



TOWN OF NEW LONDON, NEW HAMPSHIRE

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Budget Committee Meeting Meeting Minutes of January 11, 2017

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

BUDGET COMMITTEE MEMBERS ABSENT: Tyler Beck

STAFF PRESENT:

Kimberly Hallquist, Town Administrator
Wendy Johnson, Finance Officer

OTHERS PRESENT:

Richard Lee, Public Works Director
Ed Andersen, Police Chief
Donna Larrow, Police Chief Administrative Assistant
Peter Bianchi, New London Resident
Steve Ensign, Board of Firewards
John Wilson, New London Resident
Jay Lyon, Fire Chief
Sandra Licks, Library Director

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

Approval of Minutes

January 4, 2017

IT WAS MOVED (Phyllis Piotrow) AND SECONDED (Colin Campbell) to approve the minutes of January 4, 2017 as circulated. THE MOTION WAS APPROVED UNANIMOUSLY.

Selectman's Report – Nancy Rollins, Selectman

Selectman Rollins said that two representatives from CGI Business Solutions came to the last Selectmen's meeting and reported on health insurance options from Harvard Pilgrim; the Board is waiting for some additional information. The Selectmen did not make any final decisions on the bond and what it would include for projects. They are waiting on numbers from the Pleasant Lake Dam (January 23rd), there was discussion on a sweeper; new versus used, and a possible sidewalk from Main Street to Cottage Lane. This is projected to cost about \$40,000. Funds may come from the Municipal & Regional Transportation Improvement Capital Reserve Fund for the sidewalks.

Selectman Rollins said there is a potential appropriation for expenses relative to hiring a new Public Works Director (overlap before Richard Lee leaves). Ideally they will hire someone by November to enable a transfer of knowledge. They projected about \$20,000 would be needed.

Lastly, Selectman Rollins said they discussed a State revolving loan fund for wastewater collection asset management plan. The Budget Committee was provided with information on proposed plan. Selectman Rollins explained the way the program works, the town pays for the project initially with loan funds and then up to \$30,000 is forgiven. The town will need to do this anyway as part of their state-required plan. Ms. Piotrow asked what the role of the Underwood Engineers was, as they were promoting the project. Mr. Lee explained that Underwood Engineers has done a lot of work on the town's sewer collection system, and they alert the town when opportunities arise for grants for upgrades to the system. He noted that Underwood could possibly be hired to do the work because they are very familiar with the system. It is anticipated that New London would qualify for the \$30,000. A warrant article would need to be written for Town Meeting; the funding would be contingent upon approval at Town Meeting.

Ms. Hallquist said December 16th was the deadline to submit an application for the revolving loan fund program; the town did submit an application in time to get on the list. If Town Meeting is not in favor of it, or if the Selectmen decide not to put the request on the Warrant, the application will be withdrawn.

Selectman Rollins said they heard from the Solid Waste Committee; they recommend \$25,000 for a study for the transfer station, and \$35,000 if it includes a regional study. Lastly, she reported that Mr. Lee is concerned about the amount of money allocated in the current budget for sand due to the amount of ice we have seen this winter.

Review of FY2018 Budgets

Chair Prohl said February 1st is the reconciliation meeting with the Selectmen.

Chair Prohl said in the coming year they will need to consider the use of the Buker Building/Whipple Hall and its function within the Town. They will also need to consider the Transfer Station; is a new facility needed or can they upgrade the current one? There are a number of big ticket items coming up. If they borrow every year, it will add up. He hopes to have a blueprint created next year to know what is coming up and what projects will be tended to first.

With regards to the Pleasant Lake Dam, the total seems to get better and better. The Dubois and King engineer will be back to meet with the Selectmen on January 23rd. Ms. Lund asked if it is state mandated to close the lagoons. Mr. Lee said it isn't at this point but at some time it would be. If there was a breach, this would be a problem because the material would go into Keysar Lake. Mr. Cardillo asked how much was expended last year on the lagoons. Ms. Hallquist said they just signed the agreement for a little over \$140,000.

With regards to the Academy Building, Frank Anzalone (New London resident, Architect, and member of the former Buildings Committee) worked with Trumbell-Nelson to come up with two scenarios. One was to enclose the heat exchanger in the attic, the other is to replace the roof and enclose it at the same time. \$90,000 was to build the little room. \$275,000 was to take off the roof and replace it. Chair Prohl said he hates to go to the voters again asking for money for this building. He said this is not a priority at the moment. He asked his colleagues about the project.

Ms. Lund said seeing the building worked on extensively again would raise some eyebrows with the townspeople. She doesn't want to give the perception to the taxpayers that they are coming up with more projects; it's also an eyesore. Ms. Piotrow asked if there was any calculation that has been done to see how much money would be saved by insulating the attic/roof of the Academy Building. Mr. Lee said he doesn't know that anyone has that number. This is a way to fix the problem so they don't have to worry about the roof leaking and having to chip off the ice dams.

Ms. Lund asked if Mr. Lee would be willing to get other bids for this work. Mr. Lee said he would definitely go out to bid. Mr. Lee said this wasn't on the project list because he thought the Selectmen were planning to put it in a bond. He said the \$275,000 project will solve all the problems with the roof (ice jams, the sway); the \$90,000 solution only solves the problem of the heat exchangers freezing. Ms. Jesseman asked if a structural engineer had looked at the building. Mr. Lee said they had; there were gauges put in the attic to monitor the sagging of the roof. Mr. Lorio asked how old the existing roof was. Mr. Lee said he thinks a couple years prior to when the Town did the remodel. The heat exchangers were put in the attic by decision of the engineer who did the design, along with the Selectmen. They were trying to get the most space out of the building so they put the exchangers upstairs in the attic.

Mr. Cardillo suggests a standing seam roof. Chief Lyon said they may need to redesign the entrances to avoid snow falling off of the roof. Chief Lyon added that the building is also supposed to be sprinklered. In 2010 the estimate to do this was in the \$60,000 range. Chair Prohl said it would be worth doing at this point to preserve the building; they have put so much money into it.

Mr. Bianchi said they've spent over a million dollars on the Academy Building. If this amount is approved, added to the \$350,000 bond they did a couple of years ago, they will have \$625,000 in the building in the last three years plus the renovation they did. They will be naïve to think these upgrades will be the last ones they do. Old buildings have a lot of problems and new expenses will keep popping up. Mr. Lorio said they do upgrades piece by piece and it may cost more doing it this way; interest rates are low now so a bond is probably the way to go.

Ms. Lund didn't think \$1.5 million to maintain a large municipal building over 18 years was that much of an investment. She thinks it is the cost of doing business. Using old buildings is a New England tradition that she likes and appreciates.

Mr. Lee said money for engineering to see if the space at Whipple can be renovated for Recreation or the Police Department/Dispatch is on the list of projects. Selectman Rollins said she would like to see something come about for the Recreation Department to move near the Outing Club. Ms. Piotrow said they will know over the next four years what they can do with the Recreation Department and Whipple Hall. She thinks they should repair the roof at Whipple Hall. Mr. Bianchi said they had a study done but they haven't done anything with the results because they weren't sure what they wanted to do with the space. They have bonded \$1.7 million dollars in three years but haven't done anything at Whipple, the second crossing at Brookside Drive, and the crossing at Goosehole Road. Mr. Lorio said these projects are coming up and they have been pushed off. Figures that scare people keep getting larger and pushed off. Doing more work now will stop the cycle of pushing things down the road. Mr. Bianchi thinks there may be projects that could be put off 50 years and New London wouldn't be any worse for wear. There is a wish list and a need list. It may be time to reevaluate some of these projects that "have" to be done.

Mr. Ensign said the bonds are crucial when it comes to cash flow. They are planning these bonds to begin when another is retiring. The time is now as they have bonds retiring. The debate is what the funds will be used for. If they allow the bonds to mature without cycling through new ones, they will have a dip and a raise in the tax rate when they do eventually decide to bond. Mr. Cardillo agrees. It is only prudent for them to talk about what they can afford for the dollars they are retiring. Unfortunately, municipalities have a target on their backs when they go out for bid. These figures of what they can spend are all public information. How can they find ways to reduce the cost for these projects? Mr. Cardillo offered that it is not the Budget Committee's charge to start this conversation.

Mr. Cardillo recalls that the fire house was built by a local person and saved the Town money. He has a hard time believing that local contractors don't want the work. How can they engage these people in the

conversation? Mr. Lee said local contractors would not come look at the bottom of the bandstand because they were burned on the bidding for the roof portion of it. They don't want to come and waste their time giving a bid when they are told that the Town can get it done for less from someone else.

Mr. Cardillo asked why they don't have a building committee who can donate their time to consult with the Town on these building questions. Chair Prohl said there are solutions that are top of the line, and there are solutions that cost less but will work. If it wasn't for Jud Donaghy and his help with the design for the Pleasant Lake dam, they wouldn't have saved \$200,000.

Ms. Lund doesn't feel comfortable voting on estimates that haven't been bid out by other companies. Ms. Piotrow said the project can't be bid out until the money is available. Ms. Lund said it isn't the job of the Budget Committee to decide what kind of roof should be put on the building.

Ms. Piotrow said every year for five years she has heard people decide to deal with these issues the following year. She always suggests putting money into the capital reserve and they don't want to scare the tax payers by doing so. They should put some money into the capital reserve to be able to go out for bid for the Academy Building. The wording could allow them to use the money for the projects once they learn how much they will cost.

Mr. Ensign asked if the warrant article has to have each item with amounts for them. Ms. Hallquist said they wrote it last year without specific amounts. Nothing was earmarked, however there was discussion at the meetings prior to Town Meeting as to how much projects would cost. They didn't spend more than they had decided in those prior meetings. Mr. Ensign said the selectmen and Town Administrator are the ones who are to do the planning. The Budget Committee is the conduit between the Board of Selectmen and Town Meeting. How much of a bond can they afford, and how many projects can they do with the first bond? \$900,000 is the amount the Selectmen have suggested. Mr. Ensign said now is the time to borrow. If they need a million dollars, they should borrow it.

Mr. Cardillo asked if the Elkins Bridge railing funding could come from the Transportation Fund. This would enable something else to go into the bond. He pointed out that the Goosehole Bridge is not red-listed at this point, which means while the town should do something there, perhaps it does not have to be rebuilt completely. Ms. Lund thinks Whipple Hall is an inadequate space for recreation so if the Police Department needs the space there, the Town should just give it to them. The Recreation Department could be moved to another inadequate place until they find a permanent home. Mr. Lee said the \$35,000 was for an engineer to come in and make a design for the Police Department and dispatch to be housed. Ms. Hallquist pointed out that a study will help the town understand if the space is suitable for the police over the next 10+ years or for recreation or perhaps it isn't suitable for either; hopefully a study will help with those questions.

Chair Prohl is worried that if someone were to ask what the bond was for, they wouldn't be able to explain. Mr. Ensign said they do know what they need and can explain it by saying something like "It is currently envisioned that some money will cover the following items... The funding will be determined under the stewardship of the Board of Selectmen." Mr. Lorio said he would like to see a list of projects because there are a lot of infrastructure projects that the Town needs or would like to have. There will be the same argument next year.

Mr. Campbell said they are chasing their tail. He likes Mr. Ensign's idea; they do need to get a lot of stuff done, studies, etc. He feels they should start with a million dollars or more.

Mr. Cardillo said they may decrease their debt service but they are increasing their operating budgets. Mr. Lorio said they are spending the same amount every year and they can't afford to spend any more for these projects. They want more for the same amount of money; they can't continue this way.

Selectman Rollins feels the \$1 million dollars is reasonable. They have lists of projects and the master plan. They have to prioritize these projects. The Selectmen took a stab at it, but if there are other things that should go in and come out, that can be done. Mr. Lorio said he feels they aren't looking long-term and questioned whether the Selectmen's list is prioritized.

Mr. Cardillo asked if the retiring debt service was correct. Ms. Johnson said the figures were correct. Ms. Johnson said \$70,000 would be the cost for the first year principal and interest for a \$1 million dollar bond.

IT WAS MOVED (Lyndsay Lund) AND SECONDED (Suzanne Jesseman) to propose a million dollar bond.

Mr. Bianchi said this borrowing will continue every year. This bond doesn't cover half of the projects they have to do. Borrowing obligates their children to pay for these things. He thinks they should put money into capital reserve and be more frugal. He feels some of these projects can be done for much less. He doesn't feel that this makes sense and doesn't think they will be able to convince the taxpayers because they don't have a definite plan; just lists. They haven't done anything to Whipple Hall, Brookside Drive, etc.

Mr. Cardillo said the Selectmen haven't even voted on the \$900,000 they suggested from their last meeting. How do they move forward? Ms. Lund said they have to start somewhere and there is a motion on the floor.

Dr. Wilson said when the Selectmen came up with the \$900,000 it was with high end ticket items. If they have \$100,000 left, it may not be used on high priority items. He doesn't want the Selectmen to spend the remaining money just because it is there. Mr. Ensign respectfully disagreed, pointing out that if there is a priority list and they all agree on it, they can backfill when they have the funds. As long as the priority list is agreed upon, and the projects leave funding from the bond, they can go to the next thing on the list. If the Town doesn't tackle this now, the second round of borrowing is going to be dictated by what the interest rates are at that time. There will be projects left undone which is where the list of need/want needs to be analyzed.

Dr. Wilson said if they are left with \$100,000 and the next item on the list is \$300,000 what will they do? Mr. Ensign said they don't do that next project, but move to the next item on the list that they can afford. It is the Selectmen's fiduciary responsibility to do this.

Dr. Wilson said if they decide what they want to do with Whipple Hall it opens up so many more ideas of what else they will do in town. It is the key to deciding what they will do going forward. Chair Prohl agrees with this sentiment but right now they have enough projects that need to be done that would easily spend a million dollars.

Mr. Lorio said why not borrow more than a million? It sounds like they want to keep everything the same. The cost for money is low right now. Is there an opportunity to go over a million? Ms. Piotrow echoed the desire for a list of priorities from the Select Board. Mr. Cardillo said they have a \$190,000 fund they've never tapped into that they could use. Mr. Lorio said it may be a better value to borrow more this time around when the rates are lower.

Mr. Lee said the residents of Parkside Road would like the sidewalk rebuilt from this fund that has \$190,000 in it. It would be \$110,000 to do the sidewalk. The sidewalk on Seamans Road would be \$40,000. If they use this Transportation Fund for these other projects, they will need to put more money into the fund to pay for the sidewalks.

Ms. Lund rescinded her motion on the floor.

It was asked if the Selectmen can meet with the Budget Committee on January 18th. Mr. Ensign suggests putting a million dollars in as a placeholder for the bond and then they will continue the discussion at the reconciliation meeting.

IT WAS MOVED (Suzanne Jesseman) AND SECONDED (Phyllis Piotrow) to put \$1,000,000 in as a placeholder for the bond. THE MOTION PASSED.

Joe Cardillo abstained. Rob Prohl and Bruce Hudson voted against the motion.

Bonded Debt

IT WAS MOVED (Joe Cardillo) AND SECONDED (Suzanne Jesseman) to approve \$328,146 for bonded debt principal only. THE MOTION WAS APPROVED UNANIMOUSLY.

IT WAS MOVED (Chris Lorio) AND SECONDED (Suzanne Jesseman) to approve \$87,288 for bonded debt interest only. THE MOTION WAS APPROVED UNANIMOUSLY.

Sewer

IT WAS MOVED (Chris Lorio) AND SECONDED (Colin Campbell) to approve \$127,162 for sewer bonded debt principal. THE MOTION WAS APPROVED UNANIMOUSLY.

IT WAS MOVED (Chris Lorio) AND SECONDED (Suzanne Jesseman) to approve \$57,948 for sewer bonded debt interest. THE MOTION WAS APPROVED UNANIMOUSLY.

Capital Reserve Funds

The Fire Department had a change. They had \$10,000 in the SCBA taken out with the intention of doubling it the next year. This was also true with the funds for the radios (\$15,000).

Municipal Regional Transportation Fund balance is \$193,474

Repairs to the Elkins Bridge railing in the amount of \$45,000 would be paid from the Municipal & Regional Transportation Improvement CRF.

Town Building Maintenance Fund contribution of \$50,000 was agreed to put in. To take out are \$37,000 for the fire station, \$12,000 for work to be done to the Elkins post office, \$16,000 for emergency lighting and life safety things with the Buker Building, \$37,000 is for repairs to the slate roof on Whipple Hall. Total withdrawals are \$102,000.

Other warrant possibilities:

\$60,000 was allocated to put towards a new sweeper this year. A new one is \$210,000 without a trade. This would come from the capital reserve. Some funds remain in the fund from last year because the loader wasn't as expensive as they thought. There is almost \$40,000 savings here.

The Police Department Revolving Fund for special details is something the Selectmen were in favor of.

With regards to a solid waste study from the Transfer Station capital reserve fund, the Solid Waste Committee recommends spending up to \$25,000 to study the upgrade the facility at the current site. If not, to come up with what a new facility would look like and how big a piece of land they would need. They were quoted up to \$35,000 to look at a regional transfer station. They don't feel they should pay a consultant to talk to the neighboring towns; they can do that themselves, so \$25,000 is the total amount recommended by the Solid Waste Committee.

A study was done by NRRA to look at town-owned property that could handle a facility. Shepard Pit was the one piece that was at the top of the list because of its size. 8-10 acres is what is suggested. The current facility is operating on about three acres. Mr. Lee said it is difficult to find a piece of land that would work with traffic flow and neighbors.

Tax Anticipated Notes (TANS): if the town needs to borrow money in anticipation of taxes, the budget must include an appropriation for the interest that would be due, the recommended amount is \$1.

Revenues

Estimated revenues for FY2018 are what they need to consider. On page 5 – \$65,000 has been changed to \$40,000 for the Seamans Road sidewalk. This amount may go to \$85,000 if they include the Elkins Bridge railing.

IT WAS MOVED (Joe Cardillo) AND SECONDED (Lyndsay Lund) to transfer \$1,044,044 to capital reserve funds. THE MOTION WAS APPROVED UNANIMOUSLY.

IT WAS MOVED (Chris Lorio) AND SECONDED (Lyndsay Lund) to approve \$4,638,514 for revenues. THE MOTION WAS APPROVED UNANIMOUSLY.

Other Business

Chair Prohl said Lyndsay Lund would be absent for next week's meeting and wants to participate by phone. Ms. Lund said she prefers to use Facetime but they will have a phone back-up.

Mr. Ensign said the person has to state where they are and if they are alone, etc. He said all votes have to be a roll call so the person not present can hear the results. A vote to approve this method of absentee participation and voting would be taken at the next Budget Committee meeting.

IT WAS MOVED (Chris Lorio) AND SECONDED (Colin Campbell) to adjourn the meeting. THE MOTION WAS APPROVED UNANIMOUSLY.

The meeting adjourned at 9:15pm.

Respectfully submitted,

Kristy Heath, Recording Secretary
Town of New London