson feels a more accurate estimate for hourly fees other towns would pay to use New London's sweeper. Mr. Cardillo said he has a hard time believing a sweeper will last 20 years, especially if they are doing work for other towns. He found that other municipalities pay \$120/hour to subcontract street sweeping. Mr. Cardillo said the only thing preventing the Town from getting the roads swept by a contractor is the weather. If they contacted the rental company the following day, they could choose the time of the month they would want their streets swept.

Ms. Jesseman said she has seen when the road hasn't been swept at the right time; the sand goes right into the lake. They have to have something in place to keep this from happening. Mr. Campbell was torn; he sees plusses to both sides of the issue.

Ms. Lund said she had to pay \$1,200 to have her culvert dug out even though it had been done a few years prior. Mr. Cardillo said the sand will be in the ditch one way or another. He challenged his colleagues to name a town near New London that has their own street sweeper. No one knew of a town. He suggests it better to pay someone else to sweep New London's streets and use their man-power on other projects.

Janet Kidder said people in New London want their streets swept. As soon as the snow is off the lawn, they want their streets swept. She feels it is cost effective to own the equipment. Mr. Lorio said owning the equipment will benefit the town because the rates for others to do the work will surely keep going up, the work will be done better because it will be done by those familiar with the town and roads, the work can be done during optimal times for the town and the Public Works Department, and by getting the sand moved at the right time, will be the environmentally correct thing to do.

Selectman Rollins said there is a differential between New London and other towns. New London's elevation is higher than others in the area. It is windy and sand blows around Main Street. The watershed issues are substantial and it is prudent for the Town to move forward with this purchase.

Chair Prohl called for a vote on the motion on the floor.

THE MOTION PASSED.
Joe Cardillo voted NO.

Salaries from the Recreation Revolving Fund

Chair Prohl gave the floor to Chair Helm to explain the Selectmen's rationale regarding salaries for summer programs.

Chair Helm said it is the thinking of the Selectmen that the salaries for the summer programs (waterfront staff that provide lessons and day camp staff) come from the same area in the budget where the income from the programs goes. A little over \$25,000 was spent on day camp counselor salaries from the revolving fund last year. If they want the salaries to come from the same place revenue is brought in from, Chair Helm suggests that the swim/sail lesson salaries, in the amount of \$7,738, come from the revolving fund. No one was really sure why these staff salaries have been historically paid for through the operating budget.

Mr. Blewitt appreciated the theory of being consistent in this area. He said maybe the swim lesson program was created a long time before the day camp, and those expenses were put into the operating budget because there was nowhere else to put them. When the day camp was created, it made sense to pay for the salaries from the same fund that the revenues from the camp went into. His only reason to keep the salaries as part of the operating budget is so he can make the swim lessons affordable to anyone who wants to take them. This is due to the area having so many bodies of water and learning to swim is important. Chair Prohl asked if Mr. Blewitt would need to change the rates if the salaries were taken from the revolving fund. Mr. Blewitt said not necessarily. He offers swim lessons as part of the day camp which represents about \$2,000. The rates right now make a small profit. They have recently increased the rates. This will just be another cost to be absorbed, along with the van payment. He is thinking about maintenance improvements that need to be made, having to do with things at the skating rink and the beaches.

Mr. Blewitt would like an allowance to not worry about where the balance goes and what level they need to keep the revolving fund at. He didn't want to feel limited as to what he can keep in his revolving fund. Mr. Blewitt said he doesn't want to spend down the fund; the summer time is his busy time and may need more money to deal with things at the beaches and the day camp.

Mr. Lee noted that a couple years ago, someone went on the skating rink and poked holes in the liner with their skates. Mr. Blewitt was able to buy a new liner with money from the revolving fund. If that money wasn't there, they would have had to ask the Town for more money so they could have a rink the next year. Mr. Cardillo feels the maintenance fund for the beaches should be changed to encapsulate the whole recreation program.

Ms. Lund said they just spent 52 minutes on discussing a sweet sweeper. They are now discussing swimming lessons, which are important for the children in this area. This is an important offering that should be subsidized. Chair Helm said he agrees about the importance of swimming lessons and the Selectmen feel this way. The point is to balance income and expense. This line was picked out of all the rest of the recreation expenses because it has a salary attached to it that doesn't have an income in the same part of the budget.

Mr. Beck said if they are going to charge for a service, the money being paid to the employees to provide the service needs to come from the same account that the income goes into. Ms. Lund said by using this logic, she would opt to have the van payments put back into the operating budget. There are other departments that use the van.

Ms. Piotrow said she understood that when the Selectmen looked at this first, they thought it made sense to put the salaries into the revolving fund and pay for the van from the operating budget. Then they switched these ideas around. That night, they are talking about putting both the van and the salaries into the revolving fund.

Mr. Lorio asked if there is any danger to the Recreation Department by using the revolving fund for both the van and the waterfront salaries. This is the argument; what is the danger of taking this money from the revolving fund?

Ms. Biuso worries about the expenditures rising and falling throughout the year and worries about spending a lot in the summer season all at once on salaries. She thinks there is cushion but doesn't want to push the limit too far.

Mr. Lorio suggests putting money into the maintenance line next year to deal with issues that come up unexpectedly that have traditionally been spent from the revolving fund.

IT WAS MOVED (Rob Prohl) AND SECONDED (Bruce Hudson) to take \$7,730 out of the Operating Budget for waterfront wages and take it from the Revolving Fund. THE MOTION PASSED. Lyndsay Lund voted NO.

Ms. Piotrow doesn't believe the van should be paid for from the Recreation Revolving Fund as it is used by other departments.

IT WAS MOVED (Phyllis Piotrow) AND SECONDED (Lyndsay Lund) to pull \$8,500 from the revolving fund for the van payments.

Selectman Rollins asked about the usage of the van by other departments. Mr. Blewitt said the Public Works Department uses the van to bring people to training. The Police Department used it for a training at Colby-Sawyer College, the Budget Committee used it to take a tour of the town projects, the Planning Board has used it for site visits.

Chair Prohl asked what they would charge others to use the van. Mr. Blewitt hasn't let non-town groups using the van because of liability.

Chair Prohl said he didn't think the Selectmen were clear that the van payments were coming from the revolving fund. Ms. Lund doesn't think this is a fair way of paying for a town vehicle; Chief Andersen doesn't need to write a certain amount of tickets to pay for his vehicles. Chief Lyon doesn't have to rescue a certain number of kittens to pay for his fire trucks. Why should the Recreation Department have to create and offer programming to be able to pay for the van?

Mr. Cardillo asked if the Selectmen's budget shows \$8,500 as a revenue line. Yes. This is consistent with what was discussed last year with the van. This is the only vehicle out of all those in town that they have an ability to generate revenue with. The Selectmen and the Budget Committee decided last year to pay for the van from the revolving fund for five years.

Selectman Rollins said she would like to see a more multi-generational programming which would bring in more revenue with the van.

Ms. Piotrow read from the minutes of a 2004 Selectmen's meeting that explained the revolving fund was being created to build momentum for more programming; she didn't think van payments being taken from the revolving fund was the right thing to do. Mr. Lorio said he doesn't hear that momentum will be lost or that the Recreation Department will lose the ability to do anything in particular if these costs were taken from the revolving fund.

Chair Prohl called for a vote on the motion. A "Yes" vote changes the vote they took previously to take the van payments from the revolving fund and put them back into the operating budget.

THE MOTION FAILED.

Lyndsay Lund and Phyllis Piotrow voted YES.

Selectman Rollins feels strongly that every child needs to learn to swim and should be able to attend day camp if needed, regardless of income. She noted that for the past three years she has urged that a 501(c)(3) organization called "Friends of New London Recreation Department" be created to help defray costs for citizens who need help in this regard. People can donate to this and she knows a number of people who would. She would not like to see any child lose out. Currently, some children are on scholarship for camp, and the funds come from the revolving fund.

Parkside Sidewalk \$120,000

The funding will come from the Transportation Improvement Fund.

IT WAS MOVED (Tyler Beck) AND SECONDED (Suzanne Jesseman) to approve the funding of \$120,000 from the Transportation Improvement Fund for a Parkside sidewalk, as presented by the Board of Selectmen. THE MOTION WAS APPROVED UNANIMOUSLY.

Employee Health Insurance Deductions

Ms. Hallquist said the deductions listed on the budget sheets reflect the Selectmen's decision to increase the contribution percentage the employees will pay for their health insurance coverage. Ms. Licks said the Budget Committee can also deduct \$700 from the library's employee health insurance as well. She noticed that the cleaning contract for the library was not included (\$14,900) in the budget figures. It was noted that the oversight would be corrected.

IT WAS MOVED (Joe Cardillo) AND SECONDED (Suzanne Jesseman) to adjust the Tracy Library to include the cleaning expenses. The total budget is \$501,900.00. THE MOTION WAS APPROVED UNANIMOUSLY.

Mr. Hudson said the Town's numbers were up 4%, the library's is up 7%. Chair Helm said the library did their salary study a little later so will have their entire increases in the 2018 budget, not spread over two years as the Town has done. Mr. Hudson feels this is something to watch over the years. Chair Helm said they will always need to revisit the levels of service provided in the town. Expenses are associated with service.

Selectman Kidder said it would be helpful for all of the Selectmen if this information requested by Mr. Hudson could have been provided in a timelier manner so that they could all process it and respond.

Employee Health Insurance Budget Reductions

Ms. Hallquist said there were reductions of \$11,468 in the operating budget and \$950 in the sewer budget due to reductions in insurance.

IT WAS MOVED (Joe Cardillo) AND SECONDED (Suzanne Jesseman) to approve deductions of \$11,468 in the operating budget and \$950 in the sewer budget due to reductions in insurance costs. THE MOTION WAS APPROVED UNANIMOUSLY.

Mr. Lorio wondered if they need to vote on budgets they hadn't before. Ms. Hallquist said the budget will be finalized and voted on at the public hearing.

Mr. Cardillo said the reconciliation meeting was successful; both Selectmen and Budget Committee budgets were aligned.

The public hearing will be held at Whipple Hall the following Wednesday evening at 7:00pm.

With no other business to discuss, Chair Prohl called for a motion to adjourn.

IT WAS MOVED (Suzanne Jesseman) AND SECONDED (Tyler Beck) to adjourn the meeting. THE MOTION WAS APPROVED UNANIMOUSLY.

The meeting adjourned at 8:55pm.

Respectfully submitted,

Kristy Heath, Recording Secretary
Town of New London